

UNIVERSITY OF CALIFORNIA MERCED

The Economic Value of the University of California, Merced on the San Joaquin Valley **FACT SHEET**

The University of California, Merced (UC Merced) 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) 2018-19.



Economic impact analysis

In FY 2018-19, UC Merced added **\$514.6 million** in income to the San Joaquin Valley¹ economy, a value approximately equal to **0.3%** of the region's total gross regional product (GRP). Expressed in terms of jobs, UC Merced's impact supported **5,560 jobs**.

OPERATIONS SPENDING IMPACT

- UC Merced employed 1,421 full-time and part-time faculty and staff (excluding research employees). Payroll amounted to \$194.7 million (excluding payroll from research employees), much of which was spent in the region for groceries, mortgage and rent payments, dining out, and other household expenses. The university spent another \$77.6 million on day-to-day expenses related to facilities, supplies, and professional services (excluding research expenditures).
- The net impact of the university's operations spending added **\$206.7 million** in income to the regional economy in FY 2018-19.

¹ For the purposes of this analysis, the San Joaquin Valley is comprised of Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, and Tulare Counties.

IMPACTS CREATED BY UC
MERCED ON THE SAN JOAQUIN
VALLEY IN FY 2018-19



\$206.7 million
Operations Spending Impact



\$38.6 million
Research Spending Impact



\$199.8 million
Construction Spending Impact



\$0.5 million
Visitor Spending Impact



\$33.5 million
Student Spending Impact



\$0.5 million
Volunteerism Impact



\$35 million
Alumni Impact



\$514.6 million
TOTAL IMPACT

- OR -

5,560
JOBS SUPPORTED



RESEARCH SPENDING IMPACT

- Research activities at UC Merced impact the regional economy by employing people and making purchases for equipment, supplies, and services. In FY 2018-19, UC Merced spent \$23.1 million on payroll and \$21.8 million on other expenses to support research activities.
- UC Merced's research spending generated **\$38.6 million** in added income for the San Joaquin Valley economy in FY 2018-19.

CONSTRUCTION SPENDING IMPACT

- UC Merced invests in construction each year to maintain its facilities, create additional capacities, and meet its growing educational demands, generating a short-term infusion of spending and jobs in the regional economy.
- The net impact of UC Merced's construction spending in FY 2018-19 was **\$199.8 million** in added income for the San Joaquin Valley.

VISITOR SPENDING IMPACT

- Out-of-region visitors² attracted to the San Joaquin Valley for activities at UC Merced brought new dollars to the economy through their spending at restaurants, gas stations, and other regional businesses.
- Visitor spending added approximately **\$549.3 thousand** in income to the San Joaquin Valley economy.

STUDENT SPENDING IMPACT

- Around 65% of students attending UC Merced originated from outside the region. Some of these students relocated to the San Joaquin Valley. In addition, some in-region students, referred to as retained students, would have left the San Joaquin Valley for other educational opportunities if not for UC Merced. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at regional businesses.
- The expenditures of relocated and retained students in FY 2018-19 added **\$33.5 million** in income to the San Joaquin Valley economy.

VOLUNTEERISM IMPACT

- The work of UC Merced's student volunteers allows businesses and organizations to grow, increasing their output and impacting the economy at large. Using the value per volunteer hour for California as provided by the Independent Sector,³ UC Merced student volunteers added \$243.9 thousand in earnings to the regional economy.



THE SAN JOAQUIN VALLEY

² Emsi worked with UC Merced to estimate the number of visitors from outside the region. These estimates are conservative.

³ Value per volunteer hour per state was provided by Independent Sector (see https://independentsector.org/resource/vovt_details/).



- However, in terms of actual impact to the regional economy, UC Merced student volunteers generated an impact of **\$484.4 thousand** in added income for the region in FY 2018-19, equivalent to supporting **17 jobs**.

ALUMNI IMPACT

- Over the years, students have studied at UC Merced and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in the San Joaquin Valley.
- The net impact of UC Merced's former students currently employed in the regional workforce amounted to **\$35 million** in added income in FY 2018-19.



Investment analysis

STUDENT PERSPECTIVE

- UC Merced's FY 2018-19 students paid a present value of **\$91.2 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$86.1 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive **\$725.1 million** in increased earnings over their working lives. This translates to a return of **\$4.10** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **14.9%**.

TAXPAYER PERSPECTIVE

- Taxpayers provided UC Merced with **\$171.3 million** of funding in FY 2018-19. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$254.4 million**. A reduced demand for government-funded services in California will add another **\$69.2 million** in benefits to taxpayers.
- For every dollar of public money invested in UC Merced, taxpayers will receive **\$1.90** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **4.5%**.

SOCIAL PERSPECTIVE

- In FY 2018-19, California invested **\$905.1 million** to support UC Merced. In turn, the California economy will grow by **\$3.3 billion**, over the course of students' working lives. Society will also benefit from **\$114.8 million** of public and private sector savings.
- For every dollar invested in UC Merced in FY 2018-19, people in California will receive **\$3.80** in return, for as long as UC Merced's FY 2018-19 students remain active in the state workforce.

STUDENTS SEE A HIGH RATE OF RETURN FOR THEIR INVESTMENT IN UC MERCED



14.9%

Average annual return for UC Merced 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

\$4.10

in lifetime earnings



Taxpayers gain

\$1.90

in added tax revenue and public sector savings



Society gains

\$3.80

in added income and social savings

