



Photo by Goodwill of Greater Washington

GOODWILL EXCEL CENTER ECONOMIC ANALYSIS

Prepared for:



Prepared by:

Rounds Consulting Group, Inc.

January 2020



Executive Summary

Approximately 14% of the adult population in Arizona (about 720,000 Arizonans) have less than a high school diploma or its equivalent¹. This has serious adverse effects on the individual, their family, and the community at large. Those without a high school diploma have fewer job opportunities, lower wages, weaker overall health, and more likely to be incarcerated and be recipients of government welfare.

Goodwill of Central and Northern Arizona (GCNA) seeks to enhance the career access and potential for the state's adults without a high school diploma by bringing The Excel Center to Arizona. The Excel Center will offer *adult students* the opportunity to earn a high school diploma, begin working towards post-secondary education, and complete job-specific training/certification to advance their career paths.

The development of The Excel Center will significantly improve the well-being of those that graduate and produce major economic benefits for the state as a whole. Even those students that enroll in The Excel Center but do not graduate also see significant increases in their earnings and employment potential. Initially opening one school, GCNA anticipates adding another 21 schools in Arizona over the next 10-years to better serve the community.

On average, approximately 505 students will receive a high school diploma each year from The Excel Center. Nearly 38% of those graduates will continue their education and complete some form of post-secondary education, receive an associate degree, or receive a bachelor's degree. The average annualized wage increase of graduates and non-graduating students is estimated to be about \$17,160 – which is equivalent of getting an \$8.25 per hour raise. Additionally, \$907 in public assistance savings is realized per student.

Summary of Economic and Fiscal Benefits

Impacts are reported in terms of employment, wages, and economic output. Employment is an estimate of the total number of full-time jobs. Jobs over the years can be combined into “job years.” For example, 100 persons employed for 10 years equals 100 annual jobs or 1,000 job-years. Wages is an estimate of the total income received by employees and graduates. Economic output is an estimate of the total value of goods and services produced in the region similar to how statistics like gross domestic product (GDP) capture economic volume in individual states and across the country.

By Year 10, operations and construction of The Excel Center will support 19,354 job-years in Arizona. This takes into account the employees working at The Excel Center and the additional jobs supported throughout the local economy as a result of the increased graduate and non-graduate wages as well as the multiplier effects.

Collectively, by Year 10, Arizona's economy will gain a total of \$1.9B in wages (including the additional wages earned by graduates and non-graduates) and \$5.3B in economic output. Over 10 years, the state and local governments will collect \$368.1M in tax revenues as a result of The Excel Center. Additionally, \$52.8M in public assistance savings is realized over 10 years.

¹ According to the U.S. Census Bureau



The following table provides a summary of the estimated number of students and graduates in addition to the total (sum of direct, indirect, and induced) jobs, wages, economic output, tax revenues (state and local), and public assistance savings generated by construction and operations of The Excel Center.

Annual Economic and Fiscal Impact Summary - The Excel Center								
	Schools	Students	Graduates	Jobs ¹⁾	Wages (\$ Millions)	Output (\$ Millions)	Tax Revenues ²⁾ (\$ Millions)	Public Savings ³⁾ (\$ Millions)
Year 1	1	118	29	80	\$5.9	\$15.9	\$0.1	\$0.1
Year 2	1	355	88	168	\$16.1	\$44.4	\$3.0	\$0.4
Year 3	2	473	117	350	\$33.0	\$90.8	\$6.3	\$0.9
Year 4	2	709	176	540	\$54.2	\$149.7	\$10.3	\$1.5
Year 5	3	828	205	825	\$82.1	\$226.5	\$15.8	\$2.3
Year 6	5	1,300	323	1,277	\$126.1	\$347.8	\$24.2	\$3.4
Year 7	7	2,010	499	1,919	\$191.3	\$527.9	\$36.7	\$5.3
Year 8	12	3,074	763	3,007	\$296.3	\$816.8	\$56.8	\$8.0
Year 9	17	4,847	1,203	4,561	\$453.8	\$1,251.8	\$87.0	\$12.4
Year 10	22	6,620	1,643	6,627	\$666.3	\$1,839.2	\$127.9	\$18.4
Total	22	20,334	5,045	19,354	\$1,925.3	\$5,310.7	\$368.1	\$52.8

¹⁾The jobs estimate excludes the number of employed graduates and non-graduates; however, all other estimates include the impacts resulting from the additional earnings of those graduates and non-graduates.

²⁾Tax revenues include both state and local taxes.

³⁾Savings from federal and state public assistance eligibility change.

Note: In 2019 dollars. May not sum to total due to rounding.

Source: Rounds Consulting Group, Inc.

The summary table also accounts for the fact that graduates work more hours per week as well as the fact that those that do not graduate but move through the program yield higher wages per hour than their counterparts that have not participated. The table does not include any public safety savings related to lower crime rates among individuals that participate in the program but does include savings from public health care programs realized as a result of participation in The Excel Center.

Summary of Breakeven Analysis

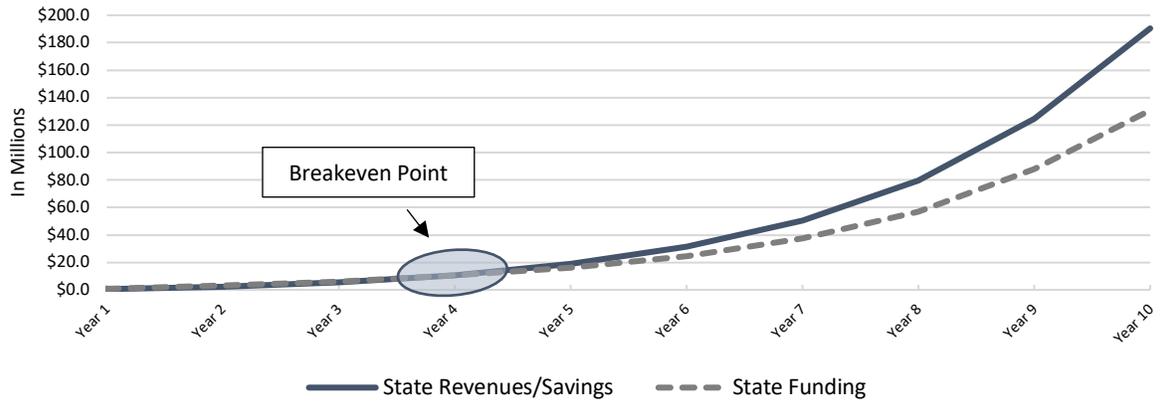
GCNA is requesting state funding to offset student educational costs. To determine if the benefits to the state outweigh the costs of funding, a cumulative breakeven analysis was conducted. According to state estimates, the cost per student is approximately \$8,600 a year. However, funding per student will only be authorized for students over the age of 22. The Excel Center will serve students age 18 to 22 as well, therefore, the state will realize the economic benefits from all students but incur costs from only those students over the age of 22.

*Over 10 years, a total of \$190.4M in state tax revenues and savings will be generated from the estimated \$130.7M in funding from the state. **On average, the state cost per student is about \$2,935 less than the state fiscal benefit and a breakeven point is reached in Year 4.***

Furthermore, the local government entities will also receive significant fiscal benefits that exceed the aforementioned state fiscal impact numbers. These were excluded to maintain a cost-benefit analysis focused on the program's impact to the state. If the local government revenues were included, the \$2,935 per student benefit increases by approximately \$3,850, to \$6,785.



Cumulative Breakeven of State Revenues/Savings v. State Funding



Note: In 2019 dollars.
Source: Rounds Consulting Group, Inc.



Table of Contents

<i>Executive Summary</i>	1
Summary of Economic and Fiscal Benefits	1
Summary of Breakeven Analysis.....	2
<i>Introduction</i>	5
Overview of The Excel Center	5
<i>Methodology and Assumptions</i>	7
Economic Impact Methodology	7
Fiscal Impact Methodology.....	8
Assumptions.....	9
<i>Economic and Fiscal Impacts</i>	11
Construction Impact – Total.....	11
Operations Impact – Annual	11
10-Year Fiscal Impacts	12
Breakeven Analysis.....	14
<i>Appendix</i>	16



Introduction

Goodwill of Central and Northern Arizona (GCNA) retained Rounds Consulting Group, Inc. (RCG) to analyze the economic and fiscal impacts generated by The Excel Center in Arizona. A cumulative breakeven analysis was also conducted to determine if the benefits outweigh the costs within a reasonable timeframe. As a public school for adults, The Excel Center will offer students 18 years and over the opportunity to earn a high school diploma while working towards a college degree and completing job-specific training.

An economic and fiscal impact model was developed to estimate the direct employment, wage, economic output, and tax revenue effects resulting from graduate and non-graduating student wage growth, public assistance savings, GCNA capital investment, and operations of The Excel Center in Arizona. Furthermore, the model estimates the additional ripple (indirect and induced) effects produced by the direct activities.

Overview of The Excel Center

Dropping out of school has serious consequences for individuals, their families, and society as a whole. Approximately 14% of the adult population in Arizona (about 720,725 Arizonans) have less than a high school diploma or its equivalent².

High school dropouts are more likely to be unemployed and even when employed, dropouts earn much less than those with a high school diploma or higher. For example, in Arizona, adults without a high school diploma earn about 30% less than those with a diploma and about 53% less than those with some college or an associate degree³.

Not only do high school dropouts have fewer job opportunities and lower wages, dropouts have a higher probability of incarceration and have worse overall health than high school graduates. The economic consequences go far beyond the individual. The community at large is impacted as dropouts lead to less spending and tax revenues while increasing public costs for health, crime and welfare.

Education remains a major tool by which people can increase their opportunities and improve their overall quality of life. GCNA seeks to enhance career access and potential for the state's high school dropouts by bringing The Excel Center to Arizona.

The Excel Center will offer adult students (18 and over) the opportunity to earn their high school diploma, begin working towards post-secondary education, and complete job-specific training/certification to advance their career paths.

The Excel Center model allows for a flexible yet accelerated structure to help students manage work, life, and family as they achieve their educational goals. The Excel Center will also provide mentorships to keep students engaged and help navigate college preparation or career plans. Plus, The Excel Center will offer free services such as childcare and transportation assistance to further increase the likelihood of education attainment.

² According to the U.S. Census Bureau

³ According to the U.S. Census Bureau



The Excel Center is modeled after the program created by Goodwill of Central and Southern Indiana (GCSI) which opened its first site in 2010. Currently, 15 school sites serve students throughout central and southern Indiana. According to GCSI, approximately 2,400 students earned a high school diploma at The Excel Centers in Indiana between 2010 and 2017.

Nearly 70% of The Excel Center graduates in Indiana are employed within their first six months after exiting the school with a wage increase of 50% according to GCSI. However, GCSI notes that those estimates may be low since post-secondary enrollment is not factored into their estimates. The success and substantial impacts created by The Excel Center in Indiana are indicative of potential impacts that could be realized in Arizona.



Methodology and Assumptions

Economic and fiscal impact models are an effective way to demonstrate regional implications of a particular project, policy, business, development or other activities in a given area. The study area can range from a single neighborhood or city to an entire state or country. Typically, the level of effects resulting from the activity are estimated in terms of output, earnings, employment, and tax revenues.

RCG developed an economic and fiscal impact model to analyze the effects resulting from Goodwill of Central and Northern Arizona capital investments, The Excel Center operations, and the wage increase of graduates and non-graduating students. The RCG proprietary model employs an input-output model methodology commonly used by economists to determine impacts. This method was used to estimate the multiplier or ripple effects caused by the activities being analyzed. Activity was then converted into tax revenues in each of the relevant categories.

Economic Impact Methodology

An economic impact model provides a quantifiable method to estimate the economic activity of a particular activity in a given area. Impacts can be used to measure existing activity and to measure potential expansions/contractions of an area's economy resulting from changes in economic activity. Typically, the level of economic effects resulting from the activity is estimated in terms of *output*, *earnings*, and *employment*. These are defined as:

- *Output* captures the broader level of economic activity, or the total value of goods and services produced in the region similar to how statistics like gross domestic product (GDP) capture economic volume in individual states and across the country.
- *Earnings*, a component of output, represents income to employees. The earnings component is used to measure the total change in income throughout the economy due to economic or business activity.
- *Employment* is the total number of full-time equivalent (FTE) jobs created in the economy on an annualized basis.

The economic effects occurring as a direct consequence of the initial activity create additional activity in the regional economy. This relationship is known as the *multiplier or ripple effect*. The basis for multiplier effects is the interdependencies between industries, how one industry impacts other sectors, and the cycle of spending and re-spending within the regional economy.

An input-output model is used to generate these multipliers. These multipliers quantify relationships among industries and estimate the extent that the area being analyzed can capture sales, earnings, and job impacts within the region.

Input-output models measure impacts based on their source. *Direct* effects are the result of the initial activity being analyzed. The multiplier effects, or *secondary effects*, are measured as either *indirect* or *induced*. These are defined as:



- Direct effects, or impacts, measure business activity at an individual site or the initial change in the economy attributed to the development under consideration. For example, The Excel Center’s operations directly affect the state through its employment of instructors, office administrators, support staff, etc.
- Indirect impacts capture additional output, earnings, and employment changes generated as a result of increased demand in the industries which supply services or products to the direct business or development under consideration. For example, this would include the workers employed by the retail, food, and school suppliers that provide goods and services to The Excel Center.
- Induced impacts capture additional output, earnings, and employment changes generated as a result of increased spending in the local economy made by the households of both the direct and indirect employees as well as the increased spending of graduates and non-graduates. These induced companies respond by hiring, increasing payroll hours, and increasing wages. For example, the wages received by the direct The Excel Center employees/students and the indirect supplier employees induce spending at local grocery stores, gas stations, clothing stores, etc.

A commonly used input-output model used to generate economic multipliers is IMPLAN (short for impact analysis for planning). Originally developed by the U.S. Forest Service in the 1970s, the responsibility for developing IMPLAN data sets shifted to the University of Minnesota as demand grew for regional models. Now, IMPLAN runs as a private organization and is the leading provider of nationwide economic impact data and analytical software.

The RCG custom economic impact model employs this input-output model methodology and uses Arizona-specific IMPLAN multipliers.

Fiscal Impact Methodology

Fiscal impact models provide estimates for the government revenues that are generated by a particular project, policy, business, development, or activity in a given area. Typically, fiscal impacts examine revenues that are likely to result from a project or activity and are determined by the study area’s tax structure. In general, the types of government taxes analyzed include: sales taxes, excise taxes, lease taxes, income taxes, and property taxes. The type of activities subject to these taxes include payrolls, retail sales, utility use, leases, and construction, to name a few.

Fiscal impacts are categorized similar to economic impact studies and are broken down at the direct, indirect, and induced levels in which they are created. In general, direct revenues can be estimated by definable sources such as sales taxes generated by the construction of The Excel Center and student/direct employees’ retail purchases. Indirect and induced revenues are generated by the wages, residency, and spending of those indirect and induced employees who are supported by the direct economic activity.

The RCG fiscal impact model employs this methodology. The model was designed to produce revenue information for the state and local (county and city) governments.



Assumptions

Economic and fiscal implications of an activity are determined by the interaction of a number of factors including business characteristics (type of businesses, number of employees, etc.), location and study area characteristics (state and local tax structures), taxable activity, and by the nature of any economic or demographic effects resulting from the activity (new employment/population added to area). This report analyzes the short-term *construction* and the ongoing *operational* regional economic and fiscal impacts generated from The Excel Center.

Construction impacts estimate the on- and off-site construction effects derived from capital improvements, construction employment, and the supplier industries that support construction. The following assumptions were used to calculate construction impacts.

- According to GCNA, the total cost of capital investments in the planned 22 schools sums to approximately \$43.5 million.
- Construction is estimated at \$24.8 million (i.e., average of \$1.1 million per school) and furniture, fixtures, and equipment (FF&E) purchases is estimated at \$18.7 million (i.e., average of \$850,000 per school).

Operations impacts estimate the ongoing impacts related to the day-to-day operations of The Excel Center and the impacts derived from graduate wage growth. The following assumptions were used to calculate operational impacts.

The number of projected Arizona graduates and wage growth expectations are based on performance data from Goodwill of Central and Southern Indiana's The Excel Center⁴. Conservative assumptions were employed to convert Indiana data to Arizona-specific estimates.

- According to GCNA, The Excel Center will employ 19 persons per school earning an average annual wage of \$50,000.
- Students enrolled at The Excel Center graduate within 8-14 months.
- It is anticipated that The Excel Center will enroll an average of 2,033 students per year and graduate an average of 487 students per year in its first 10 years of operations for a total of 20,034 students 5,045 graduates.
- A portion of those graduates (38%) will also continue their education and complete some form of post-secondary education further advancing their career potential and earnings.

⁴ On average, 341 students graduated each year from The Excel Center in Indiana over a 7-year period and had a wage increase of 50%. However, the wages may be depressed since post-secondary enrollment is not factored into the calculation. Approximately 38% of graduates continued into post-secondary education. This individual graduate wage and employment data was verified through payroll information filed by all employers subject to state and federal unemployment compensations laws in Indiana.



- Not only do graduates earn more, they also work more hours, and those that do not graduate but move through the program yield higher wages per hour than their counterparts that have not participated.
- The weighted average annualized wage increases of graduates (including those that complete some post-secondary education) and non-graduates that enrolled at The Excel Center is estimated to be \$17,160 (i.e., approximately a \$8.25 per hour increase). This includes the hourly wage increase and the increase in the number of hours worked.
- For perspective, according to the U.S. Census Bureau, those Arizonans without a high school diploma earn \$6,724 (or \$3.23 per hour) less than those with a high school diploma, earn \$12,593 (\$6.05 per hour) less than those with some college or an associate degree, and earn \$27,683 (\$13.31 per hour) less than those with a bachelor's degree.

Assumptions were based on currently available information compiled from a variety of sources and subject to uncertainty and variation. Therefore, actual impacts may vary, and some impacts may not materialize due to unanticipated events and changing circumstances.



Economic and Fiscal Impacts

The following section summarizes the economic and fiscal impacts of The Excel Center on the Arizona economy. Annual impacts are detailed in the Appendix. The economic activity generated by Goodwill of Central and Northern Arizona’s capital investment in The Excel Center (construction impact) is analyzed, followed by the schools’ annual operations and the employment and wage impact of graduates and non-graduating students (operations impact). The cumulative breakeven analysis is also summarized in this section.

The wage impact of graduates and non-graduates is estimated based on difference in pre- and post-enrollment/graduating employment and earnings. Meaning the effects are only calculated based on the net change in income and therefore are considered net new impacts.

Construction Impact – Total

In total, The Excel Center’s estimated \$43.5 million in capital investments will support a total of 319 jobs. This includes 192 direct construction jobs and 128 secondary (indirect and induced) jobs. In total, \$16.4 million in wages are produced by construction activities. The total economic output produced by this construction activity equals \$44.9 million.

In total, the state and local governments collect \$5.4 million from the construction of the 22 The Excel Center schools. This includes sales taxes levied on construction expenditures, the spending of direct construction workers, and the secondary taxable activities generated by indirect and induced jobs.

Economic & Fiscal Impacts – Construction (Total)			
\$44,908,900	319	\$16,396,900	\$5,369,600
Total Economic Output	Total Jobs	Total Wages	Total State & Local Taxes
\$24,750,000 Primary \$20,159,200 Secondary	192 Primary 128 Secondary	\$9,839,200 Primary \$6,557,400 Secondary	\$4,676,400 Primary \$693,200 Secondary

In 2019 dollars. May not sum to total due to rounding.
Sources: IMPLAN; Rounds Consulting Group, Inc.

Operations Impact – Annual

GCNA estimates The Excel Center will employ 418 persons in Arizona by Year 10. The direct wages earned by those employees sums to \$20.9 million annually. By Year 10 the annual net new increase in wages of graduates and non-graduates sum to \$348.9 million (i.e., \$17,160 increase in wages per graduate/non-graduate student). By Year 10, direct operations of The Excel Center produce \$1.8 billion in economic output.



Direct operations of The Excel Center generate another 6,136 indirect and induced jobs in Arizona. Those jobs collectively earn \$292.7 million in wages each year and produce \$898.6 million in economic output.

The Excel Center’s operations and increased graduate/non-graduate earnings supports 6,554 jobs (direct, indirect, and induced jobs) each year by Year 10. The collective wages earned by those jobs and the additional graduate/non-graduate income totals \$662.6 million and generates an annual economic output of \$1.8 billion. By Year 10, the state of Arizona collects \$49.8 million and local governments collect \$76.9 million in tax revenues each year from The Excel Center’s operations.

Economic & Fiscal Impacts – Operations (Year 10)			
\$1,829,002,800	6,136	\$662,551,900	\$126,694,400
Total Economic Output	Total Jobs	Total Wages	Total State & Local Taxes
\$930,397,000 Primary \$898,605,800 Secondary	418 Primary 6,136 Secondary	\$369,835,300 Primary \$292,716,600 Secondary	\$94,948,500 Primary \$31,745,500 Secondary

In 2019 dollars. May not sum to total due to rounding.
 Note: The jobs estimate excludes the number of employed graduates and non-graduates; however, all other estimates include the impacts resulting from the additional earnings of those graduates and non-graduates.
 Sources: IMPLAN; Rounds Consulting Group, Inc.

Additionally, wage increases reduce students’ (graduates and non-graduates) federal and state public assistance eligibility. On average, the public assistance eligibility change equates to \$907.28 per student in annual savings. The state saves \$773.91 per student and the federal government saves \$133.37 per student.

Public Assistance Savings Per Student	
Public Assistance Program	Per Student Annual Savings
AHCCCS ¹⁾	\$773.91
SNAP ²⁾	\$94.27
EITC ³⁾	\$39.10
Total	\$907.28

¹⁾ AHCCCS, Arizona Health Care Cost Containment System, is Arizona’s Medicaid agency that offers health care services for individuals who qualify based on income level.
²⁾ SNAP, Supplemental Nutrition Assistance Program, is the formerly known as food stamp federal entitlement program that supplements the food budget of eligible low-income individuals.
³⁾ EITC, Earned Income Tax Credit, is a federal earned income tax credit that is refundable for low- to moderate-income working individuals.
 Sources: U.S. Census Bureau; U.S. Department of Agriculture; U.S. Internal Revenue Service; Arizona Department of Health Services; Rounds Consulting Group, Inc.

10-Year Fiscal Impacts

Over 10 years, construction and operations of The Excel Center directly generate \$100.0 million in tax revenues for the state of Arizona. These revenues are directly generated from taxes imposed on construction expenditures, retail purchases, utility use, personal income, and vehicle ownership/use.



Indirect and induced employees generate another \$45.4 million in state tax revenues over 10 years. These revenues include taxes levied on employee spending, income, and vehicle ownership/use.

Local governments (county and city) collect \$177.1 million from the direct construction and operations activity over 10 years. Secondary impacts generate another \$46.7 million from construction and operations of The Excel Center over 10 years. The revenues collected by local governments are generated from taxes on retail spending, employee property, utility use, and State Shared Revenues. State Shared Revenues are state sales tax, state income tax, highway user revenue fund, and vehicle license tax revenues distributed to cities and counties primarily based on their population.

In total, over 10 years, state and local governments collect \$369.1 million in tax revenues. Additionally, AHCCCS, the state’s Medicaid agency, saves \$45.0 million from the decline in public assistance usage.

10-Year Fiscal Impacts			
	State	Local	Total
Direct Impacts	\$99,986,300	\$177,052,700	\$277,039,000
Construction Sales Taxes ¹⁾	\$795,600	\$832,700	\$1,628,300
Retail Sales Taxes ²⁾	\$53,715,400	\$85,081,600	\$138,797,000
Income Taxes ³⁾	\$23,761,800	-	\$23,761,800
Unemployment Taxes ⁴⁾	\$11,287,900	-	\$11,287,900
Property Taxes ⁵⁾	-	\$47,358,300	\$47,358,300
Vehicle Taxes ⁶⁾	\$10,425,600	-	\$10,425,600
State Shared Revenues ⁷⁾	-	\$43,780,100	\$43,780,100
Indirect & Induced Impacts	\$45,413,700	\$46,668,500	\$92,082,200
Retail Sales Taxes ²⁾	\$16,866,700	\$21,334,700	\$38,201,400
Income Taxes ³⁾	\$22,076,600	-	\$22,076,600
Unemployment Taxes ⁴⁾	\$3,363,500	-	\$3,363,500
Property Taxes ⁵⁾	-	\$8,923,600	\$8,923,600
Vehicle Taxes ⁶⁾	\$3,106,900	-	\$3,106,900
State Shared Revenues ⁷⁾	-	\$16,410,200	\$16,410,200
Total Impacts	\$145,400,000	\$223,721,200	\$369,121,200
Total Public Assistance Savings ⁸⁾	\$45,014,700	-	\$45,014,700

¹⁾ Sales tax revenues collected from construction expenditures.

²⁾ Sales tax revenues collected from utility use, retail sales, and restaurant/bar sales.

³⁾ Income tax revenues collected from employee adjusted gross income.

⁴⁾ Unemployment tax revenues collected from the first \$7,000 in gross wages paid per employee.

⁵⁾ Property tax revenues collected from employee owned real estate property.

⁶⁾ Vehicle tax revenues collected from vehicle registrations, gasoline, and other vehicle related fees.

⁷⁾ State Shared Revenues are state sales tax, state income tax, highway user revenue fund, and vehicle license tax revenues distributed to cities and counties primarily based on their population.

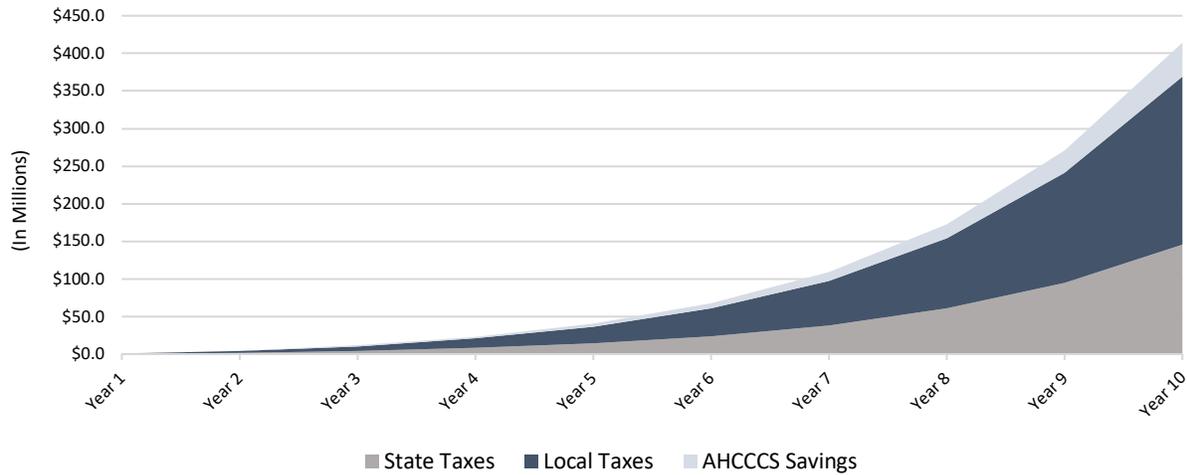
⁸⁾ Total savings from less usage of AHCCCS (Arizona Health Care Cost Containment System) which is Arizona’s Medicaid system that offers health care services for individuals who qualify based on income level.

Note: In 2019 dollars. May not sum to total due to rounding.

Sources: Arizona Department of Revenue; Goodwill of Central and Northern Arizona; IMPLAN; Rounds Consulting Group, Inc.



10-Year Cumulative Fiscal Impacts



Source: Rounds Consulting Group, Inc.

Breakeven Analysis

The following section summarizes a cumulative breakeven analysis to determine if the benefits to the state outweigh the costs. GCNA is requesting state funding to offset the annual \$8,600 per student cost of The Excel Center. However, funding per student will only be authorized for students over the age of 22 – approximately 75% of the student population. The Excel Center will serve students age 18 to 22 as well, therefore, the state will realize the economic benefits from all students but incur costs from only those students over the age of 22.

Over 10 years, the total cost of state funding for students over the age of 22 sums to \$130.7 million. In total, The Excel Center’s graduates and non-graduating students (of all ages) will generate \$145.4 million in state tax revenues and \$45.0 million in state savings over 10 years. Therefore, the net fiscal benefit to the state is equal to \$59.7 million. On average, the state cost per student is estimated to be \$2,935 less than the state fiscal benefit.

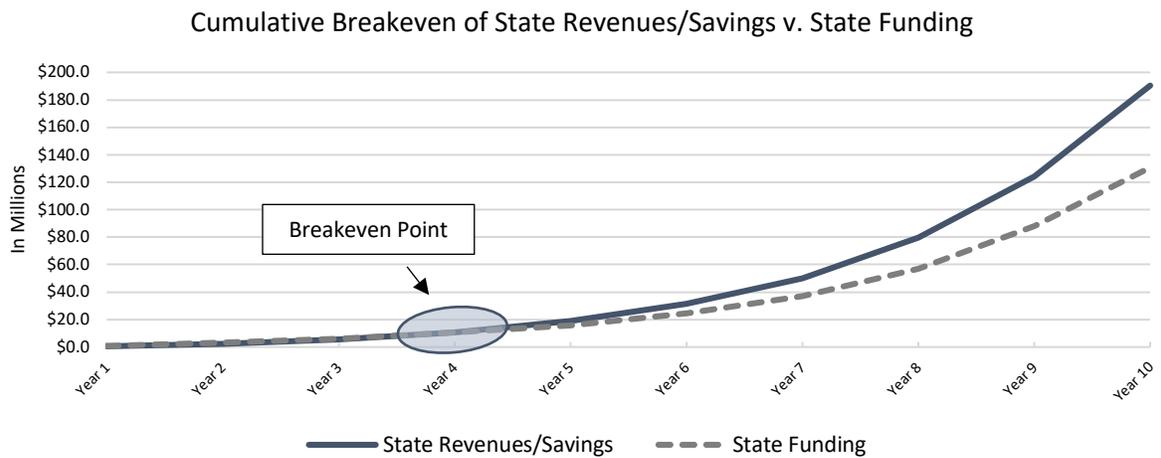
Breakeven Analysis of State Revenues/Savings v. Funding	
Over 10 Years	Total
State Revenues ¹⁾	\$145,400,000
State Savings ²⁾	\$45,014,700
State Funding ³⁾	-\$130,720,00
Total	\$59,694,700

¹⁾ Total state tax revenue collections.
²⁾ Total state savings from AHCCCS eligibility changes.
³⁾ Total state funding based on the estimated \$8,600 per student over the age of 22.
 Sources: U.S. Census Bureau; U.S. Department of Agriculture; U.S. Internal Revenue Service; Arizona Department of Health Services; Rounds Consulting Group, Inc.



Furthermore, local government entities also receive significant fiscal benefits that exceed the aforementioned state fiscal impact numbers. In total, local governments collect \$223.7 million over 10 years. These were excluded to maintain a cost-benefit analysis focused on the program's impact to the state. If the local government revenues are included, the \$2,935 per student benefit increases \$3,850 to approximately \$6,785.

Although initial state funding costs are greater than state benefits, a breakeven point is reached in Year 4 with the positive benefits further advancing each year thereafter. Considering state agencies and local municipalities typically accept 5- to 10-year breakeven timeframes when analyzing funding proposals, a 4-year breakeven point is reasonable.



Note: In 2019 dollars.
Source: Rounds Consulting Group, Inc.



Appendix

The Excel Center Economic Impacts										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Direct										
Jobs	28	19	47	38	66	112	150	272	367	462
Wages (\$ Millions)	\$3.4	\$9.1	\$18.6	\$30.3	\$45.9	\$70.6	\$107.0	\$165.8	\$253.7	\$372.1
Output (\$ Millions)	\$8.1	\$22.5	\$46.2	\$76.1	\$115.3	\$177.0	\$268.7	\$415.8	\$637.1	\$936.0
Indirect										
Jobs	21	63	127	212	320	491	747	1,152	1,770	2,606
Wages (\$ Millions)	\$1.0	\$3.1	\$6.3	\$10.5	\$15.9	\$24.3	\$37.0	\$57.1	\$87.7	\$129.2
Output (\$ Millions)	\$3.3	\$9.4	\$19.2	\$32.0	\$48.3	\$74.0	\$112.5	\$173.9	\$266.8	\$392.4
Induced										
Jobs	32	86	176	290	439	674	1,022	1,583	2,424	3,559
Wages (\$ Millions)	\$1.5	\$4.0	\$8.2	\$13.4	\$20.3	\$31.2	\$47.4	\$73.4	\$112.4	\$165.0
Output (\$ Millions)	\$4.5	\$12.4	\$25.3	\$41.6	\$62.9	\$96.7	\$146.7	\$227.1	\$347.9	\$510.8
Total										
Jobs	80	168	350	540	825	1,277	1,919	3,007	4,561	6,627
Wages (\$ Millions)	\$5.9	\$16.1	\$33.0	\$54.2	\$82.1	\$126.1	\$191.3	\$296.3	\$453.8	\$666.3
Output (\$ Millions)	\$15.9	\$44.4	\$90.8	\$149.7	\$226.5	\$347.8	\$527.9	\$816.8	\$1,251.8	\$1,839.2

In 2019 dollars. May not sum to total due to rounding.

Note: The jobs estimate excludes the number of employed graduates and non-graduates; however, all other estimates include the impacts resulting from the additional earnings of those graduates and non-graduates.

Sources: IMPLAN; Rounds Consulting Group, Inc.

The Excel Center Fiscal Impacts										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
State Revenues (\$ Millions)	\$0.46	\$1.65	\$4.14	\$8.20	\$14.41	\$23.95	\$38.40	\$60.82	\$95.08	\$145.40
State Savings (\$ Millions)	\$0.09	\$0.46	\$1.19	\$2.47	\$4.39	\$7.32	\$11.80	\$18.66	\$29.28	\$45.01
State Costs (\$ Millions)	-\$0.76	-\$3.04	-\$6.08	-\$10.64	-\$15.96	-\$24.32	-\$37.24	-\$57.00	-\$88.16	-\$130.72
Cost/Benefit (\$ Millions)	-\$0.21	-\$0.93	-\$0.75	\$0.04	\$2.84	\$6.95	\$12.96	\$22.48	\$36.20	\$59.69

In 2019 dollars. May not sum to total due to rounding.

Note: Cumulative state tax revenues, AHCCS savings, and state costs.

Sources: IMPLAN; Rounds Consulting Group, Inc.