

October 2022

prepared by

Parker Philips  
assess. analyze. assert!



McPherson  
COLLEGE

A Community Impact by Design



**Executive Summary –  
McPherson College** **3**

**Introduction** **5**

**About the Study** **6**

**McPherson College: #BulldogPride** **12**

**McPherson College Alumni Make  
an Impact in Kansas and Beyond** **12**

**McPherson College Gives Back** **13**

**Conclusion** **13**

**Appendix A: Terms & Definitions** **15**

**Appendix B: Data & Methods** **16**



## Community is Central

McPherson College is a private, independent college in McPherson, Kansas, that sets high expectations for itself and its students. Setting a path to become one of the top small colleges in the country, McPherson College has created a career-centered liberal arts curriculum that gives students room to experiment and explore as well as serve their local community through their studies and as individual volunteers. With its *Community by Design Strategic Plan*, McPherson College initiated conversations among all campus stakeholders to develop growth-oriented goals based upon the entrepreneurial spirit of students, faculty, and staff as well as the community. Structured mentorships, direct access to professors on day one, and a student debt reduction project testify to McPherson College's student-friendly learning community and a commitment to excellence.

### Contributing to the Economy

The combined economic contribution of McPherson College in 2021 was \$44.1 million. This includes a direct impact of \$26.2 million and indirect/induced impact of \$17.9 million. Operational and capital spending in Kansas generated \$36.5 million of the total impact, and \$7.6 million in impact was generated from student and visitor spending in 2021.

### Supports and Sustains Jobs

As a result of operations, student spending, and visitor spending, McPherson College supports 320 jobs (213 direct and 107 indirect/induced). McPherson College employs 142 people.

### Contributes to the State and Local Tax Base

In 2021, McPherson College, its suppliers, students, and visitors contributed an estimated \$2.6 million in state and local taxes through spending in the local and statewide economy. Of this \$2.6 million, \$1.1 million was generated in local taxes only.

McPherson College generates **\$44.1M** in economic impact per year



**\$2.6M** in state & local tax revenue

Supports and sustains **320 JOBS**



**\$259,114** in community contributions



Kansas alumni generate **\$69.5M** in economic impact annually



## Alumni Continue to Contribute to Kansas

McPherson College alumni are found throughout the globe, with many making their home in McPherson County and throughout Kansas, becoming leaders in business, government, healthcare, education, non-profit organizations, and the arts. Over 3,500 alumni living and working in Kansas are continuing to make a positive economic impact after graduation. McPherson College graduates are an integral part of the workforce of Kansas and impact the economy over their careers through their spending and the extra earning power from earning a McPherson College degree. Each year, McPherson College alumni generate \$69.5 million in economic output for the Kansas community, support and sustain 437 jobs, and contribute \$4.3 million in state and local taxes. These impacts are based on the added value of earning a degree or credential from McPherson College, not alumni full wages.

## Mission to Serve and Give Back

McPherson College instills in its students the importance of service as part of its mission "to develop whole persons through scholarship, participation and service." In addition to required service hours each year, students, along with faculty and staff, are active in community service projects to help with minor home repairs and maintenance, Meals on Wheels deliveries, and student athlete service projects.

Based upon assumptions derived from the U.S. Census Bureau and the Points of Light Foundation regarding donation amounts and volunteerism rates by age, income level and employment status, it is estimated that McPherson College staff, faculty, and students give \$103,876 annually in charitable donations and volunteer for an estimated 13,512 hours, valued at \$155,238. In 2021, the combined impact of charitable giving and volunteerism totaled \$259,114. These benefits were in addition to the \$44.1 million in annual economic impact.



*"How do we give liberal arts value? We're going to lift it up through the entrepreneurial mindset, because we want our graduates to be enterprising and perceptive."*

— Michael Schneider, Ph.D.  
President, McPherson College

## McPherson Student Profile

**842**



students enrolled

**66.3%**



student athletes

**26.6%**

of students from Kansas

**14.8%**



first generation to attend college

**40+**



majors offered

**32.4%**



Pell Grant eligible



prepared by

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assess. analyze. assist.

# Introduction to McPherson College

McPherson College is a private, independent college in McPherson, Kansas, that sets high expectations for itself and its students. Nestled in a town of 13,000 that is one of the top 100 small towns in the U.S. with a strong, diversified economic base located in central Kansas 50 miles north of Wichita – McPherson College has been building upon its core strength since 1887. Setting a path to become one of the top small colleges in the country, McPherson College has created a career-centered liberal arts curriculum that gives students room to experiment and explore as well as serve their local community through their studies and as individual volunteers. McPherson College offers over 40 areas of study including pre-professional programs and the option to create a student-designed major that allows students to combine select courses throughout the curriculum to meet their specific personal and professional goals. The college has a primarily residential student body of over 800 from 33 states and 26 countries providing a diverse and welcoming community.

With its *Community by Design Strategic Plan*, McPherson College initiated conversations among all campus stakeholders to develop growth-oriented goals based upon the entrepreneurial spirit of students, faculty, and staff as well as the community. Structured mentorships, direct access to professors on day one, and a student debt reduction project testify to McPherson College's student-friendly learning community and a commitment to excellence.

## McPherson College Mission

***McPherson College is a vibrant community of persons from diverse faiths and cultural backgrounds committed to its mission: To develop whole persons through scholarship, participation and service.***



## About the Study

In January 2022, the Kansas Independent College Association (KICA) and McPherson College engaged Parker Philips, Inc. to measure the economic contribution of Kansas' private, independent colleges and universities. The goal of this analysis is to tell McPherson College's story from a numbers and narrative perspective. To develop this report, Parker Philips gathered student, financial, and employment data about McPherson College, toured the campus, and met with key faculty, staff and leadership, and researched secondary data and information to inform the writing and key messages.

Financial and Data Gathering

Narrative Building through interviews, college survey, and campus visit

Analysis and Reporting

The primary tool used in the performance of this study is the Input-Output model and data set developed by IMPLAN Group LLC. Financial data used in this study were obtained from KICA and included the following data points: operational expenditures, capital expenditures, and payroll and benefits for employees for FY 21. Secondary data were used to estimate spending by visitors (day and overnight) and students (undergraduate and graduate) exclusive of tuition and fees. Additional information on the methodology and assumptions used to complete this study can be found in Appendix B.

The impact presented in this analysis is broken down into three categories: direct impact, indirect impact, and induced impact. The indirect and induced impacts are commonly referred to as the "multiplier effect." The following graphic provides an overview of the types of impact detailed in this report.





## DIRECT

Investment in construction and expenditures for operations

## INDIRECT

Purchases from local suppliers

## INDUCED

Household spending from earnings of direct and indirect expenditures

# MCPHERSON COLLEGE STUDY PROFILE

Data Source: McPherson College and Kansas Independent College Association

Study Type: Economic Contribution Analysis

Geography: Kansas

Study Year: Fiscal Year 2021

Methodology: IMPLAN



# McPherson College Contributes to the State and Local Economy

McPherson College contributes to the local and statewide economy through its expenditures on operations, capital projects, wages, the spending of students off-campus, and the spending of visitors to campus. The direct, day-to-day expenditures of McPherson College, combined with the student and visitor spending, cause a ripple effect throughout the statewide economy.

The total economic impact of McPherson College in 2021 totaled \$44.1 million. This contribution to the local and statewide economy is a point-in-time snapshot depicting how the expenditures of McPherson College and its faculty, staff, students, and visitors make an impact.

## OPERATIONS CONTRIBUTION

McPherson College operations and capital spending in 2021 contributed a total of \$36.5 million. McPherson College's operations generated \$21.5 million in direct economic impact, \$7.2 million in indirect economic impact, and \$7.8 million in induced economic impact.





## STUDENT SPENDING CONTRIBUTION

McPherson College students contributed a total of \$6.2 million to the state's economy in 2021 as a result of their spending. They generated \$3.9 million in direct economic impact, \$1.2 million in indirect economic impact, and \$1.1 million in induced economic impact.

## VISITOR SPENDING CONTRIBUTION

Visitor spending at McPherson College in 2021 contributed a total of \$1.4 million. Visitors to McPherson College generated \$864,421 in direct economic impact, \$326,222 in indirect economic impact, and \$257,218 million in induced economic impact.

## MCPHERSON COLLEGE COMBINED ECONOMIC IMPACT (FY 21)

 Operations	\$21,472,696 Direct	\$7,200,734 Indirect	\$7,812,779 Induced	<b>Total \$36,486,209</b>
 Student Spending	\$3,883,172 Direct	\$1,190,859 Indirect	\$1,083,171 Induced	<b>Total \$6,157,202</b>
 Visitor Spending	\$864,421 Direct	\$326,222 Indirect	\$257,218 Induced	<b>Total \$1,447,861</b>
 Combined Economic Impact	\$26,220,289 Direct	\$8,717,815 Indirect	\$9,153,168 Induced	<b>Total \$44,091,272</b>

# World Class Automotive Restoration Program

Established in 1976, through the generosity of local entrepreneur Gaines H. “Smokey” Billue and the Templeton family, McPherson College is the only institution of higher education in America that offers a bachelor’s degree in automotive restoration technology. Graduates of the world-class program are schooled in all aspects of the car collecting world as well as the liberal arts. Students are in the shop learning historical restoration skills as well as in the classroom learning about business, the arts, and English. The coursework focuses on the techniques required to work on cars built before 1970. The program is highly revered and popular with support from avid car collectors like comedian Jay Leno. Of note, 20% of all McPherson students are enrolled in this program and many alumni are now instructors in the field – there is a passion for this kind of work that preserves history and educates the next generation of auto artisans working on Jaguars, Ferraris, Mercedes-Benzes, and any car one can imagine.

Sean Robinson '22 restored a 1959 Austin Healey Bugeye Sprite to give to his mother. “I love cars so much because I was doing woodworking all of my life and just being able to put woodworking and my love for cars together is just like the greatest thing I can do here. I’m planning all of my courses around the aspect of the build so I’m taking trim classes where I will work on the trim of the car, metal work classes to help me with body spots and then ultimately, I will do the paint and full restoration.”

The next generation of auto artisans is restoring a 1953 Mercedes-Benz 300 S Cabriolet as part of an automotive restoration program goal that by 2023 it will compete and win the Pebble Beach Concours.



## Creating and Sustaining Jobs Throughout Kansas

McPherson College supports a total of 320 full- and part-time jobs throughout the state. Beyond the direct jobs at the college, indirect and induced jobs include construction for campus projects, retail, restaurants, daycare, real estate, and banking – to name a few.

### OPERATIONS

McPherson College operations supported and sustained a total of 231 jobs: 142 direct jobs, 39 indirect jobs, and 50 induced jobs.

### STUDENT SPENDING





Students from McPherson College supported and sustained a total of 74 jobs as a result of student spending: 60 direct jobs, 7 indirect jobs, and 7 induced jobs.

### VISITOR SPENDING

Visitors to McPherson College supported and sustained a total of 15 jobs as a result of their spending: 11 direct jobs, 2 indirect jobs, and 2 induced jobs.

Based on analysis by industry sectors, other jobs supported by the college outside of the higher-education and health-care sectors include jobs in real estate, retail, and services (e.g., restaurants, child-care centers, and entertainment).

### MCPHERSON COLLEGE EMPLOYMENT CONTRIBUTION (JOBS, FY 21)

 Operations	142 Direct	39 Indirect	50 Induced	<b>Total 231</b>
 Student Spending	60 Direct	7 Indirect	7 Induced	<b>Total 74</b>
 Visitor Spending	11 Direct	2 Indirect	2 Induced	<b>Total 15</b>
 Combined Employment Impact	213 Direct	48 Indirect	59 Induced	<b>Total 320</b>

# Generating Local and State Tax Revenues

McPherson College’s employees, suppliers, and related constituencies contribute to the local and statewide tax bases. In FY 21, the college contributed an estimated \$2.6 million (\$1.5 million direct and \$1.1 million indirect and induced) through local spending (operational, capital, students, and visitors) as well as direct and indirect support of jobs. At the state and local levels, McPherson College contributes to the tax bases through its purchasing. Specific taxes include employee and employer contributions to state and local social-insurance funds, sales and use taxes, personal property taxes, taxes paid on motor-vehicle licenses, and payments of fines and fees.

## MCPHERSON COLLEGE STATE AND LOCAL TAX IMPACTS (FY 21)

<b>Sub County General</b>	\$212,905 Direct	\$53,225 Indirect	\$122,308 Induced	<b>Total \$388,438</b>
<b>Sub County Special Districts</b>	\$169,754 Direct	\$42,322 Indirect	\$96,947 Induced	<b>Total \$309,023</b>
<b>County</b>	\$219,443 Direct	\$54,732 Indirect	\$125,461 Induced	<b>Total \$399,636</b>
<b>State</b>	\$860,451 Direct	\$203,309 Indirect	\$401,825 Induced	<b>Total \$1,465,585</b>
<b>Total</b>	<b>\$1,462,553 Direct</b>	<b>\$353,588 Indirect</b>	<b>\$746,541 Induced</b>	<b>Total \$2,562,682</b>

Source: Parker Philips using IMPLAN with data from KICA and McPherson

# McPherson College: #BulldogPride

McPherson competes in the National Association of Intercollegiate Athletics (NAIA) Division II and Kansas Collegiate Athletic Conference (KCAC). With 20 competitive athletic teams including men’s, women’s, and co-ed sports, McPherson College provides entertainment and sports-related events available to the whole college and local community. Student-athletes agree to an athlete code of conduct and are encouraged to participate in community service in addition to their academic studies. Ben The Bulldog – McPherson College’s trusted mascot – leads the team to victory and gets fans on their feet!



McPherson College was nicknamed the “Bulldogs” around 1917 after the hiring of Ellis D. Verink to coach the men’s basketball team. Verink’s white English Bulldog, Ben, would accompany the team to practices and games, both home and away. Ben would perform and frolic on the court between periods and held a place of honor beside the bench.

# McPherson College Alumni Make an Impact in Kansas and Beyond

McPherson College alumni are found throughout the globe, with many making their home in McPherson County and throughout Kansas, becoming leaders in business, government, healthcare, education, non-profit organizations, and the arts. The college’s nearly 8,800 alumni span five continents and over 40 countries of the world today, resulting in a widespread dispersion of the McPherson College experience and ethos. These alumni include outstanding graduates who have served and are serving their communities, the church, and the world.

Over 3,500 alumni living and working in Kansas are continuing to make a positive economic impact after graduation. McPherson College graduates are an integral part of the workforce of Kansas and impact the economy over their careers through their spending and the extra earning power from earning a McPherson College degree. Each year, McPherson College alumni generate \$69.5 million in economic output for the Kansas community, support and sustain 437 jobs, and contribute \$4.3 million in state and local taxes. These impacts are based on the added value of earning a degree or credential from McPherson College, not alumni full wages.



## McPherson College Gives Back

McPherson College instills in its students the importance of service as part of its mission “to develop whole persons through scholarship, participation and service.” In addition to required service hours each year, students, along with faculty and staff, are active in community service projects to help with minor home repairs and maintenance, Meals on Wheels deliveries, and student athlete service projects. Based upon assumptions derived from the U.S. Census Bureau and the Points of Light Foundation regarding donation amounts and volunteerism rates by age, income level, and employment status, it is estimated that McPherson College staff, faculty, and students give \$103,876 annually in charitable donations and volunteer for an estimated 13,512 hours, valued at \$155,238. In 2021, the combined impact of charitable giving and volunteerism totaled \$259,114. These benefits were in addition to the \$44.1 million in annual economic impact.

## Conclusion

The annual combined economic impact of McPherson College operations and student and visitor spending (\$44.1 million) and Kansas-based alumni (\$69.5 million) totals \$113.6 million. As McPherson College maintains the approaches it has initiated – a balanced, career-centered liberal arts curriculum, a fully involved and empowered campus community, innovative financing options, unique academic programs – its impact will continue to grow and be felt across Kansas and beyond.





# Appendix A: Terms & Definitions

**Direct Economic Impact** – All direct expenditures made by an organization due to its operating expenditures. These include operating expenditures, capital expenditures, and pay and benefits expenditures.

**Direct Employment** – Total number of employees, both full-time and part-time, at the organization based on total jobs, not FTEs.

**Dollar Year** – Presented in 2021 dollars.

**Government Revenue/State and Local Tax Impact** – Government revenue or tax revenue that is collected by governmental units at the state and local levels in addition to those paid directly by an organization. This impact includes taxes paid directly by the organization itself, employees of the organization, and vendors who sell products to the organization and at the household level.

**IMPLAN Data Year** – 2020

**Indirect Economic Impact** – The indirect impact includes the impact of local industries buying goods and services from other local industries. The cycle of spending works its way backward through the supply chain until all money is spent outside of the local economy, either through imports or by payments to value added (multiplier effect).

**Indirect Employment** – Additional jobs created as a result of an organization's economic impact. Local companies or vendors that provide goods and services to an organization increase their number of employees as purchasing increases, thus creating an employment multiplier.

**Induced Economic Impact** – The response by an economy to an initial change (direct effect) that occurs through re-spending of income received by a component of value added. IMPLAN's default multiplier recognizes that labor income (employee compensation and proprietor income components of value added) is not lost to the regional economy. This money is recirculated through household spending patterns causing further local economic activity (multiplier effect).

**Induced Employment** – Additional jobs created as a result of household spending by employees of an organization and the employees of vendors. This is another wave of the employment multiplier.

**Multiplier Effect** – The multiplier effect is the additional economic impact created as a result of the organization's direct economic impact. Local companies that provide goods and services to an organization increase their purchasing by creating a multiplier (indirect/supply-chain impacts). Household spending generated by employees of the organization and the organization's suppliers create a third wave of multiplier impact (induced/household-spending impacts).

**Study Year** – FY 2021

**Total Economic Output/Economic Impact** – Includes organizational spending on operations, capital expenditures, labor income expenditures, and value added to the economy as a result of expenditures made by an organization. It is the combined impact of direct, indirect, and induced impacts.

# Appendix B: Data & Methods

Kansas Independent College Association provided the primary economic data used to complete the contribution analysis. Data supplied included operating expenditures, capital spending (three year average), pay and benefits, and total employees. Primary and secondary data were used to complete the input-output models in IMPLAN. The study approach and economic-impact findings are a conservative estimate of impact and are based on actual financial information. The study is a snapshot in time of Kansas' independent colleges and universities.

## OVERVIEW AND THE IMPLAN MODEL

The most common and widely accepted methodology for measuring the economic impacts of economic sectors is input-output (I-O) analysis. At its core, an I-O analysis is a table that records the flow of resources to and from companies/organizations and individuals within a region at a given time. For a specified region such as a state, the I-O table accounts for all dollar flows among different sectors of the economy in a given period. With this information, a model can then follow how a dollar added into one sector is spent and represented in other sectors of the economy, generating outgoing ripples of subsequent economic activity. This chain of economic activity created by one event is called the "economic multiplier" effect.

The primary tool used in the performance of this study is the I-O model and data set developed and maintained by IMPLAN Group LLC (formerly Minnesota IMPLAN Group Inc.). IMPLAN is a widely accepted and used software model first developed by the U.S. Forest Service in 1972.

Data used in the baseline IMPLAN model and data set come largely from federal-government databases. The I-O tables themselves come from the Bureau of Economic Analysis. Much of the annual data on labor, wages, final demand, and other market data come from the Bureau of Labor Statistics, the U.S. Census Bureau, and other government sources.

Government agencies, companies, and researchers use IMPLAN to estimate the economic activities associated with spending in a particular industry or on a particular project. The IMPLAN model extends conventional I-O modeling to include the economic relationships among government, industry and household sectors, allowing IMPLAN to model transfer payments such as taxes.

Producers of goods and services must secure labor, raw materials, and other services to produce their product. The resources transferred to the owners of that labor or those raw materials and services are then used to secure additional goods and services or inputs to the products they sell. For example, an organization in a region may develop a company that produces tractors with a value of \$1 million. However, to produce that product, they may be required to spend \$500,000 in wages and benefits, \$200,000 to suppliers of tractor parts, \$100,000 for electricity, \$50,000 for transportation of goods and raw materials to and from the plant, and \$50,000 in various professional services fees associated with operating a business (e.g., attorneys and accountants). The suppliers will, in turn, spend those resources on labor and raw materials necessary to produce tractors. Workers and the



# Appendix B: Data & Methods

owners of the company will buy goods and services from other firms in the area (e.g., restaurants and gas stations) and pay taxes. The suppliers, employees, and owners of this second tier will, in turn, spend those resources on other goods and services whether within the study region or elsewhere. The cycle continues until all of the money leaves the region.

## **IMPLAN METHODOLOGY**

The model uses national production functions for more than 536 industries to determine how an industry spends its operating receipts to produce its commodities. These production functions are derived from U.S. Census Bureau data. IMPLAN couples the national production functions with a variety of county-level economic data to determine the impacts at a state and congressional-district level. IMPLAN collects data from a variety of economic data sources to generate average output, employment and productivity for each industry in a given county. IMPLAN combines this data to generate a series of economic multipliers for the study area. The multiplier measures the amount of total economic activity generated by a specific industry's spending an additional dollar in the study area. Based on these multipliers, IMPLAN generates a series of tables to show the economic event's direct, indirect, and induced impacts to gross receipts, or output, within each of the model's more than 536 industries. The model calculates three types of effects: direct, indirect, and induced. The economic impact of Kansas' independent colleges and universities is the sum of these three effects.

## **CONSIDERATIONS CONCERNING IMPLAN**

There are three important points about the use of IMPLAN (or any other I-O model):

It is a fixed-price model. The model assumes that changes in consumption are not limited by capacity and do not affect prices. This assumption does not cause a problem for the analysis presented here, because we are taking a snapshot of Kansas' independent colleges and universities in a specific year. As in many studies using this type of model, the direct impacts are not calculated by the model; they reflect actual spending levels and patterns created by each college or university. Changing the level of direct spending allows us to calculate the magnitude of the indirect and induced effects associated with the initial level of spending.

Because the model continues to calculate additional spending until all of the money leaves the region (i.e., "leakage"), the larger and more economically diverse the region, the longer it will take for spending to leave the region and the larger the impact is likely to be. For example, an employee of a college or university may spend some amount of their income on buying a car. If there are no car manufacturers in the state or county, this spending will leave the region and the multiplier effect will stop. At the national level, a portion of that same spending by that same individual may go to a national auto producer. That spending would lead to more spending at the national level than would be captured by a more regional model. The national impact will be larger than the sum in the individual states, and the individual state impact will be larger than the sum of the impacts in its congressional districts.





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