

Pittsburg State University *Economic Impact Statement*

For Fiscal Year 2002
(July 1, 2001 - June 30, 2002)

Submitted to:
President Tom Bryant
Fall 2002

By:
President's Economic Impact Assessment
Task Force

Members:

Dr. Phil Halstead, **Executive Director**,
Business & Technology Institute (BTI),
Task Force Chair
Dr. R. B. Wilkinson, **Director**,
Institutional Research,
Task Force Vice Chair
Dr. Lee Christensen, Registrar
Mr. Steve Erwin, **Associate Vice President**,
Student Affairs

Mr. Don Hartshorn, **Associate Director**,
PSU Foundation
Dr. Lynette Olson, **Dean**, Arts & Sciences
Dr. Mary Carol Pomatto, **Assistant to the**
President
Mr. Steve Robb, **Director**, Grants &
Special Projects, BTI
Ms. Michele Sexton, **Director**,
Human Resources and Budget

Table of Contents

President’s Letter	3
Preface	4
Executive Summary	5
Task Force Objectives	6
Economic Impact Assessment	7
Selected Economic Impacts	8
PSU Data	9
Chart 1: Student Expenditures	9
Chart 2: Enrollment	9
Chart 3: Employment	9
Chart 4: Visitor Expenditures	9
Chart 5: Value-Added By PSU Degrees	10
Chart 6: Teaching Value-Added In Degrees	10
Economic Impact Statement	11
Chart 7: PSU FY 2002 Economic Impact	11
Explanation of Economic Impact (with illustrations)	12
Direct Impact: PSU Expenditures	12
Community Impact: Student and Visitor Expenditures	12
Total Impact: Direct and Community Expenditures	13
Value-Added Impact: Teaching and Economic Development	14
Total Impact: Direct, Community and Value-Added	14
Economic Impact Examples	16
Projects Planned	17
Social and Cultural Impacts	19

From the President

Fall, 2002

Dear Friends,

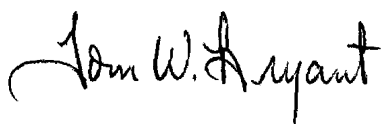
For nearly a century, Pittsburg State University has been a partner with local communities, the State of Kansas and the region. Over that time, PSU has educated tens of thousands of students and enriched the lives of tens of thousands of others, even those who have never set foot on our campus.

That is what a university does. It enriches the culture. It advances learning and research. It provides education to the sons and daughters of people for whom a higher education may have been an unreachable dream. It elevates. It uplifts. It challenges us to be better than we are. It provides a well-trained work force for industry and an educated electorate to ensure that our democracy lives on.

If that were all, it would be enough. But a university is also an economic engine that supports and energizes business activity in the community, the state and the region. As the following report demonstrates, the investment that the taxpayers make in Pittsburg State University is returned manyfold in very real and measurable ways.

Pittsburg State University is proud of its role in the region and the state and we thank those friends and alumni who have helped make the university the strong institution that it is today. We are committed to making PSU's second century one of still greater service to the area, the State of Kansas and the world beyond.

Yours with appreciation,



Tom Bryant, *President*

Preface

*If education is the transmission of civilization,
we are unquestionably progressing.*

*Civilization is not inherited;
it has to be learned by each generation anew;
if the transmission should be interrupted for one century,
civilization would die,
and we should be savages again.*

*So our finest contemporary achievement
is our unprecedented expenditure of wealth and toil
in the provision of higher education for all.*

Will and Ariel, *The Lessons of History*
MJF Books, 1968, p. 101



Executive Summary

To assess the economic impact of Pittsburg State University on surrounding communities and the State of Kansas for FY 2002, PSU President Tom Bryant appointed a task force in fall 2001 to prepare an economic impact statement.

After a year of study, the task force reported in fall 2002 that PSU has a direct financial impact of \$157,421,766 annually in southeast Kansas and beyond. This is \$4.71 returned for every state taxpayer dollar appropriated to PSU.

When teaching and economic development value is added, this impact grows to \$608,632,040 annually. This is \$18.20 returned for every state taxpayer dollar appropriated to PSU.

Selected FY 2002 economic impacts stated in the report include:

- PSU's 22,540 graduates living in the state generate \$432,566,812 in value-added annual earnings above what is attributed to their high school education.
- PSU enrolled 6,723 students who spent an average of \$9,328 each for a total of \$62,712,144 in surrounding communities.
- PSU employed 795 full-time equivalent positions and 802 part-time positions with a total payroll of \$41,934,683.
- PSU spent: \$20,262,973 on goods and services, \$7,587,784 on sponsored research activities, and \$3,433,692 on capital outlay projects.
- PSU attracted 188,678 visitors who spent \$22,013,062 in surrounding communities.
- PSU economic development activities through the Business and Technology Institute added \$18,643,462 of value to the region. This does not include the many other valuable, but more-difficult-to-measure activities of academic faculty and staff in the region.
- PSU asset values include: Replacement value of PSU buildings is \$208,824,000. Replacement value of equipment is \$37,410,371. Book value of land is \$3,913,071.

According to the U.S. Census, the median additional income of college degrees such as those awarded by PSU is: \$7,125 for an associate degree; \$23,671 for a bachelor's degree and \$9,646 for a master's degree.

In addition to purely economic benefits, the report contains examples relating to quality of life, culture, leadership, civic engagement and outreach. Some planned projects that will have economic impact over the next five or more years are also identified.

Task Force Objectives

In fall 2001, PSU President Tom Bryant convened an economic impact assessment task force to:

- Conduct a PSU economic impact survey,
- Prepare a PSU economic impact summary using the Kansas Board of Regents assessment template as the methodology and Kansas State University's most recent economic impact report as a model,
- Produce a report with graphic displays of the impact and
- Show examples of the impact.

Limitations of the Study

The study is limited to the direct impact model used by the Kansas Board of Regents and Kansas State University. Multipliers that take into account second- and third-order effects of direct economic impact are not used. Examples of such multipliers include:

- An employment multiplier of 1.6 jobs produced in the community for each university full-time job* and
- An expenditure multiplier of 1.38 for every dollar of personal expenditures by university employees, visitors and students.*

The study is also limited in that it does not attempt to measure the value of the activities of academic faculty, but instead reports the more easily quantified activities of the University.

**From: "Shaping the Future – The Economic Impact of Public Universities," National Association of State and Land Grant Universities, August 2001.*

Economic Impact Assessment

The Kansas Board of Regents' standardized economic impact assessment was the template for PSU's economic impact study.

Kansas State University's Fiscal Year 1997 economic impact assessment and report served as the model for PSU's effort. The task force used the Emporia State University method of estimating direct visitor expenditures.

KSU Vice Provost Ron Trewyn, who coordinated preparation of the KSU economic impact statement, provided valuable guidance along the way and reviewed the final PSU Economic Impact Statement.

The data for the PSU economic impact assessment was obtained in two steps. Step one was to assemble readily available PSU data that is reported in the Kansas Board of Regents Data Book and to state and federal government agencies. Step two was to obtain the remaining data in an early 2002 survey of all PSU academic and administrative departments. This data, provided by the Office of Planning and Analysis, served as the focus of the task force's six meetings. Task force members and contributors provided expertise, information, examples, oversight, consensus and validation.

Data Sources for the Study

- Employment data provided by the PSU Office of Planning and Analysis.
- Financial data provided by PSU Budget and Human Resource Services.
- Student cost data provided by PSU Student Financial Assistance.
- Alumni data provided by PSU Alumni Relations.
- Visitors to campus data provided by all PSU academic departments and units.
- Capital improvements data provided by PSU Facilities Planning.
- Economic development data provided by the PSU Business and Technology Institute.
- Median income and degree value data provided by the U.S. Department of Labor and the U.S. Census Bureau.

Selected Economic Indicators for FY 2002

1. PSU produces a grand total of \$608,632,040 in economic impact, including teaching value-added*, every year in the state of Kansas.
2. Total direct financial impact, without teaching and economic development value-added, is \$157,421,766 to surrounding communities.
3. There are 22,540 graduates living in the state generating \$432,566,812 in PSU value-added annual earnings above the \$630,624,120 value-added annual earnings from high school education.
4. PSU enrolled 6,723 students who spent an average of \$9,328 each for a total of \$62,712,144 in surrounding communities.
5. PSU employed 795 full-time equivalent positions and 802 part-time positions with a total payroll of \$41,934,683.
6. PSU spent: \$20,262,973 on goods and services.
\$7,587,784 on sponsored research activities.
\$3,433,692 on capital outlay projects.
7. More than 427 companies and individuals and numerous local, regional, state and federal agencies received some form of economic development or technical assistance from the BTI valued at \$18,643,462.
8. PSU attracted about 188,678 visitors to campus who spent an average of \$116.67 each for a total of \$22,013,062 impact on surrounding communities.
9. PSU asset values include: Replacement value of buildings is \$208,824,000.
Replacement value of equipment is \$37,410,371.
Book value of land is \$3,913,071.

** The term "teaching value-added" refers to the measured additional earned income that results from a college degree or additional measured value that results from an economic development activity.*

PSU Data for FY 2002

Chart 1: Student Expenditures

EXPENSE ITEM	EXPENDITURES	PER STUDENT ON-CAMPUS	PER STUDENT OFF-CAMPUS	PER STUDENT AVERAGE
Books	\$5,042,250	\$750	\$750	\$750
Room/Board	\$39,477,456	\$4,526	\$6,104	\$5,872
Transportation	\$6,507,864	\$664	\$1,020	\$968
Loan Fees	\$860,544	\$128	\$128	\$128
Miscellaneous	\$10,824,030	\$1,610	\$1,610	\$1,610
Total	\$62,712,144	\$7,678	\$9,612	\$9,328

Chart 2: Enrollment

Undergraduate		5,471
Resident	4,547	
Non-Resident	716	
International	208	
Graduate		1,252
Resident	804	
Non-Resident	315	
International	133	
TOTAL ENROLLMENT		6,723

Chart 3: Employment

Non-Student Workers	851
Student Workers	746
TOTAL FULL-TIME EQUIVALENT	795
TOTAL NUMBER EMPLOYEES	1,597

Chart 4: FY 2002 Visitor Expenditures*

DESCRIPTION	LOCAL	NON-LOCAL	COMBINED
Total Number of Visitors	150,943	37,735	188,678
Average Stay Per Visit (Days)	1.91	2.89	2.11
Total Visitor Days	288,301	109,054	397,355
Average Expenditure Per Day Per Visit (\$)	\$30.42	\$121.03	\$55.29
Average Expenditure Per Visit (\$)	\$58.11	\$349.78	\$116.67
TOTAL	\$8,771,298	\$13,198,948	\$22,013,062

* Based on the Emporia State University method of estimating direct visitor expenditures.

Chart 5: Value-Added by Degrees

(Add to \$27,978, the high school graduate median income according to the 2000 U.S. Census)

Level of Degree	Value from 2000 U.S. Census
Associate	\$7,125
Bachelor	\$23,671
Master	\$9,646
Specialist in Education*	\$9,646

* Includes a Master's degree

Chart 6: Salaries Based on Level of Education

(Median incomes according to the 2000 U.S. Census)

High School	\$27,978	High School	\$27,978	High School	\$27,978	High School	\$27,978
		Associate	\$7,125	Bachelor's	\$23,671	Bachelor's	\$23,671
						Master's	\$9,646
TOTAL	\$27,978		\$35,103		\$51,649		\$61,295



Chart 7: Pittsburg State University FY 2002 Economic Impact Statement

I. DIRECT FINANCIAL IMPACT				
PSU EXPENDITURES:				
State			\$33,437,540	
Federal			\$6,321,485	
Student			\$15,191,993	
Capital Outlay			\$3,433,692	
Other*			\$9,095,241	
PSU Foundation			\$5,216,609	
SUBTOTAL – DIRECT IMPACT			\$72,696,560	
II. COMMUNITY IMPACT				
A. STUDENT EXPENDITURES (\$9,328 Per Student)				
Expense Item	# of Students	Per Student Average		
Books	6,723	\$750.00	\$5,042,250	
Room/Board	6,723	\$5,872.00	\$39,477,456	
Transportation	6,723	\$968.00	\$6,507,864	
Loan Fees	6,723	\$128.00	\$860,544	
Miscellaneous	6,723	\$1,610.00	\$10,824,030	
SUBTOTAL – STUDENT EXPENDITURES			\$62,712,144	
B. VISITOR EXPENDITURES				
Number of Visitors		Per Visit Average		
188,678	(2.11 days X \$55.29)	\$116.67	\$22,013,062	
SUBTOTAL – COMMUNITY IMPACT			\$84,725,206	
TOTAL IMPACT W/O VALUE-ADDED				\$157,421,766
III. VALUE-ADDED IMPACT				
A. VALUE-ADDED BY COLLEGE DEGREES (Alumni living in Kansas)				
Level	# of Alumni	Degree Value		
Associate	1,668	\$7,125.00	\$11,884,500	
Bachelor's	15,640	\$23,671.00	\$370,214,440	
Master's	4,673	\$9,646.00	\$45,075,758	
Specialist in Education	559	\$9,646.00	\$5,392,114	
SUBTOTAL – TEACHING VALUE-ADDED IMPACT			\$432,566,812	
B. BTI ECONOMIC DEVELOPMENT VALUE-ADDED**			\$18,643,462	
TOTAL VALUE-ADDED IMPACT				\$451,210,274
GRAND TOTAL ECONOMIC IMPACT				\$608,632,040
RETURN ON STATE INVESTMENT			Value-Added	W/O Value-Added
TOTAL ECONOMIC IMPACT			\$608,632,040	\$157,421,766
RETURN ON THE DOLLAR ***			\$18.20	\$4.71

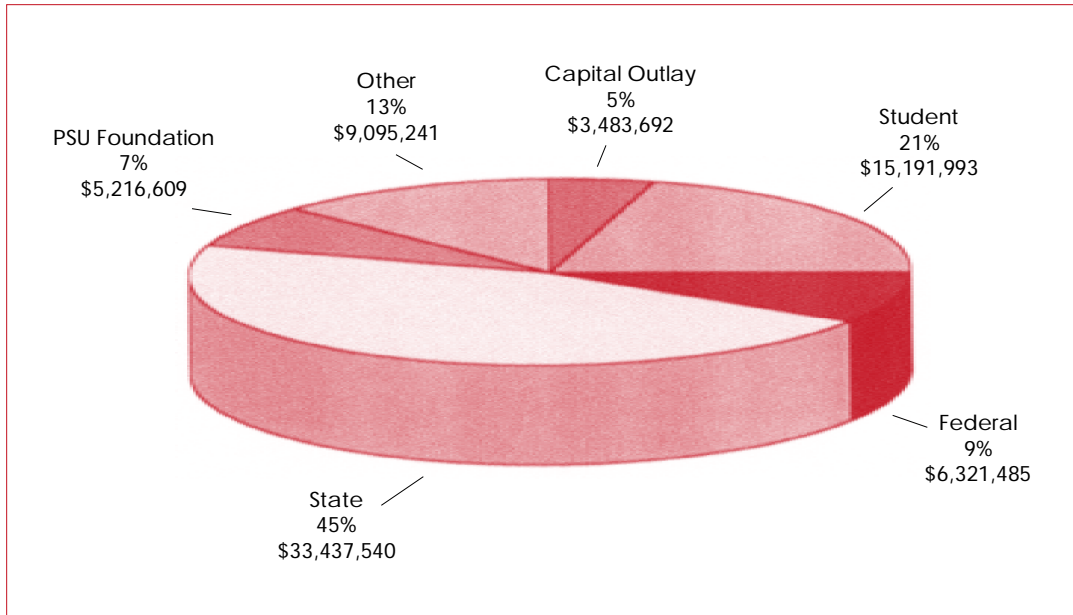
* Other includes auxiliary enterprises (housing, student health center and parking), sales of services of educational activities and all non-federal grants.

** Does not include the value-added impact of academic faculty and staff activities.

*** Calculated by dividing the economic impact number by PSU's state general revenue of \$33,437,540.

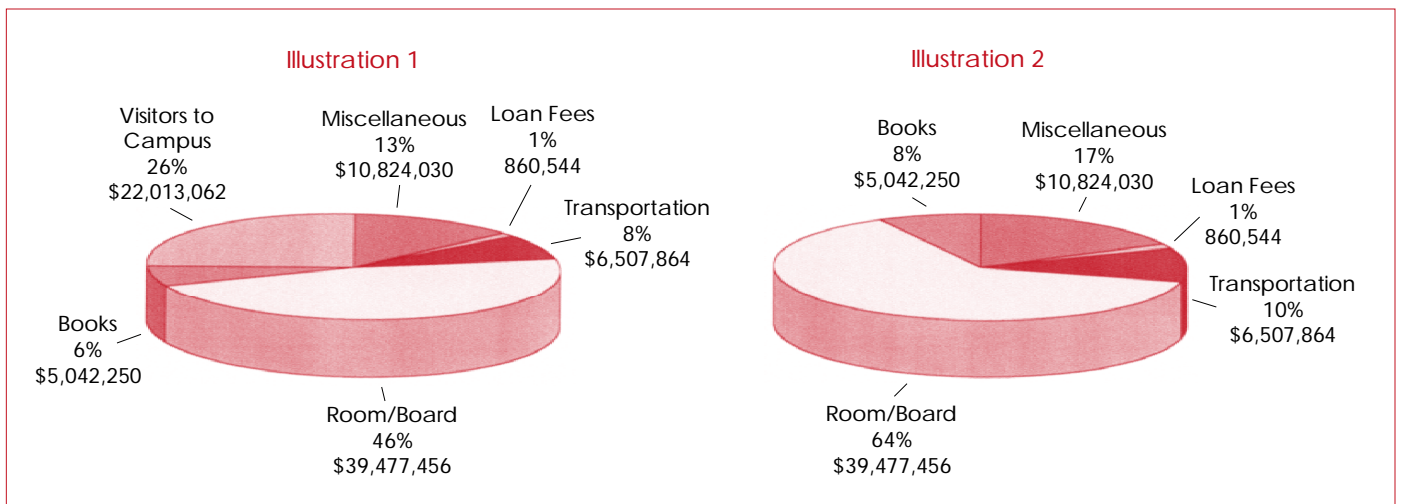
Direct Impact: PSU Expenditures

Direct financial impact of \$72,696,560 is comprised of PSU expenditures. Revenues for these expenditures come from state, federal, student, capital outlay, foundation and other sources.



Community Impact: Student and Visitor Expenditures

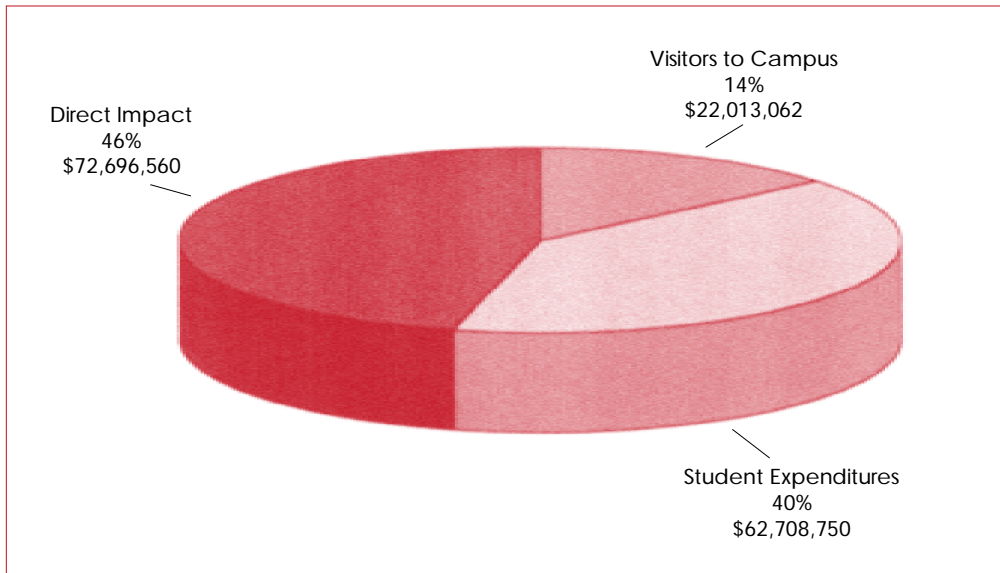
Community impact of \$84,725,206 is comprised of student and campus visitor expenditures. Student expenditures include books, room and board, transportation, loan fees and miscellaneous. Illustration 1 shows total community impact including student and visitor expenditures. Illustration 2 shows student expenditures only.



- Eighty percent (80%) of visitors were local and 20% were non-local (non-local visitors, though fewer in number, spent more than local visitors);
- Local visitors stayed 1.91 days on average;
- Non-local visitors stayed 2.89 days on average;
- Average expenditure per day per visit for local visitors was \$30.42 and
- Average expenditure per day per visit for non-local visitors was \$121.03.

Total Impact: Direct and Community Expenditures

The combined total of direct and community impacts is \$157,421,766. The illustration below shows the amounts and percentages from each of the sources.

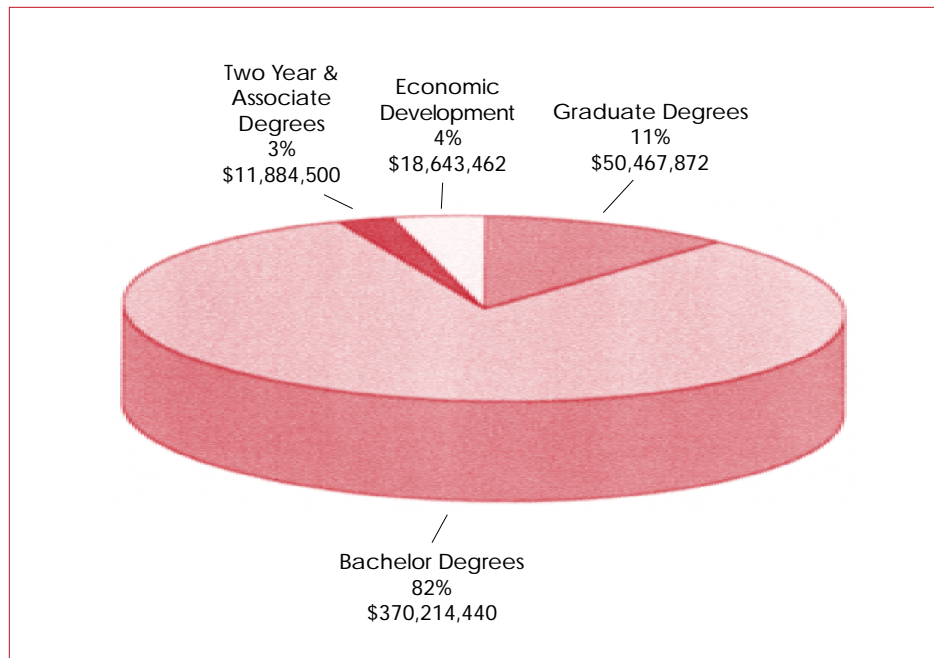


Value-Added Impact: Teaching and Economic Development

The value-added impact of teaching is comprised of the earnings of PSU alumni living in Kansas above the \$27,978 median income earned by high school graduates (according to the year 2000 U.S. Census median levels). For PSU this encompasses four levels: associate, bachelor's, master's and specialist in education. The combined annual total for all of these degrees is \$432,566,812.

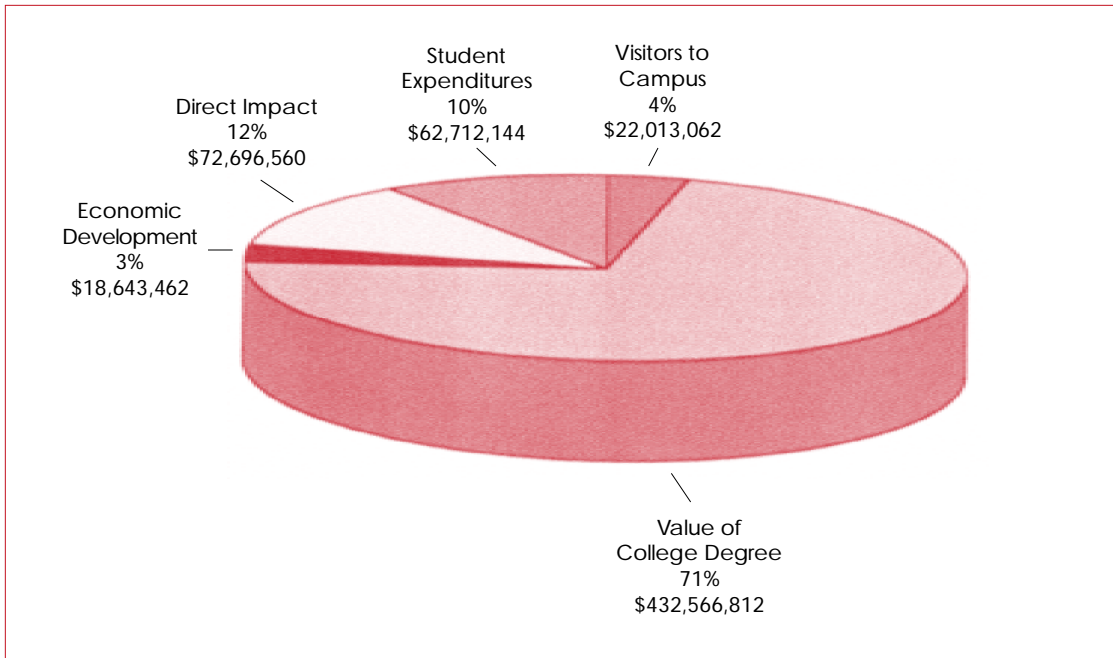
Because of the difficulties in computing the value-added impact of academic faculty and staff, for the purpose of this study, only through value that is added through the activities of the Business and Technology Institute has been used. The PSU Business and Technology Institute, which serves the Southeast Kansas region comprised of 13 counties, produced \$18,643,462 of value-added regional economic development. This is calculated by multiplying the 329 jobs created or preserved by BTI times the year 2000 U.S. Census \$27,978 median income of high school graduates for a total of \$9,204,762 and adding this to \$9,438,700 in new investment in plant and public infrastructure and increased client sales.

Combining the total value-added impact of college degrees at \$432,566,812 and economic development through the BTI at \$18,643,462 results in a total value-added impact of \$451,210,274. The illustration below shows the value-added financial impact of Kansas alumni with degrees plus economic development.



Total Impact: Direct, Community and Value-Added

Combining total economic impact (without value-added) of \$157,421,766 with value-added of \$451,210,274 results in a grand total economic impact of \$608,632,040. The illustration below shows the amounts and percentages from each source.



Economic Impact Examples*

Scholarships – In FY 2002, PSU awarded a total of \$2,254,231 in scholarships. This was comprised of \$1,387,121 in PSU Foundation funds and \$867,110 in other PSU funds. Thus, if these total PSU scholarship awards of \$2,254,231 translate into 2,254 scholarships at \$1,000 each, and each scholarship enables a student to spend \$9,328, the total impact of scholarship driven expenditures in surrounding communities is \$21,025,312.

Stadium Upgrade – A \$5,700,000 upgrade to PSU's Carnie Smith Stadium, which included \$5,300,000 in private donations, added more than 2,000 additional seats, skyboxes, rest rooms, concession facilities and a team locker room. The stadium will now seat about 8,200 persons. In addition to the stadium upgrade, new turf was donated with a value of \$750,000.

Cultural Activities – In addition to its primary mission of educating students, the PSU Music Department provides much of the core talent for the Southeast Kansas Symphony. The PSU Solo and Chamber Music Series and the Performing Arts and Lecture Series, both of which are open to the public, bring performers of national stature to Southeast Kansas. The PSU Department of Communication presents a series of theatrical productions each academic year that are open to the public.

Regional Public Radio – KRPS-FM, the PSU's 100,000-watt radio station, provides the four-state area with National Public Radio news, classical music, jazz, folk, and locally produced programming.

Shrine Bowl – The official count of 8,518 persons attending the July 27, 2002, Shrine Bowl held at Carnie Smith Stadium, produced an impact of \$993,795 on surrounding communities, assuming an average expenditure of \$116.67 per visit.

State 5A Championship Football Game – Held in November, 2001, this event attracted more than 4,577 persons. At an average expenditure per visit of \$116.67, this results in an impact of \$533,999 on surrounding communities.

Kansas Technology Center – Opening in the Spring, 1997, the 270,000 square foot Kansas Technology Center is the home of the PSU College of Technology (COT). The new building has enabled the COT to increase full-time enrollment of majors by 326 or 27%. Each of the 326 new students spending \$9,328 per year results in local annual expenditures of about \$3,040,928. Additionally, about \$9,000,000 in gifts, grants and in-kind contributions have been received to date.

International Students – PSU's 341 full-time international students, who are enrolled and taking course work while spending \$9,328 each per year, result in local annual expenditures of

\$3,180,848. In FY 2002, there were an additional 58 international students enrolled in the Intensive English Program (IEP), who were full-time students preparing to take courses, but were counted differently than those taking course work. These IEP students resulted in an additional \$541,024 being spent in surrounding communities.

Civic Engagement – PSU faculty, administration and staff are active in a wide range of service organizations and leadership roles at all levels. At the local level, the City of Pittsburg and PSU have built one of the closest university-city working relationships in the state. On the regional level, Southeast Kansas, Inc., the region's economic development alliance, was mobilized by and has the continuing support of PSU. At the state level, legislative and executive agency meetings are periodically held at PSU and university faculty and staff consistently provide valuable expertise and resources to lawmakers, state agencies and statewide organizations.

Family Resource Center – This partnership between Mt. Carmel Medical Center, PSU and USD 250, serves hundreds of clients per year with health and social services.

Career Expositions – Career Services at PSU hosts four career expositions per year that average 75 employers per event for a total of 300 employer visits per year to the area.

Pitt State Metro Center – More than 225 students generating in excess of 1,300 credit hours for Fall, 2002, from over 10 Northeast Kansas counties, as well as a few Missouri counties, are currently being served by the Pitt State Kansas City Metro Center.

New Building To Replace Chandler Hall – Construction began during the Summer, 2002, on a new \$1.7 million building to replace Chandler Hall. The new building will house the Department of Family and Consumer Sciences and be ready in Summer, 2003.

**These examples do not necessarily tie back to the impact assessment data.*

Projects Planned*

Veterans Memorial Amphitheater – This facility will draw thousands of visitors per year to the area. Being adjacent to the multi-use center described below and across the street from the Kansas Technology Center, the Veterans Memorial Amphitheater will create a critical mass that will continue to fuel the growth of the Rouse-Centennial quadrant. Projected cost of the project is \$1.2 million

National Guard Readiness Center/Classroom Building/Recreation Center – In uncertain times, the security of the community will be enhanced by the construction of this new multi-use facility. The recreation center will serve as a student, faculty and staff perquisite that is essential to compete with other universities. Projected cost of the project is \$13.3 million with PSU providing \$2.8 million.

Fine and Performing Arts Center – A 1,000 seat music hall, a 500 seat theater and a 150 seat small theater will make this a cultural center not just for PSU but for surrounding communities as well. Projected cost of the project is \$25 million.

College of Business – To be located adjacent to the Kansas Technology Center, the new College of Business building will provide a modern facility for PSU's American Collegiate Schools of Business (ACSB) accredited business school. Projected cost of the project is \$20 million.

Research and Development (R&D) Building – Located in the City of Pittsburg R & D park this new facility is planned to house the Kansas Polymer Research Center (KPRC), a Kansas Technology Enterprise Corporation (KTEC) center of excellence. The KPRC conducts R & D and commercialization for bio-based materials that help our nation's farmers and conserve petroleum. Projected cost of the project is \$3 million.

Gibson Dining Hall Renovation – Upgrade of the existing dining hall, including new front entry and site work to connect to the existing Willard Plaza, makes this an important enhancement to student quality of life. Projected cost of the project is \$1.5 million.

Axe Library Addition – This project will provide space for the library, including book storage and supporting facilities. Projected cost of the project is \$10 million.

West Stadium Renovation – Americans with Disabilities Act (ADA) upgrades, new elevator and additional sky boxes will result from this project. Projected cost of the project is \$1.5 million.

New Student Health Center – Replacement of the health center with a modern one will result from this project. Projected cost of the project is \$1.5 million.

Central Campus Landscaping – Sidewalk and landscaping improvements, new plazas, gateways, street crossings and site furniture will be realized in this project. Projected cost of the project is \$2.5 million.

Broadway to Rouse Street McPherson Drive Expansion – Street improvements, new streets, sidewalks and landscaping to connect Broadway and Rouse via Williams Avenue/McPherson Drive will result from this project. Projected cost of the project is \$3 million.

Addition to Student Center – Additional Student Center space for student activities makes this project important to student life at PSU. Projected cost of the project is \$10 million.

**These projects will have impact over the next five years and beyond.*

Social and Cultural Impacts

While this PSU impact statement focuses on quantified economic impacts, the social and cultural impacts of PSU on the surrounding area should not be overlooked.

PSU faculty, staff, students and their families are actively involved in the life of Pittsburg and the surrounding communities. They provide valuable leadership and energy in everything from civic clubs, local school advisory groups and community theater to churches, sports activities and youth organizations.

PSU students are a valuable resource for the area, particularly its elementary and secondary schools. Many students work as tutors or counselors at the schools and the College of Education works closely with the schools to provide opportunities for student teachers.

Pittsburg State University has a dramatic impact on the cultural life of southeast Kansas and the region. The Music Department sponsors nearly 200 concerts, recitals and programs each year, many of them without charge. The Solo & Chamber Music Series, The Performing Arts & Lecture Series, The Visiting Writers Series, the Timmons Chapel Series and the Women in Government Lecture Series all bring a variety of entertainment and lecture experiences otherwise unavailable in the region. The Art Department maintains three galleries and sponsors a variety of shows throughout the year. All are free. The Theater Department stages a number of plays and programs each year, including some student-written and student-produced work. The Kelce Planetarium, Nature Reach and individual academic departments offer programs for children and adults alike. Axe Library offers the public access to a wide range of resources not normally found in communities of this size. KRPS, the university's public radio station, serves an 80-mile radius with National Public Radio programming, including news, commentary and music unavailable on any other station.

The social and cultural impact of the university is so pervasive in the region that it become almost impossible to imagine any person or activity that it does not touch.

*Pittsburg State
University -
Bringing people
to the campus
and the
community.*

