

The Economic Value of De Anza College





DE ANZA COLLEGE (De Anza) creates value in many ways. The college plays a key role in helping students increase their employability and achieve their individual potential. The college retains students in the county, generating new dollars and opportunities for Santa Clara County. The college provides students with the education, training, and skills they need to have fulfilling and prosperous careers. Furthermore, De Anza is a place for students to meet new people, increase their self-confidence, and promote their overall health and well-being.

De Anza influences both the lives of its students and the county economy. The college supports a variety of industries in Santa Clara County, serves businesses in the county, and benefits society as a whole in California from an expanded economy and improved quality of life. Additionally, the benefits created by De Anza extend to the state and local government through increased tax revenues and public sector savings.

This study measures the economic impacts created by De Anza on the business community and the benefits the college generates in return for the investments made by its key stakeholder groups—students, taxpayers, and society. The following two analyses are presented:

 **Economic impact analysis**

 **Investment analysis**

All results reflect employee, student, and financial data, provided by the Foothill-De Anza Community College District (FHDA), for fiscal year (FY) 2024-25. Impacts on the Santa Clara County economy are reported under the economic impact analysis and are measured in terms of added income. The returns on investment to students, taxpayers, and society in California are reported under the investment analysis.



Santa Clara County, California

De Anza influences both the **lives of its students** and the **county economy**.

Economic impact analysis



De Anza promotes economic growth in Santa Clara County through its direct expenditures and the resulting expenditures of students and businesses in the county. The college serves as an employer and buyer of goods and services for its day-to-day and construction operations. The college's activities retain students in Santa Clara County, whose expenditures benefit county vendors. In addition, De Anza is one of the primary sources of higher education to Santa Clara County residents and a supplier of trained workers to county industries, enhancing overall productivity in the county workforce.

Operations spending impact



De Anza adds economic value to Santa Clara County as an employer of county residents and a large-scale buyer of goods and services. In FY 2024-25, the college employed 1,253 full-time and part-time faculty and staff, 18% of whom lived in Santa Clara County. Total payroll at De Anza was \$118.7 million, much of which was spent in the county on groceries, mortgage and rent payments, dining out, and other household expenses. In addition, the college spent \$93.9 million on expenses related to facilities, supplies, and professional services.

De Anza's operations spending added **\$132.6 million** in income to the county during the analysis year. This figure represents the college's payroll, the multiplier effects generated by the in-county spending of the college and its employees, and a downward adjustment to account for funding that the college received from county sources. The \$132.6 million in added income is equivalent to supporting **1,199 jobs** in the county.

Student spending impact



Some in-county students, referred to as retained students, would have left Santa Clara County if not for the existence of De Anza. While attending the college, these retained students spent money on groceries, accommodation, transportation, and other household expenses. This spending generated **\$13.1 million** in added income for the county economy in FY 2024-25, which supported **148 jobs** in Santa Clara County.

Impacts created by De Anza in FY 2024-25



Operations spending impact

\$132.6 million

+



Student spending impact

\$13.1 million

+



Alumni impact

\$801.1 million



Total economic impact

\$946.7 million

OR



Jobs supported

5,999



Alumni impact



The education and training De Anza provides for county residents has the greatest impact. Since the establishment of the college, students have studied at De Anza and entered the county workforce with greater knowledge and new skills. Today, many of former De Anza students are employed in Santa Clara County. As a result of their education from De Anza, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2024-25, De Anza alumni generated **\$801.1 million** in added income for the county economy, which is equivalent to supporting **4,653 jobs**.

Total impact

De Anza added **\$946.7 million** in income to the Santa Clara County economy during the analysis year, equal to the sum of the operations spending impact, the student spending impact, and the alumni impact.

De Anza's total impact can also be expressed in terms of jobs supported. The \$946.7 million impact supported **5,999 county jobs**, using the jobs-to-sales ratios specific to each industry in the county. In addition, the \$946.7 million, or 5,999 supported jobs, stemmed from different industry sectors. For instance, among non-education industry sectors, the spending of De Anza and its students and the activities of its alumni in the Health Care & Social Assistance industry sector supported 547 jobs in FY 2024-25. If the college did not exist, these impacts would not have been generated in Santa Clara County.

De Anza impacts by industry (jobs supported)



613

Professional & Technical Services



547

Health Care & Social Assistance



479

Other Services (except
Public Administration)



473

Retail Trade



386

Arts, Entertainment, & Recreation

The **\$946.7 million** total impact supported **5,999 county jobs**.



Investment analysis



An investment analysis evaluates the costs associated with a proposed venture against its expected benefits. The analysis presented here evaluates De Anza as an investment from the perspectives of students, taxpayers, and society in California. As with the economic impact analysis, this analysis considers only FY 2024-25 activities.

Student perspective



In FY 2024-25, De Anza served an unduplicated headcount of 29,557 students. In order to attend the college, the students paid for tuition, fees, books, and supplies. They also took out loans and will incur interest on those loans. Additionally, students gave up money they would have otherwise earned had they been working instead of attending college. The total investment made by De Anza's students in FY 2024-25 amounted to a present value of \$146.9 million, equal to \$44.9 million in out-of-pocket expenses (including future principal and interest on student loans) and \$101.9 million in forgone time and money.

In return for their investment, De Anza's students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average De Anza associate degree graduate from FY 2024-25 will see annual earnings that are \$14,800 higher than a person with a high school diploma or equivalent working in California. Over a working lifetime, the benefits of an associate degree over a high school diploma will amount to an undiscounted value of \$621,600 in higher earnings per graduate. The present value of the cumulative higher future earnings that De Anza's FY 2024-25 students will receive over their working careers is \$947.6 million.

The students' benefit-cost ratio is 6.5. In other words, for every dollar students invest in De Anza in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$6.50 in higher future earnings. Annually, the students' investment in De Anza has an average annual internal rate of return of 18.6%, which is impressive compared to the U.S. stock market's 30-year average rate of return of 10.9%.

Students see a high rate of return for their investment in De Anza



Average annual return for De Anza students
18.6%



Stock market 30-year average annual return
10.9%

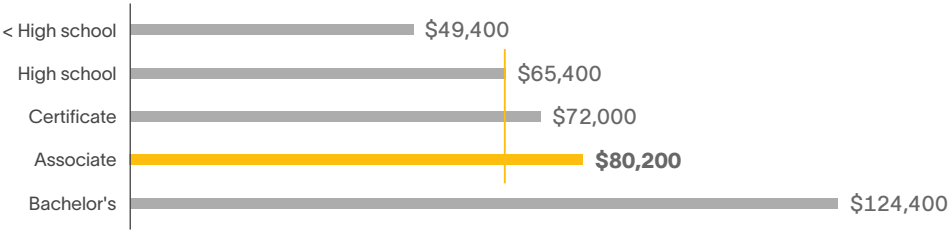


Interest earned on savings account (national deposit rate)
0.5%

Source: Forbes' S&P 500, 1994-2025; FDIC.gov, January 2024

Average earnings by education level at career midpoint

The average associate degree graduate from De Anza will see an increase in earnings of **\$14,800** each year compared to a person with a high school diploma or equivalent working in California.



Source: Lightcast employment data

Taxpayer perspective



De Anza generates more in tax revenue than it receives. These benefits to taxpayers consist primarily of taxes that the state and local government will collect from the added revenue created in the state. As De Anza students will earn more, they will make higher tax payments throughout their working lives. Students' employers will also make higher tax payments as they increase their output and purchases of goods and services. By the end of the FY 2024-25 students' working lives, the state and local government will have collected a present value of \$400.9 million in added taxes.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of De Anza students and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. The education that De Anza students receive will generate savings in three main categories: 1) health care, 2) justice system, and 3) income assistance. Improved health will lower students' demand for national health care services. In addition, costs related to the justice system will decrease. De Anza students will be more employable, so their reduced demand for income assistance such as welfare and unemployment benefits will benefit taxpayers. For a list of study references, contact the college for a copy of the main report. Altogether, the present value of the benefits associated with an education from De Anza will generate \$36.3 million in savings to state and local taxpayers.

Total taxpayer benefits amount to \$437.2 million, the present value sum of the added tax revenue and public sector savings. Taxpayer costs are \$147.6 million, equal to the amount of state and local government funding De Anza received in FY 2024-25. These benefits and costs yield a benefit-cost ratio of 3.0. This means that for every dollar of public money invested in De Anza in FY 2024-25, taxpayers will receive a cumulative present value of \$3.00 over the course of the students' working lives. The average annual internal rate of return for taxpayers is 7.0%, which compares favorably to other long-term investments in the public sector.

For every dollar of public money invested in De Anza, taxpayers will receive a cumulative value of **\$3.00** over the course of the students' working lives.

Social perspective



Society as a whole in California benefits from the presence of De Anza in two major ways. Primarily, society benefits from an increased economic base in the state. This is attributed to the added income from students' increased lifetime earnings (added student income) and increased business output (added business income), which raise economic prosperity in California.

Benefits to society also consist of the savings generated by the improved lifestyles of De Anza students. As discussed in the previous section, education is statistically correlated with a variety of lifestyle changes that generate social savings. Note that these costs are avoided by the consumers but are distinct from the costs avoided by the taxpayers outlined above. Health care savings include avoided medical costs associated with smoking, obesity, substance abuse, and depression. Justice system

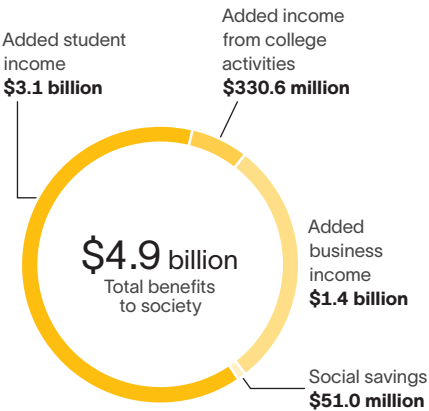


savings include avoided costs to the government and society due to less judicial activity. Income assistance savings include reduced welfare and unemployment claims. For a list of study references, contact the college for a copy of the main report.

Altogether, the social benefits of De Anza equal a present value of \$4.9 billion. These benefits include \$3.1 billion in added student income, \$1.4 billion in added business income, \$330.6 million in added income from college activities, as well as \$51.0 million in social savings related to health, the justice system, and income assistance in California. People in California invested a present value total of \$336.1 million in De Anza in FY 2024-25. The cost includes all the college and student costs.

The benefit-cost ratio for society is 14.6, equal to the \$4.9 billion in benefits divided by the \$336.1 million in costs. In other words, for every dollar invested in De Anza, people in California will receive a cumulative value of \$14.60 in benefits. The benefits of this investment will occur for as long as De Anza’s FY 2024-25 students remain employed in the state workforce.

Social benefits in California from De Anza



Source: Lightcast impact model

Summary of investment analysis results

The results of the analysis demonstrate that De Anza is a strong investment for all three major stakeholder groups—students, taxpayers, and society. As shown, students receive a great return for their investments in an education from De Anza. At the same time, taxpayers’ investment in De Anza returns more to government budgets than it costs and creates a wide range of social benefits throughout California.

Summary of investment analysis results

 Student perspective		 Taxpayer perspective		 Social perspective	
Present value benefits \$947.6 million		Present value benefits \$437.2 million		Present value benefits \$4.9 billion	
Present value costs \$146.9 million		Present value costs \$147.6 million		Present value costs \$0.3 billion	
Net present value \$800.7 million		Net present value \$289.6 million		Net present value \$4.6 billion	
Benefit-cost ratio	Rate of return	Benefit-cost ratio	Rate of return	Benefit-cost ratio	Rate of return
6.5	18.6%	3.0	7.0%	14.6	n/a*

* The rate of return is not reported for the social perspective because the beneficiaries are not necessarily the same as the original investors.

Conclusion

*The results of this study demonstrate that De Anza creates value from **multiple perspectives**.*

The college benefits businesses in the county by increasing consumer spending in the county and supplying a steady flow of qualified, trained workers to the workforce. De Anza enriches the lives of students by raising their lifetime earnings and helping them achieve their individual potential. The college benefits state and local taxpayers through increased tax receipts and a reduced demand for government-supported social services. Finally, De Anza benefits society as a whole in California by creating a more prosperous economy and generating a variety of savings through the improved lifestyles of students.

About the study

Data and assumptions used in the study are based on several sources, including the FY 2024-25 academic and financial reports from FHDA, industry and employment data from the U.S. Bureau of Labor Statistics and U.S. Census Bureau, outputs of Lightcast's Multi-Regional Social Accounting Matrix model, and a variety of studies and surveys relating education to social behavior. The study applies a conservative methodology and follows standard practice using only the most recognized indicators of economic impact and investment effectiveness. For a full description of the data and approach used in the study, please contact the college for a copy of the main report.



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