



## TAXPAYERS' INVESTMENT

The Economic Value of the Centennial Education Center | October 2019

Students and society as a whole enjoy a range of benefits due to their educational investment in CEC. A portion of these benefits accrues to state and local taxpayers in the form of higher tax receipts and a reduced demand for government-supported social services.

### CEC INCREASES TAX REVENUE

- Approximately **100%** of CEC's students remain in California upon completing their educational goals. As students earn more, they pay higher taxes. Employers also pay higher taxes through their increased output and spending.
- Over the students' working lives, state and local government in California will collect a present value of **\$30.4 million** in the form of higher tax receipts.

### CEC REDUCES GOVERNMENT COSTS

- CEC students who achieve higher levels of education are statistically less likely to have poor health habits, commit crimes, or claim welfare or unemployment benefits.
- The improved lifestyles of students result in a reduced demand for government-supported services. Better health leads to reduced health care costs. Reduced crime leads to a reduced burden on the criminal justice system. Further, increased employability leads to fewer claims for welfare and unemployment benefits.
- As a result, taxpayers in the state of California will see a present value of **\$10.7 million** in savings to government over the students' working careers.

### CEC IS A SOLID INVESTMENT FOR STATE AND LOCAL TAXPAYERS

- In FY 2018-19, state and local taxpayers in California paid **\$20.8 million** to support the operations of CEC.
- For every \$1 of public money spent on CEC, taxpayers receive a cumulative return of **\$2.00** over the course of students' working lives in the form of higher tax receipts and public sector savings.
- Taxpayers see an average annual internal rate of return of **7.7%** on their investment in CEC. This return compares favorably with the 1.0% discount rate used by the federal government to appraise long-term investments.

### SUMMARY OF THE TAXPAYER INVESTMENT



**2.0**  
Benefit-cost ratio



**7.7%**  
Rate of return