



Executive Summary

OCTOBER 2023



The Economic Impact of the University of California, Merced's 2020 Project



The San Joaquin Valley, CA

THIS ANALYSIS QUANTIFIES the economic impacts from University of California, Merced's (UC Merced's) 2020 Project in the San Joaquin Valley.* As a part of UC Merced's vision, the university has undertaken a \$1.2 billion project, called the 2020 Project or Merced 2020, to construct 13 buildings and supporting infrastructure across 1.2 million gross square feet. The 2020 Project has added new classrooms, labs, and additional student housing to enhance student life, enabled academic distinction, and expanded access to education.

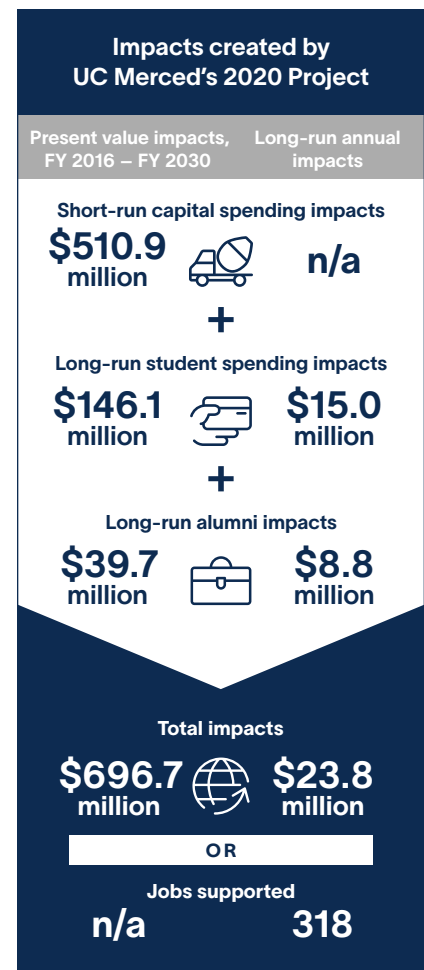
Short-run capital spending for the 2020 Project amounted to \$1.2 billion from FY 2016 to FY 2022. The 2020 Project expands the university's capacity and allows it to positively affect a greater number of students, and, through those students, the economy at large. Since the 2020 Project's construction activities have been completed, the newly added capacities continue to generate benefits for the San Joaquin Valley through FY 2030, the final year of this analysis.

The initial capital investments created short-run spending impacts through the renovation and construction of state-of-the-art facilities. These new capacities allow UC Merced to better serve its existing student population as well as additional students whom the university would otherwise not be able to serve. Furthermore, UC Merced continues to attract more students to the region and retain more students in the region who would have left, thereby positively impacting the regional economy through the students' spending. This will provide a steady stream of long-run spending impacts year after year. Lastly, as the students who would otherwise not have been served graduate, they will generate long-run benefits within the San Joaquin Valley. Three types of impacts are estimated:

- **Short-run capital spending impacts**
- **Long-run student spending impacts**
- **Long run alumni impacts**

This analysis spans from FY 2016, when capital spending began, to FY 2030, the final year of this analysis. We estimate the total impacts that will be created by FY 2030, a

* For the purposes of this study, the San Joaquin Valley is comprised of Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, and Tulare Counties.



15-year timeframe, as well as the annual impacts that will occur long after FY 2030. The reader should note that the total impact from the 2020 Project is conservative because it does not take into account the impact from additional UC Merced employees and day-to-day operational spending as a result of the 2020 Project due to data limitations.

Short-run capital spending impacts



As the \$1.2 billion was spent on the construction, it created a significant amount of new economic activity that rippled throughout the San Joaquin Valley economy. These impacts spanned from FY 2016, when capital spending began, until FY 2022, when capital spending was completed. From FY 2016 to FY 2022, the capital spending created a present value of **\$510.9 million** in total added income for the San Joaquin Valley economy.

Long-run student spending impacts



The 2020 Project expanded the capacities at UC Merced, allowing the university to serve an additional 3,725 students each year, once stabilized. It is estimated that 33% of these additional students are from outside of the San Joaquin Valley, and most of these students relocate to the region in order to attend the university. Additionally, some students who are from the region remain in the San Joaquin Valley because UC Merced can now serve them. The money that these relocated and retained students spend towards accommodation, groceries, entertainment, and transportation can be attributed to the 2020 Project.

The student spending impacts started in FY 2017, when the first additional students were served. From FY 2017 to FY 2030, the student spending will create a present value of **\$146.1 million** in total added income for the San Joaquin Valley economy.

Long-run alumni impacts



The added capacities created by the 2020 Project help UC Merced respond to the demands of a growing economy and student population. The added capacities create additional alumni who otherwise would not have been served by UC Merced. These alumni represent a significant increase in the stock of human capital available to the San Joaquin Valley economy. The first alumni graduated in FY 2019 and started positively impacting the regional economy in FY 2020.

The added earnings and increased productivity of these alumni will create long-run impacts across the regional economy. Accounting for the enrollment ramp-up period, by FY 2030, the increased capacities created by the 2020 Project will have produced nearly 2,800 additional alumni, many of whom are expected to remain in the region. From FY 2020 to FY 2030, the additional alumni will add a present value of **\$39.7 million** in total added income for the San Joaquin Valley economy.

There will be recurring annual student spending impacts as long as UC Merced is able to serve additional students because of the 2020 Project. By 2030, the steady enrollment of 3,725 students, is expected to add a present value of **\$15 million** in income per year, supporting **231 jobs** annually, as a result of spending from retained and relocated students in the region.

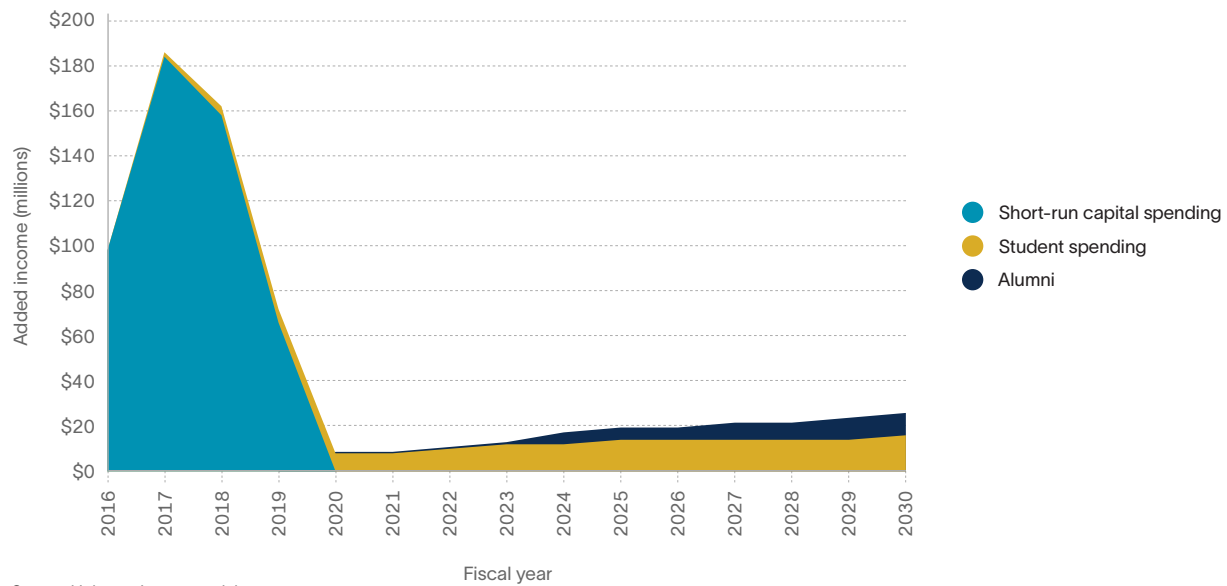
As a result of the expanded capacities made possible through the 2020 Project, UC Merced will continue to produce more alumni every year, who will then accumulate in the regional workforce. By FY 2030, the last year of this analysis, alumni are estimated to add a present value of **\$8.8 million** in total income to the economy per year, supporting **87 jobs** annually. This annual impact is expected to increase every year as UC Merced continues to serve more students and they enter the workforce.



Total impacts

From FY 2016 to FY 2030, the present value of short-run and long-run impacts created by the 2020 Project will provide a total economic impact on the San Joaquin Valley economy of **\$696.7 million** in added income. Beyond the timeframe of this analysis, the total annual impact from the 2020 Project will be at least **\$23.8 million** in added income. This is equivalent to supporting **318 jobs** every year. Note that due to data limitations, the impact from additional day-to-day operational spending was not measured, thus the impact from the 2020 Project is conservative.

Total impact from FY 2016 to FY 2030, undiscounted



Source: Lightcast impact model.

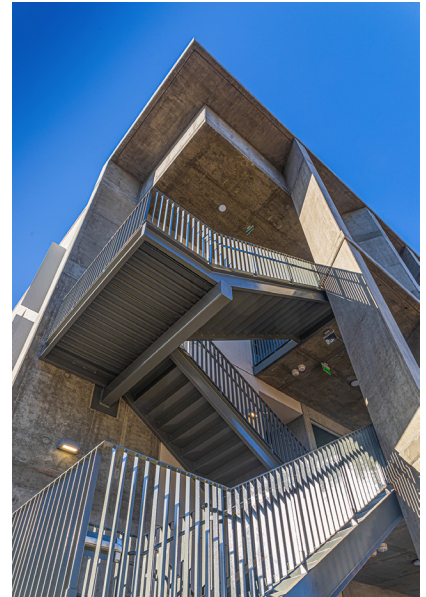


Conclusion

The results of this study demonstrate that the 2020 Project creates value for the San Joaquin Valley economy through many avenues. Since the very beginning, its construction phase, the 2020 Project positively impacts the regional economy. The 2020 Project allows UC Merced to serve more students, helping meet the growing student demand. These students' daily spending grows the regional economy. Finally, as these students graduate from UC Merced, they help meet the needs of the regional economy and add to the productivity of the regional workforce.

About the study

Data and assumptions used in the study are based on several sources, including data from UC Merced, industry and employment data from the U.S. Bureau of Labor Statistics and U.S. Census Bureau, and outputs of Lightcast's Multi-Regional Social Accounting Matrix model. The study applies a conservative methodology and follows standard practice using only the most recognized indicators of economic impact. For a full description of the data and approach used in the study, please contact UC Merced for a copy of the main report.



Lightcast provides colleges and universities with labor market data that help create better outcomes for students, businesses, and communities. Our data, which cover more than 99% of the U.S. workforce, are compiled from a wide variety of government sources, job postings, and online profiles and résumés. Hundreds of institutions use Lightcast to align programs with regional needs, drive enrollment, connect students with in-demand careers, track their alumni's employment outcomes, and demonstrate their institution's economic impact on their region. Visit lightcast.io/solutions/education to learn more or connect with us.