

Economic Impact  
of a  
San Joaquin Delta College  
Proposed Lodi Site



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Community colleges play an important educational, economic, social, and cultural role in the areas in which they are located. The California system of two-year public institutions is composed of 109 colleges statewide and organized into 72 districts, serving more than 2.5 million students and represents the largest system of higher education in the world. The City of Lodi is privileged to be considered as a potential site for a new north-county San Joaquin Delta College satellite location.

In the 1990s, economic development became one of the primary missions of the California Community Colleges when they developed a comprehensive Economic Development Program. The purpose of the Program is to advance the State's economic growth and global competitiveness through education, training, and services that contribute to continuous workforce improvement. The role of the community colleges in this effort is to fulfill the vocational education and instructional needs of California business and industry through leadership, communication, and liaisons with the private sector as well as with public sector education and training providers. The California Community Colleges work with employers, advisory committees, and agency partners to identify, on a region-by-region basis, workforce education and training needs, including the needs of small business. Colleges have created a network of service providers that meet identified needs in a most cost-effective and timely manner.<sup>1</sup>

### **Direct Impact of Spending by the School and its Students**

The campus will contribute to the local economy by hiring full and part-time faculty and staff, buying supplies, contracting for services like building inspections, and by paying rent, buying groceries, and instructional supplies. The SJDC Lodi campus is expected to inject approximately \$37.5 million into the local economy every year through its day-to-day operations (calculated at \$5,000 per student). In addition, for every dollar expended per student by the college, an

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<sup>1</sup> California Community Colleges FY 2004-05 Annual Report

equal amount of Federal funds in the form of student aid can be anticipated as well.

Extrapolating calculations provided in a similar report on Foothill-De Anza Community College District<sup>2</sup>, a full-time student spends an average of \$11,000 annually for fees, books, and other living expenses. At its anticipated capacity of 7,500 students, the attendees at the Lodi site could return an additional \$83 million to the City's economy each year.

<b>Direct Economic Impact<sup>3</sup></b>	
Annual operating expenditures	\$37,500,000
Student expenditures	\$83,212,500
Number of students (FTEs)	7500
New jobs	400
Construction jobs	850

Since most of the school's employees will live in or near the City of Lodi, nearly all of the payroll (roughly 75% of the \$37.5 million)<sup>3</sup> will be spent locally. The remaining expenditures for goods and services will benefit local businesses in the form of contracts, purchases of goods at the schools bookstore and dining facilities, and other operating expenses.

The development of the Lodi campus will also provide a significant investment in the local economy over the life of construction. The 300 – 400 thousand square foot facility constitutes a \$122 million capital investment, providing 850 jobs in the process.

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<sup>2</sup> The Economic Impact of Foothill-De Anza Community College District and its Students. Kevin Strange, Graduated Student Researcher, Department of Economics, UC, Berkely. 2005

<sup>3</sup> Information provided by David Rodriguez, San Joaquin Delta College

## **Indirect Impact of Spending by the School and its Students**

Additional economic benefits will be realized if employees choose to reside in the areas surrounding the campus. The extent to which the Lodi campus spends on salaries and benefits impact the regional economy depends on where employees who receive this salary spend it. If salaries are spent locally, then the indirect impact of the campus will be greater than if salaries are spent further away. With approximately 400 jobs, the SJDC Lodi Campus will be one of the City's larger employers.

### **Current City of Lodi Employment Statistics**

Employer	Workforce
Lodi Unified School District	2400
Lodi Memorial Hospital	850 - 900
Cottage Bakery	695
Pacific Coast Producers	500 - 1430
Blue Shield	550
General Mills	425
City of Lodi	419

Spending by the School and its students also generates jobs in other industries within the local economy. Due to multiplier effects, approximately 21 full-time equivalent jobs are created for each million dollars of direct spending. In total, nearly 2,500 jobs may be attributed to spending by the school and its students each year.

### **Contribution to Workforce Productivity**

With approximately 7,500 people learning new skills each year at the Lodi site, the cumulative effect will be an increase in the earning potential of the local workforce, further fueling economic growth. Various research studies have documented the tremendous economic benefit accruing to individuals who attend college. Several studies estimate that each year of community college

instruction increases earnings by 6-percent at every point in individuals' working careers.<sup>4</sup>

Education and workforce development are, in fact, objectives identified in the January 2006 Strategic Recommendations Report presented to the San Joaquin Partnership by Angelou Economics. According to the report, "Workforce and economic development are closely linked. A strong workforce leads to business recruitment. A strong industry base generates a workforce that leads to entrepreneurship and long-term economic growth. A strong pool of workers is critical to business expansion and recruitment, industrial diversification, and increasing the population of young professionals."<sup>5</sup>

### **Contribution to Lodi's Economic Condition**

In the past, Lodi's economic development strategies focused on its relatively inexpensive land values and higher than average unemployment rate, offering an abundant and readily available low cost labor supply. Economic forces and community sentiment, however, are changing these conditions. Land values have escalated significantly on the few parcels available for industrial or commercial development while locals voice a desire to preserve the surrounding farmland and vineyards. The ensuing economic development emphasis is on tourism and the burgeoning wine industry. The Lodi campus will capitalize on this trend, offering curriculum supporting ancillary industries. Educational emphasis at the SJDC Lodi campus will be on areas of study that will support the growing wine making and hospitality industries as well as the fields of medical support and public safety. This new paradigm demands that the local workforce offers a higher education and skill level, one that can be greatly enhanced by a SJDC Lodi site.

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<sup>4</sup> Kane and Rouse (1995), Leigh and Gill (1997), Kane and Rouse (1999), and Jacobson, LaLonde, and Sullivan (2005)

<sup>5</sup> Strategic Recommendations Report. Presented to San Joaquin Partnership. Angelou Economics. January, 2006