



The Economic Value of Arizona Western College

FACT SHEET

A RIZONA Western College (AWC) creates a significant positive impact on the business community and generates a return on investment to its major stakeholder groups—students, taxpayers, and society. Using a two-pronged approach that involves an economic impact analysis and an investment analysis, this study calculates the benefits received by each of these groups. Results of the analysis reflect fiscal year (FY) 2017-18.



Economic impact analysis

In FY 2017-18, AWC added **\$286.6 million** in income to the Yuma-La Paz District* economy, a value approximately equal to **3.9%** of the region's total gross regional product (GRP). Expressed in terms of jobs, AWC's impact supported **5,349 jobs**. For perspective, the activities of AWC and its students support **one out of every 18 jobs** in the Yuma-La Paz District.

OPERATIONS SPENDING IMPACT

- AWC employed 1,225 full-time and part-time faculty and staff. Payroll amounted to \$33.6 million, much of which was spent in the region for groceries, mortgage and rent payments, dining out, and other household expenses. The college spent another \$24.5 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the college's operations spending added **\$36.7 million** in income to the regional economy in FY 2017-18.

STUDENT SPENDING IMPACT

- Around 12% of students attending AWC originated from outside the region. Some of these students relocated to the Yuma-La Paz District. In addition, some in-region students, referred to as retained students, would have left the Yuma-La Paz District for other educational opportunities if not for AWC. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at regional businesses.

* For the purposes of this analysis, the Yuma-La Paz District is comprised of Yuma and La Paz Counties.

IMPACTS CREATED
BY AWC IN FY 2017-18



\$36.7 million
Operations Spending Impact



\$12.5 million
Student Spending Impact



\$237.5 million
Alumni Impact



\$286.6 million
TOTAL IMPACT

- OR -

5,349
JOBS SUPPORTED



- The expenditures of relocated and retained students in FY 2017-18 added **\$12.5 million** in income to the Yuma-La Paz District economy.

ALUMNI IMPACT

- Over the years, students have studied at AWC and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in the Yuma-La Paz District.
- The net impact of AWC's former students currently employed in the regional workforce amounted to **\$237.5 million** in added income in FY 2017-18.



Investment analysis

STUDENT PERSPECTIVE

- AWC's FY 2017-18 students paid a present value of **\$13.6 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$23 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive **\$248.9 million** in increased earnings over their working lives. This translates to a return of **\$6.80** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **22.6%**.

TAXPAYER PERSPECTIVE

- Taxpayers provided AWC with **\$38.8 million** of funding in FY 2017-18. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$53 million**. A reduced demand for government-funded services in Arizona will add another **\$6.7 million** in benefits to taxpayers.
- For every dollar of public money invested in AWC, taxpayers will receive **\$1.50** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **3.6%**.

SOCIAL PERSPECTIVE

- In FY 2017-18, Arizona invested **\$89.9 million** to support AWC. In turn, the Arizona economy will grow by **\$727.6 million**, over the course of students' working lives. Society will also benefit from **\$16.2 million** of public and private sector savings.
- For every dollar invested in AWC in FY 2017-18, people in Arizona will receive **\$8.30** in return, for as long as AWC's FY 2017-18 students remain active in the state workforce.

STUDENTS SEE A HIGH RATE OF RETURN FOR THEIR INVESTMENT IN AWC



22.6%

Average annual return for AWC students



9.9%

Stock market 30-year average annual return



0.8%

Interest earned on savings account (National Rate Cap)

Source: Forbes' S&P 500, 1989-2018. FDIC.gov, 6-2019.



FOR EVERY \$1...



Students gain
\$6.80
in lifetime earnings



Taxpayers gain
\$1.50
in added tax revenue and public sector savings



Society gains
\$8.30
in added income and social savings

