

Evans, Cynthia

From: Orłowski, Martin
Sent: Thursday, January 18, 2001 2:19 PM
To: Gee, David
Cc: Moss, Brian; Evans, Cynthia
Subject: RE: Millage request

David,

1. How is it possible for the college to mail a paycheck to an employee if there is no address? Somehow there must be a link between an employees pay and their address, right?
2. It is not necessary to tie FICA directly to a person. Our objective was to insure that we matched on all audited financial reports. Hence, don't worry about this one, but we will need to double check to see if the FICA amount is accounted for in our final report.
3. Using total gross pay can work so long as we can separate out full and part time employees. This is important since part time staff don't receive benefits. We can calculate fica, mip, etc. by using the 1999-00 percentages withheld by the budget office.
4. In the yellow category we need all taxes and manditory payments. United Way contributions are not manditory. Count non manditory payments in the green category.

I hope this helps. Please be aware that tomorrow is Cindy's last day here at OCC. Hence, if you have any further questions getting them over here asap would be greatly appreciated. Brian Moss will be picking up this project as of Monday.

Thanks for all of your help.

Marty

-----Original Message-----

From: Gee, David
Sent: Thursday, January 18, 2001 1:42 PM
To: Orłowski, Martin
Cc: Swierk, Thomas
Subject: Millage request

The first pass of annalysis for the millage information has turned up a surprise or two. The biggest surprise is that the payroll data in Advantage does not contain ss numbers. Without ss no's, we can not tie a record back to a zip code. The second one is that all the tax information (social security) is not broken down by individuals.

I think there might be a way to get individual gross pay information tied back to an employee and therefore a zip code (green).

There is a question as to what you want included in the Yellow catagory. FICA payments? or United Fund contributions? or ?

Dave

Evans, Cynthia

From: Orłowski, Martin
Sent: Thursday, January 18, 2001 1:49 PM
To: Evans, Cynthia
Subject: FW: Millage request

-----Original Message-----

From: Gee, David
Sent: Thursday, January 18, 2001 1:42 PM
To: Orłowski, Martin
Cc: Swierk, Thomas
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There is a question as to what you want included in the Yellow catagory. FICA payments? or United Fund contributions? or ?

Dave

*no other ind. id
shared betw payroll
and dems data?
could use gross and
deduct est cjs for
taxes & benefits*

green category

*Yellow - all taxes and
other mandatory deductions -
i.e. retirement*

Data needed from ITS for Economic Impact Study

Total - FY 2000

Number (headcount) of full-time OCC employees

Number of part-time OCC employees

FTE for all OCC employees - FY 2000 MIP's report (will not include students)

1,820 hrs + = FT
2,1820 hrs = PT (need to sum hrs.)

Within Michigan (Zip codes 48000-49999)

Number of full-time OCC employees

Number of part-time OCC employees

FTE for all OCC employees

Within Oakland County

(Zip codes 48007-48012, 48017, 48025, 48030, 48034, 48037, 48067-48073, 48075-48076, 48083-48086, 48098, 48099, 48165, 48178, 48220, 48237, 48301- 48309, 48320-48350, 48356-48393, 48398, 48442, 48462)

Number of full-time OCC employees

Number of part-time OCC employees

FTE for all OCC employees

College Expenditures for FY 2000 (totals should reconcile to audited financial statement)

In addition to the total expenditures of the College for FY 2000 for the three expenditure classes below, two subgroup breakouts are also needed. Subgroup 1: MI Expenditures---expenditures within each expenditure class paid to Michigan vendors (defined using address zip code in Vendor Database) and Subgroup 2: Oakland County Expenditures--- expenditures within each expenditure class paid to Oakland County vendors (defined using address zip code in Vendor Database)

Expenditure Classes:

- a) Personnel Expenditures—all payments made to employees as defined by object codes highlighted in green on attached Object Code Definitions listing
- b) Taxes and Benefits---all expenditures as defined by object codes highlighted in yellow on attached Object Code Definitions listing
- c) Other Expenditures---all expenditures as defined by object codes highlighted in orange on attached Object Code Definitions listing

report to steering committee in February
David's est ≈ 1 month



OAKLAND
COMMUNITY
COLLEGE

OBJECT CODE DEFINITIONS
EXPENDITURES

An object code is one of the four components of a general ledger account number. It is a five-digit code that is used to describe and classify an expense. When an object code is combined with fund, area, and organization codes, a complete account number is created.

Accurate account number coding on purchase requisitions and other expenditures is essential. Accounting records are used for state and federal reporting as well as for internal reporting and cost analysis. **Every expenditure is to be charged against the object code that most accurately describes its purpose.**

In this document all current Datatel Colleague object codes are listed, with their equivalent Advantage object code in parentheses. Many object codes are self-explanatory; additional definitions or guidelines for usage are provided when necessary.

Colleague (New) Object Code	(Replaces)	Object Name	Advantage (Old) Definition/Usage
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Personnel Expenses:

Note: new personnel object codes will be used on New Hire Forms, EAFs, and timesheets after the new payroll system is implemented. Until then, the Advantage account numbers are to be used and the expenditures will be crosswalked to Colleague by the Financial Services Department.

Income **Faculty:**

71110	(various)	Full-time Faculty Base	Replaces 2101, 2105, 2109, 2113.
71120	(various)	Adjunct Faculty	Replaces 2117, 2119, 2121, 2123.
71125	(various)	Faculty Overload	Replaces 2102, 2106, 2110, 2114.
71130	(2104)	Faculty Other Payments	
71150	(2116)	Sabbatical Faculty	
71160	(2170)	Supplemental Pay Faculty	
71170	(2108)	Faculty Release Time	

income
Administration and Management Staff (until new system is implemented):

71010	(2125)	Full-time Administrators
71030	(2127)	Other Administrators
71040	(2128)	Temporary Administrators
71011	(2130)	Full-time Management Staff
71020	(2131)	Part-time Management Staff
71025	(2132)	Overtime Management Staff
71031	(2133)	Other Management
71041	(2134)	Temporary Management

income
Exempt (Non-union) Administrators and Management Staff (in new system):

71210	(various)	Exempt Full-time Base	Replaces 2125, 2130. See also 71310.
71220	(various)	Exempt Part-time Base	Replaces 2126, 2131. See also 71320.
71225	(2132)	Exempt Overtime	See also 71325.
71230	(various)	Other Exempt Payments	Replaces 2127, 2133. See also 71330.
71240	(various)	Temporary Exempt	Replaces 2128, 2134. See also 71340.
71250	(various)	Sabbatical Exempt	Replaces 2129, 2135. See also 71350.
71260	(2171)	Supplemental Pay Exempt	See also 71360.

income
Non-exempt (Union) Administrators and Management Staff (in new system):

71310	(various)	Non-exempt Full-time Base	Replaces 2125, 2130. See also 71210.
71320	(various)	Non-exempt Part-time Base	Replaces 2126, 2131. See also 71220.
71325	(2132)	Non-exempt Staff Overtime	See also 71225.
71330	(various)	Other Non-exempt Payments	Replaces 2127, 2133. See also 71230.
71340	(various)	Temporary Non-exempt	Replaces 2128, 2134. See also 71240.
71350	(various)	Sabbatical Non-exempt	Replaces 2129, 2135. See also 71250.
71360	(2171)	Supplemental Non-exempt	See also 71260.

income
Classified:

71410	(2140)	Classified Full-time Base
71420	(2141)	Classified Part-time Base
71425	(2142)	Classified Overtime
71430	(2143)	Other Classified Payments
71440	(2144)	Temporary Classified

income
Maintenance:

71510	(2150)	Maintenance Full-time Base
71520	(2151)	Maintenance Part-time Base
71525	(2152)	Maintenance Overtime

71530 (2153) Other Maintenance Payments
71540 (2154) Temporary Maintenance

income **Operating Engineers:**

71610 (2160) Operating Engineers Full-time Base
71620 (2161) Operating Engineers Part-time Base
71630 (2162) Other Operating Engineers Payments
71640 (2163) Temporary Operating Engineers

income **Public Safety:**

71710 (2165) Public Safety Full-time Base
71720 (2166) Public Safety Part-time Base
71725 (2167) Public Safety Overtime
71730 (2168) Other Public Safety Payments
71740 (2169) Temporary Public Safety

income **Students and Other Employees:**

71801 (2175) Student Employees
71811 (2178) Work Study Students
71812 (2179) Work Study - Community Service
71901 (2176) Other Employees
71950 (new) Grant Admin Salaries For use on grants only.
and Contracts
71951 (new) Grant Delivery For use on grants only.
71952 (new) Other Grant Salaries For use on grants only.
71997 (2192) Voluntary Early Separation
Payments
71998 (2191) Grievance Settlement Payroll
71999 (2199) Payroll Suspense

Taxes **FICA, Retirement, and Fringe Benefits:**

Taxes and Benefits

73101 (2181) FICA
73111 (2181) Retirement - MPSERS
73112 (2181) Retirement - ORP
73199 (2181) FICA & Retirement Until new system is implemented.
73201 (2189) Medical Insurance
73202 (2189) Dental Insurance
73203 (2189) Vision Insurance
73204 (2189) Life Insurance
73205 (2189) Long Term Disability Insurance
73206 (2189) Employee Tuition Waiver

73207	(2189)	Workers Comp Insurance	
73208	(2189)	Short Term Disability Insurance	
73216	(2516)	Tuition Reimbursement	
73220	(2189)	Other Fringes	
73250	(2189)	Cash in Lieu of Benefits	
73299	(2189)	Fringe Benefits	Until new system is implemented.

Scholarships and Tuition Discounts:

2. exclude part of other expenditures

74001	(2580)	Scholarships	
74003	(2581)	High School Merit Scholarships	
74005	(2582)	Academic Excellence Awards	
74007	(2583)	Scholarship-Books and Supplies	
74009	(2584)	Trustee Academic Excellence	
74011	(2585)	Notetaker Tuition	
74013	(2586)	Board of Trustee Scholarships	
74017	(2589)	Native American Awards	
74019	(2590)	Athletic Scholarships	
74021	(2591)	Oak Park Scholarship	
74023	(2587)	Financial Aid Awards	
74025	(new)	Special Financial Aid Conditions	
74030	(2588)	Senior Citizen Discount	
74031	(new)	Non-Resident Tuition Discount	
74032	(new)	Corporate Sponsored Tuition Discount	
74033	(new)	Culinary Arts Tuition Discount	

Utilities:

other expend through 77040 + non-op exp + transfers

76110	(2451)	Heating Fuels-College Owned Facilities	Natural gas, oil, coal, etc. used to heat College-owned buildings.
76120	(new)	Heating Fuels-Rented/ Leased Facilities	Natural gas, oil, coal, etc used to heat rented or leased facilities.
76210	(2453)	Electricity-College Owned Facilities	Payments for electrical service to College-owned facilities.
76220	(new)	Electricity-Rented/ Leased Facilities	Payments for electrical service to rented or leased facilities.
76310	(2456)	Water and Sewer-College Owned Facilities	Payments for water and sewer service to College-owned facilities.
76320	(new)	Water and Sewer-Rented/ Leased Facilities	Payments for water and sewer service to rented or leased facilities.

76410	(2458)	Other Purchased Utilities- College Owned Facilities	Other services which are considered to be utilities, including cable TV.
76420	(new)	Other Purchased Utilities- Rented/Leased Facilities	Other services which are considered to be utilities, including cable TV.

Contracted Services:

77101	(2217)	Temporary Services (1099)	Payments for services rendered by individuals who perform College functions but are not College employees as determined by Form BUS 163, Consultant/Employee Status Determination Checklist. The individual's Social Security Number is required so that a 1099 form can be prepared for the individual's income tax reporting.
77102	(2218)	Temporary Services (Agencies)	Payments for services rendered by companies which provide individuals to perform College functions such as temporary employment services (e.g., Kelly, Accountemps, Manpower). The company's Federal Tax ID number is required.
77150	(new)	Consulting	Payments for consulting services as determined by the College's contract administrator. Not to be used for temporary services – see 77101 and 77102.

Supplies & Other Services:

77201	(2355)	Printing & Duplicating	Printing jobs, including collating and binding, completed by the College's printing services department or an outside printing company. Also, charges for use of the duplicating machines.
77205	(2532)	Advertising	Advertisements purchased by the College, in newspapers and magazines, on TV and radio, etc. Includes advertising for recruitment of students and employees as well as College events.

77207	(2541)	Telephone Charges	Telephone service including monthly charges, long-distance, and service calls when necessary.
77210	(2214)	Legal Services	Services related to human resources, bond issuance, and other issues for which the College requests legal advice or representation.
77212	(2220)	Arbitration Expense	For Human Resources Department use.
77213	(2998)	Litigation & Claims Expense	Cost of settling litigation against the College.
77214	(2225)	Medical Exams	Payments for pre-employment physicals as well as exams, inoculations, etc. related to environmental health and safety. Physicals that are provided to employees as a fringe benefit should not be charged here.
77216	(2223)	Legislative Liaison	Payments to the College's legislative liaison.
77218	(2471)	Insurance	Premiums paid by OCC for fire, public liability, and vehicle insurance, fidelity bonds, and insurance deductibles. Insurance provided to employees as a fringe benefit should be charged to the appropriate fringe benefit object.
77220	(2401)	Space Rental	Payments for rented or leased space. Utilities associated with leased space should be charged to the appropriate utility object.
77222	(2402)	Equipment and Other Rental	Payments for rented or leased equipment, vehicles, software, videos, films, etc. "Capital leases" are to be charged to 77840.
77224	(2523)	Licenses and Permits	Cost of licenses and permits, including software licenses.
77226	(2524)	Fines and Penalties	Cost of fines and penalties incurred by the College.
77228	(2543)	Postage	Cost of services of U.S. Postal Service, Federal Express, etc. for items mailed from the College.
77229	(2565)	Freight and Cartage	Delivery charges on items delivered to the College.

77230	(2222)	Armored Car Service	Cost of armored car delivery and/or pickup services. For Campus Business Office and Bookstore use.
77232	(2201)	Credit Card Service Charges	Cost to the College of accepting credit card charges for tuition, bookstores, etc.
77234	(2202)	Bank Service Charges	Service fees and other bank charges.
77236	(2549)	Collection Fees	Payments to third-party debt collectors for the collection of student and other debt.
77238	(2211)	Audit and Financial Services	Cost of the annual financial statement audit and other contracted financial services.
77243	(2550)	Bad Debt Expense	Cost of write-off of unpaid debt.
77245	(2376)	Board Election Expense	Payments to local taxing authorities for cost of holding elections to elect Board of Trustees.
77247	(new)	Grant Participant Auto Purchase	For use on grants only.
77248	(new)	Grant Participant Auto Related Auto Related Expense	For use on grants only.
77250	(various)	Cash Over & Short	Replaces 2551, 2552. For Cashier use.
77251	(2750)	Contribution to Fund Balance	For Budget Office use.
77252	(2213)	CLEMIS/LEIN Charges	For Public Safety Department use.
77254	(2253)	Uniforms and Uniform Cleaning	Payments for purchase and cleaning of contractually-required uniforms.
77256	(2224)	Public Safety Dispatch	For Public Safety Department use.
77260	(2251)	Snow Removal	Payments to external providers of snow removal services.
77262	(2252)	Trash Removal	Payments to external providers of trash removal and/or recycling services.
77264	(2270)	Maintenance & Repair	Services for the maintenance or repair of

		Services	buildings, grounds, vehicles, and/or equipment.
77270	(2329)	Database Searching	Cost of library database search services.
77272	(2331)	Dalnet/Horizon Fees	Cost of College participation in Dalnet/Horizon library consortium.
77279	(new)	Other Services	Cost of services that do not fit any other object code. Before using, ensure that there is no other appropriate object code.
77281	(2016)	Gifts and Donations	Used by the bookstores to record the cost of items donated to other organizations.
77283	(2219)	Grievance Settlement- Non-payroll	For Human Resource Department use.
77284	(2556)	Accounts Payable Suspense	For Accounts Payable Department/Campus Business Office use.
77285	(2557)	Indirect Cost Recovery	Cost to a grant for administrative and support services provided by the College.
77286	(2602)	Administrative Recovery	Cost to a non-grant organization for administrative and support services provided by the College.
77287	(2605)	Pro Rata Refund	For Financial Services/Financial Aid use.
77288	(2606)	Pro Rata Loan Expense	For Financial Services/Financial Aid use.
77289	(2603)	Prior Year Adjustments	For Financial Services use.
77290	(2353)	Supplies	Any item (except lab and classroom supplies), used in the daily operations of the College, that is consumed (used up) when it is used. Examples include paper, pens, printer cartridges, staplers, etc. Blank recording media (cassettes, CDs, microfilm, diskettes) also are charged here. Supplies purchased from lab and course fees should be charged to 77292.
77291	(2850)	Non Capital Equipment	Items of furniture or equipment which do not

(Under \$1000)

meet all of the requirements of "capital assets" (have a useful life of less than one year or cost less than \$1000). See 77820 and 77825.

77292	(2312)	Lab & Classroom Supplies	Consumable supplies used in laboratories and classrooms for instructional purposes. Usually funded by the collection of lab or course fees. Costs of these supplies should be charged to the instructional disciplines, not to deans or departments.
77293	(new)	Grant Participant Books and Supplies	For use on grants only.
77294	(2357)	Software	Computer software packages and annual maintenance on college support system software. Does not include blank diskettes; they are charged to 77290 or 77292 as appropriate.
77295	(2029)	Computer Services Clearing Account	For Purchasing Department/ITS use.
77296	(2018)	Central Stores Purchases	For Financial Services use.
77297	(2553)	Computer Chargebacks	Used by Financial Services to record the allocation of ITS operations to the users of computing services in accordance with state reporting guidelines.
77298	(2554)	Other Chargebacks	Cost of internal service operations that are charged back to the users of those services.
77299	(2099)	Credit Against Expense	Credit (repayment) of maintenance and public safety services related to rental of College facilities.

Library Acquisitions:

77310	(2320)	Library Books	All books purchased from College monies, whether purchased by a campus library or a department, are assumed to be part of the College's library collection and should be charged to this object.
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77312	(2321)	Books Binding	Binding and rebinding of library books.
77320	(2330)	Standing Orders (Serials)	Library serials that are classified as standing orders.
77330	(2322)	Periodicals	Periodicals purchased for College libraries. Subscriptions purchased by non-library departments for their departmental use should be charged to 77460.
77332	(2323)	Documents	
77334	(2324)	Pamphlets	
77336	(2325)	Microforms	Publications on microfilm and microfiche. Purchases of blank microfilm and microfiche to be used to store departmental records should be charged to 77290.
77340	(2326)	Audio Recordings	Prerecorded CDs, tapes, and other audio media. Blank media should be charged to 77290 or 77292 as appropriate.
77342	(2327)	Video Recordings and Films	Prerecorded videotapes, DVDs, films, and other video media. Blank media should be charged to 77290 or 77292 as appropriate.

Travel and Staff Development:

77410	(2512)	Overnight Travel-Domestic	Overnight travel within the United States, including Alaska and Hawaii. Used for all expenses for such travel, including prepaid registration fees, meals, mileage, and airline tickets. Overnight travel must adhere to the College's travel procedures.
77415	(2501)	Overnight Travel-Foreign	Overnight travel outside the United States. Used for all expenses for such travel, including prepaid registration fees, meals, mileage, and airline tickets. Includes travel to Canada. Overnight travel must adhere to the College's travel procedures.
77430	(2515)	Local/In-House Meeting	Registration, meals, and incidental expenses

		Expense	associated with non-overnight travel, business meetings and College events such as Excellence Day.
77435	(2517)	Mileage & Parking	Reimbursements for mileage and parking incurred in the course of College business or associated with local meetings. Mileage is paid at the rate set by the College Controller based on IRS regulations.
77450	(2516)	Staff Development Activities	This object is reserved for PDTC use <i>only</i> .
77460	(2511)	Dues, Fees, Subscriptions	College memberships and subscriptions to journals, magazines, news services, etc. Does not include periodicals for the Libraries.

Cost of Sales:

77501	(2001)	Cost of Sales-New Books	Used by bookstores.
77503	(2002)	Cost of Sales-Used Books	Used by bookstores.
77505	(2012)	Cost of Sales-Trade	Used by bookstores.
77507	(2003)	Cost of Sales-Supplies	Used by bookstores.
77509	(2013)	Cost of Sales-Software	Used by bookstores.
77511	(2017)	Cost of Sales-Apparel	Used by bookstores.
77513	(2004)	Cost of Sales-Other	Used by bookstores.
77515	(2005)	Cost of Sales-Tax Exempt	Used by bookstores.
77517	(2015)	Inventory Adjustment	Used by bookstores.
77519	(2014)	Discounts and Markdowns	Used by bookstores.
77550	(2007)	Cost of Sales-Food Service	Used by Food Service.

Capital Expenditures:

77802	(2800)	Land Purchases	
77804	(2801)	Site Improvement	
77806	(2802)	Appraisal and Survey	
77808	(2820)	Architect	
77809	(2820)	Engineering	
77810	(2821)	New Buildings	
77812	(2822)	Additions to Buildings	
77814	(2823)	Capital Renovations	
77815	(2899)	Plant Assets Sold and Retired	

Note: Some furniture and equipment purchases are not capital expenditures. To be recorded as a capital asset, a furniture or equipment purchase must meet all of the following requirements:

1. Is not a consumable supply item (see 77290, 77292).
2. Costs at least \$1000.
3. Has a useful life of at least one year.

Equipment and furniture items that do not meet all three requirements should be charged to 77291, Non Capital Equipment.

77820	(2840)	Capital Furniture and Equipment	Furniture & equipment that meet all three requirements of "capital assets" above. Includes furniture and equipment for classrooms, labs, offices, etc. EXCEPT computer equipment. Includes maintenance equipment EXCEPT rolling stock or vehicles.
77825	(2841)	Capital Computer Equipment	Mainframe and personal computers and peripheral devices that meet the three requirements of "capital assets" above. Individual components are not capital assets unless they are delivered to the College as part of a larger bundled purchase. For example, an internal modem worth \$200 that is ordered and delivered as part of a complete desktop PC is charged to 77825 as part of the total purchase, but a modem ordered on its own at a later time would be charged to 77291.
77830	(2845)	Vehicles & Rolling Stock	Police cars, maintenance vehicles, and other wheeled equipment. Components purchased as part of the wheeled equipment should also be charged here, for example a snow plow attachment for a truck or tractor would also be charged to 77830.
77840	(2847)	Capital Lease Expense	Payments for leased equipment that has been defined as "capital lease."

Budget Pools: *exclude*

Budget pool accounts are used to record budgets for groups of object codes. No expenditures are to be charged to the pool accounts.

79001	(new)	Budget Pool-Benefits	Used only for recording budgets. Actual charges are recorded in the appropriate FICA, retirement, and fringe benefit object codes.
79002	(new)	Budget Pool-Supplies and Services	Used only for recording budgets. Actual charges are recorded in the appropriate supply and service object codes.
79003	(new)	Budget Pool-Equipment and Furniture	Used only for recording budgets. Actual charges are recorded in the appropriate equipment and furniture object codes.

Other Expend

Non-operating Expenses:

81001	(2660)	Interest on Bonds
81002	(2661)	Premium on Bonds
81010	(2664)	Interest on Notes
82010	(2650)	Bond Principal-General Obligation
82020	(2651)	Bond Principal-Revenue
82030	(2652)	Note Principal
82040	(2377)	Tax Collection Expense
82041	(2378)	Uncollectible Tax Expense
82045	(2663)	Cost of Issuing Bonds
82050	(2662)	Paying Agent Fees
82055	(2375)	Millage Election Expense

Other Expend

Transfers:

includes ~~*excludes*~~ *depends on where these are accounted for*

91001	(2701)	Mandatory Financial Aid Matching
91002	(2702)	Mandatory Voc Ed Matching
91003	(2703)	Other Mandatory Grant Matching
92001	(2730)	Non-mandatory Financial Aid Matching
92011	(2731)	Transfer to General Fund
92012	(2732)	Transfer to Designated Fund
92013	(2733)	Transfer to Auxiliary Fund
92014	(2734)	Transfer to Restricted Fund
92022	(2736)	Transfer to Loan Fund
92031	(2735)	Transfer to Endowment Fund
92041	(2737)	Transfer to Maintenance & Repair Fund
92042	(2739)	Transfer to Debt Service Fund
92043	(2738)	Transfer to Unexpended Plant Fund

Colleague object code definitions.doc
Office of Budget & Financial Planning
September 12, 2000

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G. JEREMIAH RYAN
Monroe Community College, Rochester, New York

The project was conducted as follows:

1. A survey was developed and distributed with the assistance of appropriate committees of the Council of County Colleges of New Jersey and statewide associations of business officers and research administrators. The survey was field-tested prior to distribution to all colleges.
2. Local economic impacts and statewide economic impact were estimated by the completion of the survey by each of New Jersey's community colleges and the application of appropriate economic multipliers.
3. Each community college provided its local economic impact data to its county government as part of the local Fiscal Year 1984 budget process.
4. A statewide economic impact statement was presented to the Joint Appropriations Committee of the State Legislature as part of the State Fiscal Year 1984 budget process.

INTRODUCTION

Mission and goal statements of community colleges have a common thread in that they invariably state that the primary purpose of community colleges is to provide postsecondary educational opportunities to the adult population of the colleges' sponsorship areas. The statements usually include listings of such valuable outcomes of learning as knowledge, creative capabilities, economic productivity and cultural enrichment.

There are other outcomes of community colleges, usually not presented in the mission statement, that are more direct and more measurable, one of the most significant of which is that they bring revenue to their locality. Community colleges serve as substantial producers of jobs, as consumers of goods and services, as owners of

property and as depositors and investors of cash resources that contribute to an expanding credit base.

The people who live in the area in which a college is located often think of the institution in terms of their own personal social interactions with its students. Merchants, landlords, bankers and other business persons may be sensitive to the students and college employees as sources of additional income for their business venture. However, the total economic relationship between the college and the community is not generally known.

The second set of outcomes presented are more current and short term, their benefits are measurable. Community colleges bring funds into the economy through several revenue sources: tuition and fees, local and state appropriations, private gifts, and federal grants.

The colleges circulate funds into the economy through expenditures; salary payments, purchases of goods and services, and capital construction.

The ability to accurately measure, analyze, and present these economic outcomes is becoming an ever more important skill for a community college president, business officer, or research administrator.

Arguments by college officials about the successful production of outcomes by their colleges have begun to fall on deaf ears in local and state legislative chambers. One possible tactic to deal with the appropriation problem is to set aside an examination of the social values of education for a more direct approach, a look strictly at an operating system's impact on the economy. If the system carries its own weight financially, if the return is at least as great as the investment the taxpayers make, positive value is evident (Jackson, 1978). In fact, one author has stated that there are at least six positive economic benefits that community colleges contribute to their local economies: Colleges contribute to an increase in technical skills and income of students, with accompanying increases in spending in local businesses; colleges help reduce costs to local businesses via the availability of a skilled labor force; the local economy is assisted by college and staff expenditures and bank deposits in local businesses; colleges provide local residents with cultural services at reduced costs; local business revenue is generated by college activities and programs; and property values are enhanced by the presence of the college (Phillips, 1977).

Economic impact studies are of substantial value to administrators and faculty at community colleges because they provide comprehensive data for political purposes. Without them, endeavors to achieve greater local and state appropriations will be handicapped by the lack of tangible and reliable information on the measurable economic returns to be expected from the dollars invested in community colleges. The results of economic impact studies often are surprising to the public and, indeed, to the academic community in terms of the prominent economic status of the college as an em-

ployer, consumer of goods and services, inventor and property owner.

LITERATURE REVIEW

The literature review included the analysis of sixty-seven publications dealing with community college economic impacts. A bibliography is included in Appendix C. The most widely mentioned and utilized handbook for economic impact studies has been produced by Caffrey and Isaacs (1971) for the American Council on Education. The handbook described in detail over forty mathematical models for the calculation of various kinds of economic impact.

Nearly all of the relevant models and handbooks borrow generously from the major economic impact categories first described by Caffrey and Isaacs. According to one recent analysis (Bidder, 1982), the Caffrey and Isaacs models contain a total of 78 measurable variables. The Caffrey-Isaacs Handbook's complexity and heavy dose of mathematical modeling has most probably scared off many would-be economic impact analysts. Yet, case study after case study mention the Caffrey and Isaacs Handbook and its models as the basis for calculation of impact. Goodman (1979) has found Caffrey and Isaacs to be the most thorough and reliable resource. Palmer (1978), although accepting most of the models, has taken exception to the Caffrey and Isaacs assertion that part-time students have little economic impact. Owings (1977) and Phillips (1977) have used Caffrey and Isaacs as the basis for developing models that they assert are more relevant for community colleges.

Practical "How to" handbooks have been produced for use by community colleges in Maryland (Linthicum, 1978c), Virginia (Wellsfry, 1971), Washington (Johnson, 1978), Florida (Central Florida, 1973), New Jersey (Ryan, 1983), Illinois (Bess, 1981), and Oregon (Kennick, 1982), although they all are based on the Caffrey and Isaacs Handbook, the Linthicum, Ryan and Jackson manuals depart from Caffrey and Isaacs by not utilizing surveys and substituting readily available census, labor and personal income data. Each of their manuals combines a local and statewide approach.

Published case studies of economic impact statements have also been analyzed as part of this literature review. These case studies had two major subcategories; statewide studies and local studies.

The statewide economic impact of community colleges was reported in nine of the case studies reviewed: Iowa (Blons, 1982); Washington (Jackson, 1978); Virginia (Welsh, 1976); Maryland (Linthicum 1978a); Illinois (Bess, 1980); Michigan (Packwood, 1981); New Jersey (Ryan, 1983); New York (SUNY, 1982); and Oregon (Stephenson, 1982).

Twenty-eight community college economic impact studies were also reviewed. These studies relied almost exclusively on the Caffrey and Isaacs handbook. With only four exceptions, they combined available information with survey data. The five others utilized only current institutional information and government produced census data and economic indicators. The colleges whose statements were reviewed are listed in Table 1.

TABLE 1. Community Colleges That Have Conducted Economic Impact Studies

College	State
Alabama State Junior	Alabama
Bakersfield College	California
Bismark Junior College	North Dakota
Brookdale Community College	New Jersey
Broome Community College	New York
Bucks County Community College	Pennsylvania
Burlington County College	New Jersey
Central Piedmont Community College	North Carolina
Chemeketa Community College	Oregon
Community College of Allegheny County	Pennsylvania
Cuyahoga Community College	Ohio
Cypress College	California
Florida Junior College	Florida
Gainesville Junior College	Florida
Genesee Community College	New York
Harrisburg Area Community College	Pennsylvania
Long Beach Community College	California
Mercer County Community College	New Jersey
Metropolitan Community College	Missouri
Mohawk Valley Community College	New York
Mount Hood Community College	Oregon
Onondaga Community College	New York
Rockland Community College	New York
Spokane Community College	Washington
St. Louis Community College	Missouri
Thomas Nelson Community College	Virginia
Valencia Community College	Florida
William Rainey Harper College	Illinois

DEVELOPMENT OF AN ALTERNATIVE MODEL

An alternative to the Caffrey and Isaacs model was developed and utilized in New Jersey in 1982-83. The two most distinguishing features of the model are that it utilizes substitutes for both the expenditure survey and the retail gravity estimates. Business Offices who used the alternative model stated that, once the information was in hand, the estimate of local impact took less than half a day. Appendix B is a presentation of this alternative.

Substitute for Staff and Student Survey

A two-step substitute for the time consuming task of developing and implementing a survey of staff and students was developed.

First, college records were searched for several items of basic information as follows:

1. The total number of College employees was obtained from calendar year 1981 payroll records. W-2 information or FY 82 budget data also have included the information.
2. The number of college employees who live in the County was obtained by reviewing address information on payroll or in College directory. If part-time data were not readily available, the full-time percentage was used.
3. The number of college employees who live in New Jersey was obtained by reviewing address information on payroll or in College directory. If part-time data were not readily available, the full-time percentage was used.
4. Total disposable income available to College employees was available in College Business Records. The figure was money paid directly to staff and did not include taxes and retirement.
5. The total number of part-time students was available from the end of fiscal year audit. Fall 1981 audited data were used.
6. The total number of part-time students was available from the end of fiscal year audit. 1981 audited data were used.
7. The average annual college related expenditures by full-time students was available from the Financial Aid Office. The figure excluded tuition and fees.
8. The average annual college related expenditures by part-time students was available from the Financial Aid office. The figure excluded tuition and fees.

Second, after the data available from various College offices were gathered, the models called for estimates of income spent on non-housing and rental items. Standard government documents were consulted to provide County averages for each item.

1. To determine the percentage of expenditures spent on non-housing items, a publication from the U.S. Bureau of Labor Statistics entitled "What the Average Middle Income Family Spends" was used. Costs were based on a collection of goods and services that was assumed to be typical in 1981 and not what households actually spent in 1981. The middle income figures were used, despite the fact that several New Jersey counties have upper income average households, in order to understate the variable in the total estimated economic impact.
2. The percentage of staff who rent and how much they spend on rental expenditures was calculated by reviewing two 1980 Census publications. The first, entitled "Housing Units Occupancy Status, Units in Structure, and Year Structure Built" (U.S. Census), contained important information on the percentage of residents of each County in New Jersey that lived in rental housing.
3. The average monthly rental price by County was also found in a 1980 Census document, this one entitled "Gross Rent and Monthly Owner Housing Costs" (Bureau of the Census, 1982).

The 1980 data were not adjusted for inflation in order to understate the variable in the title estimated economic impact.

Substitute for the Retail Gravity Model

The use of the retail gravity model had been one of the most troublesome aspects of estimating economic impact for community college officials. A substitute was developed by the following process which utilized two sources of information:

1. The Literature Review revealed that the top percentages of local expenditures by an individual were in the 75 to 77 percent range. For the purposes of understatement of the variable in the economic impact estimate, the highest in-county expenditure percentage to be used in the project was established at 75 percent.
2. The 1981 estimated total retail sales volume, as presented in the July 1982 edition of Sales and Marketing Management Magazine, was reviewed. The retail sales volume is an indicator of the wealth and diversity of a County's economic base. A lower sales volume may indicate that the economic base is not as developed as the base in other counties. A lower sales volume also may indicate that there is a great deal of sales "leakage" to the neighboring counties with more diversified economic bases.
3. Comparative income measures were reviewed.
4. In-county expenditure percentages were arbitrarily assigned to all counties as per their retail sales volume. Counties with less than \$1 billion in sales were assigned 60 percent; counties with \$2 billion to \$3 billion in sales were assigned 70 percent; and counties with sales over \$3 billion, and the State of New Jersey, were assigned 75 percent.

The Survey

The final survey instrument that was distributed to the community colleges was a research tool that met the objections to the Caffrey-Isaacs model. It did not require a survey of staff and students. It did not include models judged to be inappropriate for community colleges. It did not use the retail gravity model. It was a survey that could be completed quickly with information that was readily available.

The final survey was distributed to all colleges on December 7, 1982. Seventeen responses were received by February 14, 1983.

An example of the survey instrument is included in Appendix B.

CONCLUSIONS

This development and implementation of an alternative model was significant in that it is one of the few economic impact studies that have included an entire community college sector. It is the first time a group of New Jersey colleges had been researched in the same economic impact study, thus producing comparative data. Beyond these points of significance that deal with the rarity of this kind

of research enterprise, there are some additional points of statistical importance.

1. The impact of the community college system on the State of New Jersey is impressive. The sector contributed over \$800 million to the State's economy on an initial investment of \$56 million. (See Figure 1 Chart).
2. In Fiscal Year 1982, with unemployment in New Jersey over 9 percent, the community college sector contributed 27,000 full-time jobs to the State's economy, only 6,000 of which were funded by the colleges.
3. The average cost per job, calculated by dividing the number of jobs created by the sector by the State's share of the sector's budget, was less than \$2,000.
4. Each of the community colleges in New Jersey had a significant economic impact on its county, ranging from a low of \$5.9 million to a high of \$71 million.

Two conclusions regarding the Project's methodology can also be made:

1. Alternatives to time consuming and complicated economic impact models, relying heavily on already available college and government data, can be developed.
2. The Project's economic impact survey, requesting only twelve different pieces of information, was easy to complete and produced valuable information for college officials.

Implications

The completion of this project has led to several recommendations for future research:

1. The survey instrument developed for this project should be adapted for use in other states, implemented, and the results compared.
2. The comparative impact measure developed for this project should be applied to the previous economic impact studies and the results reported. A national mean comparative impact measure should be developed.
3. The alternative to the Retail Gravity Model developed for this project should be tested for reliability by comparing the results produced by the project survey to results preceded by using the Retail Gravity Model at the same college.
4. A standard method for comparing the economic impacts of community college systems on their states should be developed. The comparative impact measure developed for this project may be a point of departure for this proposed effort.
5. A simplified formula for developing an acceptable multiplier should be developed. Present methods involve too much guess work to effectively deal with the political ramifications of the size of the multiplier.

DIRECT ECONOMIC IMPACT SURVEY

Part I. College Information

Item	Instructions												
1. Total College Expenditures \$ _____	1. The source of information should be the end of fiscal year 1982 audit. This figure must exclude salaries, internal items and transfers and taxes.												
2. Percentage of College expenditures, as reported in #1, spent in County _____ %	2. The source of this information is College Business Records. It may be computed as follows: a. Actual calculation of all in County purchases for a Fiscal Year. b. Review three different months total expenditures. Determine percentage spent in County.												
3. Percentage of College expenditures, as reported in #1, spent in New Jersey _____ %	3. Use same method as in #2.												
4. Total Student Activity Fees, Expenditures \$ _____	4. The source of this information should be the Student Activities office. The total should include inter-collegiate athletic expenditures.												
5. Total number of College employees _____	5. This information may be obtained from calendar year 1981 payroll records. (Use W-2 information or FY82 budget data.)												
<table border="0"> <tr> <td></td> <td style="text-align: center;">#</td> <td style="text-align: center;">%</td> </tr> <tr> <td>5a. Full-time</td> <td>_____</td> <td>_____</td> </tr> <tr> <td>5b. Part-time</td> <td>_____</td> <td>_____</td> </tr> <tr> <td>5c. Total</td> <td>_____</td> <td>_____</td> </tr> </table>		#	%	5a. Full-time	_____	_____	5b. Part-time	_____	_____	5c. Total	_____	_____	
	#	%											
5a. Full-time	_____	_____											
5b. Part-time	_____	_____											
5c. Total	_____	_____											

Part I. College Information (continued)

Item	Instructions
10. Total number of part time students _____	10. This information is available from end of fiscal year audit. Use Fall 1981 audited data.
11. Average annual college related expenditures by full-time students _____	11. This information is available from the Financial Aid office. The figure should exclude tuition and fees.
12. Average annual college related expenditures by part-time students _____	12. This information is available from the Financial Aid office. The figure should exclude tuition and fees.

Part II. Project Calculations

13. Total Student Government expenditures spent in County \$ _____	13. This figure may be found by applying percentage computed in #2 to total reported in #4
14. College expenditures spent in County \$ _____	14. This figure may be found by applying percentage computed in #2 to total reported in #1.
15. College expenditures spent in New Jersey \$ _____	15. This figure may be found by applying percentage computed in #3 to total reported in #1. The figure includes expenditures already calculated in #14.
16. Total Student Government expenditures spent in New Jersey \$ _____	16. This figure may be found by applying percentage computed in #3 to total reported in #4. This information includes expenditures already calculated in #13.

Part II. Project Calculations (continued)

Item		Instructions
17. Total in County expenditures by the College	\$ _____	17. This figure may be computed by adding #13 and #14.
18. Total in New Jersey expenditures by the College	\$ _____	18. This figure may be computed by adding #15 and #16. The figure includes expenditures already calculated in #17.
19. Disposable income of in-County employees spent in County on non-housing items	\$ _____	19. This figure may be obtained as follows: $\begin{matrix} \text{Disposable} & \times & \text{Percentage} & \times & \text{Estimate of} & \times & \text{Estimate of} \\ \text{Income} & & \text{of in-County} & & \text{non-housing} & & \text{in-County} \\ \text{\#8} & & \text{Staff} & & \text{expenditures} & & \text{expenditures} \\ & & \text{\#6} & & \text{(Column A)} & & \text{(Column B)} \end{matrix}$
20. Expenditures of out-of-County full-time employees spent in County on non-housing items	\$ _____	20. This figure may be obtained as follows: $\begin{matrix} \text{Total number of out-of-County} \\ \text{Full-time employees} & \times & \$1000 \\ \text{(5a - 6a)} \end{matrix}$
21. Disposable Income of in New Jersey employees spent in New Jersey on non-housing items	\$ _____	21. This figure may be obtained as follows: $\begin{matrix} \text{Disposable} & \times & \text{Percentage of} & \times & \text{Estimate of} & \times & \text{Estimate of} \\ \text{Income} & & \text{in-New Jersey} & & \text{non-housing} & & \text{in-New Jersey} \\ \text{\#8} & & \text{staff} & & \text{expenditures} & & \text{expenditures} \\ & & \text{\#7} & & \text{(Column A)} & & \text{(Column B)} \end{matrix}$
22. Rental expenditures by full-time college staff living in County	\$ _____	22. This figure may be computed as follows: $\begin{matrix} \text{Total full-time} & \times & \text{County} & \times & \text{County Mean} \\ \text{staff living in-} & & \text{Percentage} & & \text{Rent} \\ \text{County} & & \text{Who Rent} & & \\ & & \text{(Column C)} & & \text{(Column D)} \\ & & & & \times 12 \end{matrix}$
23. Rental expenditures by full-time college staff in other New Jersey counties	\$ _____	23. This figure may be computed as follows: $\begin{matrix} \text{Total full-time staff} & \times & \text{State Percentage} & \times & \text{State Mean} \\ \text{living in other New} & & \text{Who Rent} & & \text{Rent} \\ \text{Jersey counties} & & \text{(Column C)} & & \text{(Column D)} \\ \text{7a-6a} & & & & \\ & & & & \times 12 \end{matrix}$
24. Total employee expenditures in County	\$ _____	24. The total in-County employee expenditures may be computed as follows: $\#19 + \#20 + \#22$
25. Total employee expenditures in New Jersey	\$ _____	25. The total expenditures by employees in New Jersey may be computed as follows: $\#21 + \#22 + \#23$
26. Total expenditures by full-time students	\$ _____	26. This figure is computed by the following method: $\#9 \times \#11$

Part II. Project Calculations (continued)

27. Total expenditures by part-time students	\$ _____	27. This figure is computed by the following method: #10 X #12
28. Total expenditures by students	\$ _____	28. This figure is computed by adding #26 and #27.

Part III. Local Economic Impact

<u>Item</u>		<u>Instructions</u>
29. Total in-County expenditures by the College	\$ _____	29. #17
30. Total employee expenditures in County	\$ _____	30. #24
31. Total Student expenditures in-County	\$ _____	31. #28
32. Total initial economic impact of the College on the County	\$ _____	32. #29 + #30 + #31
33. Multiplier Effect		33. 2.0
34. Total Estimated Economic Impact	\$ _____	34. #32 X #33

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FACULTY PREFERENCES FOR INSTITUTIONAL DIRECTIONS FOR THE COMMUNITY COLLEGE

BARBARA K. TOWNSEND
State University of New York, Buffalo

Faculty support of an institution's goals is vital if that institution is to achieve these goals. Presently several different institutional directions are being proposed for the community college, including the following: comprehensive community college, academically oriented two-year college, community-based learning center, and postsecondary occupational training center. To determine faculty support for these proposed directions, a sample of 323 faculty was systematically selected from the entire full-time teaching faculty in the Virginia Community College System for 1982-83. Faculty in the sample received a researcher-designed survey questionnaire, primarily asking them to rank order their preferences for four possible institutional directions for the VCCS and requesting information about specific faculty characteristics. Information derived from the completed questionnaires (70% usable responses) was statistically analyzed using multiple discriminant function analysis. The results showed that faculty most preferred the more traditional directions. There were no correlations between specific faculty characteristics and specific directions with one exception. It was concluded that lack of support by the majority of community college faculty for any one institutional direction may be an important factor in the community college's continuing identity problem.

INTRODUCTION

Advocates of the community college have long been perturbed by what they perceive to be a major institutional problem: an unclear or weak identity (Gleazer, 1957, 1958, 1972, 1981; Medsker, 1969; Palinchak, 1973; Yarrington, 1982; Young, 1977). Clarification of the community college's image is needed more than ever today because of the economic problems facing higher education. Reluctant taxpayers, decreasing federal funding, and declining numbers of students have created a climate of extreme

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ECONOMIC IMPACT STUDIES AND HIGHER EDUCATION INSTITUTIONS

Tony Mallier & Mike Rosser
Coventry (Lanchester) Polytechnic
United Kingdom

ABSTRACT

In response to recent changes in government expenditure plans, several institutions of higher education have argued that there would be significant effects on the local economies in which they are situated if their funding was to be substantially altered. This article explains in a non-technical fashion the factors that should be taken into account in any attempt to quantify these effects. Those items of expenditure, by the institution itself, as well as its staff and students, that can be classed as injections into the local economy are identified, potential double-counting errors are pointed out, and the calculation of the "knock-on" effect of these injections of expenditure is explained.

INTRODUCTION

During the 1950s and 1960s, when there was a rapid expansion in the provision of higher education in Britain, the main concerns of economists were the benefits that might arise in terms of the additional economic growth that this expansion might bring, and the future returns that individual students might expect to receive in return for the time, effort and loss of income, invested during their years of study. More recently, as the UK Central Government has begun to reassess the size of its financial commitments to higher education, economists have responded with a series of impact studies, e.g. Dick and Wood (1980), Braddon *et al.* (1982), McKenzie (1982), and Mallier and Rosser (1983). These seek to indicate the consequences for local economies of any reduction in expenditure, while simultaneously showing the value of institutions of higher education to specific local economies in terms of expenditure and employment generated. The impact study technique discussed here, while it may be applied to the higher education situation, was not specifically developed for this purpose. Rather, the major developments of this type of impact study technique in Britain were associated with Government regional policies of the 1950s and 1960s when policy-makers wished to evaluate the consequences of policies that affected the location of firms and

other enterprises, e.g. Greig (1971). It has always been an open, and as yet unanswered, question as to whether a technique designed to measure the impact of a commercial, and usually manufacturing, enterprise is necessarily appropriate when considering the impact of an institution of higher education. The technique was, however, applied to the area of higher education of Brownrigg (1974) who investigated the possible consequences for the local economy resulting from the establishment of the University of Stirling.

A number of problems and pitfalls involved in seeking to estimate the direct and indirect expenditure resulting from the presence of an institute of higher education (Institute of HE) and its students have been identified in the literature, and the intention here is to examine the main factors that need to be taken into consideration when this type of exercise is undertaken. The more recent studies have usually been written with British local government in mind and have been concerned with Polytechnics and other "public sector" higher education colleges. These institutions are financed and controlled, to a certain extent, by local government. As many such local authorities are endeavouring to attract firms and other employers to expand in their areas such studies will often be of considerable interest and may influence local policy decisions.

Institutions of higher education are often major employers in certain areas, and the spending of the institution itself, its staff and its students, may make up a significant proportion of total local expenditure. In Britain the universities are independent of local government and are financed by a different mechanism, which is more directly controlled by central government, and the potential local economic effects of the universities has not been a prime influence in higher education policy. Consequently, a report prepared by a university on the local economic impact of a change in its funding is likely to have less influence on the University Grants Committee, which allocates funds to universities on behalf of central government, than a report by a Polytechnic would have on the local authority in which it is situated. The potential influence on local policy should not be overstated, though, given that local government spending is itself constrained by central government.

BACKGROUND

The potential economic impact of an educational institution is, of course, only one of the benefits that the presence of an Institute of HE might bestow. At a national level the returns from higher education are assumed to be higher than the investment in it, but it is not possible to estimate these potential returns at the disaggregated level of a local economy. Other direct benefits which may arise from an Institute of HE to a particular area would include the increased opportunity for part-time study by those who cannot or would not wish to move away to study, e.g. married mature students, the availability for local industry and commerce of a group of more highly qualified people who can offer expertise in their different subject areas, and the cultural and social enrichment of the local community. Benefits such as these will clearly arise to a greater or lesser degree from each Institute of HE. Their value, which is not quantifiable, is seldom questioned, and generally such considerations do not enter into the impact studies that have been undertaken.

From the viewpoint of a local economy, the economic impact of the presence of an Institute of HE is nearly all positive, particularly if, like the British Polytechnics, most of the teaching comes under the category defined as Advanced Further Education. Advanced Further Education can be described broadly as the provision by the non-university sector of higher education, i.e. the local authority sector, of courses above degree entry standard, for

example degree and higher diploma courses, including teacher training. It is to these institutions that the economic impact exercise is most relevant.

The two most important sources of finance for this type of institution are:

- a) *The Advanced Further Education Pool.* This is a mechanism designed to spread the cost of non-university institutions of higher education among all local education authorities. While the provision of Advanced Further Education in Britain is largely concentrated in a few locally controlled institutions, the education provided is thought to be of national benefit. In practice it is considered to be unreasonable that the Local Educational Authorities (LEAs) where institutions are located should bear the full cost of the provision of this type of education. Instead there is a "pooling system" whereby all LEAs contribute to the cost of this education provision according to clearly defined criteria determined by Central Government. Maintaining LEAs are entitled to reimbursement from the pool for relevant expenditure;
- b) *Student fees.* In the majority of instances students' fees are paid by the LEA where the students were resident prior to starting their studies at the Institute of HE.

Local Education Authorities may, in addition, directly contribute to their local Institute of HE, particularly where Non-advanced Courses are offered. Non-advanced Further Education can be described broadly as the provision of courses below degree and higher diploma level by post-school educational institutions in the non-university sector. This expenditure, though, will be taken into account in the calculation of the central government's block rate support grant which is allocated to each local authority. Indeed, one of the functions that the publication of an economic impact study may fulfil is to educate the local population about these financial arrangements, and to dispel the widely-held belief that the students at the local polytechnic are being educated at the local ratepayers' expense. It is therefore possible to liken a Polytechnic to a firm which receives payment for the services it provides from other parts of the country, central government, and overseas, and then most of its products, i.e. graduates, are dispersed over the country and abroad.

Given that new institutions are not being created, most recent economic impact studies have concentrated on considering the possible effects of variations in the annual rate of expenditure in existing institutions. The anticipated economic impact of a new institution would be quite different, not just because of the change in scale of the expenditure, but also because there would be a significant amount of "one-off" expenditure associated with construction and the initial commissioning. This type of expenditure of course will also occur when an existing institution is expanded or when old plant is extensively refurbished. It is therefore necessary in examining the economic impact of a higher education institution to distinguish the effects of a continual annual flow of funds to an existing Institute of HE, which is what most studies have been concerned with, from the effects of the injection of expenditure on construction which will cease when the building is completed. However, the payment for this initial capital expenditure, in the form of debt charges, does affect the future economic impact of an Institute of HE because these charges constitute a significant part of an institution's subsequent total annual expenditure. For example, the study by Braddon *et al.* (1982) suggests 11 per cent of the Bristol Polytechnic's annual expenditure was for the purpose of servicing debts associated with past capital expenditure.

Similarly, one can distinguish the one-off effects of a severe cutback, such as redundancy payments, from the fall in the continuous flow of funds. In his study of the economic impact of the University of Stirling, Brownrigg (1974) sought to examine the likely consequences for employment within the area. He estimated that during mid-expansion, in 1976, the University

of Stirling would employ directly 1 370 persons, and a further 310 would be employed in construction work. The multiplier effect of this employment upon the local economy was thought likely to create an estimated 900 to 1 740 additional jobs. Thus he estimated that total employment in the local economy would benefit by between 2 580 and 3 420 additional jobs. However, he also estimated that by 1981, when the anticipated construction would be completed, the projected direct employment at the University would be 2 700, i.e. double the 1976 figure, plus an additional 1 600 to 3 100 jobs in the immediate local economy. These figures suggested that there would be a considerable impact on employment in the local economy given that the total labour force was estimated as close to 40 000. Brownrigg did, though, draw attention to the fact that nearly all the academic positions and also a proportion of the non-academic positions would be filled by immigrants to the area. Thus the university had only a limited potential for creating additional employment for long-term residents in the area.

What then are the local effects of such an institution? Initially it is possible, and necessary, to distinguish the direct effects of an Institute of HE on the budget of a local education authority from the likely consequences arising from the expenditure by the institution, its staff and students, within the local economy. The latter expenditure will not necessarily alter the local authority's budget in any material way, for although Institutes of HE, unlike universities, do not have their own bank accounts, with the consequence that their expenditure will be recorded in a local authority's accounts, such expenditure will be balanced with a corresponding income from external sources.

EFFECTS ON LOCAL AUTHORITY BUDGETS

There will usually be debits in a local authority budget which arise from the presence of an Institute of HE. Non-advanced Further Education, which might be provided in such an institution, is funded directly from the local authority budget, but the Central Government block rate support grant will be adjusted to take at least part of this expenditure into account. It is, though, extremely difficult to work out the precise effects on this grant of an Institute of HE due to the complexities in the methods used to calculate it. For example, the size and age structure of the local population, which is just one of the factors taken into account in determining the needs element of the grant, will be directly influenced by the number of staff and students associated with the Institute of HE who are resident in the area.

In addition to their payment for Non-advanced Further Education courses, the maintaining local authorities have also from time to time made up the potential deficits in the budgets of Polytechnics and other Institutes of HE. Such contributions to the institutions' revenues represent straightforward "gifts" or "bailing-out exercises", and might in themselves be taken as an indication that individual local authorities do recognise the value to the local community of having an Institute of HE located within their area.

EFFECTS ON THE LOCAL ECONOMY

Before any attempt is made to estimate the possible "knock-on" effects arising from the expenditure that an Institute of HE brings to an area it is necessary first to establish the actual size of the potential initial injection of expenditure. In considering Polytechnics, which have a large number of students not normally resident in the area, the main items of expenditure

generated will be the purchases made by the Polytechnic itself, the spending of its own employees and the spending of its students.

At a national level the initial injection of an expansion of HE would just be the total expenditure incurred by the expansion. However, at a local or regional level some elements of the initial expenditure never actually enter the local economy. Wilson (1968) suggested that such leakages from the initial injections should be allowed for before the total multiplier effect of the increase in local expenditure is calculated, and this method of approach was the one incorporated into Brownrigg's study. There are also certain items that must be eliminated to avoid double counting, as explained below. This is because Institutions of HE have a unique effect in that, unlike firms and other establishments, they actually attract to the area a large number of students whose spending power is partially fed back into the institution itself.

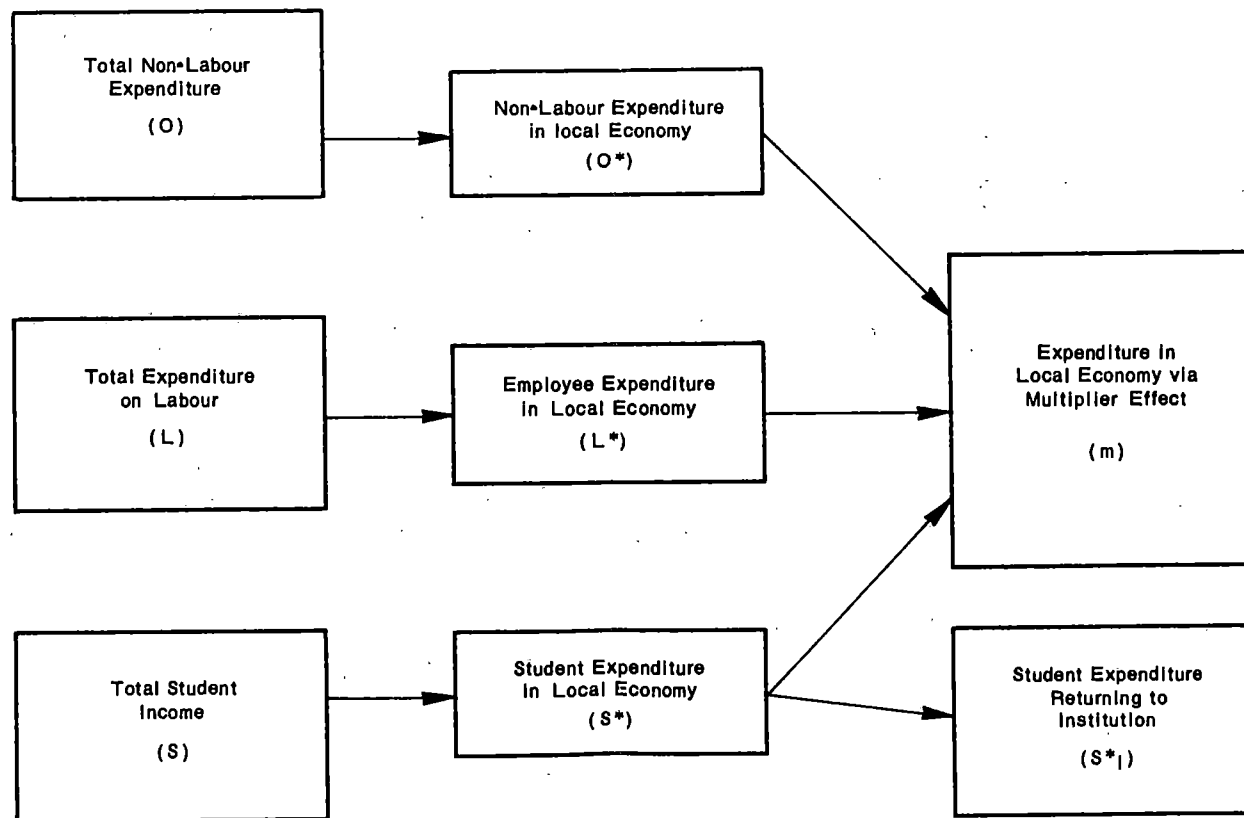
Another line of argument is that the total expenditure of an Institution of HE, plus student expenditure, constitutes the initial injection into the local economy. If this approach is taken, though, the size of the multiplier will vary between different institutions because of the variation in the proportion of total expenditure which is injected into the local economy. It is easier to calculate the leakages from the initial injection and then to use established estimates of local economy multipliers. From a National Income accounting viewpoint it is total expenditure that is measured and the total increase in local expenditure from an Institute of HE can then be estimated by adding the multiplier effect on the local economy of the NET local expenditure of the institution to the GROSS total expenditure of the institution (see Figure 1).

Direct expenditure

One way to identify the different items of expenditure is to begin with the information on the institution's expenditure in the Revenue Accounts. This will provide the basic accounting data on the institution's own gross expenditure but obviously will provide no information on spending by the student body. To provide an overview of the relative magnitude of the different categories of expenditure, information has been provided from Mallier and Rosser (1983) to show the percentage of the Coventry Lanchester Polytechnic's 1982-3 total revenue expenditure on each of the expenditure headings identified below. This is for illustrative purposes only and these percentages are not necessarily appropriate to other institutions or to the Coventry Lanchester Polytechnic for other years.

- a) *Establishment Charges.* This is the payment by the institution which passes directly to the relevant maintaining local authority for specified services rendered, e.g. the accounting and audit functions. It is thus an injection into the local economy. Although it may be anticipated that a significant proportion of the establishment charge will be used for the payment of the labour services consumed some payments may also be made to organisations outside the immediate local economy, e.g. for computer software. While it would be difficult to estimate the proportion of the establishment charge that will remain in the local economy, clearly some additional local authority employment will be generated. These charges represented under 2 per cent of the Coventry revenue expenditure in 1982-3.
- b) *Rates, a local property tax.* These are a payment to the local government authority, but not directly related to the services received. It is difficult to say, once this form of tax has been paid into the General Rate Fund, how the contribution of an institution is divided between expenditure made within the area and expenditure which might leak out, e.g. in the form of national taxes, or to the suppliers of

Figure 1. MAIN ITEMS OF EXPENDITURE OF AN INSTITUTE
OF H.E. - EFFECT ON LOCAL ECONOMY



INJECTION TO LOCAL ECONOMY = $O^* + L^* + S^* - S^*_1$
 TOTAL INCREASE IN LOCAL INCOME = $O + L + S + m$

materials who are located outside of the local economy. For Coventry in 1982-3 the rate payment represented under 3 per cent of the revenue budget.

- c) *Debt Charges arising from past capital expenditure.* One might expect some of the investors in the financial institutions who have lent money for past capital expenditure to live within the local economy area. It is, though, quite impossible to estimate, even approximately, their return. The actual payment of the debt charges must therefore be regarded as a leakage from the local economy, against which must be set an unknown counterbalancing injection to local residents who have invested in the relevant financial institutions. In 1982-3, for Coventry, approximately one-eighth of the revenue expenditure was absorbed by debt charges.
- d) *Purchases and on-going Running Costs, but excluding all direct labour costs.* Expenditure on many of these items will not remain within the local economy being considered. Payments for such services as electricity, fuel and telephones, which collectively were approximately 6 per cent of the Coventry revenue expenditure, may in part be used to fund local employment in these public utilities but a high proportion will disappear out of the specific local economy in most instances. Other expenditure, on general purchases, renewals, repairs, professional fees and charges, which constituted 11 percent of the expenditure by Coventry, is more likely to remain within the local economy. However, a certain proportion of this latter expenditure will immediately leak out, e.g. by the purchase of specialised equipment and materials not produced locally, and an estimate of this proportion should be made. In their study based on Newcastle Polytechnic, Dick and Wood (1980) concluded that some 70 per cent of the latter type of expenditure discussed in this section was not spent within the Newcastle economy.
- e) *Labour Costs.* By far the largest expenditure item of any higher educational institution will be on direct labour costs. These represented some 65 per cent of the Coventry expenditure. However, certain adjustments need to be made to the gross labour costs figure which will appear in the revenue expenditure accounts, to estimate employees' potential spending in the local economy.

In Britain the state National Insurance (NI) scheme requires both the employer and the employee to make contributions. These contributions are related directly to the employee's level of earnings and in turn provide insurance in the form of various benefits such as unemployment benefit, sickness benefits, and the basic state pension. In institutions of higher education many employees are required to belong to a Superannuation Scheme which is basically a pension scheme that involves additional payments, again from both the employer and employee, in return for a pension over and above the basic state pension. To estimate the net local expenditure arising from the payment of the institution's employees it is necessary therefore first to deduct the employer's contributions to the NI and Superannuation Schemes. These represent in Britain approximately 20 per cent of the gross labour cost, leaving 80 per cent as gross pay to the employees. Secondly, one must deduct the NI and Superannuation Scheme contributions each individual employee is required to make, plus any Income Tax payments. Nationally, it is estimated that on average net take-home pay will be 75 per cent of the gross pay made to employees. Thus 40 per cent of the gross labour costs of an institution must be excluded from any estimate of the potential expenditure by the employees.

Will all of the employees' net pay be spent in the local economy where the institution is located, though? In many institutions of higher education a significant number of the academic staff, and a smaller proportion of the non-academic staff, may live

outside the area of the local maintaining authority. However, they may still do a proportion of their shopping within the area, and many surrounding towns and villages may effectively still be a part of the "local economy" and consequently the expenditure by these employees will still contribute to the local economy, i.e. it is an injection.

However, employees at all levels will save some of their income. Some will be devoted to house mortgage payments, some of the income will be spent on holidays, and some will go on items purchased outside the area. Obviously it is impossible to know exactly what these figures are for each individual, but it is possible, and necessary, to make some approximate estimate of the proportion of the aggregate net pay that will remain within to be spent in the local economy.

As many of the economic impact studies are often produced to show the effects of reduced expenditure it should also be remembered that should any employees be made redundant they may still continue to bring an inflow into the area in the form of unemployment and social security payments. On the other hand, some former employees may move out of the area, some may find other jobs, and after twelve months those with other sources of income, such as a working husband or wife, will not usually receive further state benefits. Many staff may take early retirement as their method of redundancy and will then be in receipt of their pension(s), which would constitute an inflow of funds into the local economy.

Significantly, the usual practice adopted in the impact studies is to acknowledge the existence of the types of payment referred to in *a)*, *b)* and *c)*, but then to ignore them in subsequent estimates of the expenditure generated or employment created within the local economy area of the maintaining LEA. The method of treatment of *d)* is a more difficult matter. As already noted, a proportion of such expenditure will enter the local economy being examined, but the relative size of that proportion will vary from institution to institution, depending upon the character of the local economy in which the institution is located.

Student Expenditure

The other major item of expenditure that any institution of higher education brings to an area, which will not be incorporated within the institution's own expenditure, is the expenditure by the student body. In theory, home students, i.e. UK residents, under the age of 26 on advanced further education courses, should receive an income of £1 830 (in 1985-6) if the student is living away from home and £1 485 if the student lives in the parental home. This income is made up of an award from their LEA and, where appropriate, parental contributions, the size of the award, and hence the parental contribution, being related to the parental income. While the majority of students in advanced further education fall into the category above there are exceptions, e.g. where a student has been independent of the parental home or is aged over 26 years, or normally resides overseas. Although some allowances may be for these exceptional cases, there are two more important considerations that must be taken into account when estimating student expenditure. The first is to adjust for the fact that not all students will receive an income equivalent to a full grant. This arises because parents may not always fully "top-up" the means tested LEA awards, and hence many students do not receive an income equivalent to a full grant. A few will receive more than the "official" figure from parental contributions, vacation or part-time work, or other sources. A Polytechnic of North London (1984) study estimated that only 23 per cent of students entitled to a mandatory award in 1982-3 received a full grant, while Bush and Dight (1974) estimated that of those students whose grants were assessed for parental contribution only 73 per cent had their

grants "topped-up" in full. The Polytechnic of North London (1984) study, for the academic year 1982-3, found that 52 per cent of Polytechnic students received less than the assessed contribution that the Government expected their parents to pay, although 40 per cent received parental contributions in excess of the assessed figure.

Secondly, out of the income that it may be estimated students actually receive it is necessary to deduct expenditure which occurs outside of the local economy in question. The average student will spend some of his or her time away from college; this, together with the cost of travelling itself, and the purchase of goods produced elsewhere, will mean money will not have flowed into the local economy where their educational institution is located. Some studies, e.g. Mallier and Rosser (1983), suggest that something of the order of 80 per cent of a student's income will be spent in the same area as the Institution of HE which he or she attend. It is necessary, however, in estimating student expenditure, to deduct from the total any expenditure that becomes the institution's revenue, e.g. college accommodation, meals and other items already appearing in the institution of higher education's own accounts. Although this income to the institution will be financed by fees and charges to students rather than by a central government grant, its impact on the local economy will already have been taken into account under the heading Direct Expenditure above.

It ought also to be noted that in institutions such as Polytechnics there will be a proportion of "sandwich course" students, who spend part of their study period in employment away from the educational institution. Thus student expenditure estimates will require to be adjusted to allow for the time they actually spend at the college. A percentage of the student population may, however, remain in the locality of the institution during the vacation periods and claim further financial benefits under the state Social Security scheme, and these benefits when spent would be a further injection into the local economy.

In the study by Mallier and Rosser (1983) of the Coventry Lanchester Polytechnic, it was found that the total gross expenditure arising of the Polytechnic itself was approximately £19 million. The expenditure on Purchases and on-going Running Costs, i.e. item *d*) above, were of the order of £2.2 million, of which it was estimated that close on £1 million would have been spent in the local economy. The gross labour costs in the revenue expenditure accounts amounted to £12.2 million, from which it was estimated there would have been a net local expenditure of £7.8 million. Total student income was estimated to be £7.6 million, of which it was thought, after allowing for just over £1 million expenditure for meals and accommodation supplied by the Polytechnic itself, approximately £5.2 million would have been spent in the local economy. Thus the estimated direct expenditure which would have occurred in the local economy was of the order of £14 million.

MULTIPLIER EFFECTS IN THE LOCAL ECONOMY

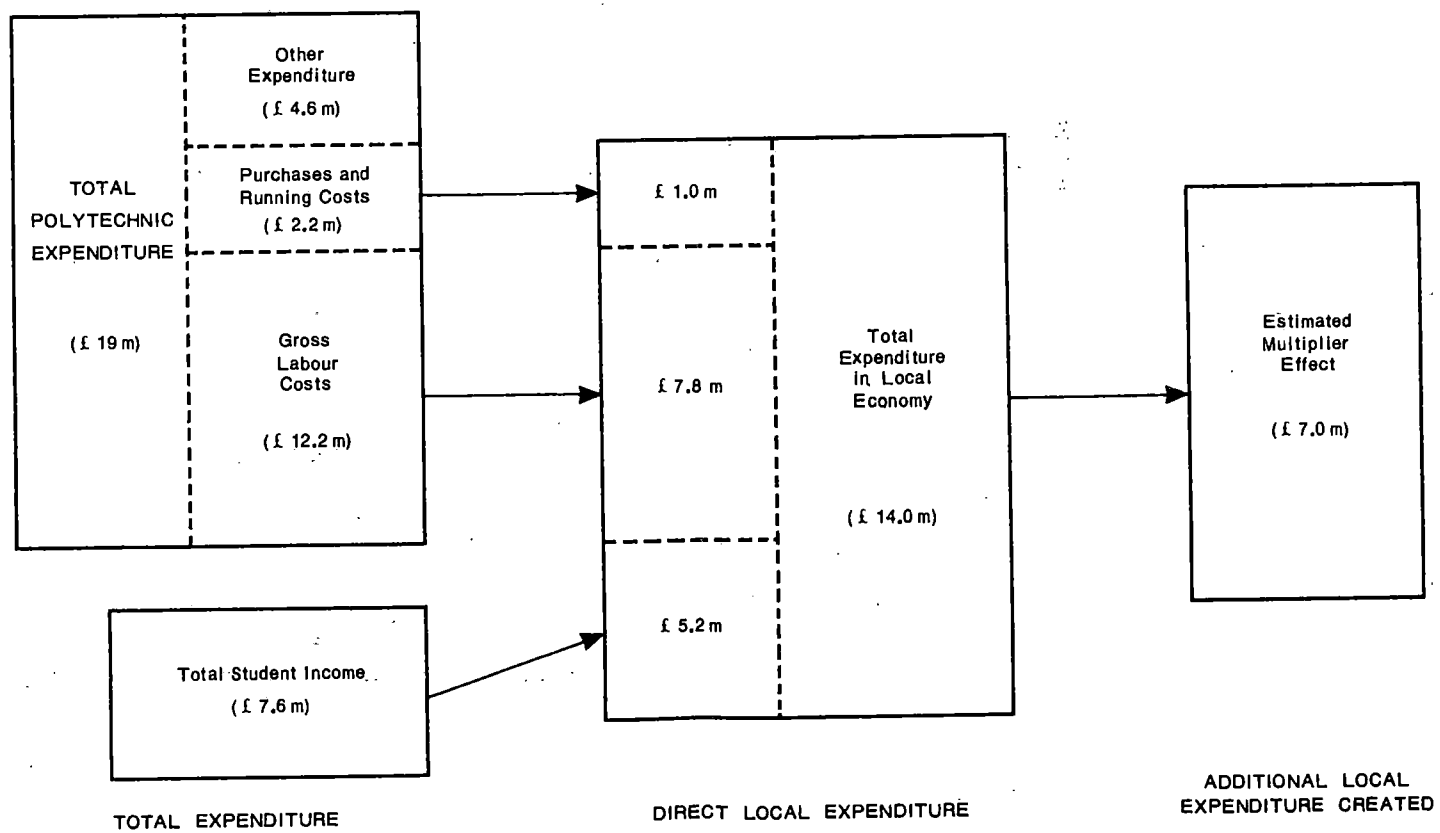
It is therefore possible to both identify, and make estimates of the relative size of the expenditure within a local economy arising from the existence of an institution of higher education. There are, however, strong theoretical reasons for believing that further benefits to a local economy will arise from that initial expenditure.

The Expenditure Multiplier

The effect of an injection of expenditure into a local economy arising from the existence say, of a polytechnic, can be estimated by use of an adaption of the Keynesian multiplier theory, see Lipsey (1983, pp. 534-552). Basically, this theory assumed that the total effect on

Figure 2. THE EFFECT OF COVENTRY (LANCHESTER) POLYTECHNIC ON THE LOCAL ECONOMY

30



Note : Figures in ITALICS based on MALLIER and ROSSER (1983).

national income of an initial injection of expenditure will be greater than the initial injection, i.e. its effect will be multiplied. This is because the people who receive the initial expenditure, in return for the goods or services provided, will then spend most of it. This expenditure then becomes the income for those who provided the second round of goods and services, and they will in their turn spend most of their income, and so on, and so on, until the amount passed on becomes negligible. Thus the total increase in income will be greater than the initial injection of expenditure. A certain proportion of the income at each stage is not passed on because it is "leaked out" of the economic system. For example, it may go in tax, or be saved, or be spent on imports, in which cases no further incomes in the area of the local economy will be generated, although the taxes and savings may return to the local economy at a later date as injections of government spending or investment.

The simple multiplier can be calculated from the formula

$$K = \frac{1}{1-c} \text{ where } K = \text{Multiplier}$$

and c = proportion of any increase in income passed on as consumption of each stage

Thus the total increase in spending from the injections of local expenditure generated by an Institute of HE and its students may be calculated from the formula

$$\Delta Y = K.J = \frac{J}{1-c} \text{ where } \Delta Y = \text{the total increase in expenditure arising from an injection}$$

J = the value of an injection

Thus, for example, if 60 per cent of income was passed on at each stage then the multiplier

$$K = \frac{1}{1-0.6} = \frac{1}{0.4} = 2.5,$$

i.e. the effect of an initial injection would be multiplied two-and-a-half times.

This analysis assumes that there is a capacity to provide the extra goods and services demanded. This condition will easily be satisfied for most local economies. The problem in this type of exercise, assuming a value for the injection (J) can initially be estimated, is to actually calculate the value of the multiplier. At the national level it is possible to estimate the proportion of income that is absorbed by taxes, savings and imports. However, at a regional or local level it is a problem to find out what proportion of income is spent on imports, i.e. imports into the region or local economy from other parts of the country as well as from abroad, because regional and local Balance of Payments accounts as such do not exist. As a generalisation one can say that the smaller the area that is being studied then the greater the proportion of any increase in income that will be spent outside of the area. Because of this potential increase in leakages the impact studies have estimated the typical local economy multiplier to be in the range 1.2 to 1.7. The exact figure will vary from area to area depending upon the size of the local economy, its industrial structure, and the spending patterns of its residents. It is sometimes argued that in practice the multiplier for an expansion in expenditure will be different from the multiplier for a reduction in expenditure although in theory both should take the same value, but with opposite signs.

While it is not generally possible to give a precise figure for the local economy multiplier this will not necessarily invalidate the results for it is not always necessary in this type of study to have a 100 per cent accurate figure to be able to convey the approximate magnitude of the effect of an Institution of HE on the local economy in terms of additional expenditure.

The Employment Multiplier

In a similar fashion to the expenditure multiplier economists have analysed the expected increases in employment that will be generated by an initial increase in employment and expenditure associated, say, with the opening of a new college. The reasoning behind the employment multiplier is basically the same as that for the expenditure multiplier. An increase in the numbers employed will create spending which in its turn will create additional employment. Again, the problem of estimating an actual figure for the multiplier becomes more difficult when considering small areas, although Brownrigg (1974) has suggested a formula to take some of the variation in local factors into account, which typically yields a figure of around 1.5 for the Employment Multiplier. In the Coventry Lanchester Polytechnic study it was estimated that the Polytechnic generated a total of 2 400 jobs in the local economy of which 1 580 were on the Polytechnic payroll and the rest were generated by the multiplier effect. To put these figures into perspective, total employment in the City of Coventry in 1984 was approximately 135 000, and if it had been a manufacturing firm the Polytechnic would have ranked as the eighth largest in the city. One must, though, also take into account the fact that a high proportion of the employment within the Institution of HE, particularly the academic positions, will be filled by people from outside the area rather than by local residents.

Thus the values of both the Expenditure and Employment Multipliers used in the impact studies are unlikely to be precise, and their true magnitudes will be influenced by both the size of the area concerned and the structure of the local economy. This means that the economic impact of the expenditure generated by an Institute of HE could have radically different consequences for local economies in different parts of a country. Generally, it is thought the values of the multipliers will be positive, i.e. the existence of an Institution of HE will lead to greater expenditure in a local economy and does generate additional employment beyond that created within the institution.

CONCLUSIONS

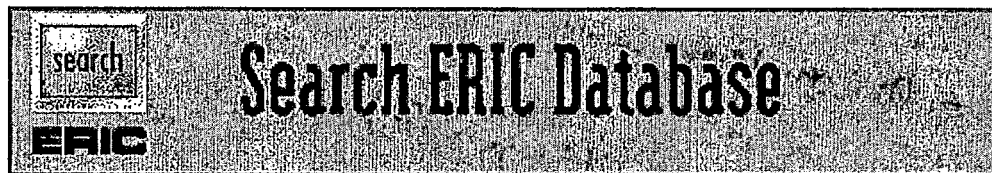
This paper has sought to draw attention to some of the factors that should be taken into account when a study of the economic impact of an Institution of HE on a local economy is undertaken. Apart from the unquantifiable educational, research, consultancy, social, cultural and other benefits that may arise to a local community there can also be clear substantial economic returns, both directly and indirectly. In addition to the employment provided by the institution itself, the spending by the staff employed, the students and the institution itself within the local economy will all create further local employment.

To estimate the total economic impact two sets of calculations are necessary. Firstly, one has to estimate the proportion of the Institution of HE's budget that is actually spent within the local economy, including employees' spending, plus the proportion of the student income which will be spent locally. Secondly, one has to estimate the proportion of local spending that is leaked out of the local economy in order to estimate the value of the "multiplier" which is used to calculate the subsequent knock-on effects arising from an injection of expenditure into the local economy. The results obtained from these calculations will be influenced by both the nature of the Institute of HE being studied, and the structure of the local economy in which it is located. Consequently no two studies of the type discussed in this paper will give exactly the same results. However, although the actual values may vary, there are a number of common features that will influence the results of different studies. It has been the objective of this

paper to provide a guide to the factors that should be taken into consideration in this type of study which may be useful both to those who may wish to undertake their own study and to those who wish to make an assessment of other studies that may come their way.

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ABSTRACT: Compares and discusses methodology and motivations of community colleges to assess the *economic impact* of their institutions on local and state economies. Describes the use of the Caffrey Isaacs *Economic Impact* Model by community colleges. Examines 19 *economic impact* analyses and makes recommendations about future research and use of these analyses. (12 citations) (YKH)

DESCRIPTORS: *Community Colleges; Comparative Analysis; Cost Effectiveness; **Economic Impact*; *Economic* Research; Evaluation Methods; Models; Motivation; Research Methodology; *School Community Relationship; Two Year Colleges

IDENTIFIERS: Caffrey Isaacs *Economic Impact* Model; *Economic Impact* Studies

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OBTAIN

ERIC REVIEW

The Assessment of Community College Economic Impact on the Local Community or State

Gwyer Schuyler

Community colleges are guided by missions to foster educational gains for individuals as well as provide for broad community needs. The education and training provided by community colleges lead to better employment opportunities for individuals, further educational opportunities, and enriched personal and professional lives. In addition, community colleges often offer community-wide services, sponsor cultural events, and participate in community development efforts. Although a community college is an academic institution with a unique mission to address individual and community needs, it can also be considered a business.

The business of the community college is to provide services to individuals and the community. In doing so, the community college must invest in physical space, materials, and employees, and function within the economic system of its service area. A community college has an impact on the local economy in the course of operating, as do other businesses and agencies in the private and public sector. Institutional researchers and administrators often try to assess how the academic programs and services and the business operations of the community college economically affect the community. These analyses may be conducted in response to calls for accountability from state or local governments that provide funding to the colleges. Sometimes local pressure from the community to involve the college in local issues may prompt the administration to publicize the college's economic involvement. An analysis may even be completed to ascertain the costs and benefits of the institution for internal purposes. In sum, an economic impact analysis can serve many

functions, ranging from political justification to public relations.

This article was written to discuss in detail how and why community colleges assess the economic impact of their institutions on local and state economies. First, addressing the methods used, a comparison will be drawn between early and more recent models of economic impact analyses used by community colleges. In particular, variables that are factored into the economic analysis will be reviewed. Following the methodological review, the question of why community colleges conduct economic impact analyses will be discussed, recognizing that the analytical approach may differ depending on the underlying motivations. In conclusion, recommendations will be made about future research and use of economic impact analyses.

Research Design

This study was designed to consider the practice of economic impact analysis by community colleges through an examination of 19 analyses. (See the appendix to this article for a list of the analyses reviewed.) The documents included in this study were selected based on (a) availability through the ERIC Clearinghouse for Community Colleges and (b) the presence of significant or unique factors included in the analysis. Out of the sample of 19, 15 were identified through the ERIC Clearinghouse and 4 were selected from outside sources. The following questions organized the document review:

1. Who typically conducts the analysis?
2. How is the service area defined for the analysis, and what services are included in the assessment?
3. What types of models and variables are used in conducting the analysis?
4. What is the motivation for conducting the analysis?

Findings

Of the 19 analyses, 11 were conducted by community college institutional researchers. Two each were conducted by graduate students, community college professors, and university researchers. One each was conducted by a consultant and a state agency. Eight of the analyses were statewide, and eight were county-wide. The remaining analyses were isolated to the local community or metropolitan area.

The findings reported in the documents typically addressed discrete economic impacts of the community college on its service area, such as the following:

1. monetary contribution of the community college to the community;
2. number of jobs attributable to the presence of the community college;
3. increase in personal income of community residents due to the community college; and
4. increase in local business sales resulting from the existence of the community college.

Report findings were often summarized by a single dollar figure that represented the total estimated economic impact on the service area's economy. For example, Miami-Dade Community College researchers found that the college had an annual impact of \$512.7 million on the Dade County economy (Vorp, 1991). Researchers from the University of Florida presented in their report that "the totality of institutional expenditures and increased individual earning and spending power (associated with the community college system) has the effect of adding more than \$1.3 billion in business volume to the Florida economy" (Weitzman, 1991, p. iv). A report from Dutchess Community College, considering both direct and indirect impacts, estimated that \$92 million in business volume was college-related (Dutchess Community College, 1993). These examples illustrate that cross-comparisons of results may be dubious or difficult because of differently defined service areas and variability in economic indicators.

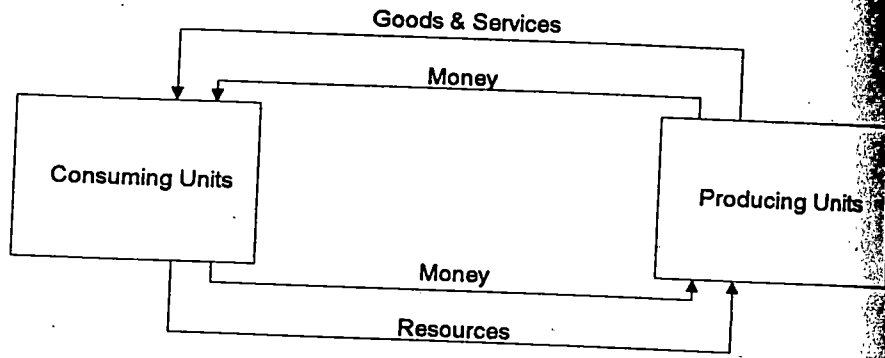
Analyzing the methodologies used in the studies revealed that they contained many common elements. The majority of the studies used some type of cash flow model, some more complex than others and many based on the model advanced by Caffrey and Issacs (1971). In addition, many of the studies used the concepts of multiplier effects and human capital production.

Cash Flow Models in Semi-Closed Local Economies

Eighteen of the 19 analyses employed simple cash-flow economic models. These models are used to analyze the flow of money and resources to and from the college. The local economy can be understood as the flow of money and resources to and from consumers and producers

of goods and services. The simplest depiction of this relationship is that of a closed system. A closed system is completely self-contained, with no money or resources entering or exiting the system (see Figure 1).

Figure 1. Closed system



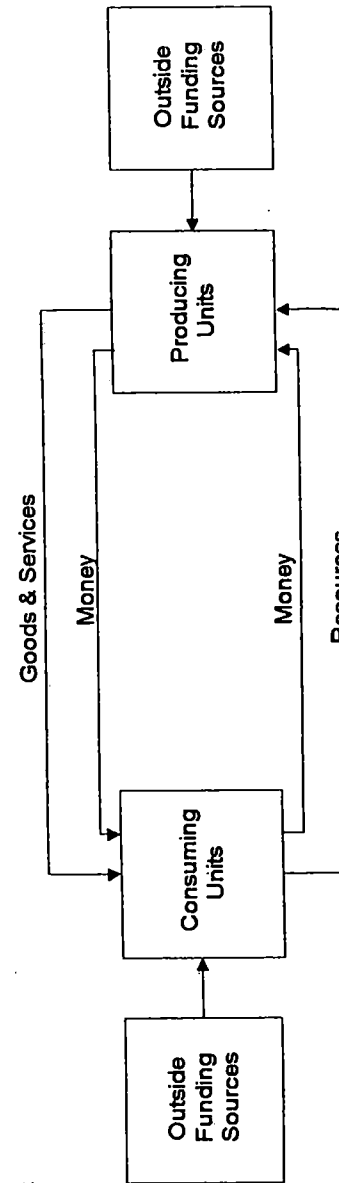
(From Littlefield, 1982)

In actuality, no economies are closed; all economies have some degree of import and export of money and resources. Those researchers using the cash-flow models made assumptions that the local economic system was not a closed system, but rather semi-closed. A semi-closed system more accurately reflects a local economy (see Figure 2). For example, money and resources are added to the local economy through state and federal funding as well as through local spending by businesses and consumers from outside the local economy. Similarly, money and resources are removed through state and federal taxation and through spending by local businesses and consumers outside of the area.

The Caffrey and Isaacs Design and Its Variants

Caffrey and Isaacs (1971), under the sponsorship of the American Council on Education, compiled the first guide to conducting economic impact analyses of colleges and universities. The guide was not specifically geared to community colleges, but rather to all higher education institutions. Economic impact analyses of educational institutions had

Figure 2. Semi-closed system



(From Littlefield, 1982)

been conducted prior to the publishing of their book, but Caffrey and Isaacs's technique was distinctive in the following ways:

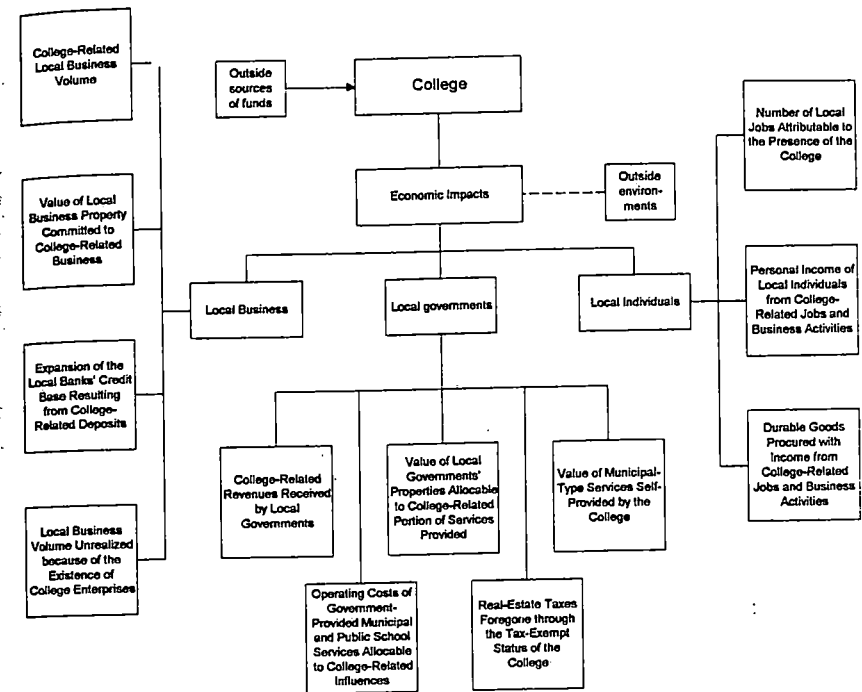
1. It considered a broader spectrum of factors and effects.
2. It included estimates of negative factors.
3. It was explicit in its estimates and assumptions.
4. It provided a common set of guidelines so that comparisons across institutions could be conducted.

Caffrey and Isaacs (1971) also recognized their model's limitation. The model included only those variables that could be readily quantified. Qualitative factors were not addressed. Institutional revenues were not factored into the model—only expenditures were calculated. Furthermore, the model was limited to use in estimating short-term impact. All in all, the results of an analysis using Caffrey and Isaacs's model describe short-term monetary cash flow from the college to the local economic system. What is not described is the funding received by the college from outside the system, the human capital investments, and the long-term economic effects of the institution on the local system. These limitations can partly be explained by the historical context and partly by the authors' purpose. Including a measure of human capital investments would have been unlikely for this model as the concept of human capital was just emerging as a valid economic factor and the means of quantifying it was still unresolved. Furthermore, the explicit purpose of the model, to be a credible yet simple analytic device that allowed for a quick analysis of economic impact in a given time period, limited its design (Caffrey & Isaacs, 1971).

Despite its limitations, the model has fulfilled its purpose; its simplicity has attracted many researchers. In fact, to this day, the Caffrey and Isaacs model is the one most used in community college economic impact analyses. Because of this model's significant contribution to all impact analyses that followed it, its components will be reviewed in detail.

Unlike preceding studies, the Caffrey and Isaacs (1971) design took into account the services offered by the college to its students, faculty and staff, visitors, and community members. The Caffrey and Isaacs model has three main branches on which the college exerts an economic impact—local business, local government, and local individuals (see Figure 3). College-related local business volume encompasses direct spending by the college itself, the faculty and staff, students, and visitors with local business as well as the spending of local businesses that service the college. The model also includes the negative economic effect of unreal-

Figure 3. A college's economic impact on local businesses, governments, and individuals



ized local business volume due to the college's presence. For example, the college may offer goods and services, such as stationery supplies or dining services, that draw consumers away from local business.

The second sector of the local economy that the authors identify is the local government. The model incorporates college-related revenues to the local government, such as real-estate and sales taxes paid by the college and local businesses that service the college. Two factors that negatively affect the local economy are the operating costs of municipal and public school services used by the college and its personnel and real-estate taxes not received due to the tax-exempt status of the college.

The final sector of the college's economic impact is the individual. The model measures the number of jobs created by the college or college-related businesses, the income generated from those jobs, and the

good acquired with that income. No negative economic impacts of the college on the individual are identified.

The data used in the Caffrey and Isaacs model is compiled from numerous sources, including college records, U.S. Census Bureau and local government records, and a battery of surveys. In their estimations, Caffrey and Isaacs also used multipliers established from the literature for indirect economic effects resulting from college-related direct spending and for personal income from indirect effects. When Caffrey and Isaacs's groundbreaking guide to economic impact analysis was introduced, many institutional researchers followed it like a recipe. The Caffrey and Isaacs model dominated design throughout the 1970s and into the 1980s. Although aspects of the Caffrey and Isaacs model continued to be used throughout the 1980s and into the 1990s, many more researchers turned to a model derived from Caffrey and Isaacs, the "shortcut model," proposed by Ryan (1983). In their work, Ryan and associates proposed substantial changes to Caffrey and Isaacs, including the omission of the following factors, as outlined by Winter and Fadale (1991):

- expansion of the credit base of local banks due to college-related deposits;
- expenditures by visitors to college-related events;
- college employee investments in home ownership;
- state and local taxes paid by employees;
- increases in sales tax revenues due to college-related expenses;
- and
- estimates of tax revenue foregone due to college tax-exempt status.

Along with the above omissions, Ryan's shortcut model also eliminates the need for extensive and time-consuming survey research, replacing this information with secondary data from the college and from state and federal sources. Overall, Ryan's design greatly simplifies the analytic method, which explains its popularity among researchers.

Besides the changes adopted by Ryan, researchers have sporadically addressed the issue of human capital investments of community colleges and, in some cases, the value of subsequent attainment of a bachelor's degree (Rubi, 1995). Nonetheless, estimates of human capital contributions to lifetime earnings of students have not gained the widespread adoption that the cash-flow models have gained.

Another factor that has been analyzed in some studies but not others is college revenue. Vorp's (1991) analysis takes this component one step further and studies the college's impact by proposing an estimate of the local economy if the college were not present, considering what revenue would still be contributed in spite of the college's absence. Examining student decision-making if the college were absent from the county, Vorp (1991) approximates lost revenue due to reductions in human capital as well as lost revenue due to students who may leave the area.

In general, current designs of economic impact analyses continue to remain greatly informed by Caffrey and Isaacs (1971) and Ryan (1983). The findings suggest that some researchers supplement these widely-accepted models with other components, especially those addressing human capital. However, a new model that wholly integrates human capital has not been broadly adopted.

The Multiplier Effect

Within an economic system, consumers spend money and resources on new products and producers spend money and resources to make products and pay employees. In this process, for each dollar spent by the consumer for a product, a certain amount will be reinvested in the system by the producer through expenditures. In turn, the salaries of employees also contribute to the system, generating further indirect effects. A certain amount of economic value is lost from the system as "leakage" due to taxes, savings, and spending outside of the system (Johnson County Community College, 1989). Through the recycling process, known as the multiplier effect, money and resources are created as a result of direct expenditures. The multiplier is an estimate of the amount of money and resources generated indirectly in the economic system. As illustrated in Figure 4, the multiplier is the fraction of each dollar spent that is respent in the system (Johnson County Community College, 1989).

Multipliers are used to estimate the indirect effects of two major components of the economic system: (a) direct expenditures toward products and (b) income accrued from wages and salaries paid as a result of those direct expenditures. The multiplier effect can account for 50% or more of the total economic impact of a business or institution (Johnson County Community College, 1989). Because the multiplier effect can be so significant, it is not surprising that in all cases where a cash-flow model of the local economy was used, multipliers also were used.

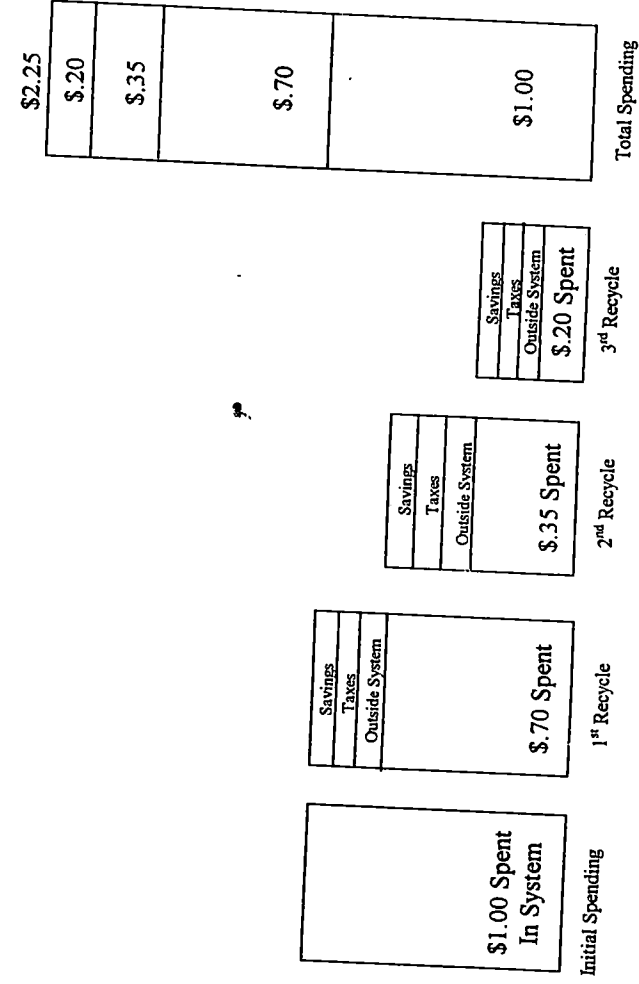
Human Capital

The community college is both a consumer and a producer in the local economy. As with any other business, the college spends money on building and maintaining an infrastructure, on other ancillary resources and materials, and on employees. As a producer, the major product of the college, through its academic programs, is human capital. Human capital is the acquired energy, motivations, skills, and knowledge of individuals that can lead to the production of goods and services (Bowen, 1977). Just as conventional investments in physical capital, such as property and equipment, increase the production capacity and the earning power of a business, investments in human capital increase the production capacity and earning power of the individual. In conducting an economic impact analysis in which the investments in human capital are included, the qualitative dimensions of human capital—energy, motivation, skill, and knowledge—must somehow be translated into quantitative dimensions.

Measuring economic impact requires quantifiable variables. Each variable has either a positive or negative economic impact on the system; positive if money and resources are added to the system, negative if money and resources are removed from the system. To conduct an economic impact analysis of a producer, such as a manufacturing company, would require calculation of money spent and the value of resources used by the company (positive impact), as well as the value of goods and services produced by the company (positive impact). If the analysis is restricted to the local economy, any money spent or resources used outside of the system must be accounted for as a negative economic impact because money and resources are being withdrawn from the local economy. If products and expenditures need to be quantified to conduct an economic impact analysis, and human capital is the major product of community colleges, how can the value of human capital be quantified?

Schultz (1961) proposed that the value of the investment in human capital should be estimated not from the investment's cost, but from its yield. Estimations of the increase in lifetime earnings of an individual due to human capital investment have become the standard measure of the value of human capital. For example, by comparing the lifetime average earnings of community college graduates to that of high school graduates, a quantified measure of the human capital investment of community college can be estimated. Such estimates were included in 6 of the 19 analyses examined.

Figure 4. The Multiplier Effect



For each dollar of initial spending in the system, \$.70 is respent by businesses and individuals for goods and services. The balance is leaked from the system. The income accruing from this round of transactions is partially respent within the system, with \$.35 remaining in the system. Continuing with diminishing increments at each cycle, the eventual ratio of total spending to initial direct spending is estimated at 2.25 to 1.0 (Johnson County Community College, 1989).

Motivations to Conduct an Economic Impact Analysis

The motivation and purpose behind the economic impact analyses studied were oftentimes not clearly stated, yet concluding statements summarizing the county or state's return from taxpayer investment lead to the conclusion that the studies were by-and-large conducted to satisfy policymakers or the greater public. No examples were found that were oriented as educational tools for the college itself to improve economic impact, and no concluding paragraphs offered recommendations for internal changes that might benefit the college or the community.

In most cases, the major reason for conducting an analysis, although not often explicitly stated, appears to be to justify taxpayer spending. By and large, the economic impact analysis, called for by college administrators or state educational agencies, is an economic and political tool that quantifies the value of the institution for state policymakers. In some cases, the economic impact analysis is used as a public relations tool in the community, especially if relations are less than ideal between the institution and surrounding area.

In general, reports of analyses are geared toward policymakers, incorporating factors that exemplify the worthiness and value of the community college, and written so as to highlight the positive outcomes. For example, Rubi (1995) asserted that "community colleges provide a healthy return on investment for both the state and the individual. This, in turn, results in a group of people who pay more in taxes, and thusly eventually 'repay' the state's investment in them" (Rubi, 1995, pp. 17-18). Similarly, Head (1994) discussed the exceptional economic value of the community college, labeling it "one of the best bargains around" (p. 15). He notes that "for every dollar spent by localities in support of the college, \$1,629 are returned. Few investments yield this rate of return, and viewed in this light, the college is an investor's dream" (Head, 1994, p. 15).

Factors that detract from the objective of exemplifying the college's value are sometimes omitted. Similarly, if a study is geared toward a local community audience, attention will be focused on local individual benefits whereas factors that estimate negative impacts on local revenues may be downplayed. Those studies that are conducted for the purposes of institutional planning represent perhaps the truest estimations of the economic impact of the community college. Because no constituents are being addressed other than internal college administrators, an accurate

portrayal of both positive and negative impacts can be presented. Unfortunately, as it appears from this analysis, studies of this type are rarely conducted. As noted earlier, not one of the studies sampled for this review was oriented as a tool for college development.

Conclusions And Recommendations

The economic impact analysis is a powerful and practical instrument to estimate a community college's economic impact on the local community, county, or state. However, approaches vary in orientation and complexity, due to method used and underlying motivations. A large-scale research project, surveying community colleges about their methods and utilization of economic impact analyses, would increase understanding of this variability.

Currently, although the technique of economic impact analysis provides a valuable service to institutional researchers and policymakers alike, its potential remains largely untapped. For example, economic impact analysis could be used in evaluating organizational change and to facilitate establishing collaborative relationships with other sectors in the college's service area.

In sum, economic impact analyses must be understood for what they are—very narrow studies of college economic impact on a given region. A more complete picture could be drawn if quantitative analyses were supplemented with qualitative studies of the college's economic, social, and political impacts. Less-quantifiable impacts that clearly contribute to the economic value of community college include qualitative benefits to the students and the community, such as the following:

- personal enrichment;
- affordable entertainment and cultural activities sponsored by the college;
- increased awareness of career avenues;
- broadened educational opportunities through transfer options; and
- interaction with students from different backgrounds.

Through a range of methods—such as interviews or focus groups with students, community members, local officials, college officials; analysis

of policy documents; and observation of community college participation in the community—the full spectrum of college impacts would be better understood and appreciated.

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Gwyer Schuyler is a doctoral student in higher education and organizational change at the Graduate School of Education and Information Studies, University of California at Los Angeles.

Economic Impact

- find old reports and files
- identify data needed - enrollment, financial
- Oakland City multipliers
- Create 2000 folder on Lea
- copy in SIS and clear out old data; no electronic files from 1992
- Pitts, Martin, CFC, Chane.
- call Julia at SOCC (913) 469-~~7813~~ 8500
 - last done 1993-94
 - 9/13 Julia is sending latest report w/notes; no spreadsheets
- check Dept of Commerce website, Census Bureau
- Jamestown Comm College - David Seguin, Assoc Dean Acad Affs,
Dir IR 714-665-6733 DAVE.SEGUIN@mail.suny.jcc.edu
2445

credreg > 0 select for registered students w/ at least 1 credit
SIS contains only credit

Clemons@occ.cc.mn.us

American Housing Survey - Census Bureau

Data Elements Needed for Economic Impact Model (all data for FY 1999-2000)

From Accounting and Budgeting

College Expenditures

Total Student Activity Expenditures

Percentage of College Expenditures in Oakland Cty, Michigan, Out-of-State

\$\$ from Revenue Sources---students, local govt, state appropriation, other state sources, out-of-state

From Payroll

Number of College Employees—FT/PT, FTE for each category

Residence of College Employees---by FT/PT status, in Oakland Cty, in MI, out-of-state, FTE each category

Total Disposable Income Available to Employees

From IR

Number of Students---FT/PT

Estimate of percent of employee expenditures in Oakland Cty

Census Data---% cty pop renting, mean monthly rent in cty (1990 or 2000 est if avail)

Est % of Employee Expenditures in Cty

Multipliers for in Cty (2.00) and state (2.25)

Multiplier for Jobs related to College

From Financial Aid

Avg Annual Expenditures by FT/PT students (excluding tuition and fees)

Data Elements Needed for Economic Impact Model (all data for FY 1999-2000)

From Accounting and Budgeting

College Expenditures *ITS - Bae Chin? not avail until audited report is completed*
Total Student Activity Expenditures *- Gail Petto - discuss object code*
Percentage of College Expenditures in Oakland Cty, Michigan, Out-of-State *- Zip codes or cities in Oakland Cty*
\$\$ from Revenue Sources---students, local govt, state appropriation, other state sources, out-of-state

From Payroll

Number of College Employees---FT/PT, FTE for each category *- Payroll database states sabbatical*
Residence of College Employees---by FT/PT status, in Oakland Cty, in MI, out-of-state, FTE *billing vs actual vs headquarter*
each category *- multiple addresses - make reasonable judgement*
Total Disposable Income Available to Employees

From IR

Number of Students---FT/PT *- why only Fall - use and duplicate credit & non-credit or credit only - IR, residency codes - Debbi Schmickel*
Estimate of percent of employee expenditures in Oakland Cty
Census Data---% cty pop renting, mean monthly rent in cty (1990 or 2000 est if avail) *SECOB Southeast MI Council of Govt.*
Est % of Employee Expenditures in Cty *- library Tom Haug*
Multipliers for in Cty (2.00) and state (2.25) } *derived from BEA 11/6*
Multiplier for Jobs related to College

From Financial Aid

Avg Annual Expenditures by FT/PT students (excluding tuition and fees) *- Dir of Fin Aid Wilma Porter?*

CUES replaced by Advantage

Gail Petto, Financial Services - Controller x 2151

Beth Kendall - Budget Services

12 credits = FT

11 or less = PT

annual student enrollment - ACS 6 report

Evans, Cynthia

From: Pitts, Gail S
Sent: Saturday, October 28, 2000 5:41 PM
To: Martin, Bruce; Evans, Cynthia
Cc: Orłowski, Martin
Subject: RE: Economic Impact Study Data

I discussed with Bruce and informed him I did not see the purpose of you meeting with him since I had the majority of the information you requested. I told him that I informed you previously I would supply it the first week in November. Since that time is next week, I offer you the information below.

All information applies to our operating fund, known as, the *General Fund*.

Total college expenditures and transfers for fiscal year ending June 30, 2000 were \$ 115,413,416.

38,106,099

Included in the above amount is \$ 8,084,867 for Student Services expenditures.

160,298

(Student Revenue) Tuition and Fees were \$ 25,711,786; (Local Govt Revenue) Property Taxes were \$ 66,339,792; (State Rev) State Appropriation was \$ 20,747,107; private gifts, grants and contracts were \$ 27,364; investment income was \$ 3,328,415 and other sources were \$ 197,744. Total revenue to the General Fund was \$ 116,352,208.

17,936,787

24,683,689

23,305,944

in state out of state previously from CUPS REVA table

College expenses in county, state and out of state are not maintained as you request. As I previously indicated for the number of college employees, please contact our HR department. I assure you the statistics of residence of college employees are not maintained. I believe the cost of gathering this data in our system during the time period you requested exceeds the benefit to be derived. You may want to revisit the need of college expenses in county, state, out of state and residence of employees.

let by nisp

Total Disposable Income available to employees, again, OCC is excluded from taxation under Internal Revenue Code Section 115 as a state supported educational institution. Disposable income refers to net of taxes, if you are referring to something other than that, please clarify.

payroll database see def.

I hope this information is helpful, if you need any clarification, I can be reached at 2151. Good luck on your project.

85 85 48 30 expand w/o transfers

Advantage Reports

*> currently ^{occ} receives 2 millages
one is permanent 1.0 millage
1995 seven yr millage equiv
to perman millage*

~ 3 million grant for MTEC - where is this in revenue? restricted fund Auxiliary Activities?

*Purchasing keeps the vendor database -
Jerette Harris*

-----Original Message-----

From: Martin, Bruce
Sent: Thursday, October 26, 2000 3:57 PM
To: Pitts, Gail S
Subject: FW: Economic Impact Study Data

Gail,

When would be a good time to get together with Cindy Evans to define exactly what she wants and whether we have in existing reports, audit, other... I am told that it is important to the millage that this study occurs. I understand that Cindy will try to match our schedule
[Pitts, Gail S]

during Monday thru Thursday and Friday if it is inly day.

Like you, I don't have anyone just waiting around for another assignment so don't want to spin wheels too long.

Bruce...

-----Original Message-----

From: Evans, Cynthia
Sent: Wednesday, October 04, 2000 11:43 AM
To: Martin, Bruce
Cc: Orlowski, Martin; Kozell, Cheryl
Subject: Economic Impact Study Data

Marty Orlowski mentioned to me it would be beneficial to provide you with an indication of the data that we need assistance from ITS in compiling for the Economic Impact study.

The list below represents a general description of the data. I am prepared to meet with your staff at their convenience to finalize definition of the items. All data is to represent Fiscal Year 2000.

College Expenditures
Total Student Activity Expenditures
College Expenditures in County, State, Out-of-State
Number of College Employees by Full-Time/Part-Time Status, FTE
Residence of College Employees by Full-Time/Part-Time Status, FTE
Total Disposable Income Available to Employees
Revenue from Students
Revenue from Local Government
Revenue from State Appropriation
Revenue from Other In-State Sources
Revenue from Other Out-of-State Sources

Thank you for your assistance.

Cindy Evans
Research Analyst
Institutional Research
ext. 3899

**1999-2000 Financial Aid Budgets
(from Steve Lesser, OR Financial Aid)**

	In-District			Out-of-District		
	Fall & Winter Combined (24 crs)	Additional for Spring (7crs)	Total (31 Credits)	Fall & Winter Combined (24 crs)	Additional for Spring (7crs)	Total (31 Credits)
Full-Time Living w/Parents						
Books and Supplies	700.00			700.00		
Transportation	1,160.00			1,940.00		
Miscellaneous Expenses	510.00			510.00		
Room and Board	2,980.00			2,980.00		
Total excluding tuition & fees	<u>5,350.00</u>	1,279.17	6,629.17	<u>6,130.00</u>	1,434.17	7,564.17
Tuition and Fees (Actual)	1,340.00	390.83	1,730.83	2,180.00	635.83	2,815.83
Total	<u>6,690.00</u>	<u>1,670.00</u>	<u>8,360.00</u>	<u>8,310.00</u>	<u>2,070.00</u>	<u>10,380.00</u>
* per credit tuition & fees	55.83			90.83		

NOTE: It appears the 1992 Economic Impact Study used only in-district estimates, it would lend greater accuracy to the model if the enrollments could be segmented by in/out-of district and the appropriate budget estimated used for each group. CLE

OCC STUDENT FINANCIAL AID 8-MONTH BUDGETS FOR 1999-2000

Fall and Winter Combined

	In-District			
	(A) FT	3/4	1/2	LHT
Living With Parent(s)				
Tuition and Fees (Actual)	1340	950	650	360
Books and Supplies	700	520	350	170
Transportation	1160	870	580	290
Miscellaneous Expenses	510	380	250	0
Room and Board (2100 OFFSET)	2980	2980	2980	0
TOTAL	6690	5700	4810	820

Out-of-District			
(B) FT	3/4	1/2	LHT
2180	1530	1040	550
700	520	350	170
1940	1450	970	480
510	380	250	0
2980	2980	2980	0
8310	6860	5590	1200

	(C) FT	3/4	1/2	LHT
Not Living With Parent(s)				
Tuition and Fees (Actual)	1340	950	650	360
Books and Supplies	700	520	350	170
Transportation	1160	870	580	290
Miscellaneous Expenses	510	380	250	0
Room and Board (3000 OFFSET)	4250	4250	4250	0
TOTAL	7960	6970	6080	820

(D) FT	3/4	1/2	LHT
2180	1530	1040	550
700	520	350	170
1940	1450	970	480
510	380	250	0
4250	4250	4250	0
9580	8130	6860	1200

CHILD CARE ALLOWANCES

(1750 x 3%)

	FT	3/4	1/2	LHT
<u>One child 6 and under plus additional child(ren)</u>	2440	1830	1220	610
<u>One child 6 and under</u>	1620	1210	810	400
<u>More than one child over 6</u>	1620	1210	810	400
<u>One child over 6</u>	810	600	400	200

loan fees
= \$52

*per Steve Lesser
add 2 month budget
to 8 month budget
for a fall, winter, Spring Total*

99-00 Budget Breakdown

FT 3/4 1/2 LPT

*31 days add to 8 mo.
for F, W, SP*

LIVING W/Parents	IN-DISTRICT				OUT-OF-DISTRICT			
	FT	3/4	1/2	LPT	FT	3/4	1/2	LPT
2 MO	1670	1425	1200	280	2070	1710	1390	300
4 MO	3340	2850	2400	410	4150	3420	2790	500
6 MO	5010	4275	3600	510	6220	5140	4180	900
8 MO	6690	5700	4810	620	8310	6850	5590	1200
10 MO	8360	7120	6010	720	10380	8570	6980	1500
12 MO	10030	8545	7210	830	12450	10250	8370	1800
Not Living W/Parent	FT	3/4	1/2	LPT	FT	3/4	1/2	LPT
2 MO	1990	1740	1520	280	2390	2030	1710	300
4 MO	3980	3480	3040	410	4780	4060	3420	500
6 MO	5970	5220	4560	510	7170	6090	5140	900
8 MO	7960	6970	6080	620	9580	8130	6860	1200
10 MO	9950	8710	7600	720	11970	10160	8570	1500
12 MO	11940	10452	9120	830	14364	12192	10284	1800

LIVING W/PARENTS		Not Living W/Parents	
2 MO	420	2 MO	750
4 MO	1035	4 MO	1500
6 MO	1570	6 MO	2250
8 MO	2100	8 MO	3000
10 MO	2620	10 MO	3750
12 MO	3150	12 MO	4500

Evans, Cynthia

From: Pitts, Gail S
Sent: Wednesday, November 08, 2000 9:41 AM
To: Orłowski, Martin; Evans, Cynthia
Subject: oops

In additon to Statement of Changes in Fund Balances, you should also review Statement of Current Funds, Revenues and Expenses. This page is totaled to the first column in statement of changes in fund balances, it is labeled as "total current funds".

Evans, Cynthia

From: Pitts, Gail S
Sent: Wednesday, November 08, 2000 8:54 AM
To: Orłowski, Martin; Evans, Cynthia
Subject: financial statements

Please review the attached, send me your questions, I will provide answers and we can go over them on 11/17. I think this will save us all some time. Marty, please let me know if this is not a good reading copy. You should only be interested in the **Statement of Changes in Fund Balances**, about page 6, I think.



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Oakland Community College

*Financial Statements for the Years
Ended June 30, 2000 and 1999, and
Independent Auditors' Report*

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Oakland Community College
Bloomfield Hills, Michigan

We have audited the accompanying balance sheets of Oakland Community College (the "College") as of June 30, 2000 and 1999 and the related statements of changes in fund balances and of current funds revenues, expenditures and other changes for the years then ended. These financial statements are the responsibility of the management of the College. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the College as of June 30, 2000 and 1999, and the changes in its fund balances and its current funds revenues, expenditures and other changes for the years then ended in conformity with accounting principles generally accepted in the United States of America.

_____, 2000

OAKLAND COMMUNITY COLLEGE

BALANCE SHEETS

JUNE 30, 2000 AND 1999

ASSETS	2000	1999	LIABILITIES AND FUND BALANCES	2000	1999
CURRENT FUNDS					
General Fund					
Cash and investments (Note2)	\$ 35,553,960	\$ 35,855,432	Accounts payable	\$ 2,343,064	\$ 2,588,317
Accrued interest	635,516	457,854	Accrued liabilities:		
Property taxes receivable, less allowance of \$100,000 and \$150,000 in 2000 and 1999	291,825	169,306	Payroll and employee benefits	6,337,053	7,678,836
Accounts receivable, less allowance of \$25,000 and \$100,000 in 2000 and 1999	4,047,359	3,881,673	Other	100,000	100,000
Inventories	61,752	46,923	Unearned student fees	882,960	595,991
Prepaid expenses	201,058	196,377	Due to other funds	12,269,950	11,724,770
			Fund balance:		
			Designated		3,200,000
			Undesignated	18,858,443	14,719,651
Total general fund	<u>40,791,470</u>	<u>40,607,565</u>	Total general fund	<u>40,791,470</u>	<u>40,607,565</u>
Designated Fund					
Cash and investments (Note2)	1,000	500	Accounts payable	168,226	182,324
Accrued interest	10,487	53,036	Fund balance	2,263,396	1,941,833
Accounts receivable	359,929	409,749			
Due from other funds	<u>2,060,206</u>	<u>1,660,872</u>			
Total designated fund	2,431,622	2,124,157	Total designated fund	2,431,622	2,124,157
Auxiliary Activities Fund					
Cash and investments (Note2)	8,400	8,400	Accounts payable	282,722	162,741
Accounts receivable	136,133	105,591	Fund balance:		
Inventories	1,542,694	1,529,811	Designated for working capital	1,550,000	1,550,000
Due from other funds	2,223,186	2,081,554	Undesignated	2,077,691	2,012,615
Total auxiliary activities fund	<u>3,910,413</u>	<u>3,725,356</u>	Total auxiliary activities fund	<u>3,910,413</u>	<u>3,725,356</u>
Total unrestricted funds	<u>47,133,505</u>	<u>46,457,078</u>	Total unrestricted funds	<u>47,133,505</u>	<u>46,457,078</u>

(Continued)

OAKLAND COMMUNITY COLLEGE

BALANCE SHEETS JUNE 30, 2000 AND 1999

ASSETS	2000	1999	LIABILITIES AND FUND BALANCES	2000	1999
CURRENT FUNDS (Continued)					
Total unrestricted funds - Forward	<u>\$47,133,505</u>	<u>\$46,457,078</u>	Total unrestricted funds - Forward	<u>\$47,133,505</u>	<u>\$46,457,078</u>
Restricted Fund					
Cash and investments (Note2)		500	Accounts payable	2,839,483	595,925
Accounts receivable	3,902,867	1,517,650	Fund balance	1,976,363	1,614,648
Due from other funds	912,979	692,423			
Total restricted fund	<u>4,815,846</u>	<u>2,210,573</u>	Total restricted fund	<u>4,815,846</u>	<u>2,210,573</u>
Total current funds	<u>\$51,949,351</u>	<u>\$48,667,651</u>	Total current funds	<u>\$51,949,351</u>	<u>\$48,667,651</u>
STUDENT LOAN FUND					
Due from other funds	\$ 29,957	\$ 182,761	Fund balance - Restricted:		
Student notes receivable, less allowance of \$35,000 in 2000 and 1999	3,580	4,747	College student loan programs	\$ 18,506	\$ 172,477
			Federal student loan program:		
			Federal portion	1,394	1,394
			College portion	13,637	13,637
			Total federal student loan program	<u>15,031</u>	<u>15,031</u>
Total student loan fund	<u>\$ 33,537</u>	<u>\$ 187,508</u>	Total student loan fund	<u>\$ 33,537</u>	<u>\$ 187,508</u>
ENDOWMENT AND SIMILAR FUNDS					
Cash and investments (Note2)	\$17,739,016	\$17,756,416	Due to other funds	\$ 555,257	\$ 792,024
Accounts receivable	134		Fund balance - Quasi-endowment	17,497,718	17,348,024
Accrued interest	<u>313,825</u>	<u>383,632</u>			
Total endowment and similar funds	<u>\$18,052,975</u>	<u>\$18,140,048</u>	Total endowment and similar funds	<u>\$18,052,975</u>	<u>\$18,140,048</u>

(Continued)

OAKLAND COMMUNITY COLLEGE

BALANCE SHEETS

JUNE 30, 2000 AND 1999

ASSETS	2000	1999	LIABILITIES AND FUND BALANCES	2000	1999
PLANT FUNDS					
Unexpended Plant Funds					
Accounts receivable	\$ 2,615,076	\$ 111,259	Accounts payable	\$ 487,219	\$ 64,441
Due from other funds	339,083		Due to other funds		46,818
			Fund Balance:		
			Designated	2,466,940	
Total unexpended plant fund	<u>2,954,159</u>	<u>111,259</u>	Total unexpended plant fund	<u>2,954,159</u>	<u>111,259</u>
Maintenance and Replacement Fund					
Cash and investments (Note2)	23,358,549	17,385,979	Accounts payable	2,307,060	3,651,889
Accrued interest	193,898	95,534	Long-term debt - Unexpended portion (Note 3)		2,031,304
Due from other funds	7,339,523	6,014,096	Fund balance:		
Unamortized bond costs		281,267	Designated	28,584,910	19,418,920
Accounts receivable		1,325,237			
Total maintenance and replacement fund	<u>30,891,970</u>	<u>25,102,113</u>	Total maintenance and replacement fund	<u>30,891,970</u>	<u>25,102,113</u>
Debt Service Fund					
Cash and investments (Note2)	10,673,174	7,872,100	Accrued interest	172,969	148,648
Accrued interest	305,113	166,201	Due to other funds	79,727	
Accounts receivable	36,310		Fund balance:		
Unamortized bond costs	264,677		Restricted	636,852	546,838
Property taxes receivable, less allowance of \$30,000 in 1999		6,140	Designated	10,389,726	9,280,861
Due from other funds		1,931,906			
Total debt service fund	<u>11,279,274</u>	<u>9,976,347</u>	Total debt service fund	<u>11,279,274</u>	<u>9,976,347</u>
Physical Properties Fund					
Land	3,006,592	3,006,592	Long-term debt (Note 3)	18,595,000	15,528,696
Land improvements	17,610,325	15,152,829	Net investment in physical properties	229,355,096	215,071,871
Buildings	121,286,689	111,674,882			
Equipment	57,099,898	53,057,701			
Library books	6,361,521	5,958,160			
Construction-in-progress	42,585,071	41,750,403			
Total physical properties fund	<u>247,950,096</u>	<u>230,600,567</u>	Total physical properties fund	<u>247,950,096</u>	<u>230,600,567</u>
Total plant funds	<u>\$ 293,075,499</u>	<u>\$ 265,790,286</u>	Total plant funds	<u>\$ 293,075,499</u>	<u>\$ 265,790,286</u>

OAKLAND COMMUNITY COLLEGE

BALANCE SHEETS JUNE 30, 2000 AND 1999

ASSETS	2000	1999	LIABILITIES AND FUND BALANCES	2000	1999
AGENCY FUND					
Cash and investments (Note2)	\$ 531,317	\$ 322,264	Accounts payable	\$ 199,079	\$ 27,100
Accounts receivable	239	5,225	Accrued payroll and employee benefits		51
	<u> </u>	<u> </u>	Due to depositors	<u>332,477</u>	<u>300,338</u>
Total agency fund	<u>\$ 531,556</u>	<u>\$ 327,489</u>	Total agency fund	<u>\$ 531,556</u>	<u>\$ 327,489</u>

(Concluded)

OAKLAND COMMUNITY COLLEGE

BALANCE SHEETS

JUNE 30, 2000 AND 1999

ASSETS	2000	1999	LIABILITIES AND FUND BALANCES	2000	1999
COMBINED BALANCE SHEETS - TOTAL ALL FUNDS					
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash and investments (Note2)	\$ 87,865,416	\$ 79,201,591	Accounts payable	\$ 8,626,853	\$ 7,272,737
Accrued interest	1,458,839	1,156,257	Accrued liabilities:		
Property taxes receivable, less allowance of \$100,000 and \$180,000 in 2000 and 1999	291,825	175,446	Payroll and employee benefits	6,337,053	7,678,887
Accounts receivable, less allowance of \$25,000 and \$100,000 in 2000 and 1999	11,098,047	7,356,384	Interest	172,969	148,648
Student notes receivable, less allowance of \$35,000 in 2000 and 1999	3,580	4,747	Other	100,000	100,000
Inventories	1,604,446	1,576,734	Current portion of long-term debt (Note 3)	1,005,000	665,000
Prepaid expenses	201,058	196,377	Total current liabilities	<u>16,241,875</u>	<u>15,865,272</u>
Total current assets	<u>102,523,211</u>	<u>89,667,536</u>	Unearned student fees	882,960	595,991
			Due to depositors	332,477	300,338
			Long-term debt (Note 3)	17,590,000	16,895,000
			Total liabilities	<u>35,047,312</u>	<u>33,656,601</u>
			Fund balance:		
			Restricted:		
Land	3,006,592	3,006,592	Restricted fund	1,976,363	1,614,648
Land improvements	17,610,325	15,152,829	Debt service fund	636,852	546,838
Buildings	121,286,689	111,674,882	Federal student loan program	15,031	15,031
Equipment	57,099,898	53,057,701	Total restricted fund balances	<u>2,628,246</u>	<u>2,176,517</u>
Library books	6,361,521	5,958,160	Unrestricted:		
Construction-in-progress	42,585,071	41,750,403	Designated		
Unamortized bond costs	264,677	281,267	Net investment in physical properties	229,355,096	215,071,871
			Quasi-endowment	17,497,718	17,348,024
			Maintenance and replacement and unexpended plant	31,051,850	19,418,920
			Working capital	1,550,000	1,550,000
			Debt service fund	10,389,726	9,280,861
			General fund		3,200,000
			College student loan programs	18,506	172,477
			Other	2,263,396	1,941,833
			Undesignated	20,936,134	16,732,266
			Total unrestricted fund balances	<u>313,062,426</u>	<u>284,716,252</u>
			Total fund balances	<u>315,690,672</u>	<u>286,892,769</u>
TOTAL	<u>\$ 350,737,984</u>	<u>\$ 320,549,370</u>	TOTAL	<u>\$ 350,737,984</u>	<u>\$ 320,549,370</u>

OAKLAND COMMUNITY COLLEGE

STATEMENTS OF CHANGES IN FUND BALANCES YEARS ENDED JUNE 30, 2000 AND 1999

	Year Ended June 30, 2000							1999	
	Total Current Funds	Student Loan Fund	Endowment and Similar Funds	Maintenance and Replacement Fund	Debt Service Fund	Unexpended Plant Fund	Physical Properties Fund	Combined Total All Funds	Combined Total All Funds
ADDITIONS (DEDUCTIONS):									
Current funds revenues and other changes	\$ 143,200,368							\$ 143,200,368	\$ 133,242,565
Note proceeds				\$ 1,970,000			\$ (1,970,000)		
Federal interest subsidy					\$ 72,620			72,620	72,621
State appropriations				447,208				447,208	
Gifts and grants			\$ 73,985			\$ 3,756,317		3,830,302	2,066,076
Investment income			867,604	966,022	597,339			2,430,965	1,525,508
Endowment income					672,005			672,005	657,493
Student loan interest		\$ 377						377	
Miscellaneous revenue (expense)		2,373	(30,747)					(28,374)	(11,214)
Expenditures from current funds for equipment and other capital items							\$ 5,026,299	5,026,299	3,229,114
Bad debt expense		(8,252)						(8,252)	(38,960)
Expenditures for capital additions				(15,033,492)		(3,756,317)	18,789,809		
Notes and bonds retired					(935,000)		935,000		
Proceeds from disposal of plant assets				3,788				3,788	5,123,467
Plant assets sold or retired							(6,466,578)	(6,466,578)	(2,691,652)
Current fund expenditures	(114,297,506)							(114,297,506)	(102,521,120)
Expenditures not capitalized				(4,376,074)				(4,376,074)	(3,188,084)
Interest, bond premium, and fees					(948,097)			(948,097)	(985,431)
Distribution to beneficiary fund			(761,148)					(761,148)	(717,041)
Nonmandatory transfers:									
Student Loan Funds	148,469	(148,469)							
Bond Issue proceeds				2,031,305			(2,031,305)		
Plant improvement maintenance and replacements	(27,364,185)			23,157,233	1,740,012	2,466,940			
Net increase (decrease) for the year	1,687,146	(153,971)	149,694	9,165,990	1,198,879	2,466,940	14,283,225	28,797,903	35,763,342
FUND BALANCES AT BEGINNING OF YEAR	25,038,747	187,508	17,348,024	19,418,920	9,827,699	None	215,071,871	286,892,769	251,129,427
FUND BALANCES AT END OF YEAR	\$ 26,725,893	\$ 33,537	\$17,497,718	\$ 28,584,910	\$ 11,026,578	\$ 2,466,940	\$ 229,355,096	\$ 315,690,672	\$ 286,892,769

See notes to financial statements.

OAKLAND COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2000 AND 1999

1. SIGNIFICANT ACCOUNTING POLICIES

Oakland Community College (the "College") is a public two-year nonresidential college with five campuses serving the Oakland County and Southeast Michigan area. The College's income is excluded from taxation under Internal Revenue Code Section 115 as a state-supported educational institution. However, the College would be subject to taxation on unrelated business income if it existed.

Basis of Presentation - The financial statements have been prepared generally on the accrual basis of accounting in accordance with the accounting principles outlined in the American Institute of Certified Public Accountants' audit guide, *Audits of Colleges and Universities* and the *Manual for Uniform Financial Reporting - Michigan Public Community Colleges*, and include the accounts of both the College and the related Oakland Community College Foundation (the "Foundation"). Transactions between the College and the Foundation are eliminated in combination.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Fund Classifications - The accounts of the College are summarized for financial reporting purposes into various funds described as follows:

- (1) Unrestricted ("General") Fund - General operating activities financed primarily by student fees, annual appropriations from the State of Michigan and property tax revenue.
- (2) Designated Fund - Funds designated for specific purposes by action of the Board of Trustees or the administration.
- (3) Auxiliary Activities Fund - Self-supporting enterprises operated principally to provide services to the academic community.
- (4) Restricted Fund - Activities financed by direct gifts and grants which must be used for the purposes specified by the donors.
- (5) Student Loan Fund - Assets available for the granting of loans to students.
- (6) Endowment and Similar Funds - Includes gifts which allow only the earnings thereon to be expended, funds which upon the passage of a stated period of time allow all or part of the principal to be expended, and funds which the Board of Trustees has determined are to be retained and invested.

- (7) Plant Funds - Transactions relating to properties, outstanding indebtedness incurred in connection with the financing thereof and reserves for repair and replacement.
- (8) Agency Fund - Funds held for others; principally transactions relating to student activities, deposits and the liabilities for amounts withheld from payrolls.

Investments are stated at fair value except for certificates of deposit, money market investments, commercial paper, banker's acceptances, and U.S. Treasury and agency obligations that mature within a year or less from the date of the acquisition which are reported at amortized cost in accordance with Government Accounting Standards Board ("GASB") 31.

Inventories are stated at the lower of first-in, first-out cost or market.

Physical Properties are stated at cost or, in the case of gifts, at estimated fair value on the date the gift was received. Amounts expended directly from current and other funds for equipment or other capital additions are included in the expenditures of such funds and are capitalized within the Plant Funds. In accordance with generally accepted accounting principles for public colleges and universities, depreciation is not provided on properties. Repair and replacement reserves have, however, been established to provide for certain repair and replacement costs.

Due From/To Other Funds - Interfund balances result from transactions in pooled cash accounts, are non-interest bearing, and are generally due within one year. Such balances are eliminated in the combined balance sheets.

Revenue Recognition - Gifts and pledges are not recorded until received. Restricted Fund revenues are recognized only to the extent expended. State appropriations for current funds are recognized in the period to which they pertain.

The Board of Trustees has designated that certain unrestricted endowment income be added to the debt service fund. Such amounts are recognized as direct additions to the debt service fund in the accompanying Statement of Changes in Fund Balances.

Property tax revenues are recognized on the accrual basis when assessed. Taxes have historically been assessed in the summer and are due by September 15. Taxes are collected substantially by the County of Oakland (among other taxing jurisdictions) and remitted to the College primarily from August to October. Delinquent real property taxes receivables are purchased by Oakland County's delinquent tax revolving fund in approximately March of each year. In June 1995, a millage increase was approved for seven years. The College intends to use the increased property tax revenues for maintenance, repairs, additions and improvements to physical properties, and implementation of new programs and related equipment.

All revenues received and expenses incurred in connection with the calendar summer school semesters are deferred at June 30.

Reclassifications - Certain reclassifications have been made to the 1999 financial statements to conform to the classifications used in 2000.

Recent Accounting Pronouncements - The Governmental Accounting Standards Board (GASB) issued new GASB Standards 345 and 35 mandating a drastic change in financial reporting affecting state and local governments and colleges and universities. The objective in developing the new reporting model was to improve accountability in financial reporting and provide additional information. Significant changes in the standards include:

- Reporting information on assets, net of depreciation, which includes reporting infrastructure assets (longer lived assets, i.e. roads, water and lighting systems)
- Capitalization and depreciation of infrastructure assets and capital assets and
- Reporting the distinction between operating and nonoperating revenues and expenses

The new GASB standards will begin to take effect for larger governmental entities, greater than \$100 million, in fiscal years beginning after June 15, 2001. Medium-sized governmental entities, \$10 to \$100 million, have until fiscal years beginning after June 15, 2002 and smaller governmental entities, less than \$10 million, have until fiscal years beginning after June 15, 2003.

2. CASH AND INVESTMENTS

The College invests and manages cash collectively by pooling the cash reserves of each fund.

Deposits - At June 30, 2000 and 1999, the carrying value of deposits in financial institutions, including certificates of deposits, amounted to \$25,431,369 and \$21,325,063, respectively. Bank balances at June 30, 2000 and 1999 were \$27,383,730 and \$23,037,876, respectively; of such balances, \$1,218,000 and \$917,000 were covered by federal depository insurance, respectively.

Investments - The College is authorized by State of Michigan (the "State") Public Act 23 of 1997 to invest in the following:

- (1) Bonds, bills or notes of the United States, or of an agency or instrumentality of the United States, or obligations of the State.
- (2) Negotiable certificates of deposit, savings accounts, or other interest-earning deposit accounts of a financial institution. As used in this section, "financial institution" means a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this state under the laws of this state or the United States.
- (3) Bankers' acceptances that are issued by a bank that is a member of the Federal Deposit Insurance Corporation.
- (4) Commercial paper that is supported by an irrevocable letter of credit issued by a bank that is a member of the Federal Deposit Insurance Corporation.
- (5) Commercial paper of corporations rated prime by at least one of the standard rating services.
- (6) Mutual funds, trusts, or investment pools composed entirely of instruments that are eligible collateral.

- (7) Repurchase agreements against eligible collateral, the market value of which must be maintained during the life of the agreements at levels equal to or greater than the amounts advanced. An undivided interest in the instruments pledged for these agreements must be granted to the community college.
- (8) Investment pools, as authorized by the Surplus Funds Investment Pool (State of Michigan Public Act No. 367 of 1982), composed entirely of instruments that are legal for direct investment by a community college.

The College's investment portfolio consists of marketable securities which are categorized below, in accordance with GASB Statement No. 3, to give an indication of the level of risk assumed by the College at June 30, 2000 and 1999. Risk category 1 includes those investments that are either insured, registered or held by the College or its agent in the College's name. Risk categories 2 and 3 include investments that are neither insured nor registered. Category 2 includes investments that are held by the counterparty's trust department or agent in the College's name. Category 3 includes investments that are held by the counterparty or are held by the counterparty's trust department or agent, but not in the College's name. Mutual funds and money market funds are not categorized because they are not evidenced by securities that exist in physical or book entry form.

The Foundation is not bound by the same investment restrictions, and holds certain other investments, including, from time to time, common stocks.

The classification and carrying value of securities held as of June 30, 2000 is as follows:

	Classification			Total Carrying Amount
	Category 1	2	3	
Categorized:				
Commercial paper	\$ 16,702,463	\$ 5,124,614	None	\$ 21,827,077
U.S. Treasury obligations	3,640,190			3,640,190
Agencies of U.S. Government	21,143,635			21,143,635
Bonds	405,979			405,979
Stock	915,933			915,933
Total categorized	<u>\$ 42,808,200</u>	<u>\$ 5,124,614</u>	<u>None</u>	<u>47,932,814</u>
Uncategorized:				
Mutual funds investing primarily in U.S. Government securities				2,420,653
Money market funds				12,080,580
Total uncategorized				<u>14,501,233</u>
Total securities				<u>\$ 62,434,047</u>

The classification and carrying value of securities held as of June 30, 1999 is as follows:

	Classification Category			Total Carrying Amount
	1	2	3	
Categorized:				
Commercial paper	\$ 14,595,319	\$ 4,069,232	\$ 4,281,920	\$ 22,946,471
U.S. Treasury obligations	1,600,009		2,671,680	4,271,689
Agencies of U.S. Government	14,719,994			14,719,994
Stock	540,964			540,964
Total categorized	<u>\$ 31,456,286</u>	<u>\$ 4,069,232</u>	<u>\$ 6,953,600</u>	<u>42,479,118</u>
Uncategorized:				
Mutual funds investing primarily in U.S. Government securities				2,428,704
Money market funds				12,968,706
Total uncategorized				<u>15,397,410</u>
Total securities				<u>\$ 57,876,528</u>

The commercial paper included in risk category 1 is classified therein since it is held in accounts by Securities and Exchange Commission registered broker-dealers who are insured by the Securities Investor Protection Corporation ("SIPC"). If a member broker-dealer fails, SIPC provides protection for customer accounts by returning securities registered in the name of the investor, distributing all remaining customer assets on a pro rata basis, and providing SIPC funds for all remaining claims for each customer to a maximum of \$500,000 including up to \$100,000 on claims for cash. Of the investments noted above, \$44,644,654 and \$33,681,613 is subject to such SIPC protection for 2000 and 1999, respectively. Certain broker-dealers have purchased additional insurance coverage for customer accounts.

3. LONG-TERM DEBT

Long-term debt consists of the following as of June 30, 2000 and 1999:

	Interest Rate	Maturity	2000	1999
Oakland Community College Student Union Revenue Bond of 1971	7.50%	2011	\$ 1,280,000	\$ 1,365,000
1991 Community College Improvement Bonds dated November 1, 1991	5.55% to 6.65%	2011	1,405,000	1,840,000
1993 Community College Improvement and Refunding Bonds dated September 1, 1993	3.50% to 5.25%	2018	14,210,000	14,355,000
1999 Installment Purchase Agreement dated December 22, 1999	5.30%	2007	<u>1,700,000</u>	<u> </u>
Total			<u>\$ 18,595,000</u>	<u>\$ 17,560,000</u>

The College used approximately \$8,876,000 of the 1993 Improvement and Refunding Bonds to defease in substance \$7,695,000 of the 1991 Community College Improvement Bonds by depositing U.S. Government securities in an irrevocable trust with an escrow agent to provide for all future debt service payments of these bonds. Accordingly, the assets of the trust and the outstanding balance of defeased bonds are not included in the financial statements of the College. As of June 30, 2000, the amount of the defeased bonds still outstanding and to be paid from the escrow trust were \$7,695,000.

The principal and interest on bonds are payable only from designated property tax levies, tuition receipts, or net revenues of specific auxiliary activities. For the year ended June 30, 2000, no taxes have been levied for debt service purposes.

Aggregate maturities of outstanding long-term debt for years after June 30, 2000 are as follows:

2001	\$ 1,005,000
2002	1,325,000
2003	1,335,000
2004	1,350,000
2005	1,375,000
Thereafter	<u>12,205,000</u>
Total	<u>\$ 18,595,000</u>

4. RETIREMENT PLAN

All College employees are eligible to participate in and substantially all of the College's employees are covered by the Michigan Public School Employees' Retirement System (the "System"), a cost-sharing, multiple-employer public employee retirement system. The System provides two plans. Employees who participate in the Basic Plan may retire at age 55 with 30 or more years of credited service or at age 60 with 10 or more years of credited service with a retirement benefit, payable monthly for life, equal to 1-1/2 percent of their final average compensation multiplied by the number of years of credited service. Final average compensation is the employee's highest total wages earned during a period of 60 consecutive calendar months.

Employees who participate in the Member Investment Plan may retire at any age with 30 years of service, or at age 60 with 5 years of credited service provided the member has worked through their 60th birthday and has credited service in each of the five school fiscal years immediately preceding the retirement allowance effective date, with a retirement benefit, payable monthly for life, equal to 1-1/2 percent of the participant's final average compensation multiplied by the number of years of credited service. Final average compensation is the employee's highest total wages earned during a period of 36 consecutive calendar months.

Benefits under both plans vest on reaching 10 years of service. Vested employees may retire at or after age 55 and receive reduced retirement benefits. The System also provides death and disability benefits. Benefits are established by State statute.

The System also provides comprehensive health insurance for the System's retirees and beneficiaries. The College does not provide other post-employment benefits to its employees.

Each fiscal year, the College is required to contribute a fixed percentage of gross wages of the participants in each plan. This percentage is determined by the State and was approximately 12% and 11% for fiscal years 2000 and 1999, respectively. The payroll for the College employees covered by the System for fiscal 2000 and 1999 were substantially equivalent to the total payroll of approximately \$48.3 million and \$47.5 million, respectively. The College's expenditures for the retirement plan aggregated approximately \$5.8 million and \$5.2 million during fiscal years 2000 and 1999, respectively. Under the Member Investment Plan, employees may contribute 3.9% of gross wages in addition to the College's contribution. Employee contributions totaled approximately \$1.2 million and \$1.1 million for fiscal years 2000 and 1999, respectively.

The System does not make separate measurements of assets and the pension benefit obligations for individual employers. The pension benefit obligation at September 30, 1999 and 1998 (the dates of the most recent information available) for the System as a whole, determined through an actuarial valuation performed as of those dates, was \$34.3 billion and \$32.9 billion, respectively. The System's net assets available for benefits on those dates were \$34.1 billion and \$31.8 billion, respectively, leaving an unfunded pension benefit obligation of \$.2 billion and \$1.1 billion in 1999 and 1998, respectively. The College's contributions were less than 1% of the total employer contributions to the System for the years ended September 30, 1999 and 1998.

Ten-year historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's September 30, 1999 annual report.

5. SELF INSURANCE

The College and nineteen other Michigan community colleges have formed a risk-sharing facility, the Michigan Community College Risk Management Authority (the "Authority"), to provide liability, vehicle physical damage and property and crime insurance. The College is responsible for a self-insured retention of \$15,000 per occurrence with a stop-loss provision when aggregate self-insured retention payments equal \$45,000. Claims in excess of \$15,000 or when the stop-loss limit has been reached are covered by the Authority, and are reinsured through third-party insurance carriers, up to coverage limits of \$15 million for liability, \$300,000 per vehicle and \$650,000 per disaster for vehicle physical damage, and \$280 million aggregate for property and crime coverage of buildings and personal property. The College made contributions to the Authority of approximately \$389,000 and \$349,000 for insurance coverage in 2000 and 1999.

6. COMMITMENTS AND CONTINGENCIES

The College is named as a defendant in certain lawsuits. The College is of the opinion that the resulting disposition of these lawsuits will not have a material effect on the financial statements.

In addition to the discharge of current liabilities, at June 30, 2000, the College has commitments to complete existing contracts in the amount of approximately \$21.7 million. As of June 30, 2000, the College is in the process of completing significant renovations to campus buildings and facilities.

7. RELATED PARTY TRANSACTIONS

A member of the Foundation Board of Trustees is president of a firm that has contracts with the College. The College has contracted with this firm to be the construction manager for the College's capital improvement program. During the years ended June 30, 2000 and 1999, the College has made payments to this firm for work performed by subcontractors and project management fees totaling \$10.2 million and \$21.8 million, respectively. At June 30, 2000 and 1999, amounts owed by the College to subcontractors and the construction manager were approximately \$893,000 and \$2.1 million. The College's commitments to complete existing contracts were approximately \$16.1 million and \$19.1 million, respectively.

A member of the Foundation Board of Trustees is an attorney with a law firm that provides legal services to the College. Payments to this firm during the 2000 fiscal year totaled approximately \$227,000. Amounts owed to this law firm at June 30, 2000 were approximately \$18,000.

* * * * *

_____, 2000

Mr. Clarence Brantley
Vice Chancellor for Administration
Oakland Community College
2480 Opdyke Road
Bloomfield Hills, Michigan 48304-2266

Dear Mr. Brantley:

We are enclosing 100 conformed copies of the financial statements of Oakland Community College for the years ended June 30, 2000 and 1999, together with our independent auditors' report thereon dated _____, 2000.

Yours truly,

Enclosures

Mr. Clarence Brantley
Vice Chancellor for Administration
Oakland Community College
George A. Bee Administration Center
2480 Opdyke Road
Bloomfield Hills, Michigan 48304-2266

CONFIDENTIAL

0003204

Bureau of Economic Analysis
U.S. Department of Commerce
Washington DC 20230

Yolanda R. Bright

11/07/00	Destination			
1.000	EA Each	61-95-40-303 Rims Multipliers	275.0000	275.00
1.000	EA Each	61-95-40-304 Rims Multipliers	275.0000	275.00
1.000	EA Each	61-95-40-304 Rims Multipliers	275.0000	275.00

Contact Person:
Yolanda Bright
(248) 522-3883
Cynthia Evans
(248) 522-3899

Requisition

825.00



**UNITED STATES DEPARTMENT OF COMMERCE
Economics and Statistics Administration
Bureau of Economic Analysis (BE-61)
Regional Economic Analysis Division
Washington, D.C. 20230**

BEA FACSIMILE TRANSMISSION SHEET

Date: November 6, 2000

To: Cynthia Evans
Oakland Community College

Voice number: (248) 522-3899

Fax number: (248) 522-3880

Pages: 3 + the cover sheet

Comments: This is the invoice for your order of RIMS II multipliers. Please check over your order and contact me if there are any problems. To make a credit card payment please call Wendy Graves at 202/606-3700, preferably before 3:30 p.m. east coast time.

From: Richard Kane
Regional Economist

Voice: (202) 606-5343

Fax: (202) 606-5321

e-mail: rimsread@bea.doc.gov

ORDER FORM for BEA Products

Date 11/06/2000

Mail order form and payment to:

Name and mailing address (Please type or print):

Name Cynthia Evans
 Organization Oakland Community College
 Address Office of Institutional Research
27055 Orchard Lake Road
 City Farmington Hill State MI ZIP 48334-4579
 Country _____
 Daytime Phone (248) 522-3899 Fax (248) 522-3880
 E-mail Address clevans@occ.cc.mi.us

SPECIAL NOTE:

To send payment using express mail, change the zipcode in the address below to 20005.

OPMSS -- BE-15
 Bureau of Economic Analysis
 U.S. Department of Commerce
 Washington, DC 20230

Accession Number	Title	Qty	Price each	Total price
61-95-40-303	RIMS multipliers (duplicate)	1	\$275.00	\$275.00
61-95-40-304	RIMS multipliers (non-duplicate)	1	\$275.00	\$275.00
61-95-40-304	RIMS multipliers (non-duplicate)	1	\$275.00	\$275.00
Subtotal (this page)				\$825.00
Subtotal (backside)				
Airmail/Express				
Total enclosed				

To charge orders by telephone please call (202) 606-3700, preferably before 3:30 p.m. east coast time.

Checks (payable to Bureau of Economic Analysis, BE-61) : _____

Credit Cards: Visa MasterCard _____

Card number: _____

Expiration date: _____

Signature: _____

Name (print): _____

For BEA Use Only

1) Received by: _____

2) Date received: _____

3) Method of Receipt: _____

4) Transaction #: _____

Evans, Cynthia

November 6, 2000

This order form is submitted in response to your request of November 6, 2000 and covers the cost of providing RIMS II multipliers (1997 regional data/1992 benchmark data) for Oakland County, MI; Southeast Michigan Region; and the State of Michigan. The total cost is \$825. Please see attachment for region definitions

Please note credit card payment is preferred. Orders paid with a credit card will be filled in 2-3 weeks. Orders paid by check will be filled in 4-5 weeks. To speed up check orders, please call us at (202) 606-3700 to arrange for express delivery of your check.

If paying by check, send **Order Form** with check made payable to:

Bureau of Economic Analysis, BE-61

On the memo line of the check, please include:

RIMS ORDER

If this information does not appear on the check and the order form is not included, the check will be returned.

RIMS II Attachment--Definition of Region(s)

MICHIGAN

- 1) State of Michigan

OAKLAND COUNTY, MI

- 1) Oakland County, MI

SOUTHEAST MICHIGAN REGION

- 1) Genesee County, MI
 - 2) Lapeer County, MI
 - 3) Livingston County, MI
 - 4) Macomb County, MI
 - 5) Oakland County, MI
 - 6) Washtenaw County, MI
 - 7) Wayne County, MI
-

Order Form (Optional) for RIMS II Multipliers

Please complete this form and fax it to (202) 606-5321 so that we may process your order for RIMS II Multipliers. To complete this form, type in the required information and then print the form. We will fax you an invoice to confirm your order. Payments made by check must include an invoice.

Name:

Company or business:

Mailing Address: (Do not use a P.O. Box)

City: State: Zip code:

Phone number: Fax number:

E-mail:

Define your region(s) by listing the names of the component counties or states:

Order:

Region 1) State of Michigan

Region 2) Oakland County, MI

Region 3) Oakland County, MI; Genesee County, MI; Lapeer County, MI; Macomb County, MI; Wayne County, MI; Washtenaw County, MI; Livingston County, MI

The price of RIMS II multipliers is \$275 per region. Please indicate the total cost of your order:

Method of payment:

Check (payable to Bureau of Economic Analysis, BE-61)

Credit Card

Once we receive your order we will send you an invoice (typically within a day) containing instructions for making payment.

* * * TRANSMISSION RESULT REPORT (NOV. 6.2000 11:59AM) * * *

TTI

DATE	TIME	ADDRESS	MODE	TIME	PAGE	RESULT	FILE
NOV. 6.	11:59AM	2026065321	ES	0'27"	P. 1	OK	302

S : STANDARD
M : MEMORY

D : DETAIL
P : POLLING

F : FINE
L : SEND LATER

E : ECM
* : PC

ZIPCODEMAPS.COM
[HOME]

County Maps of Michigan
5-Digit County ZIP Code Maps

Call (570) 724-2905
sales@zipcodemaps.com



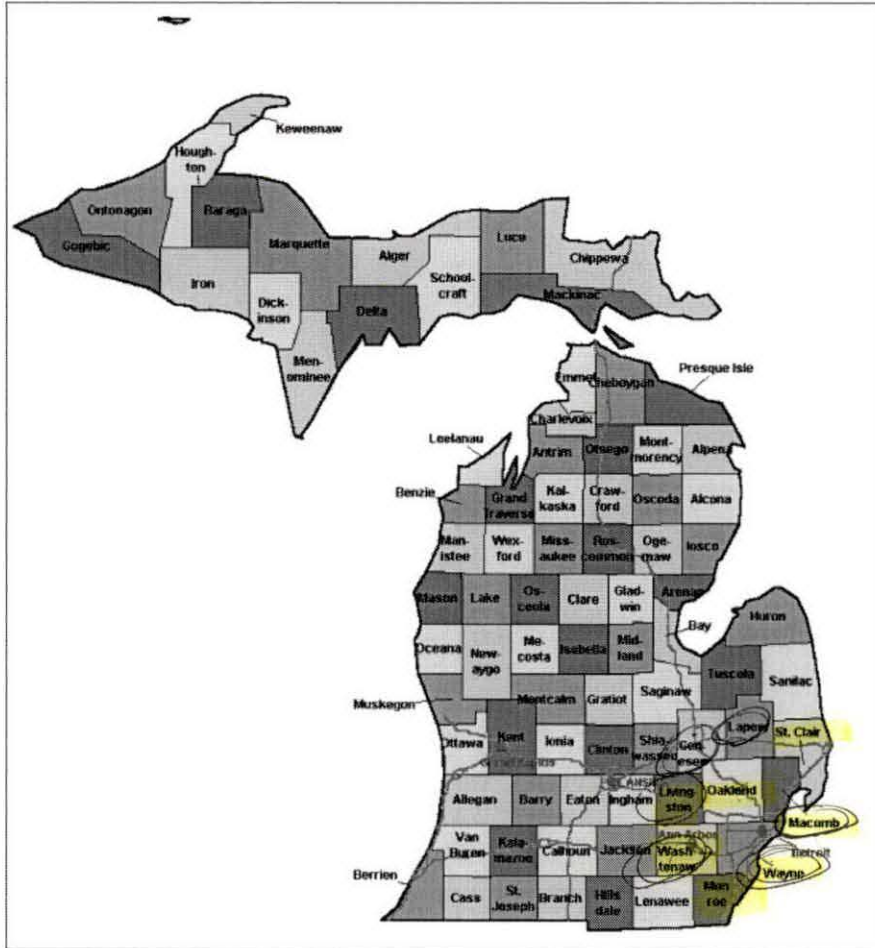
Go: [State Maps](#) · [Metro Maps](#) · [County Maps](#) · [Custom Radius Maps](#) · [State Sectional Maps](#)

Shopping Cart: Empty.

Select your County.

Click on the map, or use the drop down menu.

Alcona



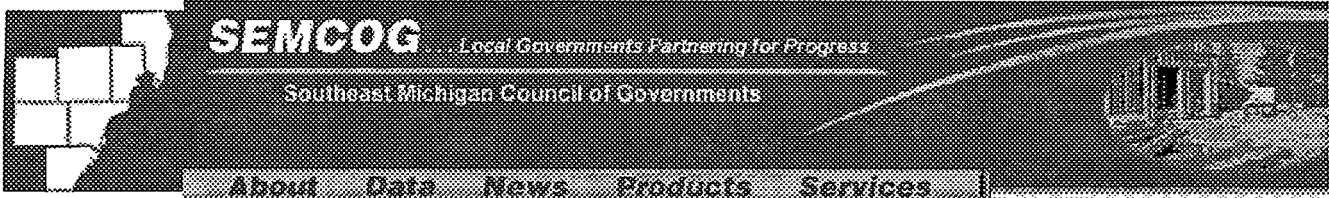
[Home](#)

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- Counties bordering*
1. Oakland
 2. Genesee
 3. Lapeer
 4. Macomb
 5. Wayne
 6. Washtenaw
 7. Livingston

SEMOG SEMI Cty's Livingston ✓
macomb ✓
monroe
Oakland ✓
St. Clair ✓
Washtenaw ✓
Wayne ✓

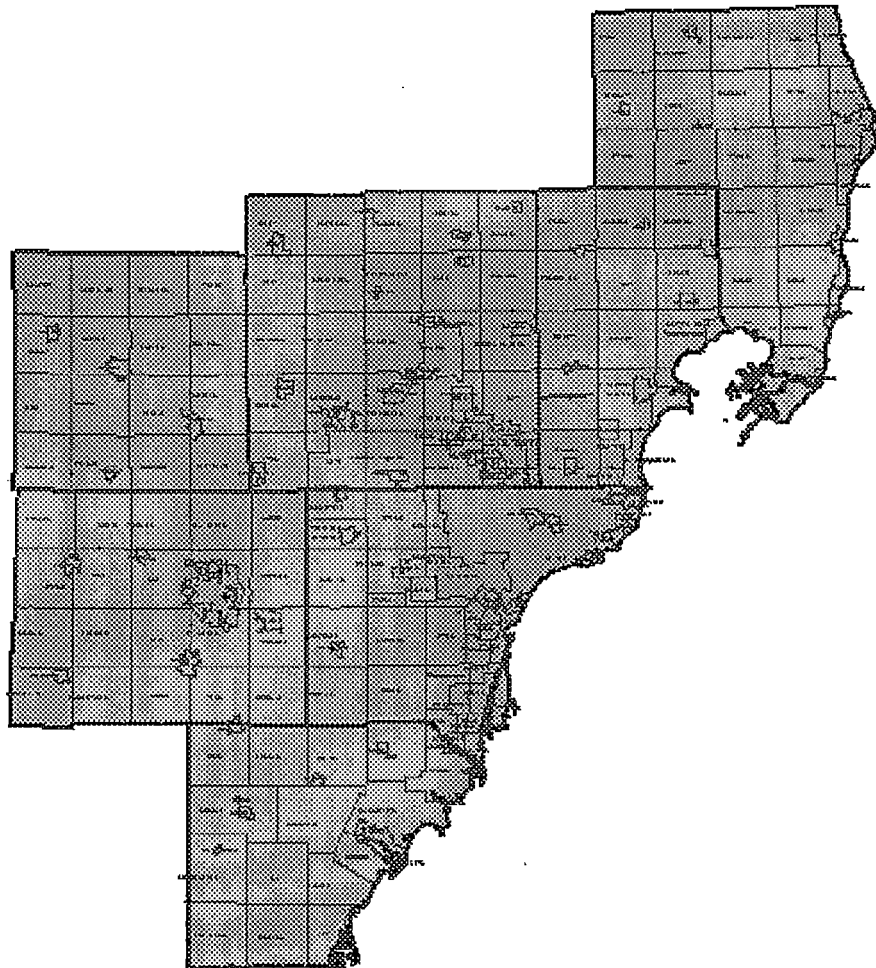
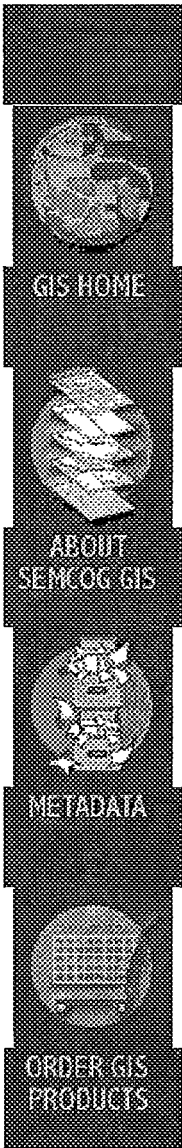
Counties bordering Oakland: Genesee
Lapeer
Macomb
Wayne
Washtenaw
Livingston



Community Boundaries

Click On The Map To: Map Zoom In Pan Identify Full Map
 or Zoom To County Livingston Macomb Monroe Oakland St.Clair Washtenaw Wayne

Note: Select the Map option to stop the Zoom In, Pan and Identify functions.



Scale 1 : 1,244,313 Feet
 State Plane NAD83
 11/1/00 10:13:43 AM

See Map Legend Below

SEMCOG
 Southeast Michigan Council of Governments
 660 Plaza Drive, Suite 1900, Detroit, MI 48226
 Phone 313-961-4266, Fax 313-961-4869
<http://www.semco.org>

Bright, Yolanda

From: Harris, Gheretta R
Sent: Wednesday, November 01, 2000 12:05 PM
To: Bright, Yolanda
Cc: Kersten, Michele
Subject: RE: Payment By Credit Cards?

Yolanda, we do not use credit cards at the current time. In reference to your printers from Tektronics we can probably find another supply vendor that accepts purchase orders to buy those items from. In reference to the Federal Government, what we have done in the case of the Library is to set-up a deposit account, in which we send them a check for some dollar amount and they put a credit on our account for us to use as needed. Michele Kersten in my office will be the buyer that will handle all of your Purchasing requirements so feel free to work with her to accomplish your goals. Thanks, Gheretta.

-----Original Message-----

From: Bright, Yolanda
Sent: Wednesday, November 01, 2000 11:54 AM
To: Harris, Gheretta R
Subject: Payment By Credit Cards?

Hello Gheretta,

I (Yolanda Bright) e-mail you about a couple of weeks ago while you were on vacation concerning payments through credit cards. I am not aware of a college having a credit card account, but maybe some things have changed. I may in the near future need to do some ordering through Tektronix. We have one of these color printers and Boise Cascade doesn't carry the items that we need to operate this machine properly. They only take credit cards or COD, also we will be ordering information from the federal government and they don't take purchase. Any information that you have to give is greatly appreciated. Thank you for your help.

correct multiplier

for every \$1 expended by inst
return to city
state

city mult \$ 2.75
state mult \$ 2.75

Detailed at industry
level 77.0402
\$550

employment multiplier

every \$1 expenditure X jobs created
in city
state

- > Reims is set up to ext impact on final demand.
- > may be underestimating in single city
- > may be overestimating impact at state level

1st example in handbook

p. 53

— Total 2.5182

used sales

1.1

1.2

1.3 column total employment est.

ideally credit card
- 1 week
n else expect a very
long wait

OAKLAND COMMUNITY COLLEGE

STATEMENTS OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES YEARS ENDED JUNE 30, 2000 AND 1999

	Year Ended June 30, 2000					1999	
	General Fund	Designated Fund	Auxiliary Activities Fund	Total Unrestricted Fund	Restricted Fund	Combined Total Current All Funds	Combined Total Current All Funds
REVENUES AND OTHER CHANGES:							
Tuition and fees	\$ 25,711,786	\$ 2,144,330		\$ 27,856,116	\$ 22,073	\$ 27,878,189	\$ 28,093,825
Property taxes for current operations	66,339,792			66,339,792		66,339,792	62,806,728
State appropriations	20,747,107			20,747,107		20,747,107	20,231,211
Federal grants and contracts					6,706,049	6,706,049	6,515,470
State grants and contracts					7,665,477	7,665,477	3,734,164
Private gifts, grants, and contracts	27,364			27,364		1,562,782	742,812
Investment income (Note 2)	3,328,415	22,695		3,351,110	1,535,418	3,351,110	2,543,172
Sales and services of auxiliary activities			\$7,460,915	7,460,915		7,460,915	7,187,196
Other sources	197,744	929,488		1,127,232		1,127,232	765,752
Total revenues and other changes	<u>116,352,208</u>	<u>3,096,513</u>	<u>7,460,915</u>	<u>126,909,636</u>	<u>15,929,017</u>	<u>142,838,653</u>	<u>132,620,330</u>
EXPENDITURES AND TRANSFERS (Notes 3, 4 and 5):							
Instruction	37,742,212	2,333,863		40,076,075	8,268,472	48,344,547	43,621,164
Student financial aid	1,657,621			1,657,621	6,657,562	8,315,183	8,500,767
Instructional support	12,582,496	1,593,593		14,176,089	858,343	15,034,432	13,219,041
Student services	8,084,867	290,690	7,395,839	15,771,396	283,891	16,055,287	15,177,786
Institutional administration	14,116,450	218,716		14,335,166	34,176	14,369,342	11,392,875
Physical plant operations	11,611,054			11,611,054		11,611,054	10,514,330
Public services	60,130	504,766		564,896	2,765	567,661	95,157
Total expenditures	<u>85,854,830</u>	<u>4,941,628</u>	<u>7,395,839</u>	<u>98,192,297</u>	<u>16,105,209</u>	<u>114,297,506</u>	<u>102,521,120</u>
Mandatory transfers:							
Federal and State of Michigan financial aid programs	173,951			173,951	(173,951)		
Matching grants	2,241			2,241	(2,241)		
Nonmandatory transfers:							
Plant improvement, maintenance, and replacement	27,364,185			27,364,185		27,364,185	26,206,644
Student Loan Funds	(148,469)			(148,469)		(148,469)	200,000
Other	2,166,678	(2,166,678)					
Total expenditures and transfers	<u>115,413,416</u>	<u>2,774,950</u>	<u>7,395,839</u>	<u>125,584,205</u>	<u>15,929,017</u>	<u>141,513,222</u>	<u>128,927,764</u>
Revenues and other changes over expenditures and transfers	938,792	321,563	65,076	1,325,431		1,325,431	3,692,566
OTHER CHANGE - Excess of restricted receipts over amounts recognized as revenues					361,715	361,715	622,235
FUND BALANCES AT BEGINNING OF YEAR	<u>17,919,651</u>	<u>1,941,833</u>	<u>3,562,615</u>	<u>23,424,099</u>	<u>1,614,648</u>	<u>25,038,747</u>	<u>20,723,946</u>
FUND BALANCES AT END OF YEAR	<u>\$ 18,858,443</u>	<u>\$ 2,263,396</u>	<u>\$3,627,691</u>	<u>\$ 24,749,530</u>	<u>\$ 1,976,363</u>	<u>\$ 26,725,893</u>	<u>\$ 25,038,747</u>

OAKLAND COMMUNITY COLLEGE

STATEMENTS OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES YEARS ENDED JUNE 30, 2000 AND 1999

	Year Ended June 30, 2000					1999	
	General Fund	Designated Fund	Auxiliary Activities Fund	Total Unrestricted Fund	Restricted Fund	Combined Total Current All Funds	Combined Total Current All Funds
REVENUES AND OTHER CHANGES:							
Tuition and fees	\$ 25,711,786	\$ 2,144,330		\$ 27,856,116	\$ 22,073	\$ 27,878,189	\$ 28,093,825
Property taxes for current operations	66,339,792			66,339,792		66,339,792	62,806,728
State appropriations	20,747,107			20,747,107		20,747,107	20,231,211
Federal grants and contracts					6,706,049	6,706,049	6,515,470
State grants and contracts					7,665,477	7,665,477	3,734,164
Private gifts, grants, and contracts	27,364			27,364	1,535,418	1,562,782	742,812
Investment income (Note 2)	3,328,415	22,695		3,351,110		3,351,110	2,543,172
Sales and services of auxiliary activities			7,460,915	7,460,915		7,460,915	7,187,196
Other sources	197,744	929,488		1,127,232		1,127,232	765,752
Total revenues and other changes	116,352,208	3,096,513	7,460,915	126,909,636	15,929,017	142,838,653	132,620,330
EXPENDITURES AND TRANSFERS (Notes 3, 4 and 5):							
Instruction	37,742,212	2,333,863		40,076,075	8,268,472	48,344,547	43,621,164
Student financial aid	1,657,621			1,657,621	6,657,562	8,315,183	8,500,767
Instructional support	12,582,496	1,593,593		14,176,089	858,343	15,034,432	13,219,041
Student services	8,084,867	290,690	7,395,839	15,771,396	283,891	16,055,287	15,177,786
Institutional administration	14,116,450	218,716		14,335,166	34,176	14,369,342	11,392,875
Physical plant operations	11,611,054			11,611,054		11,611,054	10,514,330
Public services	60,130	504,766		564,896	2,765	567,661	95,157
Total expenditures	85,854,830	4,941,628	7,395,839	98,192,297	16,105,209	114,297,506	102,521,120
Mandatory transfers:							
Federal and State of Michigan financial aid programs	173,951			173,951	(173,951)		
Matching grants	2,241			2,241	(2,241)		
Nonmandatory transfers:							
Plant improvement, maintenance, and replacement	27,364,185			27,364,185		27,364,185	26,206,644
Student Loan Funds	(148,469)			(148,469)		(148,469)	200,000
Other	2,166,678	(2,166,678)					
Total expenditures and transfers	115,413,416	2,774,950	7,395,839	125,584,205	15,929,017	141,513,222	128,927,764
Revenues and other changes over expenditures and transfers	938,792	321,563	65,076	1,325,431		1,325,431	3,692,566
OTHER CHANGE - Excess of restricted receipts over amounts recognized as revenues					361,715	361,715	622,235
FUND BALANCES AT BEGINNING OF YEAR	17,919,651	1,941,833	3,562,615	23,424,099	1,614,648	25,038,747	20,723,946
FUND BALANCES AT END OF YEAR	\$ 18,858,443	\$ 2,263,396	\$3,627,691	\$ 24,749,530	\$ 1,976,363	\$ 26,725,893	\$ 25,038,747

OAKLAND COMMUNITY COLLEGE

STATEMENTS OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES YEARS ENDED JUNE 30, 2000 AND 1999

	Year Ended June 30, 2000					1999	
	General Fund	Designated Fund	Auxiliary Activities Fund	Total Unrestricted Fund	Restricted Fund	Combined Total Current All Funds	Combined Total Current All Funds
REVENUES AND OTHER CHANGES:							
Tuition and fees	\$ 25,711,786	\$ 2,144,330		\$ 27,856,116	\$ 22,073	\$ 27,878,189	\$ 28,093,825
Property taxes for current operations	66,339,792			66,339,792		66,339,792	62,806,728
State appropriations	20,747,107			20,747,107		20,747,107	20,231,211
Federal grants and contracts					6,706,049	6,706,049	6,515,470
State grants and contracts					7,665,477	7,665,477	3,734,164
Private gifts, grants, and contracts	27,364			27,364	1,535,418	1,562,782	742,812
Investment income (Note 2)	3,328,415	22,695		3,351,110		3,351,110	2,543,172
Sales and services of auxiliary activities			\$ 7,460,915	7,460,915		7,460,915	7,187,196
Other sources	197,744	929,488		1,127,232		1,127,232	765,752
Total revenues and other changes	116,352,208	3,096,513	7,460,915	126,909,636	15,929,017	142,838,653	132,620,330
EXPENDITURES AND TRANSFERS (Notes 3, 4 and 5):							
Instruction	37,742,212	2,333,863		40,076,075	8,268,472	48,344,547	43,621,164
Student financial aid	1,657,621			1,657,621	6,657,562	8,315,183	8,500,767
Instructional support	12,582,496	1,593,593		14,176,089	858,343	15,034,432	13,219,041
Student services	8,084,867	290,690	7,395,839	15,771,396	283,891	16,055,287	15,177,786
Institutional administration	14,116,450	218,716		14,335,166	34,176	14,369,342	11,392,875
Physical plant operations	11,611,054			11,611,054		11,611,054	10,514,330
Public services	60,130	504,766		564,896	2,765	567,661	95,157
Total expenditures	85,854,830	4,941,628	7,395,839	98,192,297	16,105,209	114,297,506	102,521,120
Mandatory transfers:							
Federal and State of Michigan financial aid programs	173,951			173,951	(173,951)		
Matching grants	2,241			2,241	(2,241)		
Nonmandatory transfers:							
Plant improvement, maintenance, and replacement	27,364,185			27,364,185		27,364,185	26,206,644
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Other	2,166,678	(2,166,678)					
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FUND BALANCES AT END OF YEAR	\$ 18,858,443	\$ 2,263,396	\$ 3,627,691	\$ 24,749,530	\$ 1,976,363	\$ 26,725,893	\$ 25,038,747



UNITED STATES DEPARTMENT OF COMMERCE
Economics and Statistics Administration
BUREAU OF ECONOMIC ANALYSIS
Washington, D.C. 20230

January 11, 2001

Cynthia Evans
Oakland Community College
Office of Institutional Research
27055 Orchard Lake Road
Farmington Hill, MI 48334-4579

Dear Ms. Evans:

Enclosed are the RIMS II multipliers you requested for Oakland County, MI; Southeast Michigan Region; and the State of Michigan. Please see attachment for region definition.

The output, earnings, and employment multipliers (both 11-by-38 and 38-by-490 matrices) are enclosed on two diskettes. The multipliers are based on the 1992 benchmark input-output accounts for the U.S. economy and 1997 regional data. This data can be easily accessed using our Windows-based retrieval program that is included with the RIMS II multipliers. For more information about the data, please see the README.DOC file.

Please note that the industries for which multipliers are estimated are different from those used in older versions of RIMS II. The number of industries for which multipliers are available has increased to 490. See Appendix B for the complete list of RIMS II industries.

For additional information about the RIMS II model, you can consult the third edition of the RIMS II handbook, "Regional Multipliers: A User Handbook for the Regional Input-Output Modeling System." This handbook can be found on the following BEA web site:
<http://www.bea.doc.gov/rims.htm>.

If you have any questions, please feel free to call me at (202) 606-5343.

Sincerely,

Richard Kane
Regional Economist
Regional Economic Analysis Division

Enclosures



RIMS II Attachment--Definition of Region(s)

MICHIGAN

- 1) State of Michigan

OAKLAND COUNTY, MI

- 1) Oakland County, MI

SOUTHEAST MICHIGAN REGION

- 1) Genesee County, MI
 - 2) Lapeer County, MI
 - 3) Livingston County, MI
 - 4) Macomb County, MI
 - 5) Oakland County, MI
 - 6) Washtenaw County, MI
 - 7) Wayne County, MI
-

Orlowski, Martin

From: Moss, Brian
Sent: Wednesday, March 07, 2001 4:31 PM
To: Orlowski, Martin
Subject: FW: Economic Impact Study

-----Original Message-----

From: Liss, Alfred
Sent: Tuesday, January 30, 2001 4:03 PM
To: Moss, Brian
Cc: Orlowski, Martin; Swierk, Thomas
Subject: Economic Impact Study

Mr. Brian,

Below, I am listing the results from the study requested by your department. If you have any question, changes, or suggestion please let me know. At this moment I assume that I completed the request given to me.

Sincerely
 Alfred G. Liss ext. 4681

OAKLAND COMMUNITY COLLEGE
 ECONOMIC IMPACT STUDY

TYPE OF TOTALS	EMPLOYEE EARNINGS	EMPLOYEE COUNT
TOTAL RECORDS IN	:	4,958
TOTAL PART TIME EMPLOYEES	:	
OAKLAND COUNTY	\$4,369,568.43	2,898 <i>72.4%</i>
MICHIGAN STATE	\$1,546,134.12	1,108 <i>27.6%</i>
TOTAL MICHIGAN EMPLOYEE	\$5,915,702.55	4,006
FTE FOR PT EMPLOYEE	:	179
TOTAL FULL TIME EMPLOYEES	:	
OAKLAND COUNTY	\$21,465,715.77	667 <i>73.3</i>
MICHIGAN STATE	\$6,933,644.12	243
TOTAL MICHIGAN EMPLOYEE	\$28,399,359.89	910
FTE FOR FT EMPLOYEE	:	696
GRAND TOTALS	\$34,315,062.44	4,916
TOTAL FTE FOR ALL OCC	:	875
TOT EMPLOYEE OUT OF STATE	:	42

OAKLAND COMMUNITY COLLEGE
 ECONOMIC IMPACT STUDY

TYPE OF TOTALS	OTHER EXPENDITURES	VEND. COUNTS
TOTAL RECORDS IN	:	44,235.00
TOTAL VENDORS	:	
OAKLAND COUNTY	\$19,927,838.91	8,442.00
MICHIGAN STATE	\$11,976,886.50	7,069.00
TOTAL VEND FOR MICHIGAN	\$31,904,725.41	15,511.00
TOTAL VEND OUTSIDE OF MI	\$22,331,422.32	23,884.00
GRAND TOTAL	\$54,236,147.73	39,395.00