

Board of Directors Packet

Manhattan Area Technical College

March 28, 2023

Zoom/Live Stream 5:30 pm



Board of Directors:

Ballou, Brett (Riley) Chair

Urban, David (Riley)

Armbrust, John (Riley)

Flanary, Tim (Pottawatomie) Vice-Chair

Allen, Will (Geary)

Noah, Julie (Clay)

Peterson, Heather (Pottawatomie)

Matson, Mike (Riley)

Administration/Staff:

Genandt, James (President/CEO)

Biesenthal, Hannah (Board Clerk)

Phillips, Sarah

Davis, Kimberly

Gfeller, Josh

Ross, Neil

Roberts, Nathan

Boxberger, Chris

Watts, Harry

Bellamy, Kerri

Faculty Senate

Agenda

1. Call to Order

2. Consent Agenda (Routine items requiring BOD action) *

- Approval of February 2023 Meeting Minutes (Attachment 1) *
- Approval of February 2023 Check Register w/Threshold Expenditures (Attachment 2) *
- Organizational Update (Attachment 3) *
- President's Report (Attachment 4) *

3. General Agenda (Items possibly requiring BOD Action)

- Tuition and Fees for FY24 (Attachment 5) * **Josh**
- Monitoring Reports
 - i. Financial Condition (Attachment 6A,B,C) *
- Career Fair Recap **Chris**

4. Discussion of Ends (Demonstration, Testimonial, or Report of Results related to Board Mission)

- Facilities/Projects Updates **Josh**
- Faculty Senate Update
- Overview of Cost Model for Two-Year Colleges (Attachment 7) **Jim**
- Economic Impact to City of Manhattan and Riley County of Phase One (Attachment 8)

Jim

5. Executive Session: Financial

Meetings and Upcoming Events

Next Board Meeting: April 25th, 2023

National Signing Day: April 20

Grow Green Match Day- Manhattan: April 21

Open House: April 27

* Requires BOD Action

Board of Directors Minutes

Manhattan Area Technical College

February 28, 2023 5:30pm



1. The Board of Directors of the Manhattan Area Technical College met February 28, 2023 at 5:30 p.m., with live streaming for employees.
 - Members present: David Urban, Tim Flanary, Julie Noah, John Armbrust, Mike Matson.
 - Administration Present: Jim Genandt, President/CEO; Sarah Phillips, Vice-President; Josh Gfeller, Chief Information Security Officer/ Director of Facilities; Nathan Roberts, Dean of Academic Affairs; Neil Ross, Dean of Student Services; Kim Davis, Dean of Nursing & Health Programs; Kerri Bellamy, Director of Finance; Hannah Biesenthal, Executive Assistant/Board Clerk.
 - Zoom: Heather Peterson, Brett Ballou, Harry Watts, Nathan Roberts.
 - Guests: Brian Koch, Rodney Stanfield, Taylor Penick.
 - Meeting was live streamed.
2. **Call to Order**
 - Brett Ballou called the meeting to order at 5:30p.m.
3. **Consent Agenda**
 - Mike Matson motioned to approve the consent agenda with minor changes. John Armbrust seconded. Motion carried 7 yeas and 0 nays. Motion passed.
4. **General Agenda**
 - Taylor Penick, from Kientz & Penick CPA's, explained the audit results to the Board. He reviewed the recommendations with Senior Administration and the Board. There are ways to improve for next time. He recommended using our software program, Jenzabar, to assist with accurate record keeping. Brett Ballou suggested implementing a timeline on when the decided recommendations should be implemented by. Tim Flanary motioned to approve the audit results as presented with the requirement that administration will provide an update on the timeline on the four remediation items by the first board meeting of the new fiscal year. Will Allen seconded. Motion carried 7 yeas and 0 nays. Motion approved.
 - Neil Ross gave an update on enrollment for this semester. He detailed the credit hours report, head count, and adult learning population.
 - Neil Ross informed the Board that the Financial Aid Department had a Veterans Affairs compliance audit. The audit results will be shared with the

Board at the next meeting.

- Chris Boxberger gave an update on the Career Fair that MATC will be hosting on March 21st-23rd. Capacity has been reached for the first day for healthcare. It is open to the public and we are hoping for a good turnout.
- Faculty Senate discussed the Tech Night event going on in Wamego and how they will be participating. Also, that more students with the Adult Education program are enrolling in program courses at MATC.

5. **Executive Session:** Negotiations

- Tim Flanary motioned to go into executive session at 7:04pm. John Armbrust seconded. Motion carried 7 yeas and 0 nays. Motion passed. Tim Flanary motioned to go back to open session at 7:19pm. John Armbrust seconded. Motion carried 7 yeas and 0 nays. No action was taken.

6. **Executive Session:** Real Property

- Tim Flanary motioned to go into executive session at 7:19pm. Will Allen seconded. Motion carried 7 yeas and 0 nays. Motion passed. Tim Flanary motioned to go back to open session at 7:25pm. John Armbrust seconded. Motion carried 7 yeas and 0 nays. No action was taken.

7. **Executive Session:** Non-Elected Personnel

- Tim Flanary motioned to go into executive session at 7:25pm. David Urban seconded. Motion carried 7 yeas and 0 nays. Motion passed. Tim Flanary motioned to go back to open session at 7:35pm. Will Allen seconded. Motion carried 7 yeas and 0 nays. No action was taken.

8. **Adjournment:** Brett Ballou adjourned the meeting at 7:38pm.

To: MATC Board of Directors
 From: Administration
 Re: February 2023 Expenditures



March 28, 2023

Category	Costs	%
Payroll, Withholdings and Benefits (200, 230, 590)	\$ 457,444.62	22.80%
Facilities (510)	\$ 27,731.55	1.38%
Student Payments (110)	\$ 273,130.53	13.61%
Program Expenditures	\$ 22,420.49	1.12%
ALC Operating Costs (excludes salary/benefits) (900, 930, 931)	\$ 14,449.44	0.72%
Wamego (excluding salary/benefits)	\$ 104,869.65	5.23%
Building HIRE Ed	\$ 1,032,197.75	51.45%
Other Operating costs	\$ 73,976.13	3.69%
Total January Expenditures	\$ 2,006,220.16	100%

Threshold Expenditures > \$5,000				
Vendor Name	Item(s) Purchased	Cost	Department	Funding
Anixter Inc. Kansas City	EPD Tool Kits	\$ 65,429.41	EPD	student fees
BBN Architects	BBN October 2022	\$ 208,878.72	All School	state/commerce
BHS Construction	East Building Pay App 2	\$ 823,319.03	All School	state/commerce
BCBS (March 2023)	Health Insurance Premium	\$ 43,324.14	All School	payroll ded/gen fund
Brainfuse Inc	Online Tutoring Hours	\$ 6,000.00	TLC	student fees
CDW Government Inc.	CDW Veeam Yearly Renewal	\$ 5,337.42	All School	course fees
Central Bank	Wamego Lease Payment	\$ 100,969.43	All School	general fund
Evergy Kansas Central Inc	Feb-23	\$ 6,949.40	All School	general fund
SecureW2 Inc	Renewal	\$ 12,540.00	All School	course fees
Symmetry Energy Solutions, LLC	Natural Gas	\$ 5,405.40	All School	general fund
TSYS Fees	Merchant Fees	\$ 5,246.97	All School	general fund
IRS	PR 2.15.2023 Payroll deductions	\$ 37,229.59	All School	payroll ded/gen fund
IRS	PR 2.28.2023 Payroll deductions	\$ 38,399.97	All School	payroll ded/gen fund
KS Dept of Revenue	PR 2.15.2023 Payroll deductions	\$ 7,600.65	All School	payroll deduction
KS Dept of Revenue	PR 2.28.2023 Payroll deductions	\$ 7,817.45	All School	payroll deduction
KPERS	PR 2.15.2023 Payroll deductions	\$ 10,125.10	All School	payroll deduction
KPERS	PR 2.28.2023 Payroll deductions	\$ 9,611.95	All School	payroll deduction
Total February Expenditures Exceeding Threshold		\$ 1,394,184.63		



MEMORADUM TO: The Board of Directors
FROM: Jim Genandt, President
 Human Resources
DATE: March 28, 2023
SUBJECT: Consent Agenda: Organizational Update

New Hire/Rehires/New Positions					
Employee Name	Position Title	DOH	Department	Funding Source	Status
Promotions/Title Changes					
Employee Name	Position Title	DOC	Department	Funding Source	Status
Separations/Retirements					
Employee Name	Position Title	DOS	Department	Funding Source	Status
Advertised Positions					
Position Title			Department	Funding Source	Status
Adjunct Opportunities for Consideration			All Departments	Operating	Open
Associate Degree Nursing Adjunct Clinical Instructor			Faculty	Operating	Open
Full-Time Welding Technology Instructor			Faculty	Operating	Open
Part-Time Allied Health Instructor			Continuing Education	Operating	Open
Full-Time Practical Nursing Instructor			Faculty	Operating	Open

President's Report: March 2023

Owner Expectations:

- March 1: I attended the Westloop Business Association meeting and shared about our expansion plans and upcoming events.
- March 1: I participated in the Governor's Education Council Concurrent/Dual Credit Task Force meeting for the technical colleges, and shared about our pilot approach with College Algebra.
- March 2 & 6: I testified for the technical colleges to the House Higher Education Budget Committee in Topeka.
- March 3: I attended the TDI Open House and networked with Paul Hughes (KS Commerce) and others.
- March 7: We hosted Leadership Manhattan Class of 2023 for Education Day during the afternoon.
- March 7: Harry and I presented about Phase One to the Manhattan City Commission.
- March 8: Sarah, Chris, and I presented a draft interlocal agreement to Dr. Wade (USD 383) about future collaboration to enhance and expand dual credit/concurrent courses and programs.
- March 8: I met with Scott Smathers of KBOR and Carter File, President of Hutchinson CC concerning issues with the Technical Education Authority and KBOR.
- March 8: MATC hosted Business After Hours for the Manhattan Chamber of Commerce.
- March 8 & 23: I led a meeting of the tech college presidents by Zoom.
- March 9: I participated in the Leadership Manhattan board meeting.
- March 13: Harry and I presented an update to the Pottawatomie County Commissioners about our Wamego Center as well as the main campus.
- March 13: Harry and I met with Riley County Commission John Ford.
- March 21: I attended the Manhattan Chamber of Commerce monthly board meeting.
- March 22: I attended meetings of the Kansas Board of Regents and their legislative reception.
- March 24-28: Several of us attended the annual meeting of the Higher Learning Commission for accreditation updates (Chicago).
- March 27: I attended a meeting on the cost model at the Regents office in Topeka.

Employer Needs & Response:

- March 7: Sarah and I met by Zoom with representatives of Prep KC about the electric power and distribution program.
- March 10: Sarah and I met with representatives of KSU and BioKansas at KSU to discuss bioscience and support courses and programs.
- March 20: I met with representatives of Kansas Gas Service.

Resource Development:

- March 14: Sarah and I met with Mark Freely of Evergy to get assistance in possible funding from Evergy for Phase One as well as our EPD program engagement.
- March 20: Hannah and I participated in a Grow Green Information session with GMCF.
- March 20: Harry and I met with Vern from GMCF about Phase One resources.
- March 20: Several MATC folks attended the GMCF Awards Event.



TO: Manhattan Area Technical College Board of Directors

FROM: Kerri Bellamy, Director of Finance
Sarah Phillips, Vice President Student Success/CAO/CSSO
Josh Gfeller, Chief Information Security Officer/Director of Facilities

SUBJECT: Fiscal Year 2023-2024 Tuition and Fees Proposal

Background Information

In 2002, the Kansas Legislature authorized each technical school or college governing board to set tuition and fee rates (K.S.A. 72-4430 et seq.) and also requires that those institutions submit tuition and fee rates to the Kansas Board of Regents annually.

Tuition and fees constantly need adjusting to offset the change in state allocations, the fluctuations of enrollment, and the increased cost of instruction and operations. Therefore, each year Manhattan Area Technical College, (“The College”) conducts an extensive tuition and fee analysis. The College considers trends in enrollment, state allocations, wage data for graduates from each program from the Kansas Department of Labor, and increasing inflation costs.

Proposed New Tuition Rates

The College utilizes a multi-tier tuition rate schedule that is program specific. Administration is proposing an increase to tuition rates at an average of 5% for the 2023-2024 Academic Year. To maintain competitiveness with community colleges who also provide general education dual credit and concurrent college courses within our shared service area, no increase in tuition is recommended for general education courses.

Program	2022-2023 Tuition Rates	Proposed 2023-2024 Tuition Rate	Tuition \$\$ Increase/(Decrease)	Tuition % Increase (Decrease)
Air Conditioning & Refrigeration	\$202	\$212	\$10	5%
Auto Technology	\$202	\$212	\$10	5%
Construction Technology	\$202	\$212	\$10	5%
Critical Environment Technology	\$202	\$212	\$10	5%
Biotechnology	\$202	\$212	\$10	0%
Business Administration	\$141	\$148	\$7	5%
Electric Power & Distribution	\$213	\$223	\$10	5%
Emergency Medical Technician	\$168	\$176	\$8	5%
General Education	\$125	\$125	\$0	0%
Allied Health Stand Alone Programs	\$168	\$176	\$8	5%
Industrial Engineering Technology	\$202	\$212	\$10	5%
Information & Network Technology	\$213	\$223	\$10	5%
Medical Laboratory Technology	\$202	\$212	\$10	5%
Nursing (PN & ADN/RN)	\$213	\$223	\$10	5%
Welding Technology	\$202	\$212	\$10	5%

Proposed New Institutional Credit Hour Fee Rate

Historically, to assist with the additional technology required to offer distance learning/online courses, the college incorporates a \$25 per credit hour fee specific to those courses. Through the increased availability of online resources for students and faculty, and the necessity to utilize online platforms in education as a result of the pandemic, the importance of having student support resources available virtually to all students is essential. With this shift, the administration is recommending to discontinue the \$25 online fee and reallocate it as a \$20 Technology Access fee to the current \$90 institutional credit hour fee that would then increase to \$110 per credit hour and be assessed to all undergraduate students. The institutional credit hour fee is utilized to fund several specific and critical institutional costs that are directly associated to students.

- Technology including hardware, software maintenance, and upgrades.
- Student Assessment
- Graduation
- Student Life Activities
- Student Improvements
- Security
- Facilities
- Teaching & Learning Center
- Regional Testing Center
- Reserves

Financial Implications

The adjustment to program tuition will produce approximately \$97,000 in additional general revenue if enrollment is at least 14,000 credit hours and an approximate \$160,000 if credit hour enrollment is at least 8,000 credit hours.

Recommendation

Administration respectfully requests that the Board adopt the proposed tuition and fee rates for the 2023-2024 fiscal year.

INTERNAL MONITORING REPORT
FINANCIAL CONDITION
March 2023
(Period ending December 31, 2022)

I hereby present my monitoring report on your Executive Limitations policy “Financial Condition” according to the annual schedule of reports. I certify that the information contained in this report, as prepared by Kerri Bellamy, Director of Finance is true.

BROADEST POLICY PROVISION:

With respect to the actual, ongoing condition of the college's financial health, the President shall not cause or allow the development of fiscal jeopardy or a significant deviation of actual expenditures from Board priorities established in the ENDS policies:

Policy Provision #1:

Exceed the budget for the fiscal year (July 1 - June 30).

President's INTERPRETATION:

The attached Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position provide the College financial condition as of December 31, 2022. The full fiscal-year budget and year-to-date budget is presented on the Statement of Revenues, Expenses and Changes in Net Position with comparison to actual results. The statement reflects a change of the net position of \$1,142,177 for the first half of fiscal year of 2022 which shows our revenues exceeded our expenses.

I report compliance.

Policy Provision #2:

Fail to maintain an appropriate cash reserve.

President's INTERPRETATION:

The current cash position is reported on the attached Statements of Net Position. Total cash balance as of December 31, 2022 would support operations of the College for approximately 90 days without any additional income. Administration is acutely aware that this reserve level is not sufficient to support the College long-term. Sources and uses of funds are constantly being monitored and will be adjusted as needed.

I report compliance.

Signed  _____, President Date March 24, 2023
Jim Genandt



March 24, 2023

TO: MATC Board of Directors

RE: 2Q Statement of Revenues, Expenses, and Changes in Net Assets (July 1, 2022 - December 31, 2022)

Prepared By: Kerri Bellamy, Director of Finance

	Actual	Budget	% of budget	Actual
	12/31/2022	6/30/2023		6/30/2022
OPERATING REVENUES				
Student tuition and fees	\$ 2,633,640	\$ 4,037,543	65%	\$ 3,675,137
Federal grants and contracts	\$ 257,601	\$ 976,741	26%	\$ 1,284,286
State and local grants and contracts	\$ 1,166,349	\$ 1,721,519	68%	\$ 873,673
Sales and services of educational departments	\$ 8,070	\$ -	-	\$ 13,637
Other	\$ 63,744	\$ -	-	\$ 48,444
Total operating revenues	\$ 4,129,404	\$ 6,735,803		\$ 5,895,177
OPERATING EXPENSES				
Salaries:	1,755,952	\$ 4,205,667	42%	\$ 3,861,158
Benefits	412,493	\$ 1,083,222	38%	\$ 853,383
Contractual Services	581,288	\$ 787,300	74%	\$ 849,310
Supplies and other operating expenses	1,853,724	\$ 1,791,841	103%	\$ 2,551,924
Utilities	64,320	\$ 144,000	45%	\$ 138,857
Repairs and Maintenance	16,464	\$ 87,150	19%	\$ 49,906
Scholarships and financial aid	-			
Depreciation and amortization	-	\$ 370,000	0%	\$ 323,190
Total operating expenses	4,684,241	\$ 8,469,180		\$ 8,627,728
OPERATING INCOME (LOSS)	\$ (554,837)	(1,733,377)		(2,732,551)
NON-OPERATING REVENUES (EXPENSES)				
State appropriations	1,741,646	\$ 2,666,503		\$ 3,077,207
Interest Income	25,031	\$ 6,000		\$ 5,722
Federal Grants	(69,663)	\$ (60,000)		\$ 30,353
Gain on disposal of property, plant and equipment	-	\$ -		\$ -
Transfer (to)/from Foundation	-	\$ -		\$ -
Interest expense	-	\$ -		\$ (50,205)
Total Non-Operating Revenues (Expense)	1,697,014	2,612,503		3,063,077
CHANGE IN NET POSITION	1,142,177	\$ 879,126		\$ 330,526
Net position - beginning of year	\$ 5,584,852	\$ 5,584,852		\$ 5,254,326
Net position - end of year	\$ 6,727,029	\$ 6,463,978		\$ 5,584,852



March 24, 2023

TO: MATC Board of Directors

RE: 2Q Financial Monitoring - Statement of Net Position (July 1, 2022-December 31, 2022)

Prepared By: Kerri Bellamy, Director of Finance

	Actual 12/31/2022	Actual 6/30/2022
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,421,752	\$ 1,222,687
Short-term investments	\$ -	
Accounts receivable, net	\$ 322,225	\$ 202,708
Inventories	\$ -	
Prepaid Expenses/Other Assets	\$ 33,952	\$ 23,945
Due to/from - Activity Accounts	\$ (3,097)	\$ (3,097)
Total Current Assets	<u>\$ 1,774,832</u>	<u>\$ 1,446,243</u>
Noncurrent Assets:		
Property, Plant and Equipment	\$ 9,761,938	\$ 9,761,938
Less: Accumulated depreciation	\$ (4,273,857)	\$ (4,273,857)
Total Noncurrent Assets	<u>\$ 5,488,081</u>	<u>\$ 5,488,081</u>
TOTAL ASSETS	<u>\$ 7,262,913</u>	<u>\$ 6,934,324</u>
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts payable and accrued liabilities	197,445	\$ 281,528
Deposits	(6,350)	\$ (6,350)
Funds held for others - activity funds	92,541	\$ 57,911
Deferred revenue	45,828	\$ 28,405
Notes Payable-current portion	97,147	\$ 97,147
Total Current Liabilities	<u>426,611</u>	<u>\$ 458,641</u>
Non-Current Liabilities		
Notes Payable - non current portion	1,774,490	\$ 1,774,490
Total Non-Current Liabilities	<u>\$ 1,774,490</u>	<u>\$ 1,774,490</u>
Total Liabilities	<u>\$ 2,201,101</u>	<u>\$ 2,233,131</u>
Net Position		
Invested in capital assets, net of related debt	\$ 3,616,444	\$ 3,616,444
Unrestricted	\$ 1,445,368	\$ 1,084,749
Total Net Position	<u>5,061,812</u>	<u>\$ 4,701,193</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 7,262,913</u>	<u>\$ 6,934,324</u>



Postsecondary Technical Education Authority: State Aid to Community and Technical Colleges for Technical and Non-Technical Courses

Elaine Frisbie, Vice President for Finance & Administration

February 23, 2023

Kansas Board of Regents
Building a Future for Kansas Families, Businesses and the Economy



Instructional Cost Model

- ★ Prior to 2011, state funding for community and technical colleges was patchworked together – laws were pieced together over 40 years.
- ★ **2011 Senate Bill 143**
 - ★ Created a new postsecondary technical education formula for technical courses as well as transfer or general education (“non-technical”) courses.
 - ★ The Postsecondary Technical Education Authority voted to adopt the cost model framework June 10, 2009:



Instructional Cost Model

Adopt Tiered Cost Model

Member Grier discussed the Tiered Cost Model for funding technical education. He called on Ms. Duffy and Ms. Ressel to lay out the suggested approach.

Dawn Ressel explained that with the passage of HB 2003 by the 2009 Legislature the proviso language with regard to a new funding approach for technical education is now law. The charge is.... “To develop and recommend to the state board of regents (the Board) a credit hour funding distribution formula for postsecondary technical training education training programs that (i) is tiered to recognize and support cost differentials in providing high-demand, high-tech training, (ii) takes into consideration target industries critical to the Kansas economy, (iii) is responsive to program growth and (iv) includes other factors and considerations as deemed necessary or advisable. Furthermore, the Authority shall establish and recommend to the state board of regents the rates to be used in such funding distribution formula.” Staff has tiered courses in concert with teams of people from the institutions to ensure consistency. Staff is now requesting approval of the cost model framework to continue further work with model refinement and the development of a plan to transition the cost model to a funding request.

Ms. Ressel then reviewed the elements of the model which are: 1) Instructor Cost, 2) extraordinary costs and 3) Indirect Costs. She also explained the data sources involved. The issue paper is attached and made a part of these minutes.

After lengthy discussion, Member Estes made a motion to adopt the tiered cost model framework with the understanding that additional work will be completed over the course of the summer and fall regarding the actual implementation, potential incentives, and policy issues. Following the second of Chairman Glassman the motion carried.



Instructional Cost Model

★ 2011 Senate Bill 143, continued

- ★ The cost model identifies the colleges' direct and indirect expenses to deliver technical and non-technical courses to Kansas resident students.
- ★ It is not intended to address colleges' costs for non-resident students or other campus functions such as student unions, residence halls or athletics.
- ★ Annual inflation adjustments are applied throughout so that colleges' increased costs over time are recognized.
- ★ The cost model is also used to calculate colleges' state aid amounts for high school students in technical courses ("2012 Senate Bill 155").



Instructional Cost Model

★ 2011 Senate Bill 143, continued

- ★ The cost model also identifies how costs are to be financed for those Kansas resident students:
 - ★ Community College In-District Credit Hours = 1/3 student, 1/3 property tax, 1/3 state
 - ★ Community College Out-District Credit Hours = 1/3 student, 2/3 state
 - ★ All Technical College Credit Hours = 1/3 student, 2/3 state
 - ★ Secondary Students in Excel in CTE = 100% state



Instructional Cost Model

★ How are Instructional Costs Calculated in the Model?

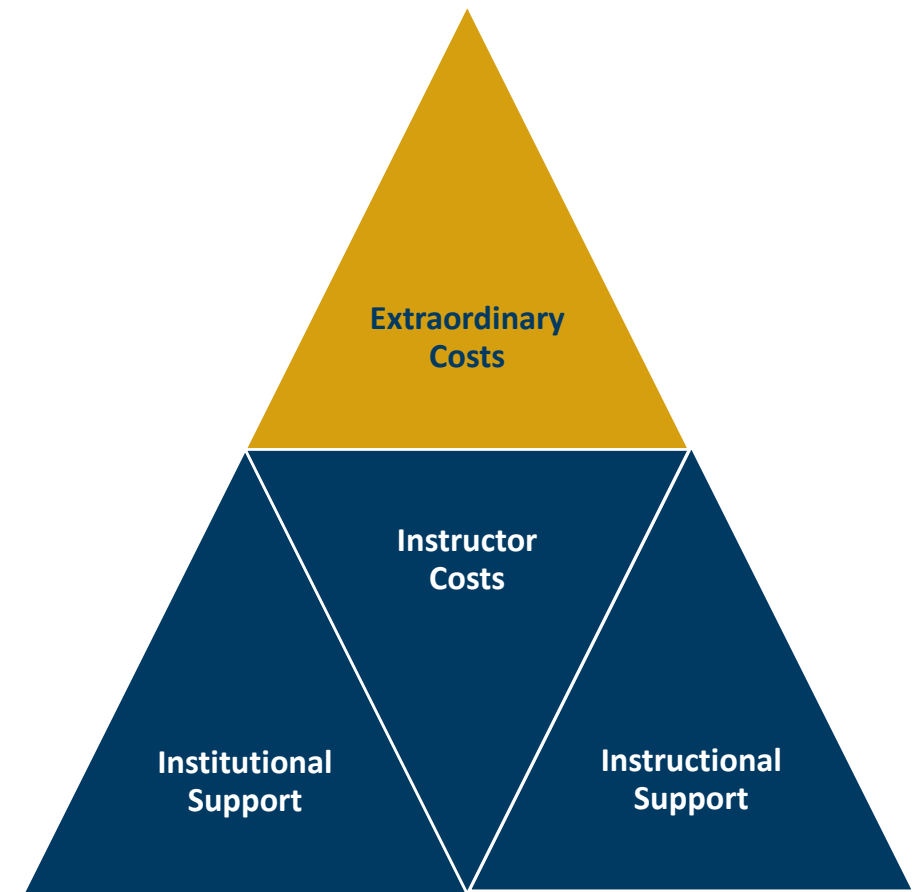
At the course level:

Tiered Courses

Instructor Costs + Instructional Support Costs +
Institutional Support Costs + **Extraordinary Costs**
= \$ Course Rate

Non-Tiered Courses

Instructor Costs + Instructional Support Costs +
Institutional Support Costs
= \$ Course Rate



Course Rate X Eligible Student Credit Hours =
Total Course Cost

Total Course Costs are aggregated at the
college to calculate total costs.



Instructional Cost Model

★ Course Rate Elements

		Costs	Description	Source of Data
Non-Tiered Courses	Tiered Courses	Instructor	Three-year average of most recent data received for instructors' salaries and benefits	National Higher Education Benchmarking Institute, housed at Johnson County Community College
		Instructional Support	Student services, academic support and public service activities of the institution	Kansas community and technical colleges' annual financial audits and published in Board of Regents' data books
		Institutional Support	Administration activities of the institution and operation and maintenance of campus physical plant	Kansas community and technical colleges' annual financial audits and published in Board of Regents' data books
N/A		Extraordinary	Specialized equipment & materials necessary to deliver technical ("tiered") courses	Kansas community and technical colleges; colleges identified programs with "extraordinary" costs and submitted five years of actual expenditure data. Costs based on these data were grouped into course tiers and adjusted annually for inflation, with periodic data refreshes for actual costs, with the exception of several allied health programs in Fall 2022.



Instructional Cost Model

- ★ Every course is assigned a composite rate each year.
- ★ The 25 composite rates over the six tiers plus the non-tiered rate are adjusted over time for inflation and/or based upon actual expense data provided by the colleges.

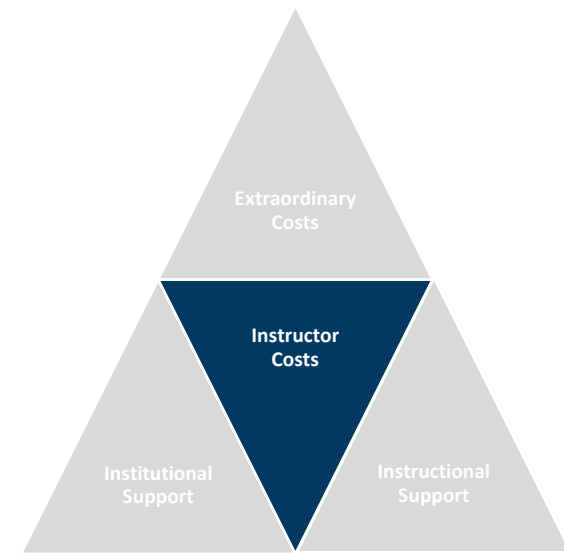
Composite Rates	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Change 2021-2022	Change 2011-2022
Non-Tiered	\$146	\$146	\$147	\$155	\$162	\$172	\$183	\$199	\$207	\$208	\$222	\$222	\$0	\$76
1	\$174	\$179	\$173	\$181	\$184	\$195	\$211	\$228	\$229	\$234	\$261	\$265	\$4	\$91
1	\$200	\$206	\$200	\$208	\$212	\$223	\$239	\$257	\$259	\$265	\$292	\$297	\$5	\$97
1	\$227	\$233	\$228	\$235	\$240	\$251	\$268	\$286	\$288	\$294	\$322	\$329	\$7	\$102
1	\$279	\$287	\$283	\$289	\$296	\$307	\$324	\$343	\$347	\$354	\$382	\$392	\$10	\$113
2	\$198	\$202	\$197	\$207	\$213	\$227	\$239	\$259	\$267	\$273	\$297	\$302	\$5	\$104
2	\$224	\$229	\$224	\$234	\$241	\$255	\$267	\$288	\$297	\$304	\$328	\$334	\$6	\$110
2	\$251	\$256	\$252	\$261	\$269	\$283	\$296	\$317	\$326	\$333	\$358	\$366	\$8	\$115
2	\$303	\$310	\$307	\$315	\$325	\$339	\$352	\$374	\$385	\$393	\$418	\$429	\$11	\$126
3	\$212	\$211	\$211	\$220	\$229	\$239	\$251	\$273	\$283	\$289	\$312	\$318	\$6	\$106
3	\$238	\$238	\$238	\$247	\$257	\$267	\$279	\$302	\$313	\$320	\$343	\$350	\$7	\$112
3	\$265	\$265	\$266	\$274	\$285	\$295	\$308	\$331	\$342	\$349	\$373	\$382	\$9	\$117
3	\$317	\$319	\$321	\$328	\$341	\$351	\$364	\$388	\$401	\$409	\$433	\$445	\$12	\$128
4	\$219	\$224	\$219	\$229	\$238	\$253	\$264	\$284	\$298	\$306	\$321	\$329	\$8	\$110
4	\$245	\$251	\$246	\$256	\$266	\$281	\$292	\$313	\$328	\$337	\$352	\$361	\$9	\$116
4	\$272	\$278	\$274	\$283	\$294	\$309	\$321	\$342	\$357	\$366	\$382	\$393	\$11	\$121
4	\$324	\$332	\$329	\$337	\$350	\$365	\$377	\$399	\$416	\$426	\$442	\$456	\$14	\$132
5	\$232	\$235	\$230	\$243	\$250	\$269	\$277	\$294	\$310	\$319	\$339	\$345	\$6	\$113
5	\$258	\$262	\$257	\$270	\$278	\$297	\$305	\$323	\$340	\$350	\$370	\$377	\$7	\$119
5	\$285	\$289	\$285	\$297	\$306	\$325	\$334	\$352	\$369	\$379	\$400	\$409	\$9	\$124
5	\$337	\$343	\$340	\$351	\$362	\$381	\$390	\$409	\$428	\$439	\$460	\$472	\$12	\$135
6	\$270	\$274	\$272	\$292	\$322	\$350	\$351	\$356	\$379	\$389	\$398	\$386	(\$12)	\$116
6	\$296	\$301	\$299	\$319	\$350	\$378	\$379	\$385	\$409	\$420	\$429	\$418	(\$11)	\$122
6	\$323	\$328	\$327	\$346	\$378	\$406	\$408	\$414	\$438	\$449	\$459	\$450	(\$9)	\$127
6	\$375	\$382	\$382	\$400	\$434	\$462	\$464	\$471	\$497	\$509	\$519	\$513	(\$6)	\$138



Instructional Cost Model

★ Instructors

- ★ This element captures colleges' costs for faculty – salaries and employee benefits.
- ★ The data used are a three-year average of the most recent data from the Cost & Productivity Project.
- ★ Based on actual reported costs.
- ★ Not every Kansas community and technical college participates in the study.
- ★ Source: National Higher Education Benchmarking Institute





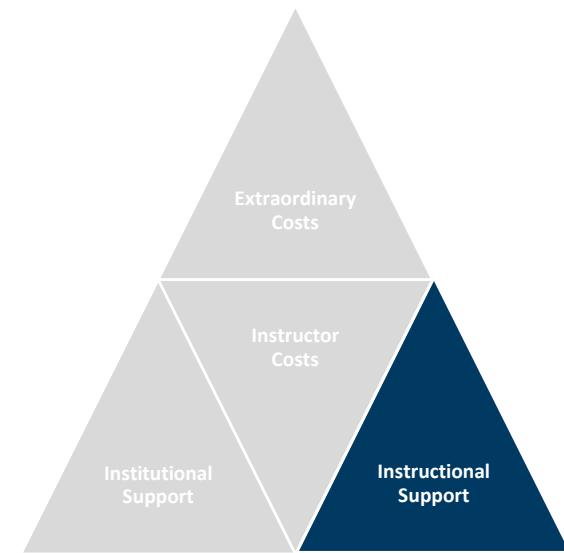
Instructional Cost Model

★ Instructional Support Costs

- ★ This element captures colleges' costs associated with academic support and student services.

$$\begin{aligned} & (\textit{Student Services} + \textit{Academic Support} \\ & + \textit{Public Service}) \div (\textit{Total Operating Expenses} \\ & \quad - \textit{Auxiliary Enterprises} \\ & \quad - \textit{Scholarships \& Financial Aid}) \end{aligned}$$

- ★ For 2022 cost model data, the instructional support rate is \$49/credit hour.
- ★ Source: Kansas community and technical colleges' annual financial audits.





Instructional Cost Model

★ Institutional Support Costs

- ★ This element captures costs to manage the college and operate and maintain the campus infrastructure.

(Institutional Support

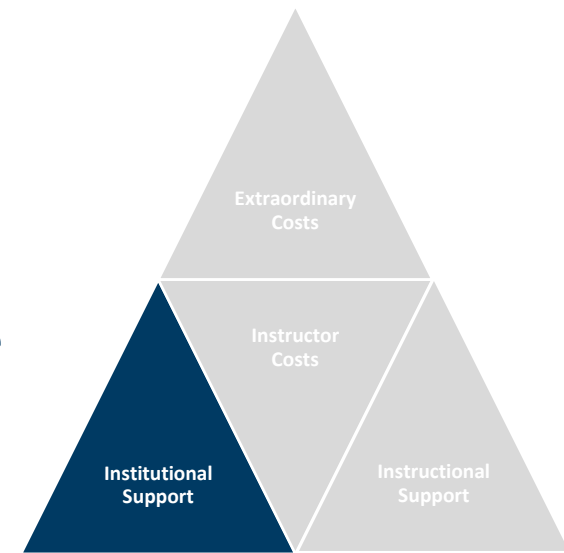
+ Operation and Maintenance of Physical Plant)

÷ (Total Operating Expenses

– Auxiliary Enterprises

– Scholarships & Financial Aid)

- ★ For 2022 cost model data, the institutional support rate is \$58/credit hour.
- ★ Source: Kansas community and technical colleges' annual financial audits.



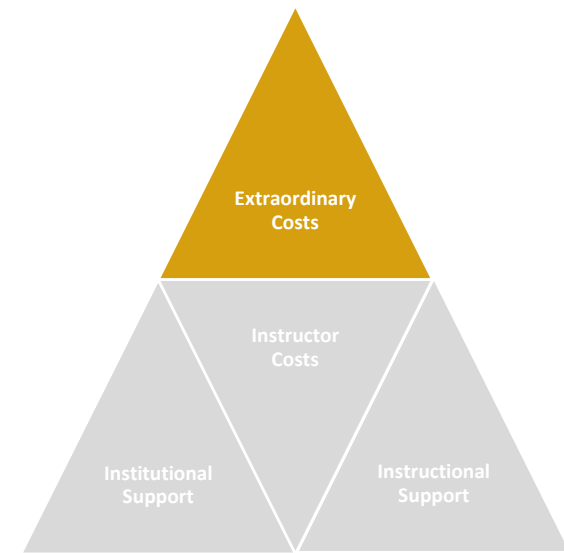


Instructional Cost Model

★ **Extraordinary Costs**

★ Those “required, program-specific equipment and consumable materials for technical courses in technical programs”

- ★ Kansas community and technical colleges identified the programs with “extraordinary” costs and submitted five years of actual expenditure data.
- ★ Costs based on these data were grouped into tiers.
- ★ The costs are adjusted annually either for inflation or for actual expenses, depending on the timing of the review cycle.
- ★ Extraordinary costs vary by course tier from \$0 to \$127 for 2022 cost model data.





Instructional Cost Model

★ Extraordinary Costs

★ KBOR staff periodically collect actual cost data from the colleges to refresh the rates.

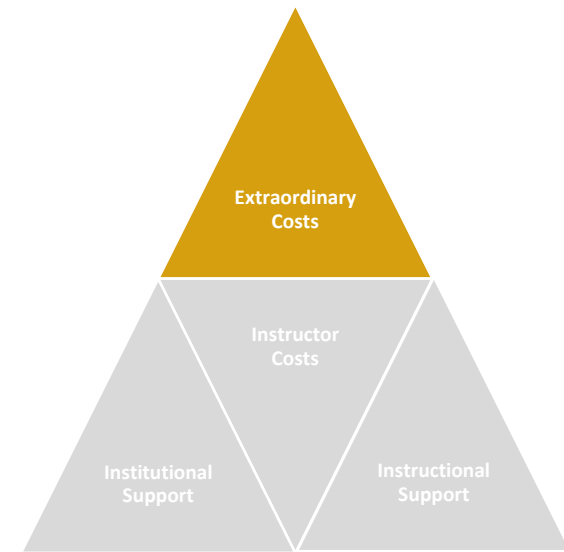
★ In 2020 and 2021, there were two rounds of updates to extraordinary costs:

★ Round 1: 40 programs were unchanged; 24 programs were increased; 14 programs were reduced

★ Round 2: 26 programs were unchanged; 19 programs were increased; 14 programs were reduced

★ **Round 3 was placed on hold by the TEA**

★ 19 programs were to remain unchanged; 6 programs were to increase; **6 programs were to decrease (PT assistant, EMT, EMT Paramedic, RN, LPN, Health Occupations Technology)**





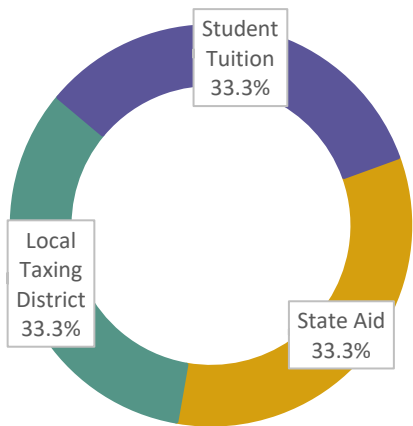
Instructional Cost Model

★ Financing of the Costs

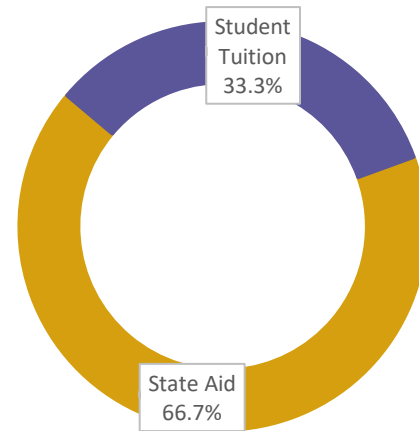
How is the Financing Determined?

At the Student Credit Hour (SCH) level.

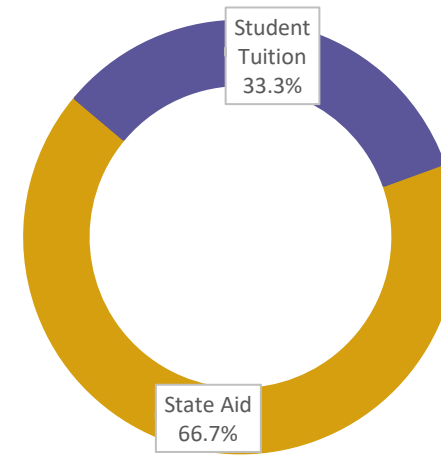
Community College In-District SCH



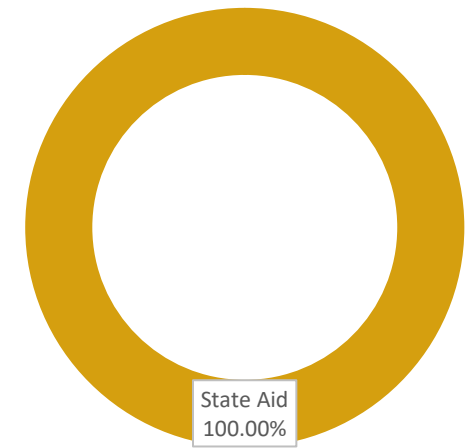
Community College Out-District SCH



All Technical College SCH



Secondary Students in Excel in CTE SCH





Instructional Cost Model

★ Example Students – In-District vs. Out-District

- ★ John is an In-District Student at Green Valley Community College, studying Computer and Information Systems, taking Applied Networking 1, (Composite Rate 1)
 - ★ KBOR Calculated Composite Rate is \$297, multiplied by 2 credit hours = \$594 total
 - ★ The state's share of the financing would be \$198 (1/3 of the course rate)
- ★ Jane is a Student at Russell Area Technical College, studying Wind Energy Technology, taking Small Wind Turbine, (Composite Rate 2)
 - ★ KBOR Calculated Composite Rate is \$265, multiplied by 3 credit hours = \$795 total
 - ★ The state's share of the financing would be \$530 (2/3 of the course rate)



Instructional Cost Model

★ Instructional Cost Model for Kansas Resident Students

★ The Board of Regents distributed state aid in accordance with the statutes and budget provisos from FY 2012 through FY 2023.

★ An example from 2013 SB 171 is shown for the tiered appropriation.

Postsecondary tiered technical education state aid \$58,300,961

Provided, That if the amount of moneys appropriated for the above agency for the fiscal year ending June 30, 2014, in the postsecondary tiered technical education state aid account is greater than the amount of moneys appropriated for the above agency for the fiscal year ending June 30, 2013, in the postsecondary tiered technical education state aid account, then the difference between the amount of moneys appropriated for the fiscal year 2014 and the amount of moneys appropriated for the above agency fiscal year 2013 shall be distributed based on each eligible institution's calculated gap, according to the postsecondary tiered technical education state aid act, K.S.A. 2012 Supp. 71-1801 through 71-1810, and amendments thereto, as determined by the state board of regents:

Provided further, That no eligible institution shall receive an amount of money from the postsecondary tiered technical education state aid account in fiscal year 2014 that is less than the amount such eligible institution received from such account in fiscal year 2013, unless the amount of moneys appropriated for the above agency for fiscal year 2013 in the postsecondary tiered technical education state aid account for fiscal year 2014 is less than the amount of moneys appropriated for the above agency for fiscal year 2013 in the postsecondary tiered technical education state aid account: *And provided further*, That if the amount of moneys appropriated for the above agency for fiscal year 2014 is less than the amount of moneys appropriated for the above agency for fiscal year 2013 in the postsecondary tiered technical education state aid account, then each eligible institution shall receive an amount of moneys as determined by the state board of regents.

And provided further, That if the amount of moneys appropriated for the above agency for fiscal year 2014 is less than the amount of moneys appropriated for the above agency for fiscal year 2013 in the postsecondary tiered technical education state aid account, then each eligible institution shall receive an amount of moneys as determined by the state board of regents.



Instructional Cost Model

★ FY 2023

- ★ 2022 Legislature provided adequate state funds to cover the state's share of AY 2021 student enrollments in FY 2023
- ★ No college had lower tiered or non-tiered state aid relative to FY 2022
- ★ If a college's enrollment resulted in lower state share calculations, the college's aid was held flat from FY 2022 to FY 2023
- ★ According to last year's appropriation bill, there is to be a three-year migration to full adoption of the instructional cost model:
 - ★ FY 2023 Colleges with no gap are held at FY 2022 state aid level ✓
 - ★ FY 2024 Colleges with no gap retain 50% of overfunding
 - ★ FY 2025 State aid is distributed according to the instructional cost model calculations



★ From Section 109(a), 2022
House Substitute for
Substitute for Senate Bill 267,
the Board of Regents'
appropriation.

Postsecondary tiered technical education
state aid (561-00-1000-0760).....\$66,064,478

Provided, That, notwithstanding the provisions of K.S.A. 71-1801 through 71-1810, and amendments thereto, or any other statute, the above agency shall distribute the moneys in the postsecondary tiered technical education state aid account in fiscal year 2023 so that each eligible institution shall receive an amount of moneys not less than such eligible institution received from the postsecondary tiered technical education state aid account in fiscal year 2022.

Non-tiered course credit
hour grant (561-00-1000-0550).....\$95,407,915

Provided, That the above agency shall distribute the moneys in the non-tiered course credit hour grant account in fiscal year 2023 so that each eligible institution shall receive an amount of moneys not less than such eligible institution received from the non-tiered course credit hour grant account in fiscal year 2022.





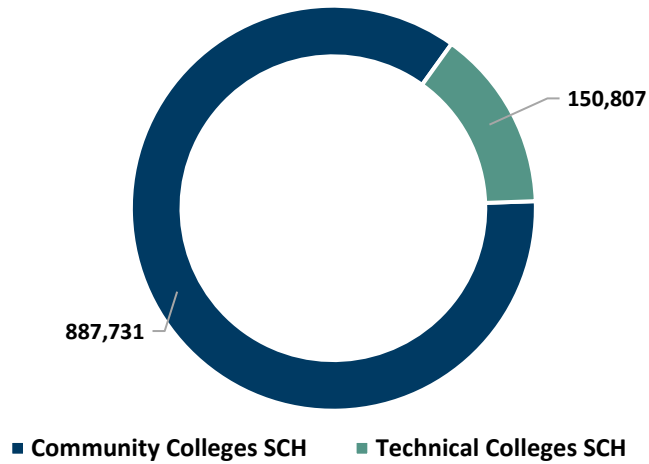
★ From Section 109(f), 2022 House Substitute for Substitute for Senate Bill 267, the Board of Regents' appropriation.

(f) During the fiscal year ending June 30, 2023, in addition to the other purpose for which expenditures may be made by the above agency from moneys appropriated from the state general fund or from any special revenue fund or funds for the above agency for fiscal year 2023 as authorized by this or other appropriation act of the 2022 regular session of the legislature, expenditures shall be made by the above agency from such moneys for fiscal year 2023 to implement the legislative intent: For fiscal year 2024, to implement the funding formula for the community colleges and technical colleges concerning the postsecondary tiered technical education state aid and non-tiered course credit hour grants so that those community colleges and technical colleges who were overfunded in fiscal year 2023 will receive 50% of the amount of such overfunding and the remaining 50% will be distributed based on each eligible institution's calculated gap; and for fiscal year 2025, to fully implement the funding formula for the community colleges and technical colleges concerning the postsecondary tiered technical education state aid and non-tiered course credit hour grants.

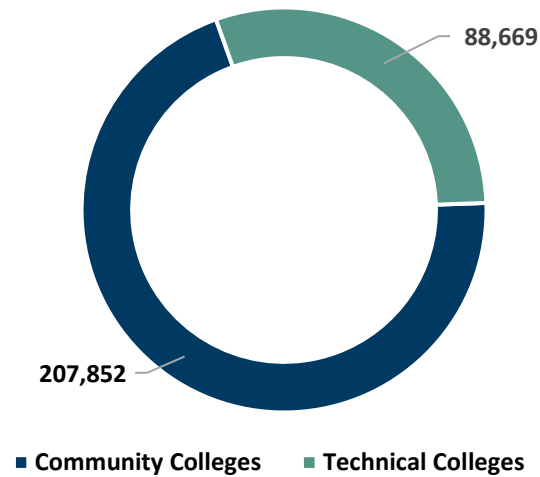


Instructional Cost Model

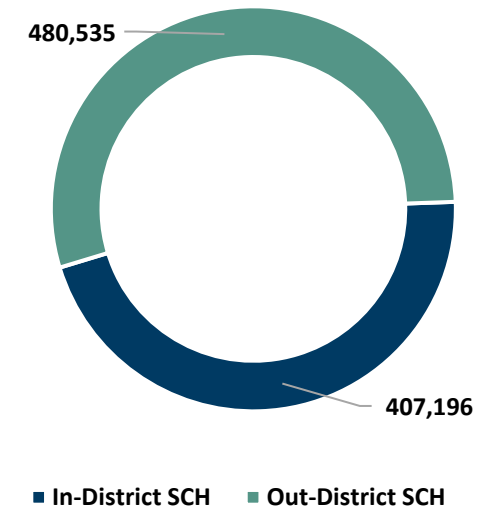
Community and Technical Colleges'
SCH Production
2021-2022



Tiered SCH Community and Technical Colleges
2021-2022



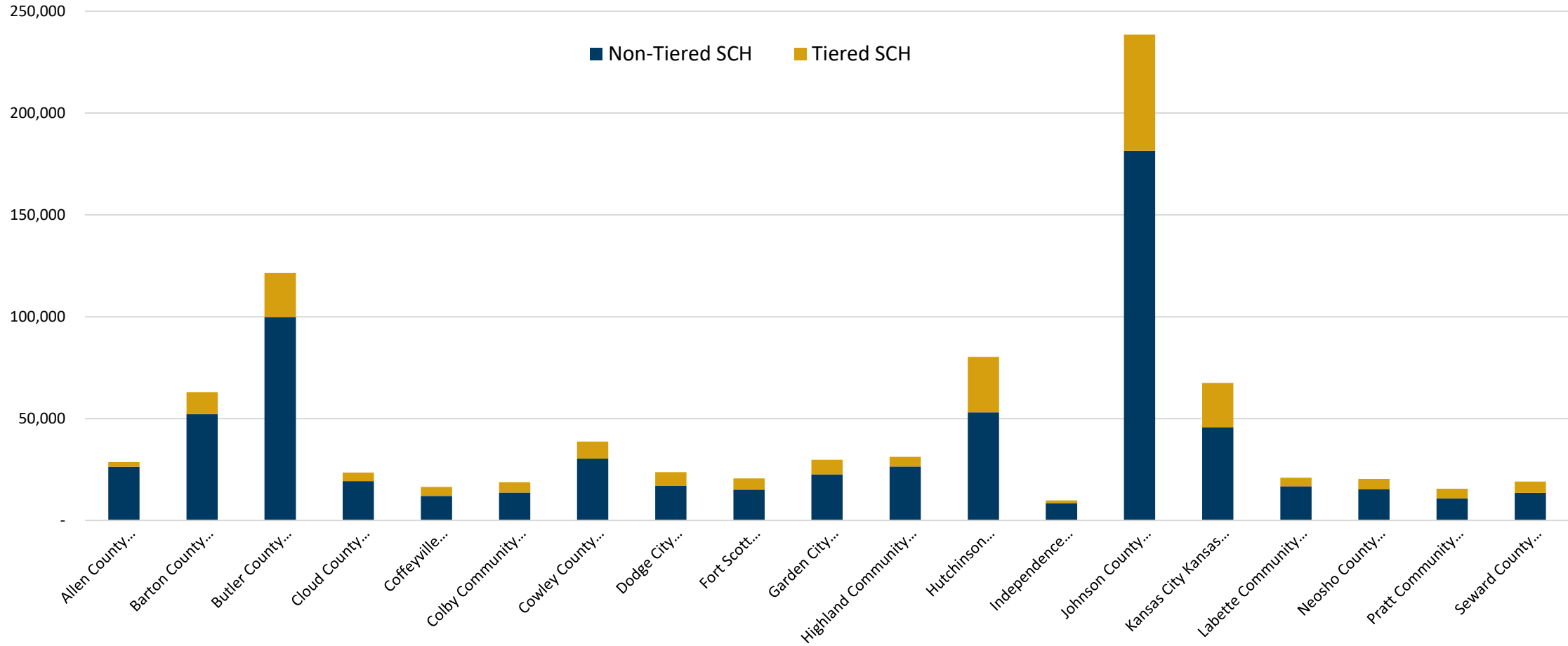
Community College In-District/Out-District
2021-2022





AY 2022 Enrollments

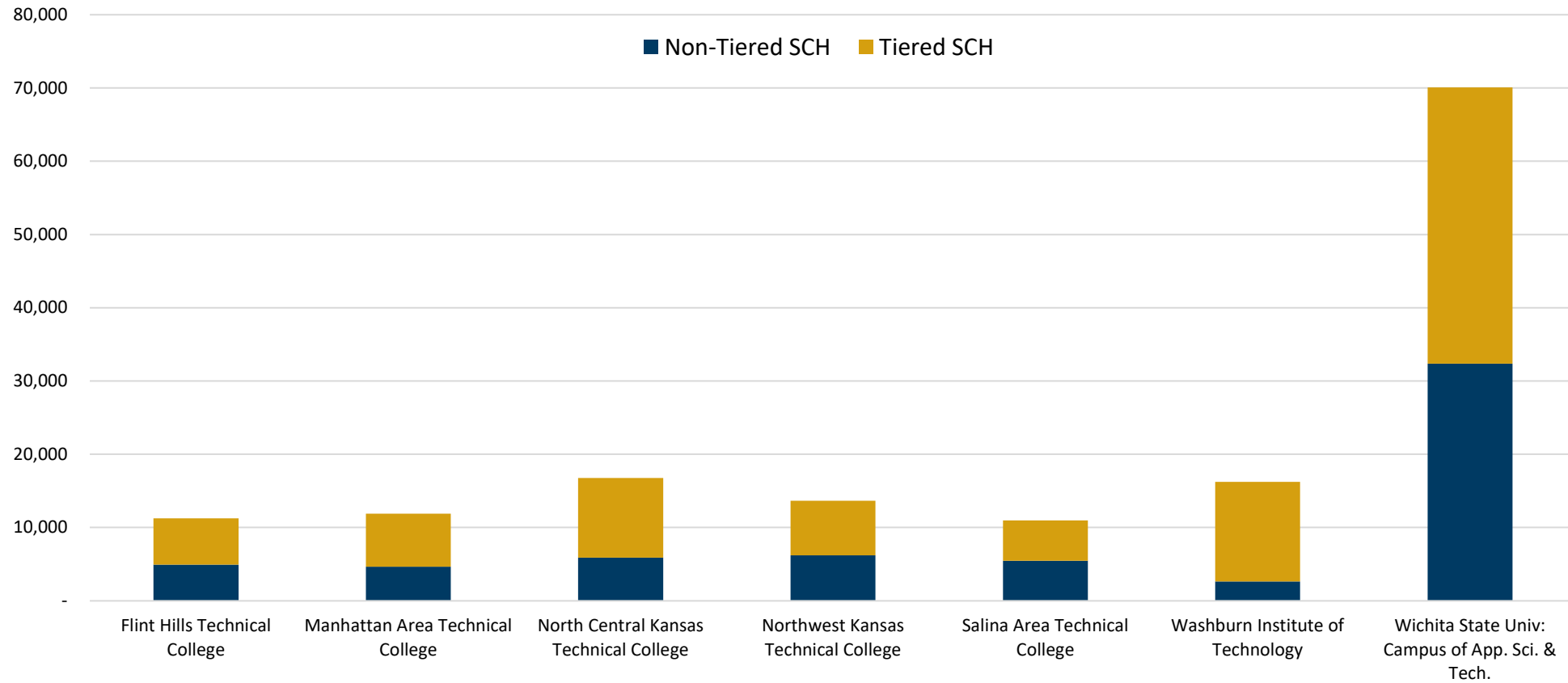
AY 2022 Student Credit Hours in Cost Model - Community Colleges





AY 2022 Enrollments

AY 2022 Student Credit Hours in Cost Model - Technical Colleges





More information can be found at

www.kansasregents.org => Data => System Data

Or

www.kansasregents.org => Data => Kansas Higher Ed Stats (KHEStats)

- Databooks for Each Sector
- Enrollment Reports
- Kansas Higher Education Statistics – self-serve reporting tool

Or contact our agency: 785-430-4240

Student Credit Hour Production AY 2022 for Purposes of Instructional Cost Model

Allen County Community College	
Tiered Student Credit Hours	
In-District	275.0
Out-District	2,080.0
Tiered Student Credit Hours	2,355.0
Non-Tiered Student Credit Hours	
In-District	3,782.0
Out-District	22,523.0
Non-Tiered Student Credit Hours	26,305.0
Total - Adult Students in Cost Model	28,660.0

Barton County Community College	
Tiered Student Credit Hours	
In-District	2,297.5
Out-District	8,493.0
Tiered Student Credit Hours	10,790.5
Non-Tiered Student Credit Hours	
In-District	8,207.5
Out-District	43,970.5
Non-Tiered Student Credit Hours	52,178.0
Total - Adult Students in Cost Model	62,968.5

Butler County Community College	
Tiered Student Credit Hours	
In-District	4,215.5
Out-District	17,453.0
Tiered Student Credit Hours	21,668.5
Non-Tiered Student Credit Hours	
In-District	21,482.5
Out-District	78,319.5
Non-Tiered Student Credit Hours	99,802.0
Total - Adult Students in Cost Model	121,470.5

Cloud County Community College	
Tiered Student Credit Hours	
In-District	675.0
Out-District	3,497.0
Tiered Student Credit Hours	4,172.0
Non-Tiered Student Credit Hours	
In-District	2,483.0
Out-District	16,840.0
Non-Tiered Student Credit Hours	19,323.0
Total - Adult Students in Cost Model	23,495.0

Coffeyville Community College	
Tiered Student Credit Hours	
In-District	1,684.0
Out-District	2,662.0
Tiered Student Credit Hours	4,346.0
Non-Tiered Student Credit Hours	
In-District	5,543.0
Out-District	6,487.0
Non-Tiered Student Credit Hours	12,030.0
Total - Adult Students in Cost Model	16,376.0

Colby Community College	
Tiered Student Credit Hours	
In-District	387.0
Out-District	4,730.0
Tiered Student Credit Hours	5,117.0
Non-Tiered Student Credit Hours	
In-District	2,503.0
Out-District	11,158.0
Non-Tiered Student Credit Hours	13,661.0
Total - Adult Students in Cost Model	18,778.0

Cowley County Community College	
Tiered Student Credit Hours	
In-District	2,733.0
Out-District	5,704.0
Tiered Student Credit Hours	8,437.0
Non-Tiered Student Credit Hours	
In-District	10,801.0
Out-District	19,466.0
Non-Tiered Student Credit Hours	30,267.0
Total - Adult Students in Cost Model	38,704.0

Dodge City Community College	
Tiered Student Credit Hours	
In-District	5,334.0
Out-District	1,232.0
Tiered Student Credit Hours	6,566.0
Non-Tiered Student Credit Hours	
In-District	12,005.0
Out-District	5,114.0
Non-Tiered Student Credit Hours	17,119.0
Total - Adult Students in Cost Model	23,685.0

Fort Scott Community College	
Tiered Student Credit Hours	
In-District	1,140.0
Out-District	4,364.0
Tiered Student Credit Hours	5,504.0
Non-Tiered Student Credit Hours	
In-District	5,297.0
Out-District	9,791.0
Non-Tiered Student Credit Hours	15,088.0
Total - Adult Students in Cost Model	20,592.0

Garden City Community College	
Tiered Student Credit Hours	
In-District	5,233.0
Out-District	1,881.0
Tiered Student Credit Hours	7,114.0
Non-Tiered Student Credit Hours	
In-District	19,155.0
Out-District	3,456.0
Non-Tiered Student Credit Hours	22,611.0
Total - Adult Students in Cost Model	29,725.0

Highland Community College	
Tiered Student Credit Hours	
In-District	0.0
Out-District	4,747.0
Tiered Student Credit Hours	4,747.0
Non-Tiered Student Credit Hours	
In-District	1,052.0
Out-District	25,456.0
Non-Tiered Student Credit Hours	26,508.0
Total - Adult Students in Cost Model	31,255.0

Hutchinson Community College	
Tiered Student Credit Hours	
In-District	9,201.5
Out-District	18,032.5
Tiered Student Credit Hours	27,234.0
Non-Tiered Student Credit Hours	
In-District	23,013.5
Out-District	30,013.0
Non-Tiered Student Credit Hours	53,026.5
Total - Adult Students in Cost Model	80,260.5

Independence Community College	
Tiered Student Credit Hours	
In-District	596.0
Out-District	702.0
Tiered Student Credit Hours	1,298.0
Non-Tiered Student Credit Hours	
In-District	4,186.0
Out-District	4,273.0
Non-Tiered Student Credit Hours	8,459.0
Total - Adult Students in Cost Model	9,757.0

Johnson County Community College	
Tiered Student Credit Hours	
In-District	42,911.0
Out-District	14,209.0
Tiered Student Credit Hours	57,120.0
Non-Tiered Student Credit Hours	
In-District	146,223.0
Out-District	35,231.0
Non-Tiered Student Credit Hours	181,454.0
Total - Adult Students in Cost Model	238,574.0

Kansas City Kansas Community College	
Tiered Student Credit Hours	
In-District	11,156.0
Out-District	10,529.0
Tiered Student Credit Hours	21,685.0
Non-Tiered Student Credit Hours	
In-District	26,002.0
Out-District	19,807.0
Non-Tiered Student Credit Hours	45,809.0
Total - Adult Students in Cost Model	67,494.0

Labette Community College	
Tiered Student Credit Hours	
In-District	1,313.0
Out-District	2,792.0
Tiered Student Credit Hours	4,105.0
Non-Tiered Student Credit Hours	
In-District	6,809.0
Out-District	9,991.0
Non-Tiered Student Credit Hours	16,800.0
Total - Adult Students in Cost Model	20,905.0

Student Credit Hour Production AY 2022 for Purposes of Instructional Cost Model

Neosho County Community College	
Tiered Student Credit Hours	
In-District	692.0
Out-District	4,581.0
Tiered Student Credit Hours	5,273.0
Non-Tiered Student Credit Hours	
In-District	3,771.0
Out-District	11,394.0
Non-Tiered Student Credit Hours	15,165.0
Total - Adult Students in Cost Model	20,438.0

Pratt Community College	
Tiered Student Credit Hours	
In-District	513.0
Out-District	4,253.0
Tiered Student Credit Hours	4,766.0
Non-Tiered Student Credit Hours	
In-District	2,939.5
Out-District	7,823.5
Non-Tiered Student Credit Hours	10,763.0
Total - Adult Students in Cost Model	15,529.0

Seward County Community College	
Tiered Student Credit Hours	
In-District	3,546.0
Out-District	2,008.0
Tiered Student Credit Hours	5,554.0
Non-Tiered Student Credit Hours	
In-District	8,038.0
Out-District	5,472.0
Non-Tiered Student Credit Hours	13,510.0
Total - Adult Students in Cost Model	19,064.0

Community College Sector Total	
Tiered Student Credit Hours	
In-District	93,902.5
Out-District	113,949.5
Tiered Student Credit Hours	207,852.0
Non-Tiered Student Credit Hours	
In-District	313,293.0
Out-District	366,585.5
Non-Tiered Student Credit Hours	679,878.5
Total - Adult Students in Cost Model	887,730.5

Flint Hills Technical College	
Tiered Student Credit Hours	
In-District	6,331.0
Out-District	0.0
Tiered Student Credit Hours	6,331.0
Non-Tiered Student Credit Hours	
In-District	4,915.0
Out-District	0.0
Non-Tiered Student Credit Hours	4,915.0
Total - Adult Students in Cost Model	11,246.0

Manhattan Area Technical College	
Tiered Student Credit Hours	
In-District	7,253.0
Out-District	0.0
Tiered Student Credit Hours	7,253.0
Non-Tiered Student Credit Hours	
In-District	4,647.0
Out-District	0.0
Non-Tiered Student Credit Hours	4,647.0
Total - Adult Students in Cost Model	11,900.0

North Central Kansas Technical College	
Tiered Student Credit Hours	
In-District	10,853.0
Out-District	0.0
Tiered Student Credit Hours	10,853.0
Non-Tiered Student Credit Hours	
In-District	5,894.0
Out-District	0.0
Non-Tiered Student Credit Hours	5,894.0
Total - Adult Students in Cost Model	16,747.0

Northwest Kansas Technical College	
Tiered Student Credit Hours	
In-District	7,453.0
Out-District	0.0
Tiered Student Credit Hours	7,453.0
Non-Tiered Student Credit Hours	
In-District	6,207.0
Out-District	0.0
Non-Tiered Student Credit Hours	6,207.0
Total - Adult Students in Cost Model	13,660.0

Student Credit Hour Production AY 2022 for Purposes of Instructional Cost Model

Salina Area Technical College	
Tiered Student Credit Hours	
In-District	5,516.0
Out-District	0.0
Tiered Student Credit Hours	5,516.0
Non-Tiered Student Credit Hours	
In-District	5,457.5
Out-District	0.0
Non-Tiered Student Credit Hours	5,457.5
Total - Adult Students in Cost Model	10,973.5
Wichita State Univ: Campus of App. Sci. & Tech.	
Tiered Student Credit Hours	
In-District	37,693.0
Out-District	0.0
Tiered Student Credit Hours	37,693.0
Non-Tiered Student Credit Hours	
In-District	32,371.0
Out-District	0.0
Non-Tiered Student Credit Hours	32,371.0
Total - Adult Students in Cost Model	70,064.0

Washburn Institute of Technology	
Tiered Student Credit Hours	
In-District	2,646.0
Out-District	0.0
Tiered Student Credit Hours	2,646.0
Non-Tiered Student Credit Hours	
In-District	13,570.0
Out-District	0.0
Non-Tiered Student Credit Hours	13,570.0
Total - Adult Students in Cost Model	16,216.0
Technical College Sector Total	
Tiered Student Credit Hours	
In-District	77,745.0
Out-District	0.0
Tiered Student Credit Hours	77,745.0
Non-Tiered Student Credit Hours	
In-District	73,061.5
Out-District	0.0
Non-Tiered Student Credit Hours	73,061.5
Total - Adult Students in Cost Model	150,806.5

Report of the Legislative Task Force on Community and Technical College State Funding to the 2023 Kansas Legislature

CHAIRPERSON: Representative Susan Humphries

VICE-CHAIRPERSON: Senator Molly Baumgardner

OTHER LEGISLATIVE MEMBERS: Senators Rick Billinger and Tom Hawk; and Representatives Troy Waymaster, Valdenia Winn (substitute member), Kathy Wolfe Moore, and Brandon Woodard

NON-LEGISLATIVE MEMBERS: Heather Morgan, Carter File, Alysia Johnston, Greg Nichols, Ben Schears, and Blake Flanders

CHARGE

Provisions in the 2022 Appropriations Bill (Section 109(g) of House Sub. for Sub. for SB 267) direct the Task Force to:

- Study the provision of state funding to the community and technical colleges in Kansas.

Legislative Task Force on Community and Technical College State Funding

REPORT

Conclusions and Recommendations

The Legislative Task Force on Community and Technical College State Funding makes the following recommendations:

- The Task Force recommends the Kansas Board of Regents (KBOR) use a three-year average (current academic year and two previous years) of data to calculate funding distributions for tiered and non-tiered education state aid rather than using a single previous year of data;
- The Task Force recommends the Legislature review the statutory definition of “new state money” as it relates to performance agreements and consider creating a new definition;
- The Task Force urges KBOR to review the current performance agreement process and consider creating a process that incentivizes larger goals rather than punishing colleges for not meeting metrics. The Task Force also recommends the Legislature consider funding the 2.0 percent performance incentive that was previously unfunded;
- The Task Force recommends the Legislature review and consider removing the proviso requiring funding for the Excel in Career Technical Education Initiative (SB 155) program to be distributed by KBOR within 60 days of the class start date;
- The Task Force recommends the Legislature grant KBOR auditing authority or utilize the Legislative Division of Post Audit process if audits are needed of the data inputted by colleges for the cost model calculation;
- The Task Force recommends the Legislature review statutes related to residency requirements and review where residency requirements for technical colleges originated and consider putting such requirements in statute;
- The Task Force recommends the Legislature add reappropriation authority to the tiered and non-tiered funding line items in the appropriations bill;
- The Task Force recommends the Legislature review the proviso prohibiting KBOR from transferring moneys between the tiered and non-tiered accounts; and
- The Task Force recommends the Legislature ensure the recentering of tiered and non-tiered education state aid funding occur as required in 2022 House. Sub. for Sub. for SB 267.

Proposed Legislation: None.

BACKGROUND

The Legislative Task Force on Community and Technical College State Funding (Task Force) was established by provisions in 2022 House Sub. for Sub. for SB 267, the 2022 appropriations bill, Section 109(g). The Task Force is composed of 13 members:

- Chairperson of the Senate Committee on Education;
- Chairperson of the Senate Committee on Ways and Means;
- Ranking Minority Member of the Senate Committee on Ways and Means;
- Chairperson of the House Committee on Appropriations;
- Ranking Minority Member of the House Committee on Appropriations;
- Chairperson of the House Committee on Higher Education Budget;
- Ranking Minority of the House Committee on Higher Education Budget;
- Three members representing the community colleges, appointed by the Kansas Association of Community College Trustees;
- Two members representing the technical colleges, appointed by the Kansas Association of Technical Colleges; and
- A member of the Kansas Board of Regents (KBOR).

The 2022 appropriations bill required the Task Force to review the provisions for state funding for community and technical colleges concerning the postsecondary tiered technical education state aid and non-tiered course credit hour grants described in Section 109(f) of the bill and other formula-related topics. The provisions state that legislative

intent for FY 2024 is to implement the funding formula for community and technical colleges concerning the postsecondary tiered technical education state aid and non-tiered course credit hour grants so that community and technical colleges that were overfunded according to the formula in FY 2023 will receive 50.0 percent of the amount of the overfunding in FY 2024.

For FY 2025, legislative intent is to fully implement the funding formula for the community and technical colleges concerning the postsecondary tiered technical education state aid and non-tiered course credit hour grants.

The Task Force is required to report its recommendations to the Senate Committee on Ways and Means and the House Committee on Higher Education Budget on or before January 9, 2023.

COMMITTEE ACTIVITIES

The Legislative Coordinating Council approved two meeting days for the Task Force in 2022. The Task Force met on August 30. The Task Force received presentations on the statutory procedure of the cost model for community and technical college state aid funding, calculation of the cost model, institutional performance agreements, and residency requirements. The majority of the meeting comprised Task Force member discussion of formula-related issues.

Overview of the Two-year College State Aid Funding Model

Statutory Overview

An Assistant Revisor of Statutes reviewed the statutory procedure of the funding system, a cost model, for community colleges and technical colleges. Funding both for the provision of general education and technical courses is determined using the cost model required by state law; funding for technical education takes into account additional costs to deliver those courses.

The postsecondary tiered technical education state aid is determined by the tiered technical course credit hours for students who are deemed Kansas residents using the statutory framework for

community colleges or rules and regulations for technical colleges. The cost calculation model is based on numerous factors and is set by KBOR. The non-tiered course credit hour grant amount is also set by KBOR.

The Assistant Revisor of Statutes noted the appropriations from FY 2023 to the tiered (\$66.0 million) and non-tiered (\$95.0 million) courses. Additionally, the Legislature directed KBOR to distribute funding in FY 2023 so that each institution would receive no less than what they received in FY 2022, with the directive that by FY 2025, the funding formula will be fully implemented.

Between FY 2023 and FY 2025, funds will be recentered among institutions to ensure each school is funded according to the cost model. In FY 2024, appropriations of institutions that are overfunded will be reduced by 50.0 percent of the overfunded amount. In FY 2025, all institutions will be funded according to the cost model.

Calculation of the Cost Model

A KBOR representative provided an overview of the history and calculation of the instructional cost model for Kansas resident students. For every tiered course, four factors determine course rate: instructor costs, instructional support costs, institutional costs (overhead), and extraordinary costs (equipment and infrastructure).

Non-tiered courses have three factors for course rates: instructor costs, instructional support costs, and institutional support costs. The course rate is then multiplied by the number of eligible student credit hours (SCH) to calculate total course costs.

Committee Discussion

Task Force members discussed the following issues related to funding:

- The under and overfunding of community and technical colleges and the proviso to balance funding so that underfunded colleges will receive full funding and overfunded colleges will receive funding according to the funding formula;

- The proviso requiring that each institution receive no less state aid funding than what they had the previous year, which had been in place for about ten years, and the disproportionality of funding that was created over time as schools grew and changed;
- Increased FY 2023 tiered and non-tiered appropriations by the Legislature and the provisos creating the recentering of funding process so that all colleges are funded according to the formula in FY 2025;
- Major differences in colleges across the state in terms of the number of out-of-district students and the differences in the calculating of funding related to in-district SCH and out-of-district SCH;
- Whether colleges have the opportunity to review their proposed funding allocation from KBOR and whether changes could be made if colleges noted any issues;
- The Excel in Career Technical Education Initiative (SB 155) program and a proviso requiring KBOR to distribute SB 155 funding to the colleges within 60 days of the class start date; and
- The three main funding sources of community colleges: local property taxes, tuition, and state aid. The technical colleges operate with two main funding sources: tuition and state aid.

Institutional Performance Agreements

An Assistant Revisor of Statutes provided information on institutional performance agreements. KBOR is charged with supervising performance measures, and the colleges were asked to develop institutional improvement plans showing how the performance indicators would be implemented and measured by each school. As of 2005, state law provides that each college's receipt of new state funds is contingent on compliance with the performance agreement.

Committee Discussion

Task Force members discussed the performance agreements in terms of the six measures. Three of the measures are chosen by each college from a list provided by KBOR. The other three measures are created by each college. The school must meet four out of six measures. Task Force members noted KBOR is currently reviewing the entire performance agreements process.

Residency Requirements

Community Colleges

An Assistant Revisor of Statutes provided information on statute and KBOR regulations for community college residency requirements related to state aid to Kansas students.

The basic requirement for Kansas student residency is to live in the state for six months prior to enrollment. In addition, active military service members, certain military service members who have established domiciliary residence, employees of a community college, persons having special domestic relations circumstances (such as a student whose parents are going through a divorce), persons who lost their resident status within 6 months of enrollment, students who were living in Kansas at graduation of high school or 12 months prior, and persons recruited for employment may be considered residents for state aid purposes.

Community and Technical Colleges

The Assistant Revisor of Statutes reviewed the rules and regulations that govern community and technical colleges residency determinations for state aid purposes, including the factors a college can consider when determining residency for state aid purposes, including payment of Kansas income taxes, ownership of a home in Kansas, and a registration to vote in Kansas.

Committee Discussion

Task Force members discussed the differences between the community college and the technical college residency requirements. Technical colleges do not count students who drive from another state as residents for purposes of state aid, but if those

students choose to move to and reside in Kansas, either in a dorm or apartment, then they are considered residents.

The technical college tuition for in-state and out-of-state students is the same, according to two presidents of technical colleges on the Task Force. Community college residency requirements were set in statute in 1972 and amended in 1999.

CONCLUSIONS AND RECOMMENDATIONS

Following discussion, the Task Force made the following recommendations:

- The Task Force recommends KBOR use a three-year average (current academic year and two previous years) of data to calculate funding distributions for tiered and non-tiered education state aid rather than using a single previous year of data;
- The Task Force recommends the Legislature review the statutory definition of “new state money” as it relates to performance agreements and consider creating a new definition;
- The Task Force urges KBOR to review the current performance agreement process and consider creating a process that incentivizes larger goals rather than punishing colleges for not meeting metrics. The Task Force also recommends the Legislature consider funding the 2.0 percent performance incentive that was previously unfunded;
- The Task Force recommends the Legislature review and consider removing the proviso requiring that funding for the Excel in Career Technical Education Initiative (SB 155) program be distributed by KBOR within 60 days of the class start date.
- The Task Force recommends the Legislature grant KBOR auditing authority or utilize the Legislative Division of Post Audit process if audits

are needed of the data inputted by colleges for cost model calculation;

- The Task Force recommends the Legislature review statutes related to residency requirements and review where residency requirements for technical colleges originated and consider putting such requirements in statute;
- The Task Force recommends the Legislature add reappropriation authority to the tiered and non-tiered funding line items in the appropriations bill;
- The Task Force recommends the Legislature review the proviso prohibiting KBOR from transferring moneys between the tiered and non-tiered accounts; and
- The Task Force recommends the Legislature ensure the recentering of tiered and non-tiered education state aid funding occur as required in 2022 House. Sub. for Sub. for SB 267.



MANHATTAN AREA TECHNICAL COLLEGE

ECONOMIC IMPACT STUDY

MARCH 16, 2023

PREPARED BY

MUNICIPAL CONSULTING, LLC

R. STEVEN ROBB, SOLE OWNER

Executive Summary:

The purpose of this report is to lend support to a request from the Manhattan Area Technical College (MATC) for partial funding of a new technical education center on the MATC campus. The facility is projected to cost a total of \$16.3 million and the MATC is requesting that the City of Manhattan provide \$1.3 million of the cost based upon the projected sales tax and city utility revenues that the new MATC staff employees and graduates of the technical programs could produce for the city.

As documented below and in the Appendices of this report, the MATC plan could have the following economic impact on the City of Manhattan over the next ten years:

- Increase in local sales tax revenues of about \$1,556,000.
- Increased city utility revenues of about \$507,000.
- Increased franchise fees of about \$104,000.

The projected total direct revenues to the city would thus be about \$2,167,000, or about 1.7 times the amount requested from the city for inclusion in the building costs. The cash flow back to the city would equal the \$1.3 million grant during the 7th year (See Table 1 after the appendices), assuming that the first two years of the period would be for construction and the first graduates of technical programs would occur in the third year.

The detailed itemization of this information can be found in Appendix A, "Executive Summary" and in the other Appendices to this report.

Methodology and Assumptions

An economic impact study involves identifying the various aspects of a project that will have an impact on the community. This report follows the methodology of determining the impact of these components of the project that will create a public benefit:

- Impact of construction
 - Construction salary spending plus rollover.
 - Materials purchases plus rollover.
- Impact of new permanent staff jobs created plus salary rollover.
- Impact of utilities expenses and utility franchise fee collections

Rollover Impact:

The above components introduce a factor known as "rollover" spending that is an important component of economic impact. "Rollover" refers to the fact that when funds are spent within a community, they are then spent again by the receiver and the process is repeated until all the money finally leaves the community.

Other Calculations and Assumptions

Explanations of the methods used are contained in each section of the report. *The assumptions used can be found within each section.*

SECTION 2 - INTRODUCTION, PURPOSE, AND METHODOLOGY

Introduction

Governments are charged with the responsibility to wisely spend public monies, whether for governmental operations or incentives for public and private investments. In Kansas, municipal governments are required by statute to conduct a cost-benefit analysis before granting tax abatements to private developments. Many cities will do a detailed analysis of the economic impact of a proposed project, even if it does not involve a tax abatement or public incentives. Therefore, it is good practice for developers, public and private, to perform their own analysis before approaching a municipality for incentives, or even concurrence with the proposed project.

Purpose of this Report

The purpose of this report is to estimate the direct and indirect economic impact of the MATC building plan.

Methodology

Conducting an economic impact study involves identifying the various aspects of a proposed project that will have an impact on the community. There are a number of components of this project that will create a public benefit:

- Impact of construction
 - Construction salary spending plus rollover.
 - Materials purchases plus rollover.
- Impact of new permanent jobs created plus salary rollover.
- Impact of utilities expenses and utility franchise fee collections

Rollover Multiplier

These components introduce a factor known as "rollover" spending that is an important component of economic impact. "Rollover" refers to the fact that when funds are spent within a community, they are then spent again by the receiver and the process is repeated until all the money finally leaves the community. Economists frequently refer to a "rollover multiplier" or simply "rollover." Multipliers may range from a low of 2.5 to a high of 7.5.

In order to accurately apply a multiplier, it is necessary to examine an independent data set that is based upon actual spending within the community. This information is compiled and reported annually by the Kansas Department of Revenue¹ in what are known as "Pull-Factor" reports. The most recent Pull-Factor reports for Kansas for the year 2022 are posted on the Kansas Department of Revenue website. The following excerpt from the report explains the data:

"The City Trade Pull Factor report provides different measures of retail market data for the cities for fiscal year 2022, which represents the period July 1, 2021 through June 30, 2022. Retail market data is presented three ways.

- *The first measure is a location quotient of retail trade called the City Trade Pull*

¹ Kansas Department of Revenue, Office of Policy and Research, City/County Trade Pull Factors, Annual Report FY 2022, issued December 2022.

Factor (CiTPF). It is a measure of the relative strength of the retail business community. The City Trade Pull Factor is computed by dividing the per capita sales tax of a city by the statewide per capita sales tax. A CiTPF of 1.00 is a perfect balance of trade. The purchases of city residents who shop elsewhere are offset by the purchases of out-of-city customers. CiTPF values greater than 1.00 indicates that local businesses are pulling in trade from beyond their home city border. Thus, the balance of trade is favorable. A CiTPF value less than 1.00 indicates more trade is being lost than pulled in, that residents are shopping outside the city. This is an unfavorable balance of trade.

The *City Trade Pull Factor* for Manhattan is 1.56, which means that more people from other areas are spending more in Manhattan than residents of Manhattan are spending in other communities. Technically, a rollover factor of the highest measure (in the area of 6 or 7 times) could be used for Manhattan. However, we do not advocate using any factor higher than 4 times to remain conservative.

Other Calculations and Assumptions

The other calculations used in developing this report are explained at the beginning of each section. The worksheet appendices are constructed in a manner that allows different assumptions to be entered once in the respective worksheet and the changes will flow automatically to the affected worksheets and final results.

Report Structure

The report is organized in a manner that shows the economic impact in terms of direct revenue to the city and other economic indicators of importance to the community. These include:

Components of City Revenues:

- Sales taxes
- Net profits from city utilities
- Utility franchise fees

Annual Summary of All Components

The year-by-year summary of all the components listed above is shown in Appendix B, "Annual Impact Summary." Due to the fact that fundraising and construction timetables are flexible, we have not attempted to predict the actual calendar year the building would be completed, so we use a system of Years 1-10, with Year 1 beginning when construction begins.

Total Construction Costs

The architectural estimate for the cost of the building is \$16.3 million, which we have divided into two years.

Construction Cash Flow

We estimated that the construction labor would be divided equally between the two years. We estimated that the purchasing of construction materials would take place mostly in the first year.

Construction Jobs Created

The estimate of construction jobs created is determined using an average wage of \$25.00 per hour for a 40-hour workweek (typically worked in four days of 10 hours each) and 4.2 work-weeks per month. This monthly salary of \$4200 is divided into the projected labor expenditure for the month to determine the number of jobs required. We estimated that a total of 130-250 workers would be needed each year, although not all of them would be on the job at the same time.

It is generally accepted within the methodology for cost-benefit studies that labor is 50% of the total construction cost and that 50% of the labor salaries will be disposable income subject to sales tax. The location and duration of each project will affect the amount of the disposable income that is spent in the local community.

This project will take 12-24 months for completion. It can be expected that for a project of this duration, the workers will spend several days per week in Manhattan (typically four 10-hour days) rather than commute daily from other communities. For this project, we are using the assumption that 90% of the disposable income will be spent in Kansas and 75% of that will be spent in Manhattan. Construction workers might also require hotel rooms, but we have not included any of those in this report.

Construction Materials Spending

After labor expenses, 50% of the total construction cost is left for materials. The key factor is determining the percentage of materials that will be purchased in the local area.

Our research among local contractors indicates that the materials for residential and small commercial "stick-built" projects are 100% available in the local community. By contrast, structural steel for larger commercial projects, and commercial metal building materials all have to be acquired from other areas. We have assumed that 75% of the construction materials will be purchased locally.

The impact of the construction activity is detailed in Appendix C, "Economic Impact of Construction."

Total Estimated Economic Impact of Construction

The combined totals for construction labor and materials economic impact are estimated to be:

- Increased initial local retail spending of \$7.7 million in Year 1 and \$4.0 million in Yr. 2.
- Additional rollover spending of \$15.8 million in Yr. 1 and \$8.2 million in Yr. 2.
- City sales taxes of \$342,000 in Year 1 and \$178,000 in Yr. 2.

New Permanent Staff Jobs Created

MATC projects four new faculty positions and 3 support staff positions with an annual salary and benefit expense of \$500,000.

The listing of positions and salaries for these staff positions is shown in Appendix D, "Economic Impact of Existing and New Permanent Jobs."

Permanent Salary Rollover Calculation

The rollover impact of salary spending is very similar to the process used for construction labor in Section 3. We used the same rollover factor of 4. This is a conservative approach. It might be argued that a portion of the original spending not subject to sales tax should be included in subsequent rollovers. We have elected not to include any of that salary component in the rollover calculation. For jobs at this salary level, the first 50% of the salary would likely go to mortgage payments, auto financing and other payments that immediately leave the community.

Estimated Economic Impact of New Staff Jobs

Using the assumptions described above, the estimated economic impact of the 7 new jobs described above over the next 10 years could be:

- **Total salaries paid of \$3.7 million.**
- **Increased local retail spending of \$4.3 million (Includes rollover spending).**
- **Increased city sales tax collections of \$63,000.**

E. Impact of New Graduate Jobs in the Area:

MATC projects that 100 new annual graduates of the new and expanded technical programs. MATC has established that 86% of their program graduates remain in the local area. We have assumed that 70% will remain in the area at least three years. We further assumed that 50% of those would live in Manhattan and use city utilities. MATC estimates that the average beginning salary for their graduates is \$45,000, which is slightly below the county average wage of \$47,471. We usually use 50% of the salary as disposable income, but in this case, we used only 30% disposable income to remain conservative in the community retail spending. We also assumed that after three years, all of the new graduates would leave the area, so our calculations only include a 3-year graduate group. It is entirely possible that many of the graduates would permanently remain in the area, but again we are maintaining a conservative approach.

Using the assumptions described above, the estimated economic impact of the new graduate jobs over the next ten years could be: (See Appendix E)

- **Total salaries paid of about \$73 million.**
- **Increased local retail spending of about \$67 million.**
- **City sales tax collections of about \$972,000.**

Utility Profits and Franchise Fee Calculation (See Appendix F)

The Manhattan City Budget actual expenditures for 2020 indicated a profit margin of 45.1% in the water, wastewater and storm water funds, which we have used in this report. We assume that 70% of the utility profits are from residential use. We then divide the 70% by the latest available number of households in Manhattan (22,137) to get an average annual profit per household of \$402.86. This is the beginning amount we multiply by the number of new staff and graduates each year.

Public utilities in Kansas typically pay franchise fees to the municipalities where the services are delivered. The typical rate for these franchise fees is about 5%. We have used this rate in calculating the approximate franchise fees that would be generated by the staff members and new graduates that live in Manhattan. In similar fashion to the utility profits, we take 70% of the franchise tax total and divide by the number of households to get an average annual amount per household of \$93.73.

Estimated Total Impact of All Utility Purchases

Using the assumptions discussed above, the overall impact of new utility purchases by the staff and graduates over the next 10 years could be:

- **Increased city utility profits of about \$507,000.**
- **Increased city franchise fees of about \$104,000**
- **Total new city net revenues from utilities of about \$611,000.**

SECTION 6 - REPORT SUMMARY AND DISCLAIMER**Report Summary**

We believe that this report presents a conservative indication of the potential economic impact of this project at MATC on the City of Manhattan. The methodology is based upon documentable data and assumptions that are conservative rather than liberal. The assumptions used have been determined independently by Municipal Consulting, LLC from its own analysis and experience in more than 300 cost-benefit analyses conducted throughout the State of Kansas.

Estimated Total Economic Impact of the Project

The estimated total economic impact of all sections of this report over the next 10 years could be:

- Increased local sales tax collections of about \$1,556,000.
- Increased utility profits and franchise fees of about \$611,000.
- Total direct revenues to the city of about \$2,167,000.

MATC reports that an independent analysis performed for all the technical colleges in Kansas indicates a total annual economic impact of MATC in the region is \$22 million. With an average enrollment of about 1,000 students, the average impact per student would be \$22,000. Our calculation based on an average of 210 students for the 8-year period is a total of \$10,319, or \$1,290 per student per year. Thus, we maintain that this is a very conservative approach to this analysis.

Disclaimer

03/15/2023

The results of this report are estimates based on the various assumptions listed above and are not to be interpreted as an actual prediction of performance of the overall economic impact of this project. Many unknown financial and economic factors can occur over a 10-year period that could significantly alter these projections. Municipal Consulting, LLC has no control over any of these factors and therefore cannot and does not make any guarantees of the results indicated in this report. Projections out to 10 years may have an error margin of 25-50% or even greater, depending on many economic factors.

About Municipal Consulting, LLC

Municipal Consulting, LLC was formed in 2010 with R. Steven Robb as sole owner. However, Robb has been performing cost-benefit studies, economic impact studies, and financial feasibility reports for over 20 years. He has performed more than 300 cost-benefit studies for city development projects all over the state of Kansas.

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MANHATTAN AREA TECHNICAL COLLEGE

Economic Impact Study

Appendix A - Executive Summary

	Years 1-5	Years 6-10	10 Year TOTAL
City Revenues Generated:			
Sales tax from construction labor & materials	\$520,789	\$0	\$520,789
Sales tax from new staff jobs spending	\$29,546	\$33,467	\$63,013
Sales tax from new graduate spending	\$259,600	\$712,524	\$972,124
Total New City Sales Taxes Generated	\$809,935	\$745,991	\$1,555,926
Utility Net Profits	\$160,698	\$346,163	\$506,861
Franchise Fees	\$31,004	\$73,073	\$104,077
Total City Revenues	\$809,935	\$1,165,227	\$2,166,865
County Revenues Generated			
Sales tax from construction labor & materials	\$359,165	\$0	\$359,165
Sales tax from new staff jobs spending	\$20,377	\$23,081	\$43,457
Sales tax from new graduate spending	\$179,034	\$491,396	\$670,430
Total County Revenues	\$558,576	\$514,477	\$1,073,053

MANHATTAN AREA TECHNICAL COLLEGE

Economic Impact Study

Appendix B - Annual Impact Summary

City Revenues Generated:											Decade
Description	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Total
Sales tax from construction labor & materials	342,232	178,557	0	0	0	0	0	0	0	0	\$520,789
Sales tax from new staff jobs spending	5,611	5,757	5,907	6,060	6,212	6,367	6,526	6,689	6,857	7,028	\$63,013
Sales tax from new graduate spending	0	0	41,803	85,780	132,016	135,449	138,970	142,444	146,006	149,656	\$972,124
Total new city sales taxes	347,843	184,314	47,710	91,841	138,228	141,815	145,496	149,134	152,862	156,684	\$1,555,926
Utility Net Profits	4,511	13,195	31,349	47,393	64,250	65,856	67,503	69,190	70,920	72,693	\$506,861
Franchise Fees	0	1,788	5,978	9,676	13,563	13,902	14,249	14,606	14,971	15,345	\$104,077
Total New City Revenues	\$352,354	\$199,296	\$85,037	\$148,910	\$216,041	\$221,574	\$227,249	\$232,930	\$238,753	\$244,722	\$2,166,865
County Revenues Generated											\$0
Description	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Total
Sales tax from construction labor & materials	236,022	123,143	0	0	0	0	0	0	0	0	\$359,165
Sales tax from new staff jobs spending	3,870	3,970	4,074	4,179	4,284	4,391	4,501	4,613	4,729	4,847	\$43,457
Sales tax from new graduate spending	0	0	28,830	59,159	91,046	93,413	95,841	98,238	100,693	103,211	\$670,430
Total new sales tax collections	239,891	127,113	32,903	63,338	95,329	97,804	100,342	102,851	105,422	108,058	\$1,073,053

MANHATTAN AREA TECHNICAL COLLEGE

Economic Impact Study

Appendix C - Economic Impact of Construction

Assumptions:	Percentage of construction cost attributed to contractor profits	3%
	Percentage of construction cost attributed to labor:	47.00%
	Percentage of labor salaries as disposable income:	50.00%
	Percentage of disposable income spent in Kansas:	100.00%
	Percentage of disposable income spent in the county	75.00%
	Percentage of disposable income spent in the city	75.00%
	Percentage of construction cost attributed to materials:	50.00%
	Percentage of materials cost spent in Kansas:	100.00%
	Percentage of materials cost spent in the county	75.00%
	Percentage of materials cost spent in city:	75.00%
	Average construction worker monthly salary (\$25/hr x 40 hrs/wk x 4.2 weeks/mo.)	\$4,200
	Percent of rollover spending retained in the community	75.00%
	City sales tax rate	1.45%
	County sales tax rate	1.00%
	State Sales Tax Rate	6.50%

Project Schedule	Amount	Bid Startding	Finish	Begin	Year 1	Year 2	Grand
Project		Construction	Construction	Operation	Amounts	Amounts	Totals
Building Construction	16,300,000	Year 1	Year 2	Year 3			
FFE	750,000				187,500	562,500	750,000
Labor	7,661,000				3,830,500	3,830,500	\$7,661,000
Materials	8,150,000				6,112,500	2,037,500	\$8,150,000
					Annual Total \$9,943,000	\$5,868,000	\$15,811,000
	Labor disposable income				1,915,250	1,915,250	\$3,830,500
	Amount spent in the city				1,436,438	1,436,438	\$2,872,875
	Materials & FFE cost spent in city				6,300,000	2,600,000	\$8,900,000
	Total Original city spending				7,736,438	4,036,438	\$11,772,875
	First rollover				5,802,328	3,027,328	\$8,829,656
	Second rollover				4,351,746	2,270,496	\$6,622,242
	Third rollover				3,263,810	1,702,872	\$4,966,682
	Fourth rollover				2,447,857	1,277,154	\$3,725,011
	Total all city spending				23,602,178	12,314,288	\$35,916,466
	City sales tax generated				\$342,232	\$178,557	\$520,789
	County sales tax generated				\$236,022	\$123,143	\$359,165
	Number of construction jobs				456	130	

MANHATTAN AREA TECHNICAL COLLEGE

Economic Impact Study

Appendix D - Economic Impact of New Staff Jobs

Assumptions:

Annual Inflation Rate (Years 1 & 2)	2.60%		
Annual Inflation Rate (Years 3 and 4)	2.60%	City sales tax	1.45%
Annual Inflation Rate (Years 5 thru 10)	2.50%	County sales tax	1.00%
Percent of salaries as disposable income	50.00%		
Disposable income spent in Kansas	90.00%		
Disposable income spent in Manhattan	75.00%		
Rollover retainage rate	75.50%		

	Number	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Total
<u>New Position Description</u>												
Faculty	4.0	61,623	63,225	64,869	66,556	68,220	69,925	71,673	73,465	75,302	77,184	\$2,768,165
Admin. Assistant	0.0	0	0	0	0	0	0	0	0	0	0	\$0
Maintenance	1.0	36,630	37,582	38,560	39,562	40,551	41,565	42,604	43,669	44,761	45,880	\$411,364
Custodial	2.0	25,940	26,614	27,306	28,016	28,717	29,435	30,171	30,925	31,698	32,490	\$582,625
	0.0		0	0	0	0	0	0	0	0	0	\$0
	0.0		0	0	0	0	0	0	0	0	0	\$0
Total Jobs	7.0											
Total Salaries		335,002	343,712	352,649	361,817	370,863	380,134	389,638	399,379	409,363	419,597	\$3,762,154
Initial disposable spending		167,501	171,856	176,324	180,909	185,431	190,067	194,819	199,689	204,682	209,799	
Disposable spending in the City		125,626	128,892	132,243	135,682	139,074	142,550	146,114	149,767	153,511	157,349	
First rollover		94,847	97,313	99,844	102,440	105,001	107,626	110,316	113,074	115,901	118,798	
Second Rollover		71,610	73,472	75,382	77,342	79,275	81,257	83,289	85,371	87,505	89,693	
Third rollover		54,065	55,471	56,913	58,393	59,853	61,349	62,883	64,455	66,066	67,718	
Fourth rollover		40,819	41,881	42,970	44,087	45,189	46,319	47,477	48,664	49,880	51,127	
Total city spending		386,968	397,029	407,352	417,943	428,391	439,101	450,079	461,331	472,864	484,686	\$4,345,743
City sales tax generated		\$5,611	\$5,757	\$5,907	\$6,060	\$6,212	\$6,367	\$6,526	\$6,689	\$6,857	\$7,028	\$63,013
County sales tax generated		\$3,870	\$3,970	\$4,074	\$4,179	\$4,284	\$4,391	\$4,501	\$4,613	\$4,729	\$4,847	\$43,457

MANHATTAN AREA TECHNICAL COLLEGE

Economic Impact Study

Appendix E - Impact of New Graduate Jobs

Assumptions:	No of new graduates each year (Over and above the current graduates)	100
	New Graduate Average Beginning Salary	\$45,000
	Percentage of Average Salary as disposable income	30.00%
	Percent of New Graduates Remaining in the Immediate Area for at least 3 Years	70.00%
	City retainage rate for roll-over spending	75.00%
	City sales tax rate	1.45%
	Annual Inflation Rate (Years 1-3)	2.60%
	Annual Inflation Rate (Years 4-5)	2.60%
	Annual Inflation Rate (Years 6-10)	2.50%
	County Sales Tax Rate	1.00%

Avg. Annual Wage

	\$45,000		\$46,170	\$47,370	\$48,602	\$49,866	\$51,112	\$52,390	\$53,700	Totals	
	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	
New Graduates Per Year in the Area	0	0	70	70	70	70	70	70	70	70	560
New Annual Personal Income	\$0	\$0	\$3,150,000	\$6,463,800	\$9,947,788	\$10,206,431	\$10,471,798	\$10,733,593	\$11,001,933	\$11,276,981	\$73,252,323
Disposable income	\$0	\$0	\$945,000	\$1,939,140	\$2,984,336	\$3,061,929	\$3,141,539	\$3,220,078	\$3,300,580	\$3,383,094	\$21,975,697
New Retail Sales	\$0	\$0	\$945,000	\$1,939,140	\$2,984,336	\$3,061,929	\$3,141,539	\$3,220,078	\$3,300,580	\$3,383,094	\$21,975,697
First rollover	\$0	\$0	\$708,750	\$1,454,355	\$2,238,252	\$2,296,447	\$2,356,155	\$2,415,058	\$2,475,435	\$2,537,321	\$16,481,773
Second rollover	\$0	\$0	\$531,563	\$1,090,766	\$1,678,689	\$1,722,335	\$1,767,116	\$1,811,294	\$1,856,576	\$1,902,991	\$12,361,330
Third rollover	\$0	\$0	\$398,672	\$818,075	\$1,259,017	\$1,291,751	\$1,325,337	\$1,358,470	\$1,392,432	\$1,427,243	\$9,270,997
Fourth rollover	\$0	\$0	\$299,004	\$613,556	\$944,263	\$968,814	\$994,003	\$1,018,853	\$1,044,324	\$1,070,432	\$6,953,248
Total City Retail Sales	\$0	\$0	\$2,882,988	\$5,915,892	\$9,104,558	\$9,341,276	\$9,584,149	\$9,823,753	\$10,069,347	\$10,321,081	\$67,043,044
City Sales Tax Generated	\$0	\$0	\$41,803	\$85,780	\$132,016	\$135,449	\$138,970	\$142,444	\$146,006	\$149,656	\$972,124
County Sales Tax Generated	\$0	\$0	\$28,830	\$59,159	\$91,046	\$93,413	\$95,841	\$98,238	\$100,693	\$103,211	\$670,430

City Sales Tax Rate:	1.45%
County Sales Tax Rate	1.00%

MANHATTAN AREA TECHNICAL COLLEGE

Economic Impact Study

Appendix F - Impact of New Utility Usage

Supporting Facts:

Current city average utility profit margin	45.11% (Water/Sewer/Electricity/Trash)
Franchise fee rate	5% (Gas/Internet/Phone)

Assumptions: Percentage of new graduates that will use city utilities: 50.00%

Estimated annual cost for water/sewer/trash/stormwater	\$29,250
Estimated annual cost for electricity and gas	\$25,750
Estimated annual cost for internet and phone	\$10,000
Annual Inflation Rate (Years 1-3)	2.60%
Annual Inflation Rate (Years 4-5)	2.60%
Annual Inflation Rate (Years 6-10)	2.50%
Average annual utility profits per household	\$403
Average annual franchise fees per household	\$94

ANNUAL UTILITIES:

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Decade Total
All City-Provided Utilities	10,000	29,250	30,011	30,791	31,591	32,381	33,191	34,020	34,871	35,743	\$301,848
City Net Profit Margin	4,511	13,195	13,538	13,890	14,251	14,607	14,972	15,347	15,730	16,124	\$136,164
Gas/internet/phone	0	35,750	36,680	37,633	38,612	39,577	40,566	41,581	42,620	43,686	\$356,704
City Franchise Fees	0	1,788	1,834	1,882	1,931	1,979	2,028	2,079	2,131	2,184	\$17,835
Revenue from New Families	NOTE: New graduates assumed to remain in the area for 3 years.										
Utility Revenue per Family	\$403	\$413	\$424	\$435	\$446	\$458	\$469	\$481	\$493	\$505	
Franchise Fees/Family	\$94	\$96	\$99	\$101	\$104	\$106	\$109	\$112	\$115	\$118	
Number of new families:	0	0	42	35	35	35	35	35	35	35	287
Cumulative new families	0	0	42	77	112	112	112	112	112	112	112
Utility net profits	0	0	17,811	33,503	49,999	51,249	52,530	53,844	55,190	56,570	\$370,697
Franchise Fees	0	0	4,144	7,795	11,632	11,923	12,221	12,527	12,840	13,161	\$86,242
Total utility net profits	4,511	13,195	31,349	47,393	64,250	65,856	67,503	69,190	70,920	72,693	\$506,861
Total franchise fees	0	1,788	5,978	9,676	13,563	13,902	14,249	14,606	14,971	15,345	\$104,077
Total City Revenues - Utilities	4,511	14,982	37,327	57,069	77,813	79,758	81,752	83,796	85,891	88,038	\$610,938

MANHATTAN AREA TECHNICAL COLLEGE

Economic Impact Study

Table 1- Cumulative Benefits vs. Incentive

Year	City Sales Taxes	Utility Usage	Total Benefits	Incentive	Cumulative Benefits
1	\$347,843	\$4,511	\$352,354	\$1,300,000	\$947,646
2	\$184,314	\$14,982	\$199,296		\$748,350
3	\$47,710	\$37,327	\$85,037		\$663,313
4	\$91,841	\$57,069	\$148,910		\$514,403
5	\$138,228	\$77,813	\$216,041		\$298,362
6	\$141,815	\$79,758	\$221,574		\$76,789
7	\$145,496	\$81,752	\$227,249		\$150,460
8	\$149,134	\$83,796	\$232,930		\$383,390
9	\$152,862	\$85,891	\$238,753		\$622,143
10	\$156,684	\$88,038	\$244,722		\$866,865
Totals	\$1,555,926	\$610,938	\$2,166,865	\$1,300,000	\$866,865