

ECONOMIC IMPACT ANALYSIS

PREPARED FOR:

**CLINTON REGIONAL
DEVELOPMENT CORPORATION
& CLINTON AREA CHAMBER OF COMMERCE**

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Report Prepared by:
Gary H. London, *President*
Nathan L. Moeder, *Principal*

El Cortez Building
702 West Ash, Suite 101
San Diego, CA 92101

Phone: 619-269-4010

www.londongroup.com



CLINTON, IA

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INTRODUCTION

The London Group has been retained by Clinton Regional Development Corporation and Clinton Area Chamber of Commerce to conduct an economic activity analysis of Ashford University within the state of Iowa. To complete this assignment we undertook an economic study that included:

- » Collecting and reviewing collateral materials, detailed operational budgets and expenditures.
- » Interviewing representatives of Ashford University to understand how it directly impacts the state.
- » Detailing, quantifying and qualifying the calculated impacts for related business sectors in Iowa.

THIS REPORT COMPREHENSIVELY DISCUSSES OUR METHODOLOGY AND THE RESULTS OF OUR ANALYSIS. THIS REPORT WAS PREPARED IN ASSOCIATION WITH DR. ANDREW NARWOLD, PROFESSOR OF ECONOMICS AT THE UNIVERSITY OF SAN DIEGO (USD).





EXECUTIVE SUMMARY

THE LONDON GROUP HAS COMPLETED AN ECONOMIC ACTIVITY ANALYSIS TO QUANTIFY THE BENEFIT OF ASHFORD UNIVERSITY ON THE STATE OF IOWA. THE PURPOSE OF THIS SECTION IS TO DETAIL THE CONCLUSIONS OF OUR ANALYSIS.

We have determined that the 2009 total impact in business output of Ashford University to the state of Iowa is \$40.9 million, 728 jobs, \$12.6 million in employee earnings and \$18.6 million in total value added to the state GDP, as summarized in the following table. Assuming the 2009 operating statistics for Ashford University, the total 10-year cumulative impact is estimated to be approximately \$409 million in business output throughout the state.

The base impacts (\$18.4 million in business output and 541 jobs) are attributed to Ashford University's operations. However, a broader measure of the economic contribution from Ashford University also includes expenditures that permeate throughout Iowa. These "multiplier" effects (direct, indirect, and induced effects) are estimated using the Regional Input-Output Multiplier RIMS II model.

TOTAL ECONOMIC IMPACT OF ASHFORD UNIVERSITY BASED ON 2009 OPERATING STATISTICS & EXPENDITURES

Impact Type	Business Output	Employment	Employment Earnings	Total Value Added
Base Impact	\$19,613,308	541	\$5,861,063	\$5,861,063
Direct Effect	\$14,650,891	129	\$4,614,922	\$9,029,280
Indirect Effect	\$2,988,386	23	\$973,181	\$1,609,604
Induced Effect	\$3,646,281	34	\$1,124,048	\$2,080,192
Multiplier Subtotal	\$21,285,558	187	\$6,712,150	\$12,719,076
Total Impact	\$40,898,865	728	\$12,573,213	\$18,580,139

Source: The London Group Realty Advisors, USD, IMPLAN

In addition to economic and business output generation, Ashford University also generates fiscal impacts at the Federal, State and Local levels. As summarized in the following table, the total Federal Tax impact in 2009 is estimated at \$1.4 million. The total State and Local Tax impact is estimated to be \$1.4 million.

Assuming the 2009 operating statistics for Ashford University, the total 10-year cumulative fiscal impacts are \$14 million

in Federal Tax revenue and \$14 million in State and Local Tax revenue.

By way of comparison, Ashford University ranks among the Top 10 employers in the Clinton Region at 541 employees. The following table demonstrates Ashford University ranking as the fourth largest employer in the Clinton Region, which is among some of the Clinton's most notable companies and institutions:

TOTAL TAX IMPACT OF ASHFORD UNIVERSITY HEADQUARTERS BASED ON 2009 OPERATING STATISTICS & EXPENDITURES

Impact Type		Taxes Paid
Federal Tax (Base Impact)		N/A (Tax Exempt)
Federal Tax (Multiplier Impact)		\$1,440,992
Total Federal Tax Impact		\$1,440,992
State & Local Tax (Base Impact)		N/A (Tax Exempt)
State & Local Tax (Multiplier Impact)		\$1,394,510
Total State & Local Tax Impact		\$1,394,510

Source: The London Group Realty Advisors, USD, IMPLAN

CLINTON REGION'S LARGEST PRIVATE EMPLOYERS

Rank	# Employees	
1	Mercy Medical Center	1,405
2	Custom-Pak, Inc.	700
3	ADM	600
	Ashford University	541
4	Collis Inc.	400
5	Nestle-Purina	335
6	Bemis Clysar, Inc.	325
7	LyondellBasell	325
8	Wild Rose Clinton LLC	300
9	Rock Tenn Co.	300
10	IPSCO	300

Source: The London Group Realty Advisors, Clinton Regional Development Corporation (CRDC)

ASHFORD UNIVERSITY OVERVIEW

Business & Operations

PROFILE

Founded in 1918, Ashford University is regionally accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools (www.ncahlc.org). Ashford University provides affordable, specialized, personal, innovative, and rewarding educational opportunities through a variety of on-campus and online Associate's, Bachelor's, and Master's degree programs. With a campus in Clinton, Iowa, Ashford University possesses a diverse student culture that is rich in history, innovation and academic excellence.

MISSION

The mission of Ashford University is to provide accessible, affordable, innovative, high-quality learning opportunities and degree programs that meet the diverse needs of individuals pursuing integrity in their lives, professions and communities.

HISTORY AND HERITAGE

Ashford University was founded in 1918 by the Sisters of St. Francis in Clinton, Iowa. Mount St. Clare College, as it was first named, served the higher education needs of residents in Clinton and the surrounding areas. Ashford University's Clinton, Iowa, campus provides traditional-aged college students with the culture, history and traditions important to campus-based students. The 16-acre campus is

designed to meet students' academic, athletic, and social needs, while the 17 NAIA sports teams provide student athletes with the opportunity to pursue their passion athletically. The heritage provided by the physical campus of Ashford University is of particular importance to Ashford's online students, who embrace the comfort and familiarity of being associated with a traditional university campus.

STUDENT EXPERIENCE

Students are part of an active student community that focuses on leadership, athletics and community events. Settling in to their home away from home, students live in residence halls that include study and entertainment lounges, recreation areas, and single and double occupancy rooms. Students choose Ashford University because it offers:

» **Affordability** One of the lowest program costs in the Midwest.

» **Community** Instructors and classmates get to know each other thanks to small class sizes.

» **Opportunity** Students can choose from more than 25 degree programs, and there are 17 athletic teams for students to join or support.

CHARITABLE CONTRIBUTIONS

Ashford University embraces the opportunity to enrich the communities it serves. As a socially responsible institution, Ashford University reaches out to help alleviate the challenges many people face by volunteering for service organizations, making charitable contributions, and sponsoring community events.

Ashford University encourages its staff and students to participate in volunteer efforts that support worthwhile causes. These unique opportunities to serve as ambassadors of Ashford University strengthen and enhance the character of the institu-

tion and allow the volunteers to help improve lives, one person at a time.

Charitable contributions are made throughout the year to different causes and events that Ashford University supports. In 2009, a total of \$56,824 was donated to various area organizations and causes to help further their progress.

As a major part of the Clinton community, Ashford University is proud to sponsor different community events that promote education and learning as well as cultural awareness.



IMPACT TO IOWA

Methodology

The relationship between businesses, and between businesses and final consumers, may be modeled using input-output analysis. The model estimates the effects of changes in expenditures on the value of the local economy's output, income, and level of employment. Input-output analysis quantifies the indirect and induced effects of local spending (the multiplier effects). Added to these effects are the "base impacts" of a given business (e.g. total annual operating expenditures and total employees at the company).

For example, Ashford University spent approximately \$206,000 on repair and maintenance in Iowa during 2009. These expenditures would represent direct spending on goods and services produced in Iowa. The contractors and firms which received these funds would, in turn, purchase supplies and other services from their own suppliers. These expenditures would be identified as indirect expenditures. Some of these funds are spent on the wages of employees in these supporting businesses. These wages are subsequently spent on local goods and services. The resulting additional rounds of spending represent the induced effects. At each stage some funds "leak" out of Iowa due to purchases of goods and services produced outside of the state. In addition, savings and taxation further reduce the impact of future rounds of spending. However, the model accounts for both of these factors.

Indirect and induced spending are more complicated to estimate directly because the spending cycle is likely to involve a large number of individuals and firms over a diverse area and range of activities. Instead of attempting to account for all induced expenditures directly, multipliers are used to translate direct expenditures into the total economic impact. The value of these multipliers may be accurately estimated using information about the Iowa economy.

The multipliers developed and used in this report are based on the Regional Input-Output Multipliers RIMS II - Regional Accounts data from the U.S. Department of Commerce's Bureau of Economic Analysis. The estimation of these effects is facilitated by employing a software package known as IMPLAN 3. By specifying the correct magnitudes of the direct effects, IMPLAN uses the appropriate SAM type (Social Accounting Matrix) multipliers to develop measures of the indirect and induced effects. The IMPLAN data and accounts closely follow the accounting conventions used in the "Input-Output Study of the U. S. Economy" by the Bureau of Economic Analysis.

Base Impacts

To determine the inputs needed for the IMPLAN model to generate the multiplier effect of Ashford University in the state, we reviewed information provided to us regarding the operating statistics and expenditures. In total, the 2009 expenditures by Ashford University represent a base impact to business output of approximately \$19.6 million. The following categories were further detailed for fiscal year 2009 and imputed into the IMPLAN model:

- » Employee Wages
- » Employee Benefits
- » Travel Expenditures
- » Capital Expenditures
- » Event Spending
- » Repairs and Maintenance
- » Building Rent Paid
- » Advertising
- » Supplies
- » Charitable Contributions



Multiplier Impacts

Based on the 2009 operating statistics for Ashford University, \$19.6 million in business output translates into approximately \$21.3 million of additional business output, 187 jobs, \$6.7 million in employment earnings and \$12.7 million in value added (or increase in local GDP). This multiplier impact of Ashford University is summarized in the following table:

TOTAL ECONOMIC IMPACT OF ASHFORD UNIVERSITY BASED ON 2009 OPERATING STATISTICS & EXPENDITURES

Impact Type	Business Output	Employment	Employment Earnings	Total Value Added ¹
Direct Effect	\$14,650,891	129	\$4,614,922	\$9,029,280
Indirect Effect	\$2,988,386	23	\$973,181	\$1,609,604
Induced Effect	\$3,646,281	34	\$1,124,048	\$2,080,192
Multiplier Impact	\$21,285,558	187	\$6,712,150	\$12,719,076

Source: The London Group Realty Advisors, USD, IMPLAN

For a detailed explanation of direct, indirect and induced effects, please refer to the [Methodology](#) section of this report on page seven.

TOP INDUSTRY SECTORS IMPACTED

The following tables detail the top industry sectors that benefit from the \$19.6 million of business output from Ashford University. These tables demonstrate the business output, employment, labor income, and total value added that is generated for various industry sectors.

The consistent top three industries that benefit the most include:

- » Commercial and industrial machinery and equipment repair and maintenance
- » Real estate establishments
- » Offices of physicians, dentists, and other health practitioners

These three industries represent a total of 77 high-paying jobs with average employee earnings of \$41,872 (\$3.2 million in total employment earnings).

¹ Value Added: the difference between an industry's, or an establishment's, total output and the cost of its intermediate inputs. This equals gross output (sales or receipts and other operating income, plus inventory change) minus intermediate inputs (consumption of goods and services purchased from other industries or imported). Value added consists of compensation of employees, taxes on production and imports less subsidies (formerly indirect business taxes and non-tax payments), and gross operating surplus (formerly "other value added"). (BEA); Gross value added is the value of output less the value of intermediate consumption; it is a measure of the contribution to GDP made by an individual producer, industry or sector; gross value added is the source from which the primary incomes of the SNA are generated and is therefore carried forward into the primary distribution of income account. (SNA)

TOP TEN SECTORS FOR BUSINESS OUTPUT GENERATED

Category	Business Output	Employment	Employment Earnings	Total Value Added
Commercial and industrial machinery and equipment repair and maintenance	\$6,868,389	51.8	\$2,065,569	\$4,381,824
Real estate establishments	\$1,576,790	13.5	\$258,341	\$1,203,091
Offices of physicians, dentists, and other health practitioners	\$1,551,942	11.8	\$901,688	\$1,046,322
Imputed rental activity for owner-occupied dwellings	\$1,094,534	0.0	\$0	\$808,032
Retail Stores - General merchandise	\$662,710	11.7	\$283,793	\$422,437
Wholesale trade businesses	\$579,420	3.5	\$224,469	\$383,688
Food services and drinking places	\$563,868	11.2	\$168,024	\$247,284
Insurance carriers	\$482,270	1.5	\$116,676	\$214,478
Monetary authorities and depository credit intermediation activities	\$450,667	1.9	\$120,441	\$315,582
Other accommodations	\$358,321	4.7	\$110,730	\$159,701
Top 10 Total	\$14,188,911	111	\$4,249,730	\$9,182,438

Source: The London Group Realty Advisors, USD, IMPLAN

TOP TEN SECTORS FOR EMPLOYMENT GENERATED

Category	Business Output	Employment	Employment Earnings	Total Value Added
Commercial and industrial machinery and equipment repair and maintenance	\$6,868,389	51.8	\$2,065,569	\$4,381,824
Real estate establishments	\$1,576,790	13.5	\$258,341	\$1,203,091
Offices of physicians, dentists, and other health practitioners	\$1,551,942	11.8	\$901,688	\$1,046,322
Retail Stores - General merchandise	\$662,710	11.7	\$283,793	\$422,437
Food services and drinking places	\$563,868	11.2	\$168,024	\$247,284
Services to buildings and dwellings	\$294,535	5.5	\$120,909	\$148,084
Other accommodations	\$358,321	4.7	\$110,730	\$159,701
Retail Stores - Food and beverage	\$201,400	3.6	\$81,744	\$125,294
Wholesale trade businesses	\$579,420	3.5	\$224,469	\$383,688
Advertising and related services	\$357,185	3.4	\$131,288	\$159,039
Top 10 Total	\$13,014,561	121	\$4,346,553	\$8,276,764

Source: The London Group Realty Advisors, USD, IMPLAN

TOP TEN SECTORS FOR LABOR INCOME GENERATED

Category	Business Output	Employment	Employment Earnings	Total Value Added
Commercial and industrial machinery and equipment repair and maintenance	\$6,868,389	51.8	\$2,065,569	\$4,381,824
Offices of physicians, dentists, and other health practitioners	\$1,551,942	11.8	\$901,688	\$1,046,322
Retail Stores - General merchandise	\$662,710	11.7	\$283,793	\$422,437
Real estate establishments	\$1,576,790	13.5	\$258,341	\$1,203,091
Wholesale trade businesses	\$579,420	3.5	\$224,469	\$383,688
Food services and drinking places	\$563,868	11.2	\$168,024	\$247,284
Private hospitals	\$356,920	3.2	\$166,447	\$174,803
Advertising and related services	\$357,185	3.4	\$131,288	\$159,039
Services to buildings and dwellings	\$294,535	5.5	\$120,909	\$148,084
Monetary authorities and depository credit intermediation activities	\$450,667	1.9	\$120,441	\$315,582
Top 10 Total	\$13,262,426	117	\$4,440,968	\$8,482,154

Source: The London Group Realty Advisors, USD, IMPLAN

TOP TEN SECTORS FOR VALUE ADDED GENERATED

Category	Business Output	Employment	Employment Earnings	Total Value Added
Commercial and industrial machinery and equipment repair and maintenance	\$6,868,389	52	\$2,065,569	\$4,381,824
Real estate establishments	\$1,576,790	13	\$258,341	\$1,203,091
Offices of physicians, dentists, and other health practitioners	\$1,551,942	12	\$901,688	\$1,046,322
Imputed rental activity for owner-occupied dwellings	\$1,094,534	0	\$0	\$808,032
Retail Stores - General merchandise	\$662,710	12	\$283,793	\$422,437
Wholesale trade businesses	\$579,420	3	\$224,469	\$383,688
Monetary authorities and depository credit intermediation activities	\$450,667	2	\$120,441	\$315,582
Food services and drinking places	\$563,868	11	\$168,024	\$247,284
Insurance carriers	\$482,270	2	\$116,676	\$214,478
Electric power generation, transmission, and distribution	\$241,672	0	\$52,036	\$189,204
Top 10 Total	\$14,072,261	107	\$4,191,036	\$9,211,941

Source: The London Group Realty Advisors, USD, IMPLAN

Fiscal Impacts

FEDERAL TAXES

Ashford University does not pay federal taxes because it is a limited liability corporation. However, their business output generated federal taxes due to the multiplier impacts. The following table depicts these federal taxes, which total \$1.4 million:

FEDERAL TAX MULTIPLIER IMPACTS

Description	Employee Compensation	Proprietor Income	Indirect Business Tax	Households	Corporations
Social Ins Tax-Employee Contribution	\$330,732	\$92,478			
Social Ins Tax-Employer Contribution	\$334,471				
Indirect Bus Tax: Excise Taxes			\$73,837		
Indirect Bus Tax: Custom Duty			\$34,387		
Indirect Bus Tax: Fed Non-Taxes			\$56,761		
Corporate Profits Tax					\$227,130
Personal Tax: Income Tax				\$291,196	
Subtotal Federal Tax	\$665,203	\$92,478	\$164,985	\$291,196	\$227,130
Total Federal Tax Impact	\$1,440,992				

Source: The London Group Realty Advisors, USD, IMPLAN

STATE & LOCAL TAXES

Ashford University does not pay state and local taxes because it is a limited liability corporation. However, their business output generated state and local taxes due to the additional rounds of spending throughout the various industries. The following table depicts the state and local taxes, which total \$1.4 million.

The most notable categories in this table include:

- » \$495,000 in sales taxes
- » \$519,000 in property taxes (business and personal)
- » \$116,000 in personal income taxes

STATE AND LOCAL TAX MULTIPLIER IMPACTS

Description	Employee Compensation	Proprietor Income	Indirect Business Tax	Households	Corporations
Dividends					\$83,153
Social Ins Tax- Employee Contribution	\$2,594	\$0			
Social Ins Tax- Employer Contribution	\$11,161				
Indirect Bus Tax: Sales Tax			\$495,384		
Indirect Bus Tax: Property Tax			\$519,221		
Indirect Bus Tax: Motor Vehicle Lic			\$22,345		
Indirect Bus Tax: Severance Tax			\$0		
Indirect Bus Tax: Other Taxes			\$36,859		
Indirect Bus Tax: S/L Non-Taxes			\$37,714		
Corporate Profits Tax					\$29,171
Personal Tax: Income Tax				\$116,104	
Personal Tax: Non-Taxes (Fines- Fees				\$20,753	
Personal Tax: Motor Vehicle License				\$12,298	
Personal Tax: Property Taxes				\$3,068	
Personal Tax: Other Tax (Fish/Hunt)				\$4,685	
Subtotal State and Local Tax	\$13,755	\$0	\$1,111,523	\$156,908	\$112,324

Total State and Local Tax Impact \$1,394,510

Source: The London Group Realty Advisors, USD, IMPLAN

CORPORATE PROFILE

THE LONDON GROUP REPRESENTATIVE SERVICES

Market and Feasibility Studies	Development Services	Litigation Consulting
Financial Structuring	Fiscal Impact	Workout Projects
Asset Disposition	Strategic Planning	Valuation
Government Processing	Capital Access	Economic Analysis

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ECONOMIC ANALYSIS, REAL ESTATE
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ACCESS FIRM.

We cyber publish The Real Estate & Economic Monitor a newsletter providing market trend analysis and commentary. It is available and regularly updated on the World Wide Web at the following address: www.londongroup.com.

As the former West Region Director of the Price Waterhouse Real Estate Consulting Group, Gary H. London, President, brings acknowledged credentials and experience as an advisor and analyst to many successful projects and assignments throughout North America.

The London Group also draws upon the experience of professional relationships in the development, legal services, financial placement fields as well as its own staff.

Clients have regularly sought our advice and financial analysis capabilities.

Our engagements have been undertaken throughout North America for public agencies, corporations, funds, real estate sector, investors, financial institutions and insurance companies.

DR. ANDREW NARWOLD UNIVERSITY OF SAN DIEGO

Professor of Economics, joined the faculty of the School of Business Administration at USD in 1990. He earned a Ph.D. in Economics from the University of California, Santa Barbara. He also holds an MBA from Virginia Commonwealth University. Dr. Narwold received his B.A. in Economics from the University of Virginia. His research interests include housing market economics and consumer financial decisions. He is also affiliated with USD's Real Estate Institute.

Dr. Narwold has conducted several economic impact and activity studies for local organizations such as the San Diego Padres, the Buick Invitational Golf Tournament, and the San Onofre Nuclear Generating Station. He has also conducted an analysis of the economic impact of the University of San Diego.

In addition to teaching statistics and economics at USD, Dr. Narwold has been an instructor with USD's Institute for Project Management and UCSD's Executive Program for Scientists and Engineers. Dr. Narwold was selected as a Fulbright scholar for 2001-2002. He taught in the University of West Indies Program at Sir Arthur Lewis Community College in St. Lucia.



CONTACT INFORMATION

THIS ECONOMIC ACTIVITY ANALYSIS WAS
PREPARED BY THE LONDON GROUP AND
COMMISSIONED BY THE CLINTON REGIONAL
DEVELOPMENT CORPORATION AND THE
CLINTON AREA CHAMBER OF COMMERCE.

Research for this project was completed in August 2010. Conclusions and recommendations are strictly those of The London Group. Users of this information should recognize that assumptions and projections contained in this report will vary from the actual experience in the marketplace. Therefore, The London Group is not responsible for the actions taken or any limitations, financial or otherwise, of business owners, investors, managers or public agencies.

The London Group

El Cortez Building
702 West Ash, Suite 101
San Diego, CA 92101

Phone: 619-269-4010

www.londongroup.com



400 NORTH BLUFF BOULEVARD, CLINTON, IA 52732