

DIFFERENCE MAKERS: THE ECONOMIC AND SOCIETAL IMPACTS OF AZUSA PACIFIC UNIVERSITY



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UNIVERSITY

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EXECUTIVE SUMMARY



AZUSA PACIFIC
UNIVERSITY

Azusa Pacific University is one of the largest Christian universities in the nation and an active member of the Council for Christian Colleges & Universities. It is committed to academic excellence and a spiritual learning environment that prepares its students for a lifetime of professional success and enthusiastic service. It has a well-documented history of commitment to serving diverse student population groups. The University also highly regarded for its volunteer education and service to Azusa, the San Gabriel Valley, and beyond.

APU cultivates and graduates Difference Makers – students prepared to impact the world for Christ in classrooms, hospitals, boardrooms, churches and beyond. It is a promise lived out daily through its operations, investments, and educational offerings. As a faith and learning community, the university is a mission-driven organization and a significant economic engine for the City of Azusa, San Gabriel valley, Southern California region, and the state of California.

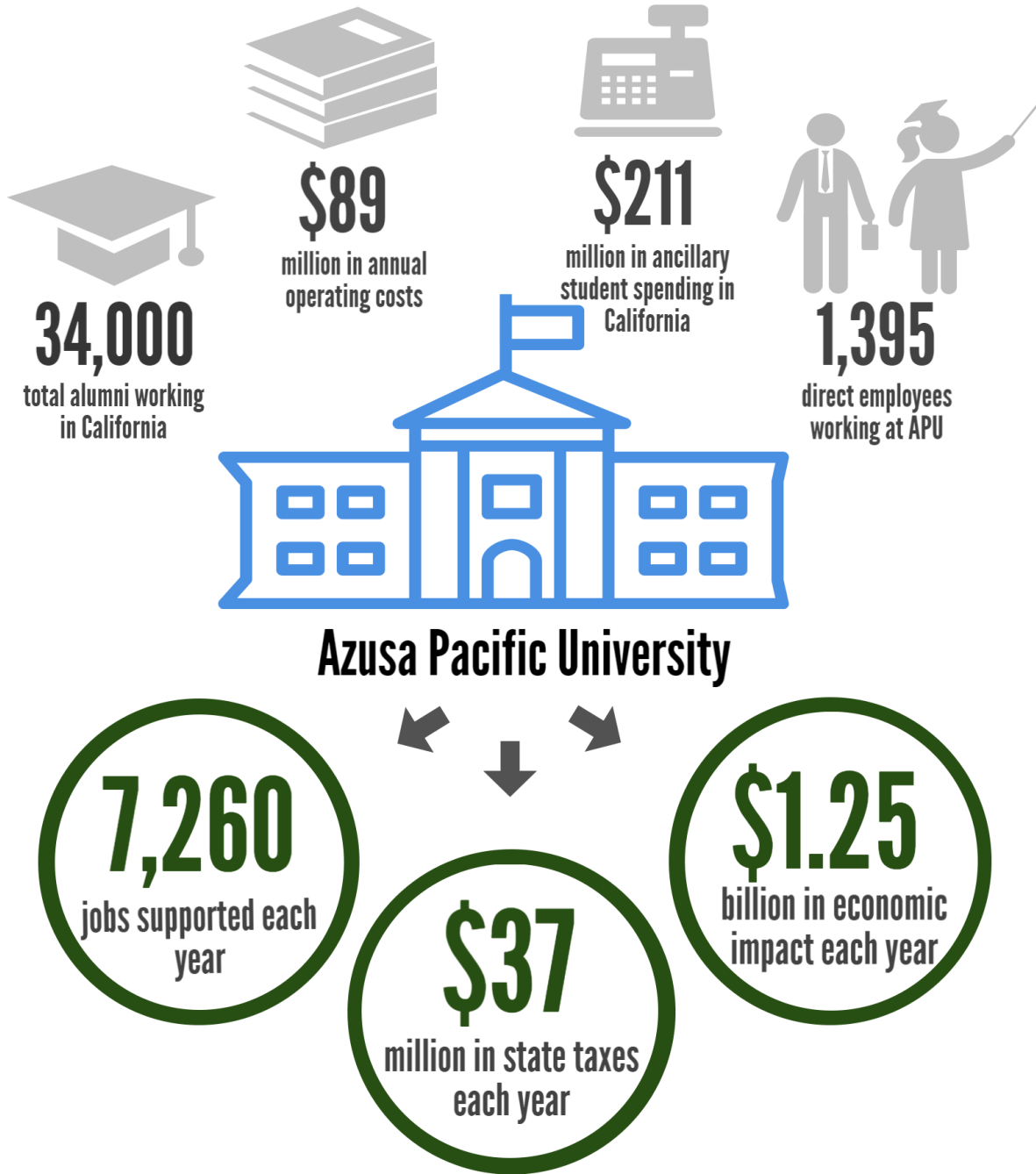
Each year, Azusa Pacific University makes significant contributions to the local and statewide economies. Through operations, capital investment, ancillary spending associated with APU students and visitors, and the wage premium conferred by APU's alumni, APU's presence within California helps to support jobs and local businesses. In aggregate, APU generates:

- \$210 million in economic impact and supports about 1,400 direct, indirect, and induced jobs within the City of Azusa;
- \$474 million in economic impact and supports about 2,800 direct, indirect, and induced jobs within San Gabriel Valley;
- \$716 million in economic impact and supports about 4,200 direct, indirect, and induced jobs within LA County
- \$1.21 billion in economic impact and supports about 7,000 direct, indirect, and induced jobs within Southern California
- \$1.25 billion in economic impact and supports over 7,200 direct, indirect, and induced jobs within the State of California

This amount of economic impact has generated approximately \$37 million in tax revenues to the State of California during every year.



FIGURE ES.1 – ANNUAL ECONOMIC IMPACT OF AZUSA PACIFIC UNIVERSITY IN THE STATE OF CALIFORNIA



Source: APU (2017), Econsult Solutions (2017), Piktochart (2017)



Azusa Pacific University's impact is not just economic but also educational; making it an important contributor to the city's and state's future competitiveness in today's knowledge-based economy. APU plays an important role in educating and credentialing local residents in addition to drawing in new students, faculty, and staff who would likely reside and work elsewhere absent APU. The alumni make positive impacts in their local and global communities.

FIGURE ES.2 – BLANCA RUBIO, AZUSA PACIFIC UNIVERSITY '99/'03 ALUMNA, AND CALIFORNIA 48TH DISTRICT ASSEMBLYWOMAN



Source: Blancarubio.com



Through a deep commitment to “selfless service,” the university achieves its impacts in ways that also produce broader gains to society. It makes strategic choices to invest in the quality of life of its surrounding neighborhood through numerous student volunteer efforts and service learning offerings. In fact, APU students totaled approximately 165,000 hours of local and global community service, including over 44,000 service-

learning hours last year. This level of outreach has earned the university the distinction of being named a Carnegie Community Engaged Campus as well as the President's Higher Education Community Service Honor Roll for the eighth consecutive time. In addition, the university welcomes the community onto campus through a variety of events and programs – and invests millions annually on capital projects and maintenance to improve the vibrancy of its physical space to be enjoyed by students and visitors alike.

These manifold touchpoints for civic engagement are an important part of the student experience at Azusa Pacific University, drawing in service-oriented individuals and impressing upon all graduates the Four Cornerstones of APU – Christ, Scholarship, Community, and Service. This is perhaps APU's greatest contribution to society, which is to cultivate a Faith and Learning Community that produces significant economic and social impacts.



“Azusa Pacific prepares disciples and scholars to go into the world and make a difference. Our greatest testimony as a university community is knowing that our alumni become those whom you wish to call colleague, neighbor, and friend.”

Dr. Jon R. Wallace, President of APU

1.0 INTRODUCTION

1.1 PURPOSE OF THE REPORT

Azusa Pacific University (APU) is one of the largest Christian universities in the nation and an active member of the Council for Christian Colleges & Universities. APU is vigorously dedicated to a strong curricular and spiritual learning environment to prepare students for a lifetime of professional success and enthusiastic service. It has a well-documented history of commitment to diversity, and is highly regarded for its work in the surrounding Azusa community and beyond. Its Azusa city campus and its multiple regional locations disseminate APU's mission of facilitating higher learning combined with strong Christian values.

The purpose of this report is to express these unique characteristics in economic, community, and societal impact terms, and to identify and where possible quantify those impacts at a local, regional, and statewide level. Specifically, this report will estimate the impact of APU's annual operations, its capital investments, the student and visitor spending it attracts, and the additional earnings potential it confers on its graduates.

This report will also highlight key areas of distinction, including but not limited to its strong commitment to its faith, its diverse and inclusive community, its local engagement efforts, its academic excellence, and its well-rounded graduates who go on to enter careers that produce positive social impact. These points of pride represent unique ways in which it both achieves those economic impacts and produces broader gains to society.

1.2 ABOUT AZUSA PACIFIC UNIVERSITY

Founded in 1899, Azusa Pacific University (APU) is a private Christian university located in the city of Azusa in the San Gabriel Valley. APU started in a home in Whittier, California, where a group of passionate women and men gathered with a singular mission to prepare devout youth for service in the ministry. It then became the first Bible college on the West Coast geared towards preparing men and women for ministry and service. In 1946, after years of success, the school relocated to Azusa, where it continues to impact and influence the local and global community.



AZUSA PACIFIC
UNIVERSITY

Today, APU has grown to become a diverse community of over 10,000 students, and 1,400 employees, which includes full-time teachers, part-time staff, adjunct, and staff. By offering traditional, regional, and online courses, APU provides its students with an accessible educational platform. APU encourages its undergraduate and graduate students to immerse themselves in the universities rich resources through its 11 different schools and colleges. As a result of a

culture of commitment to personal and societal enrichment, APU provides tangible transformative value to society.

Inaugurated on November 27, 2000, Jon R. Wallace, DBA, assumed leadership of APU as the institution's 16th President. Wallace has upheld APU's Four Cornerstones of Christ, Scholarship, Community, and Service, and based his presidency on the school's motto of God First. Under Dr. Wallace, APU has continued to gain academic reputation, attracting greater quality faculty and students alike.

Through his dedication towards expanding APU's educational prestige, his innovation in campus globalization, and his continued support for all residents of APU, Dr. Wallace ensures the continued growth and success of APU. In 2001, APU had 6,500 undergraduate and graduate students. Today, APU educates over 10,000 students each year. Academic offerings have grown significantly to now include 62 undergraduate majors, 51 master's degrees, 8 doctoral programs, 25 certificates, 12 credentials, and 2 associate's degrees on campus, online, and at seven regional locations across Southern California.

1.3 HOW AZUSA PACIFIC UNIVERSITY SERVES AS A REGIONAL ECONOMIC ENGINE

Institutions of higher education are increasingly understood to be important parts of a region's economic competitiveness, drivers of economic growth, and tax revenue generation. Although tax-exempt through a commitment to academic and social missions, their size and scope make them a major economic engine for their local, regional, and state economy.

While any large-scale employer and purchaser will generate a significant volume of economic activity, all such activity is not alike. Universities are in many respects unique in their ability to enhance the economic competitiveness of regions well beyond their campus boundaries, as will be described in manifold ways throughout this report.

This report will demonstrate that APU is a significant economic engine at a citywide, regional, and statewide level in the following ways:

- APU is a major **employer and purchaser of goods and services**, both of which supports additional local economic activity;
- APU is an **initiator of long term capital investments on its campuses**, which represent economic opportunity for the construction industry and related sectors, and a counterbalance to the negative effects associated with the cyclical nature of those markets;
- APU **attracts new spending into the region** through its students and visitors, and their family members; and

- **APU attracts and retains talented graduates** within the local and state economy, thereby increasing the intellectual capital and household spending power within the region.

1.4 BEYOND ECONOMIC IMPACT

It is important to understand that the impact Azusa Pacific University has is much greater than just the money it generates. As a mission-driven organization, APU seeks to cultivate Difference Makers – students prepared to make a positive impact on society. APU develops students in many practical ways including a rigorous faith integrated curriculum, unique service learning courses, and extensive volunteer efforts in the local and global community. All of these aspects help to produce students, alumni, and employees that are well-positioned to generate positive social impacts in society.

APU's values help define and differentiate the economic impact results presented in this report, and it warrants additional attention, over and above what is typically measured in dollars and jobs. While dimensions of social impact are often more challenging to aggregate and quantify than economic impacts, they are no less essential to understanding the overall impact of APU.

1.5 ORGANIZATION OF REPORT

The sections of this report are organized to highlight the economic and societal impacts of Azusa Pacific University.

- **Section 2: Impact Methodology** addresses the scope and methodology of this analysis
- **Section 3: Impact from Operations** reviews and quantifies the impact of APU's annual operations, including employment, procurement, and the provision of educational services.
- **Section 4: Impact from Capital Investments** reviews and quantifies the impact from APU's physical investments in construction, renovation, and maintenance.
- **Section 5: Impact from Ancillary Student and Visitor Spending** describes its impact from ancillary spending (i.e. over and above APU's own spending) drawn into the region and captured within the local economy.
- **Section 6: Impact from Wage Premium** describes and estimates the impact from additional household income and spending in the local economy attributable to APU's education and credentialing function and its role in cultivating a talented local workforce.

- **Section 7: Local Impact** highlights the many benefits conferred at a very local level by APU's presence in Azusa, as well as its service and engagement.
- **Section 8: Broader Societal Impact** demonstrates how APU's commitment to being a mission-driven institution manifests itself in who it invites into its intellectual community, how it supports them during their time at APU, and how it sends them forth into the world to do good.
- **Section 9** concludes the report by summarizing the aggregate economic impact of Azusa Pacific University's annual activity. It also describes the importance of this impact on multiple geographic levels, and articulates the University's return on investment for students, taxpayers, and society as a whole.

2.0 IMPACT METHODOLOGY

2.1 TIME PERIOD

This analysis seeks to quantify the current annualized level of economic activity associated with Azusa Pacific University. To do so, it seeks to use the most appropriate and recent data available for each component for the calculation. Where available and appropriate, Fiscal Year 2016 data was utilized as it represents the most recently completed full fiscal year for which data were available. In some cases, however, multiple years of data are useful to establish a more appropriate baseline for metrics. For instance, construction data may fluctuate on an annual basis, so it is helpful to capture multiple years to illustrate a changing trend in the level of activity over time. These years ranged from 2014 to 2016.

Data utilized throughout this report are largely provided by APU and are verified by APU, as well as independently checked against publicly reported sources where available.

2.2 DEFINING THE GEOGRAPHIES OF INTEREST

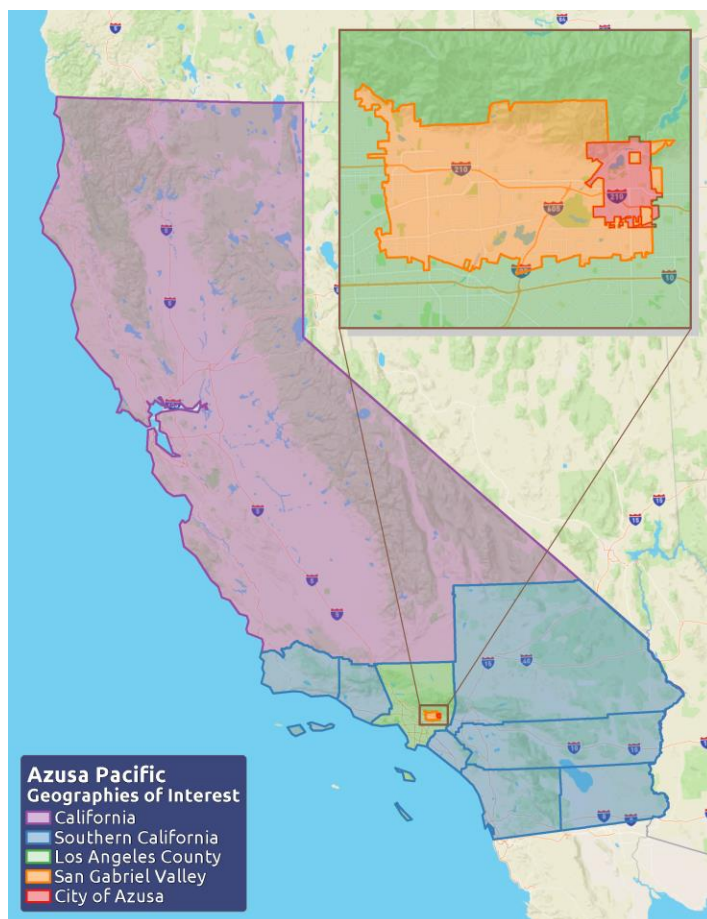
Azusa Pacific University's social and economic impact is apparent at the local, regional, and statewide levels, and the analysis is centered on 5 concentric geographic levels (see Figure 2.1):

- The City of Azusa
- San Gabriel Valley¹
- Los Angeles County
- The 8-county region, hereafter referred to as “the Southern California region,” which consists of: Imperial County, Los Angeles County, Orange County, Riverside County, San Bernardino County, San Diego County, Santa Barbara County, and Ventura County²
- State of California

¹ This includes 35 cities and communities detailed in San Gabriel Valley Economic Partnership's Regional Economic Forecast 2017-2018: Alhambra, Altadena, Arcadia, Avocado Heights, Azusa, Baldwin Park, Bradbury, Charter Oak, Citrus, Claremont, Covina, Diamond Bar, Duarte, East Pasadena, East San Gabriel, El Monte, Glendora, Industry, La Canada Flintridge, La Puente, La Verne, Mayflower Village, Monrovia, Montebello, Monterey Park, Pasadena, Pomona, Rosemead, San Gabriel, Sierra Madre, South Pasadena, Temple City, Vincent, Walnut, West Covina, and the following incorporated cities in West San Bernardino: Chino, Chino Hills, Montclair, Ontario, Rancho Cucamonga, and Upland.

² This 8-county region is larger than the Los Angeles-Long Beach-Anaheim, CA Metropolitan Statistical Area, which consists only of Los Angeles County and Orange County. This larger, 8-county region was used in order to properly capture the direct and indirect impact of APU's multi-campus presence throughout Southern California.

Note that in addition to having students in multiple campuses throughout this 8-county region, APU also has online-only students. The economic impact of the online program is accounted for in the operations and wage premium calculations but not in the student spending calculations.

FIGURE 2.1 - MAP OF GEOGRAPHIES OF INTEREST

Source: Esri (2017) Econsult Solutions(2017)

2.3 ECONOMIC IMPACT METHODOLOGY

ESI uses standard input-output modeling techniques to estimate the full range of economic, employment, and labor income impact associated with the direct activity attributable to Azusa Pacific University, and develops a custom fiscal model to translate this activity into any commensurate tax revenue impact.

INPUT-OUTPUT THEORY

In an inter-connected economy, every dollar spent generates two spillover impacts:

- First, some proportion of the amount of the expenditure that goes to the purchase of goods and services gets circulated back into an economy when those goods and services are purchased from local vendors. This represents what is called the “indirect effect,” and reflects the fact that local purchases of goods and services support local vendors, who in

turn create business-to-business transactions when they purchase from their own set of vendors.

- Second, some amount of the proportion of that expenditure that goes to labor income gets circulated back into an economy when those employees spend some of their earnings on various goods and services. This represents what is called the “induced effect,” and reflects the fact that some of those goods and services will be purchased from local vendors, further stimulating a local economy.

The role of input-output models is to determine the linkages across industries in order to model out the magnitude and composition of the spillover impacts to all industries of a dollar spent in any one industry. The total economic impact of APU is the sum of its own direct economic footprint, plus the indirect and induced effects generated by that direct footprint (see Figure 2.2).

INPUT, OUTPUT, AND FISCAL MODEL MECHANICS

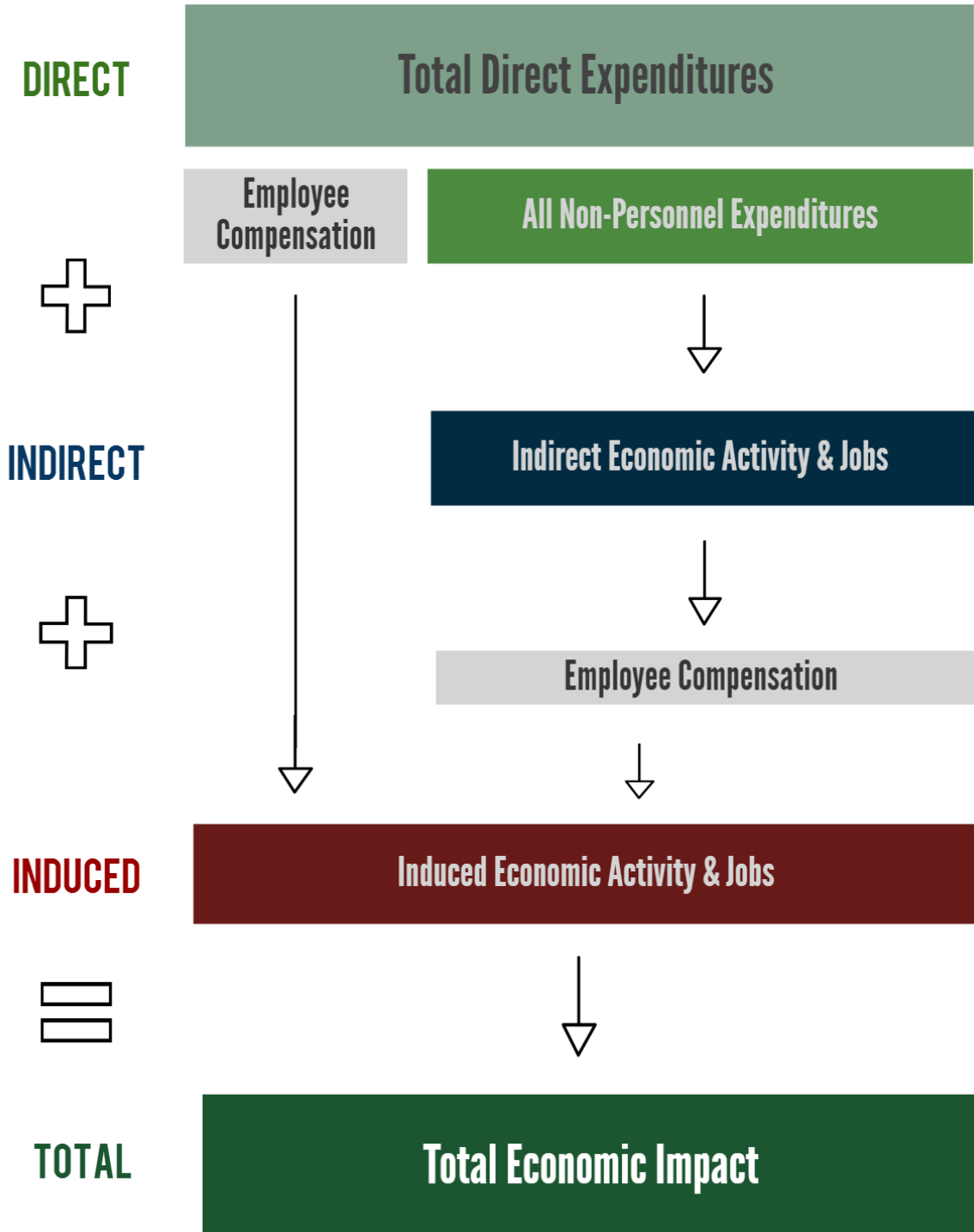
To model the impacts resulting from the direct expenditures generated by APU, ESI developed a customized economic impact model using the IMPLAN input/output modeling system. IMPLAN represents an industry standard approach to assess the economic and job creation impacts of economic development projects, the creation of new businesses, and public policy changes.³ Economic impacts were estimated for multiple geographies, including the city of Azusa and San Gabriel Valley, for which results represent a share-down from Los Angeles County results based on proportions of economic activity.

These economic impacts in turn produce one-time or ongoing increases in various tax bases, which yield temporary or permanent increases in various tax revenues. While higher education institutions are non-profit and are typically exempt from some local tax types, the economic activity and employment generated by them produces increases across a number of tax bases and therefore produces tax revenues for the jurisdictions within which they are located.

To estimate these increases, ESI has created a custom fiscal impact model to translate total economic impacts into their commensurate tax revenue gains. Output from the IMPLAN model determines its impact on the relevant tax types and tax bases associated with the jurisdictions in which revenue impacts reside. These include income, sales, and business taxes at the state level, which are modeled in this report, as well as relevant taxes for various local jurisdictions, which are not modeled in this report because they are of smaller amounts.

³ IMPLAN is one of several popular choices for regional input-output modeling. Each system has its own nuances in establishing proper location coefficients. IMPLAN uses a location quotient to determine its regional purchase coefficient (RPC). This represents the proportion of demand for a good that is filled locally; this assessment helps determine the multiplier for the localized region. Additionally, IMPLAN also accounts for inter-institutional transfers (e.g. firms to households, households to the government) through its Social Account Matrix (SAM) multipliers. IMPLAN takes the multipliers and divides them into 440 industry categories in accordance to the North American Industrial Classification System (NAICS) codes.

FIGURE 2.2 – ECONOMIC IMPACT METHODOLOGY



Source: IMPLAN (2015), Econsult Solutions (2017), Piktochart (2017)



GENERATING THE COUNTERFACTUAL ("COMPARED TO WHAT?")

It is important for an economic impact study of this type to clearly define conceptually the counterfactual scenario against which the economic impact of the institution is being measured. Differing methodological approaches of which impacts are appropriately attributable to universities can yield wide variation in reported results, yet these assumptions too often remain implicit rather than explicit within the study methodology.



Broadly, economic impact reports can estimate the magnitude of either the total gross impact of an institution or its net impact. In a gross impact analysis, overall impact amounts are determined for an institution without regard to what activity would have otherwise taken place in the geography absent that institution. A net impact analysis develops a counterfactual scenario that attempts to estimate activity levels that would have occurred in place of the institution in question, and nets those activity levels out of the total institutional impact.

This report, like most standard economic impact analyses, broadly utilizes a gross impact approach. This methodology is appropriate in part because alternative development paths are largely speculative. For example, simulating alternative uses for APU's campus or the alternative development of the regional economy since the founding of the institution in 1899 would produce a wide range of results that could not be reliably compared to the known activity level of APU. It is unknown whether the level of activity "replacing" APU would represent a net positive or negative for the local economy. While APU activity may "crowd out" activity in other sectors (particularly with respect to the physical footprint of the campus), knowledge activity also generates significant spillovers into the broader regional economy, and the human and intellectual capital effects of institutions are major business attractors.

Specifically, this analysis employs a counterfactual in which APU does not exist, rather than a scenario in which the identical activities are somehow transported to a different geography, or one in which other universities increase their activity levels by a commensurate amount to absorb this lost activity. Thus, the benefits to employees and students of APU are not understood to be simply shifted in their geographic scope, but representative of an overall increase in level of activity in the educational sector due to the existence of APU.⁴ Further, from a geographic

⁴ Note that while specific Azusa Pacific University students, faculty, and administrators would more than likely find alternative universities absent Azusa Pacific University, that shift could in turn "bump" students or employees from those universities to another university, and so on throughout

standpoint, benefits are not confined to those residents that would have been within the geographic boundaries absent of the university, but rather reflects the role of APU in drawing activity into the region, which includes the importation of new students, faculty, staff, and researchers, who would likely reside and work elsewhere absent APU.

2.4 LIMITATIONS OF ECONOMIC IMPACT ANALYSIS

As much as we can properly describe the magnitude of Azusa Pacific University's economic and social impact, we will necessarily fall short in measuring the value of transformed lives and societal advancement. As in-depth as this report goes, it is difficult to truly quantify the breadth of a university's impact, as it spreads far beyond those who directly come in contact with the university. The improvement of quality of life that a college education can bring extends beyond the student, to their family, their neighbors, to even a global scale through research and social work. While we hope to give a representation of the impact of APU, there are certain aspects that are beyond the capabilities of an economic impact report to analyze.

the educational sector, until eventually a set of current students and employees would be underserved due to the overall decrease in the size and activity of the sector.



3.0 IMPACT FROM OPERATIONS

3.1 SECTION OVERVIEW

Azusa Pacific University's annual operations support the life-changing and world-transforming work of scholarship and service. They are also an economic driver for the city, region, and state. APU currently has an annual budget of more than \$210 million, it directly employs about 1,400 people, and intends to grow significantly over the next few years. In addition to being a major regional employer, APU is a major purchaser of goods and services across a range of categories. This direct economic footprint has spillover impacts to suppliers and workers across a range of sectors, serving as a major

economic driver for the city, region, and state. In the aggregate, **the economic impact of APU's operations within the state of California is almost \$428 million per year, supporting nearly 2,400 jobs and generating over \$14 million in state tax revenues.**

Support for Local First-Generation Students



Source: Azusa Pacific University (2016)

APU's Undergraduate Academic Success Center secured a \$1.3 million grant from Upward Bound, which will provide opportunities for first-generation and low-income students to excel in their higher education pursuits. Upward Bound will enable APU to partner with the Azusa Unified School District for Azusa High School to support 60 high school students each year – which are students from groups that are traditionally underrepresented in postsecondary education. These students will receive academic instruction, counseling, and mentoring. They will also participate in work-study programs, field trips, and financial literacy workshops. This grant will further support APU's commitment to the local community, and its efforts in making college accessible to Azusa youth.

3.2 DIRECT OPERATING EXPENDITURES

Annual operations represent Azusa Pacific University's spending on its core functions of education and research, as well as a variety of community and socially oriented programs. APU employs nearly 1,400 people, and the \$145 million in annual employee compensation paid by APU represents about two-thirds of its annual budget.⁵

⁵ Wages paid to student employees were excluded from the analysis. The spending of these student wages is instead accounted for in Section 5.

In aggregate, APU's functional operating expenditures for FY 2016 totaled \$232 million, up 16 percent from \$200 million in FY 2011. The majority of that expenditure, \$145 million, is devoted to compensation and benefits for the 1,395 employees of APU. \$66 million is spent on other operating expenses, such as goods and services. \$13 million goes towards depreciation and amortization and was therefore not included in the model because it does not represent spending that circulates through the regional economy (see Table 3.1).

TABLE 3.1 – SUMMARY OF AZUSA PACIFIC UNIVERSITY ANNUAL OPERATING EXPENDITURES

Expense	Included in Model	Amount (\$M)
Employee Compensation	YES	\$145
Purchase of Goods and Services	YES	\$66
Student Wages	NO	\$8
Depreciation and Amortization	NO	\$13
Total Annual Operating Budget (Modeled)		\$211

Source: Azusa Pacific University (2017), Econsult Solutions (2017)

Enrollment data provided by APU indicates that 68 percent of operations occur within the city of Azusa, 87 percent of operations occur within the San Gabriel Valley, 88 percent of operations occur within Los Angeles County, and all operations occur within the Southern California region (see Figure 3.1 and Table 3.2). For modeling purposes, it is assumed that, while the online students could reside anywhere in the world, the functional online platform (and therefore the associated spending by APU on employees and on goods and services) are located within the San Gabriel Valley. As such, 68 percent of APU's budget is estimated to be spent in the city of Azusa, 87 percent of its budget is assumed to be spent within San Gabriel Valley, and 88 percent of its budget is assumed to be spent in Los Angeles County (see Table 3.3 and Table 3.4).



FIGURE 3.1 –AZUSA PACIFIC UNIVERSITY CAMPUS LOCATIONS



Source: Azusa Pacific University (2017)

TABLE 3.2 – AZUSA PACIFIC UNIVERSITY ENROLLMENT BY CAMPUS LOCATION

Campus Location	Number of Students	Percent of Total Enrollment
Azusa / Monrovia	7,655	66%
High Desert	229	2%
Inland Empire	351	3%
Los Angeles	118	1%
Murrieta	216	2%
Orange County	227	2%
San Diego	340	3%
Online only ⁶	2,122	18%
Other	305	3%
Total	11,563	100%

Source: Azusa Pacific University (2017), Econsult Solutions (2017)

TABLE 3.3 – ESTIMATED GEOGRAPHIC DISTRIBUTION OF AZUSA PACIFIC UNIVERSITY ANNUAL OPERATING EXPENDITURES

Geography	Percentage of Total	Employee Compensation (\$M)	Other Operating Expenditures (\$M)	Total Modeled Budget (\$M)
Azusa Pacific University		\$145	\$66	\$211
City of Azusa	68%	\$98	\$45	\$144
San Gabriel Valley	87%	\$126	\$58	\$183
Los Angeles County	88%	\$127	\$58	\$186
Southern California	100%	\$145	\$66	\$211
State of California	100%	\$145	\$66	\$211

Source: Azusa Pacific University (2017), Econsult Solutions (2017)

⁶ The operations of the Online only “campus” is assumed to occur within Glendora where the functional platform is operated.

TABLE 3.4 – ESTIMATED GEOGRAPHIC DISTRIBUTION OF AZUSA PACIFIC UNIVERSITY DIRECT EMPLOYMENT

Geography	Percentage of Total	Employees	Full-Time Equivalent Employees ⁷
Azusa Pacific University		1,395	1,248
City of Azusa	68%	949	848
San Gabriel Valley	87%	1,211	1,084
Los Angeles County	88%	1,226	1,096
Southern California	100%	1,395	1,248
State of California	100%	1,395	1,248

Source: Azusa Pacific University (2017), Econsult Solutions (2017)

3.3 ECONOMIC IMPACT FROM OPERATIONS

Direct spending by Azusa Pacific University on its operations create a multiplier effect the regional economy, as employees spend earnings locally and as goods and services procured by APU represent additional economic activity and employment for local vendors. This produces economic activity and supports employment within the city of Azusa, Los Angeles County, Southern California region, and state of California economies. At larger and larger geographies, the economic impact increases, both because of the higher direct amount of operating activity and because of the larger area in which spillover effects can occur.

Each year, APU operations produce:

- \$157.8 million in total output within the City of Azusa, supporting almost 930 direct, indirect, and induced jobs and \$102.3 million in earnings (see Table 3.5) \$252.9 million in total output within San Gabriel Valley, supporting 1,459 direct, indirect, and induced jobs and \$144.3 million in earnings (see Table 3.6)
- \$347.9 million in total output within LA County, supporting 1,977 direct, indirect, and induced jobs and \$170.7 million in earnings (see Table 3.7)
- \$417.3 million in total output within Southern California, supporting 2,356 jobs and \$199.7 million in earnings (see Table 3.8)

⁷ Direct employment counts include full-time and part-time employees. These counts were converted into full-time equivalent (FTE) employees before modeling, so that modeling results would be stated in terms of FTEs supported.

\$427.9 million in total output within the state of California, supporting 2,391 jobs and \$202.6 million in earnings (see Table 3.9).⁸

TABLE 3.5 – ESTIMATED ANNUAL ECONOMIC IMPACT FROM AZUSA PACIFIC UNIVERSITY OPERATIONS WITHIN THE CITY OF AZUSA ECONOMY

Impact Type	Direct Impact	Indirect and Induced Impact	Total Impact
Economic Impact (\$M)	\$143.5	\$14.2	\$157.8
Employment Supported (FTE)	848	77	925
Earnings (\$M)	\$98.4	\$3.8	\$102.3

Source: Azusa Pacific University (2017), American Community Survey (2011-2015), Econsult Solutions (2017), IMPLAN (2015)

TABLE 3.6 – ESTIMATED ANNUAL ECONOMIC IMPACT FROM AZUSA PACIFIC UNIVERSITY OPERATIONS WITHIN SAN GABRIEL VALLEY

Impact Type	Direct Impact	Indirect and Induced Impact	Total Impact
Economic Impact (\$M)	\$183.3	\$69.6	\$252.9
Employment Supported (FTE)	1,083	376	1,459
Earnings (\$M)	\$125.7	\$18.6	\$144.3

Source: Azusa Pacific University (2017), Econsult Solutions (2017), IMPLAN (2015)

TABLE 3.7 – ESTIMATED ANNUAL ECONOMIC IMPACT FROM AZUSA PACIFIC UNIVERSITY OPERATIONS WITHIN THE LOS ANGELES COUNTY ECONOMY

Impact Type	Direct Impact	Indirect and Induced Impact	Total Impact
Economic Impact (\$M)	\$185.5	\$162.3	\$347.9
Employment Supported (FTE)	1,096	878	1,977
Earnings (\$M)	\$127.3	\$43.4	\$170.7

Source: Azusa Pacific University (2017), Econsult Solutions (2017), IMPLAN (2015)

⁸ The larger geographies are inclusive of the smaller geographies. For example, the city of Azusa is entirely located within San Gabriel Valley. Hence, the economic impact amounts for larger geographies are inclusive of those of the smaller geographies, and the difference between any two represents the amount of impact occurring in the part of the larger geography that is outside the smaller geography.

TABLE 3.8 – ESTIMATED ANNUAL ECONOMIC IMPACT FROM AZUSA PACIFIC UNIVERSITY OPERATIONS WITHIN THE SOUTHERN CALIFORNIA REGION ECONOMY

Impact Type	Direct Impact	Indirect and Induced Impact	Total Impact
Economic Impact (\$M)	\$211.1	\$206.2	\$417.3
Employment Supported (FTE)	1,247	1,102	2,356
Earnings (\$M)	\$144.8	\$54.9	\$199.7

Source: Azusa Pacific University (2017), Econsult Solutions (2017), IMPLAN (2015)

TABLE 3.9 – ESTIMATED ANNUAL ECONOMIC IMPACT FROM AZUSA PACIFIC UNIVERSITY OPERATIONS WITHIN THE STATE OF CALIFORNIA ECONOMY

Impact Type	Direct Impact	Indirect and Induced Impact	Total Impact
Economic Impact (\$M)	\$211.1	\$216.8	\$427.9
Employment Supported (FTE)	1,247	1,135	2,391
Earnings (\$M)	\$144.8	\$57.8	\$202.6

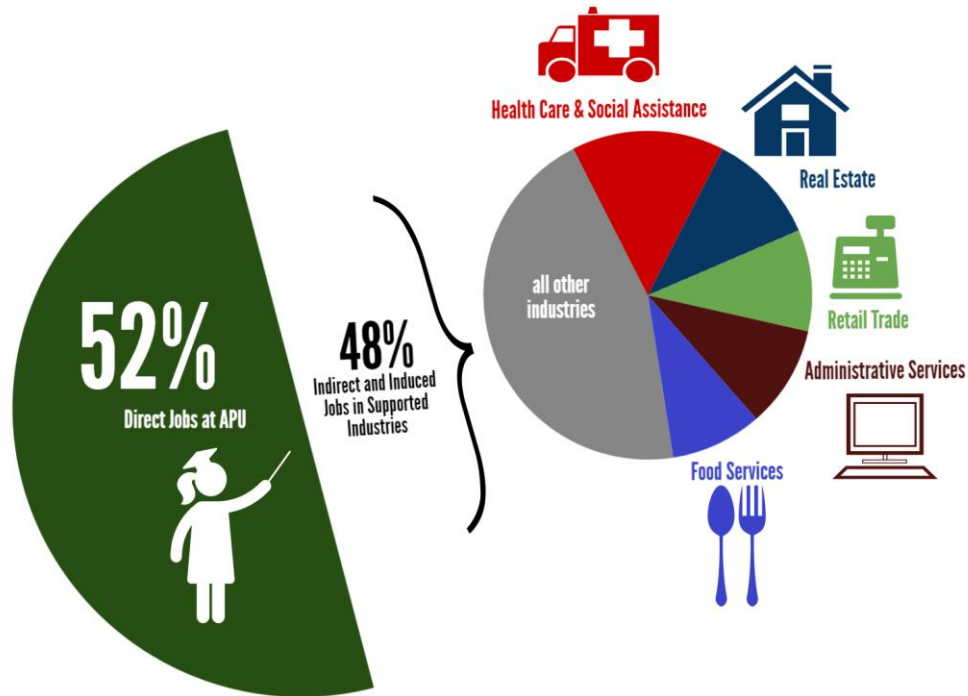
Source: Azusa Pacific University (2017), Econsult Solutions (2017), IMPLAN (2015)

3.4 INDUSTRY DISTRIBUTION OF ECONOMIC IMPACT FROM OPERATIONS

Annual operations by Azusa Pacific University direct and indirectly support approximately 2,400 jobs throughout the state of California economy. Said another way, **for each of the 1,200 FTE jobs directly represented by APU operations, there is another job in the state economy that is supported by APU operations.**

Those other jobs are supported by the economic activity represented by APU employees spending their earnings in the state economy and by the economic activity represented by APU spending on various goods and services with vendors located within the state. Those additional jobs supported throughout the state represent a wide range of industries, most notably the health care and social assistance industry, the real estate industry, the retail trade industry, the food services industry, and the administrative services industry (see Figure 3.2). It is important to note that the employees at APU pride themselves on their commitment to local charities and organizations. As a result, APU's induced activity in the form of employee donations helps to benefit the local churches and non-profits surrounding campus.

FIGURE 3.2 – INDUSTRY DISTRIBUTION OF EMPLOYMENT IMPACT OF AZUSA PACIFIC UNIVERSITY OPERATIONS WITHIN THE STATE OF CALIFORNIA ECONOMY



Source: Azusa Pacific University (2017), Econsult Solutions (2017), IMPLAN (2015), Piktochart (2017)

3.5 FISCAL IMPACT FROM OPERATIONS

Azusa Pacific University is a not-for-profit institution and as such is a tax-exempt entity. But it is still a tax-generating entity, because all of the economic activity produced by its operations grows various local and state tax bases and therefore generates local and state tax revenues. At the state level, **APU operations are estimated to produce nearly \$14 million in income, sales, and business tax revenues for the State of California government** (see Table 3.10).

TABLE 3.10 – ESTIMATED ANNUAL TAX REVENUE IMPACT FROM AZUSA PACIFIC UNIVERSITY OPERATIONS TO THE STATE OF CALIFORNIA GOVERNMENT (IN \$M)

Tax Type	State of California
Income Tax	\$11.3
Sales & Use Tax	\$2.0
Business Tax	\$0.6
Total Tax Revenue	\$13.9

Source: Azusa Pacific University (2017), Econsult Solutions (2017), IMPLAN (2015), California State CAFR (2015)

They also produce additional tax revenues for various local jurisdictions, which are separate from the \$14 million per year in tax revenues to State government. As these amounts are relatively small, they were excluded from this analysis.

3.6 WHY THIS IMPACT MATTERS

While APU operations encompass the important functions of scholarship and service, they also produce significant economic activity for the local, regional, and statewide economy. APU's operating budget and direct employment headcount represent labor income that goes home to households throughout the state and in turn is spent within the state, as well as the procurement of goods and services from vendors located throughout the state. Much of this employment and procurement impact happens at a very local level, enriching the city of Azusa and other nearby economies. In fact, APU encourages its employees to spend their wages locally by providing incentives and discounts for shopping at local businesses. For example each Christmas, APU gives nearly \$35,000 in gift cards to Azusa-based restaurants to its employees.

All of this spending is towards work that not only has economic consequence but human and societal consequence as well. Whether it is educating students inside and outside of the classroom, pursuing knowledge through research, or engaging community service and local engagement initiatives, APU operations reflect its commitment to being a faith and learning community that cultivates Difference Markers.



4.0 IMPACT FROM CAPITAL INVESTMENTS

4.1 SECTION OVERVIEW

In addition to its annual operations, Azusa Pacific University undertakes significant capital investments each year. These investments represent a number of construction projects that support jobs, create demand for various goods and services, and generate tax revenues. On an annualized basis, **the statewide economic impact of these capital investments is estimated to be \$9 million, supporting 40 jobs and generating \$231,000 in state tax revenues.** They also help APU maintain and grow the physical places where their work of scholarship and service take place, resulting in a more vibrant community for students, staff, and local residents.

4.2 DIRECT CAPITAL INVESTMENTS

Since 2014, Azusa Pacific University has made significant investment in its physical campus. Over the last three years, Azusa Pacific University spent \$24.1 million on new construction, new equipment and technology, major renovation, and capital maintenance, which equates to approximately \$8 million each year (see Table 4.1).

TABLE 4.1 – ANNUAL CAPITAL INVESTMENTS MADE BY AZUSA PACIFIC UNIVERSITY BY YEAR

Fiscal Year	Capital Investments (\$M)
2014	\$6.9
2015	\$8.7
2016	\$8.5
Three-Year Aggregate	\$24.1
Annual Average	\$8.0

Source: Azusa Pacific University (2016)

A notable large-scale construction project in recent years was the Segerstrom Science Center in the West Campus. Completed in 2009, the \$54 million, 72,000 square foot facility is utilized by the Department of Mathematics and Physics and the Department of Biology and Chemistry, as well as providing research and teaching tools to the School of Nursing and the Department of Physical Therapy.⁹ The Center provides 7,200 square feet of lab space along with offices, classrooms, student study breakout rooms, a lecture hall, and various amenities including an

⁹ "Azusa Pacific Names Newest Signature Building: Segerstrom Science Center," *Azusa Pacific University*, June 30, 2009, <http://www.apu.edu/media/news/release/14105/>.

ecology pond, a greenhouse, and tissue culture, imaging, and magnetic resonance facilities.¹⁰ The technology and amenities available within the building allow for collaborative learning, innovative research, and transformational education.

The project was completed on time and was made possible by the donation of \$10 million by the Perry-Segerstrom family, making it the single largest family gift in APU's history (see Figure 4.1). This project, and others like it, are an important part of APU's investment in the physical space in which it does its work, and it also yields meaningful injections of economic activity that supports jobs and generates tax revenues.

FIGURE 4.1 – RENDERING OF SEGERSTROM SCIENCE CENTER



Source: Azusa Pacific University (2009)

4.3 ECONOMIC IMPACT FROM CAPITAL INVESTMENTS

As previously noted, Azusa Pacific University's capital investments represent approximately \$8 million a year of construction activity within the state of California. These projects include hard

¹⁰ "Breaking Ground on the New Science Center," *Azusa Pacific University*, September 4, 2007, <http://www.apu.edu/announcements/11032/>.

construction costs on new on and off campus facilities, renovation and state of good repair expenses, equipment purchases, and the purchase and procurement of materials and services. Of this total capital spending, it is estimated that approximately 98 percent occurs within the city of Azusa, 98.5 percent occurs within Los Angeles County, and 100 percent occurs within the Southern California region and the state of California.¹¹

These expenditures represent salaries and wages for construction workers and other related employees, and touch a wide base of wholesalers, manufacturers, and professional services providers in addition to construction companies within the city, region, and state. This in turn produces a multiplier effect throughout the local, regional, and statewide economy, which was measured in terms of economic impact and the employment and earnings supported by it (see Table 4.2). Each year, APU's capital investments generate approximately:

- \$4.7 million in total output, supporting over 35 direct, indirect, and induced jobs and \$1.2 million in earnings within the city of Azusa economy each year;
- \$5.8 million in total output, supporting over 35 direct, indirect, and induced jobs and \$1.6 million in earnings within San Gabriel Valley economy each year;
- \$7.6 million in total output, supporting over 35 direct, indirect, and induced jobs and \$2.1 million in earnings within the Los Angeles County economy each year;
- \$8.7 million in total output, supporting about 40 direct, indirect, and induced jobs and \$2.4 million in earnings within the Southern California economy each year; and
- \$9.0 million in total output, supporting about 40 direct, indirect, and induced jobs and \$2.5 million in earnings within the state of California economy each year.

¹¹ However, over 50 percent of APU's capital budget goes towards equipment, technology, and furniture. Only the retail margin of these expenditures create economic impact within the geographies of interest. As retail purchasers, there is a significant difference between total economic value of retail and the amount available to circulate through the local economy. Therefore, the model assumes that the markup on retail is what creates the impact on the local economy.

TABLE 4.2 – ESTIMATED ANNUAL ECONOMIC IMPACT FROM AZUSA PACIFIC UNIVERSITY CAPITAL INVESTMENTS WITHIN THE CITY OF AZUSA, SAN GABRIEL VALLEY, LOS ANGELES, SOUTHERN CALIFORNIA REGION, AND STATE OF CALIFORNIA ECONOMIES

Impact Type	City of Azusa	San Gabriel Valley	LA County	Southern California	State of California
Direct Output (\$M)	\$4.4	\$4.5	\$4.5	\$4.6	\$4.6
Indirect & Induced Output (\$M)	\$0.3	\$1.3	\$3.1	\$4.2	\$4.5
Total Impact (\$M)	\$4.7	\$5.8	\$7.6	\$8.7	\$9.0
Employment Supported (FTE)	37	37	37	40	40
Earnings (\$M)	\$1.2	\$1.6	\$2.1	\$2.4	\$2.5

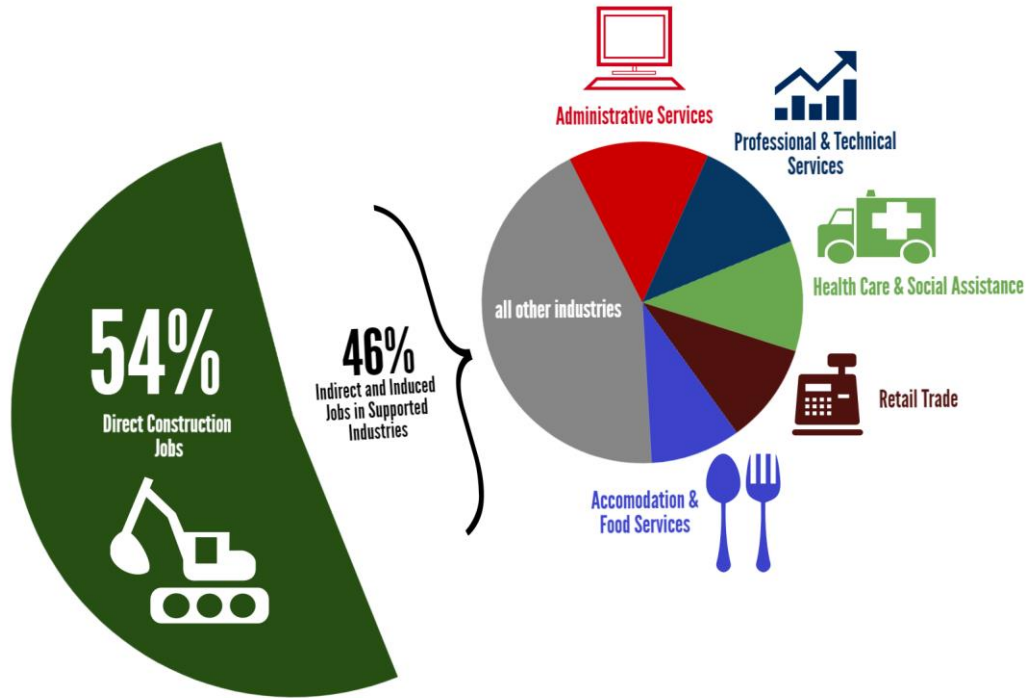
Source: Azusa Pacific University (2017), Econsult Solutions (2017), IMPLAN (2015)

In other words, APU's capital investments stimulate additional economic activity at a local, regional, and statewide level. Within the state of California, APU's annual outlay of \$8 million for a wide range of construction projects produces a total economic impact of \$9 million. Because a large portion of the capital investments made by APU go towards the purchase of equipment, technology, and furniture, only the retail margin on those expenditures are captured within the state.

4.4 INDUSTRY DISTRIBUTION OF ECONOMIC IMPACT FROM CAPITAL INVESTMENTS

The annual capital investments made by Azusa Pacific University support approximately 40 direct, indirect, and induced jobs across a number of industries within the state of California economy. Direct construction jobs account for 54 percent of the statewide employment impact, and the other 46 percent of the statewide employment impact occurs in many other industries throughout the state, particularly the professional, scientific, and technical services industry, the administrative services industry, the health care and social assistance industry, the retail trade industry, and the wholesale trade business industry (see Figure 4.2).

FIGURE 4.2 – INDUSTRY DISTRIBUTION OF EMPLOYMENT IMPACT OF AZUSA PACIFIC UNIVERSITY CAPITAL INVESTMENTS WITHIN THE STATE OF CALIFORNIA ECONOMY



Source: Azusa Pacific University (2017), Econsult Solutions (2017), IMPLAN (2015), Piktochart (2017)

4.5 FISCAL IMPACT FROM CAPITAL INVESTMENTS

The economic activity represented and stimulated by Azusa Pacific University’s capital investments produce increases in various tax bases and therefore generates tax revenues for various local and state jurisdictions. It is estimated that APU’s \$8 million in annual capital investments generates about \$231,000 in income, sales, and business tax revenues for the State of California government (see Table 4.3), as well as other, smaller amounts to various local jurisdictions.

TABLE 4.3 – ESTIMATED ANNUAL TAX REVENUE IMPACT FROM AZUSA PACIFIC UNIVERSITY CAPITAL INVESTMENTS TO THE STATE OF CALIFORNIA GOVERNMENT (IN \$1,000)

Tax Type	State of California
Income Tax	\$139
Sales & Use Tax	\$72
Business Tax	\$20
Total Tax Revenue	\$231

Source: Azusa Pacific University (2017), Econsult Solutions (2017), IMPLAN (2015), California State CAFR (2015)

4.6 WHY THIS IMPACT MATTERS

APU spends millions of dollars a year on new construction, major renovation, and capital maintenance. This is a not insignificant contribution to the local and state economy and in particular to its construction industry, which is notoriously cyclical and which therefore benefits from the relative stability derived from a major institution committed to steady investments in its physical campus.

In addition to the one-time stimulus they produce from the spillover impact of people being put to work and goods and services being procured, these expenditures represent a refreshing, expanding, and modernizing of the physical space in which APU's operations take place. Further, the modernization creates state-of-the-art spaces for all of the academic and community efforts that produce the economic and tax revenue impacts discussed in Section 3.

Equally importantly, **each set of capital investments improve the vibrancy of APU's physical space**. Beyond the bricks and mortar of buildings and walkways is a more intangible sense of "place," which creates an accessible intellectual community where APU's academic achievements and ground-breaking research happen, and as such are an important way in which APU maintains and extends its commitment to excellence in scholarship and service.

Finally, the campus creates space for a variety of participants. APU's diverse student body and faculty are able to share in this welcoming campus, as is the surrounding community members, through on-campus events and programs.

5.0 IMPACT FROM ANCILLARY STUDENT AND VISITOR SPENDING

5.1 SECTION OVERVIEW

Over and above its own spending on operating activities and capital investments, Azusa Pacific University attracts spending from students and visitors that would likely not occur without its presence in the city of Azusa. Students alone are responsible for about \$43 million in spending (beyond what they pay directly to APU), 82 percent of which is captured within the state of California.

APU also draws in a wide range of visitors, whose spending on lodging, food, and retail similarly stimulates the local, regional, and statewide economy. Visitors to APU include prospective students, friends and family of students, and attendees of various on-campus events (educational, cultural, athletic, and social). Between students and visitors, and accounting for the spillover effect of their spending rippling throughout the region, it is estimated that **this ancillary spending is responsible for over \$56 million in economic impact within the state of California, supporting approximately 480 jobs and generating \$1.6 million in state tax revenues.**

5.2 ESTIMATED ANCILLARY STUDENT SPENDING

Students pay tuition to Azusa Pacific University, and in some cases their room and board also goes to APU. But they also spend additional dollars in other categories which go to a wide range of vendors, some of which are located within the city of Azusa or the state of California. As these spending amounts are over and above what is already reflected in APU's operating budget, they are considered "ancillary" for the purpose of this analysis. From an economic impact standpoint, this spending represents an additional, non-overlapping contribution APU makes to the local, regional, and statewide economy beyond the impact from their operations and capital investments.

Using national data provided on projected total costs for students, ancillary spending profiles were developed by student type (on-campus, off-campus, and commuter). Conservative estimates were then made for the proportion of ancillary spending not directly captured by APU. For example, students who live in "on-campus" apartments and houses owned by APU pay rent directly to APU, and that economic impact is already accounted for within the operating budget and is therefore not included as ancillary spending. The model captures the rent paid by students who live "off-campus" within the city of Azusa in non-APU housing, but excludes the rent paid by commuter students since it is assumed they are living at home and therefore not generating any net new expenditure on housing. Commuting students would likely be paying the same rent or living in the same location regardless of their enrollment at APU.

This approach yields an average spending amount of \$3,950 for on-campus students, \$15,840 for off-campus students, and \$3,960 for commuters, which represents an aggregate annual amount of spending (over and above amounts that go to APU) of about \$43.4 million (see Table 5.1).

TABLE 5.1 – ESTIMATED ANNUAL ANCILLARY SPENDING BY AZUSA PACIFIC UNIVERSITY STUDENTS BY STUDENT TYPE¹²

Student Type	# of Students	Per Student Ancillary Spending	Aggregate Ancillary Spending (\$M)
On-campus	3,373	\$3,950	\$13.3
Off-campus	319	\$15,840	\$5.1
Commuters	6,328	\$3,957	\$25.0
Total	10,020	\$4,333	\$43.4

Source: Azusa Pacific University (2017), College Board (2017), Econsult Solutions (2017)

An additional set of adjustments needs to be made, since not all of this spending occurs in the geographies in which this report is interested. For example, students may spend a portion of their disposable income with merchants outside the state altogether, and some of their spending will be in parts of the state outside of the city of Azusa. Also and importantly, students are increasingly spending more online, which by and large will not result in the use of in-city or in-state vendors. Based on relevant industry averages and conservative assumptions, this downward adjustment – from overall non-APU student spending to that which actually takes place within the selected geographies – yields an estimated annual amount of \$28.3 million within the city of Azusa, \$32.0 million within San Gabriel Valley, \$33.6 million within Los Angeles County, and nearly \$36 million within the Southern California region and the state of California (see Table 5.2).

¹² See Appendix B for additional detail on inputs and assumptions used to arrive at these estimates.

TABLE 5.2 – AGGREGATE ANCILLARY SPENDING BY AZUSA PACIFIC UNIVERSITY STUDENTS BY GEOGRAPHY¹³

Student Type	# of Students	Spending within the City of Azusa (\$M)	Spending within San Gabriel Valley (\$M)	Spending within Los Angeles County (\$M)	Spending within Southern California (\$M)	Spending within the State of California (\$M)
On-campus	3,373	\$8.2	\$8.9	\$8.9	\$9.5	\$9.5
Off-campus	319	\$1.1	\$3.6	\$4.6	\$4.7	\$4.7
Commuters	6,328	\$19.0	\$19.6	\$20.2	\$21.5	\$21.5
Total	10,020	\$28.3	\$32.0	\$33.6	\$35.7	\$35.7

Source: Azusa Pacific University (2017), Collegeboard (2017), Econsult Solutions (2017)

5.3 ESTIMATED ANCILLARY VISITOR SPENDING

In addition to attracting students (and their spending) to the region, Azusa Pacific University draws a number of visitors to the region as well. These visitors come from all over the country and spend a significant amount within the region in a number of different spending categories, which in turn supports employment in a wide range of industries and also generates local and state tax revenues.

Aggregate visitor spending were estimated by identifying visitor types, determining visitor counts by type, and developing spending profiles for each type, and were based upon information provided by APU as well as independent research. APU draws into the region a number of different kinds of visitors, which were defined as the following:

- **Prospective students** include all students and families who visit APU's admissions office prior to applying.
- **Visitors of students** include friends and family members who come to campus to see a student, including move-in, move-out, Homecoming, and Family Weekend.

¹³ See Appendix B for additional detail on inputs and assumptions used to arrive at these estimates.

- **Commencement attendees** include all family and friends who come for Commencement.
- **Alumni visitors** include all APU alumni who come back to campus for various alumni events hosted by APU.
- **Conference attendees** include all participants and attendees at various conferences hosted on campus.
- **APU event attendees** include participants and spectators various cultural, educational, social, and athletic events held by APU on campus that are open to students, families, and community members.
- **External event attendees** include attendees who come to attend events that are not held by APU but that are hosted on APU's campus.

Different assumptions were used to translate these visitor counts into a commensurate amount of spending drawn into the region, accounting for differences across visitor types as well as differences between in-town, day-trip, and overnight visitors. Given the multiple geographies of interest in this report, adjustments also had to be made for spending that took place within the larger geographies but outside the smaller geographies. This approach yielded **an estimated 84,000 annual visitors** representing an aggregate \$4.0 million in spending within the Southern California region and state of California economies, of which \$3.4 million takes place within the city of Azusa and \$3.7 million takes place within Los Angeles County (see Table 5.3).

APU hosts Korean World Mission Conference



Source: *Christian Daily* (2016)

The Korean World Mission Conference (KWMC) was held for the first time in Los Angeles at Azusa Pacific in June of 2016. The Korean World Mission Conference is known as the “Olympics” of Korean missionaries all over the world, where more than 4,000 attendees come to attend. APU is the new home for the KWMC, after requests from missionaries to hold the conference in the Southwest due to the concentration of the Korean population and churches in the region. This is one of the many examples of many events that are hosted on APU’s campus.

TABLE 5.3 – AGGREGATE ANCILLARY SPENDING BY AZUSA PACIFIC UNIVERSITY VISITORS BY VISITOR TYPE¹⁴

Visitor Type	Attendees	Visitors Per Attendee	Spending per Visitor	Total Spending (\$M)
Prospective Students	9,817	2	\$41.4	\$0.80
Visitors of Students	10,020	1	\$38.6	\$0.40
Commencement Attendees	20,424	2	\$41.4	\$1.70
Alumni Visitors	586	2	\$86.8	\$0.10
Conference Attendees	4,700	1	\$88.3	\$0.40
APU Event Attendees	38,635	1	\$22.7	\$0.90
External Event Attendees	135	1	\$30.7	\$0.00
Total	84,317		\$50.8	\$4.30
Within City of Azusa (\$M)				\$3.40
Within San Gabriel Valley (\$M)				\$3.70
Within Los Angeles County (\$M)				\$3.70
Within Southern California Region (\$M)				\$4.00
Within State of California (\$M)				\$4.00

Source: Azusa Pacific University (2017), US General Services Administration (2010), Econsult Solutions (2017)

5.4 ECONOMIC IMPACT FROM ANCILLARY SPENDING BY STUDENTS AND VISITORS

Combined ancillary spending by students and visitors therefore yields about \$32 million in spending within the city of Azusa economy, about \$36 million within San Gabriel Valley, about \$37 million within the Los Angeles County economy, and about \$40 million within the Southern California region and the state of California economies. However, an adjustment needs to be made to account for the fact that some of that spending immediately leaves the region and therefore does not have a multiplier effect within the regional economy. For example, a large proportion of retail spending goes to manufacturers and wholesalers, most of which are outside the region, and so the modeling approach used in this report conservatively includes only the retail margin (i.e. the difference between the purchase price for the retailer and the sales price for the customer). Based on this adjustment, the amount of spending included in our analysis is **\$25.2 million within the city of Azusa economy, \$27.5 million within the San Gabriel Valley economy, \$28.7 million within the Los Angeles County economy, and \$31.5 million within the Southern California region and the state of California economies** (see Table 5.3).

¹⁴ See Appendix B for additional detail on inputs and assumptions used to arrive at these estimates.

TABLE 5.4 – AGGREGATE ANCILLARY SPENDING BY AZUSA PACIFIC UNIVERSITY STUDENTS AND VISITORS BY GEOGRAPHY

Type	Spending within the City of Azusa (\$M)	Spending within San Gabriel Valley (\$M)	Spending within Los Angeles County (\$M)	Spending within Southern California (\$M)	Spending within the State of California (\$M)
Students	\$28.3	\$32.0	\$33.6	\$35.7	\$35.7
Visitors	\$3.4	\$3.7	\$3.7	\$4.0	\$4.0
Total	\$31.7	\$35.7	\$37.3	\$39.7	\$39.7
Minus Non-Modeled Amount	\$6.5	\$8.1	\$8.6	\$8.2	\$8.2
Modeled Amount	\$25.2	\$27.5	\$28.7	\$31.5	\$31.5

Source: Azusa Pacific University (2017), Collegeboard (2017), Econsult Solutions (2017)

This influx of ancillary spending by students and visitors has a multiplier effect throughout the region, producing the following annual economic impacts (see Table 5.4):

- \$26.9 million in total output within the city of Azusa economy, supporting about 290 direct, indirect, and induced jobs and \$7.5 million in earnings;
- \$36.0 million in total output within the San Gabriel Valley economy, supporting about 350 direct, indirect, and induced jobs and \$10.1 million in earnings;
- \$47.4 million in total output within the Los Angeles County economy, supporting about 420 direct, indirect, and induced jobs and \$13.3 million in earnings;
- \$54.8 million in total output within the Southern California region, supporting about 470 direct, indirect, and induced jobs and \$15.4 million in earnings; and
- \$56.6 million in total output within the state of California economy, supporting about 480 direct, indirect, and induced jobs and \$15.8 million in earnings.

TABLE 5.5 – ESTIMATED ANNUAL ECONOMIC IMPACT FROM AZUSA PACIFIC UNIVERSITY STUDENT AND VISITOR SPENDING WITHIN THE CITY OF AZUSA, SAN GABRIEL VALLEY, LOS ANGELES, SOUTHERN CALIFORNIA REGION, AND STATE OF CALIFORNIA ECONOMIES

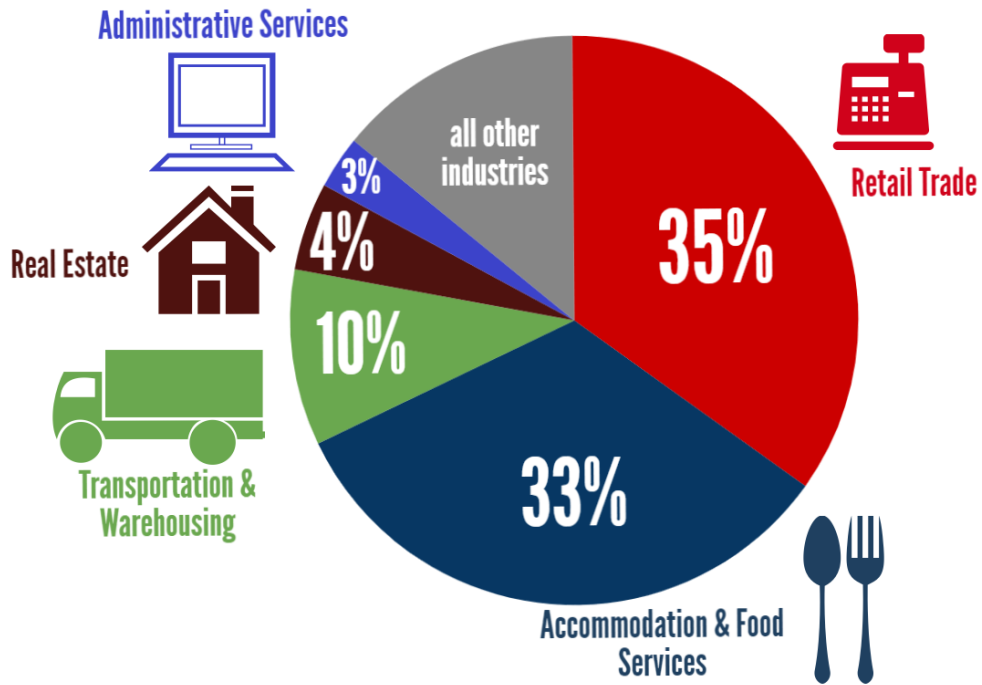
Impact Type	City of Azusa	San Gabriel Valley	LA County	Southern California	State of California
Direct Output (\$M)	\$25.2	\$27.5	\$28.7	\$31.5	\$31.5
Indirect & Induced Output (\$M)	\$1.6	\$8.0	\$18.7	\$23.3	\$25.1
Total Impact (\$M)	\$26.9	\$36.0	\$47.4	\$54.8	\$56.6
Employment Supported (FTE)	289	347	417	472	476
Earnings (\$M)	\$7.5	\$10.1	\$13.3	\$15.4	\$15.8

Source: Azusa Pacific University (2017), Econsult Solutions (2017), IMPLAN (2015)

5.5 INDUSTRY DISTRIBUTION OF ECONOMIC IMPACT FROM ANCILLARY SPENDING

This kind of spending by students and visitors directly enriches a number of industries, and in turn creates a multiplier effect that touches still other industries. Thus, this influx of spending into the region supports jobs in a wide range of sectors statewide, particularly retail and accommodations and food services, which together represent 55 percent of the employment impact (see Figure 5.1).

FIGURE 5.1 – INDUSTRY DISTRIBUTION OF EMPLOYMENT IMPACT OF AZUSA PACIFIC UNIVERSITY STUDENT AND VISITOR SPENDING WITHIN THE STATE OF CALIFORNIA ECONOMY



Source: Azusa Pacific University (2017), Econsult Solutions (2017), IMPLAN (2015), Piktochart (2017)

5.6 FISCAL IMPACT FROM ANCILLARY SPENDING

Student and visitor spending annually generates approximately \$57 million in economic impact within the state of California. It also boosts various local and state tax bases, creating tax revenues for various government jurisdictions. It is estimated that the economic impact that results from APU student and visitor spending produces about \$1.6 million in tax revenues for the State of California government each year (see Table 5.5), as well as other, smaller amounts to various local jurisdictions.

TABLE 5.6 – ESTIMATED ANNUAL TAX REVENUE IMPACT FROM AZUSA PACIFIC UNIVERSITY STUDENT AND VISITOR SPENDING TO THE STATE OF CALIFORNIA GOVERNMENT (IN \$M)

Tax Type	State of California
Income Tax	\$0.9
Sales & Use Tax	\$0.5
Business Tax	\$0.2
Total Tax Revenue	\$1.6

Source: Azusa Pacific University (2017), Econsult Solutions (2017), IMPLAN (2015), California State CAFR (2015)

5.7 WHY THIS IMPACT MATTERS

Azusa Pacific University students and visitors represent an influx of spending into the region that translates into \$57 million in economic impact within the state economy and approximately \$1.6 million in tax revenues to the State government. It also represents a significant amount of demand for a wide range of merchants, many in low-margin industries such as retail and food such that the spending by APU students and visitors can be the difference between survival and going out of business. Furthermore, **APU is supporting a more amenity-rich environment for local residents**, who now have access to more and better shopping and dining options than if their business districts were not frequented in part by APU students and visitors.



6.0 IMPACT FROM WAGE PREMIUM

6.1 SECTION OVERVIEW

The previous three sections have accounted for expenditures made by Azusa Pacific University directly (Sections 3 and 4) or by students and visitors drawn into the regional economy by APU (Section 5). However, it is important to not lose sight of APU's core mission, which is to educate, credential, and prepare students for a lifetime of success. This primary function, in addition to helping foster a more enlightened society, has meaningful and immediate gains for APU graduates and for the regional economies they participate in after graduation by increasing their productivity and earning power. This is particularly meaningful for students and society because of APU's commitment to extending educational opportunities to racial and ethnic minorities, first-generation college attendees, and low-income households.

The notion of a “wage premium” is commonplace to institutions of higher education, as it is well-established that higher levels of educational attainment (i.e. degree completion) are associated with higher average earnings. This analysis applies this framework on the regional economy, recognizing that when APU educates students who are retained within the city, region, and state, those graduates increase the educational attainment and earnings potential of the local workforce.

The economic impact attributable to APU is defined as the additional household spending taking place in these geographies as a result of higher

earnings from APU graduates, and the multiplier effect of a portion of that higher household income being spent within the regional economy. It is estimated that **the wage premium**

Center for Public Affairs in Sacramento



Source: Christopher Padalinski

Azusa Pacific University was recently awarded a \$750,000 grant from the Hugh & Hazel Darling Foundation to support the establishment of a new Center for Public Affairs. This new center will be located in the heart of the state capital. **It will support APU students exploring a call to public service**, where students will have the opportunity to participate in an internship at a legislative, executive, judicial office, or other government agency. It will also include a new Master of Public Administration (MPA) program, the first of its kind offered by a Council for Christian Colleges & Universities member institution.

conferred on APU alumni produces \$757 million in economic impact per year within the state of California economy and generates almost \$21 million in tax revenues for the State of California government.

6.2 ESTIMATED INCREASE IN AGGREGATE HOUSEHOLD INCOME BY ALUMNI

To calculate the aggregate increase in household income enjoyed by Azusa Pacific University alumni due to the education and credential they received from APU, one must first estimate the number of APU alumni in different geographies of interest, and multiply those counts by the estimated per-person wage premium enjoyed by each type of APU alumni.

GEOGRAPHIC DISTRIBUTION OF APU ALUMNI

Data provided by APU shows that of the nearly 55,900 active members in the alumni database, about 1,200 live within the city of Azusa, about 10,600 live in San Gabriel Valley, about 18,400 live in Los Angeles County, about 42,800 live in the Southern California region, and about 47,500 live in the state of California. It is assumed that 72 percent of APU graduates are currently employed (as opposed to retired, unemployed, or otherwise out of the workforce).¹⁵ Applying this proportion evenly across geographies, it is estimated that approximately 40,270 APU alumni are currently employed, of which 880 live within the city of Azusa, 6,740 live in the San Gabriel Valley outside of the city of Azusa, 5,640 live in the parts of Los Angeles County outside of San Gabriel Valley, 17,640 live in the parts of the Southern California region outside Los Angeles County, and 3,340 live in the remainder of the state of California outside of the Southern California region (see Table 6.1).¹⁶

¹⁵ This assumption is based on the employment to population ratio reported by the US Bureau of Labor Statistics for adults 25 or older with a college degree, which was 72.1 percent as of May 2017.

¹⁶ To enhance the accuracy of the calculation in terms of its differentiation of different geographic levels, workers within the subsumed geographies are netted out of each successive calculation (i.e. Los Angeles County reflects the remaining portion of the county outside of the city. Full values for the state will therefore be the sum of all four columns.

TABLE 6.1 – GEOGRAPHIC DISTRIBUTION OF AZUSA PACIFIC UNIVERSITY ALUMNI IN THE WORKFORCE

	Est. Total Employed Alumni	City of Azusa	San Gabriel Valley (non-city)	Los Angeles County (non-San Gabriel Valley)	Southern California (non-LA County)	State of California (non-Southern California)
Working Alumni with Associate's degree	2,820	60	470	390	1,230	230
Working Alumni with Bachelor's degree	18,120	390	3,030	2,540	7,940	1,500
Working Alumni with Advanced degree	19,330	420	3,230	2,710	8,470	1,600
Est. Total Working Alumni	40,270	880	6,740	5,640	17,640	3,340

Source: Azusa Pacific University (2016), Bureau of Labor Statistics (2016), Econsult Solutions (2017)

WAGE PREMIUM OF ALUMNI DEGREE LEVELS

The aggregate increase in the earning potential within each geography can be estimated as a function of the increases in educational attainment of the workforce. Based on a combination of federal data sources, the annual wage premium attributable to the increased educational attainment for APU alumni is estimated to be \$8,565 for associate's degree holders, \$20,103 for a bachelor's degree holders, and \$23,992 for advanced degree holders.¹⁷

These premiums are applied to the volume of APU degree holders estimated to be working within each geography by degree level to arrive at an aggregate annual wage premium, which represents the additional household income generated by APU alumni as a result of the education and credential they received from APU. This aggregate annual wage premium is estimated to sum to \$18 million within the city of Azusa, \$161 million within San Gabriel County, \$280 million within Los Angeles County, \$654 million in the Southern California region, and \$666 million in the state of California (see Table 6.2 and Table 6.3). Said another way, there are about **40,000 APU alumni living and working in the state of California, who collectively make an additional \$666 million per year as a result of the education and credential they received from APU.**

¹⁷ See Appendix C for additional detail on how wage premium by degree type was calculated.

TABLE 6.2 – REGIONALLY EXCLUSIVE AGGREGATE ANNUAL WAGE PREMIUM ASSOCIATED WITH AZUSA PACIFIC UNIVERSITY ALUMNI IN THE WORKFORCE

Degree Level	Living within the City of Azusa	Living in San Gabriel Valley (Outside Azusa)	Living in Los Angeles County (Outside San Gabriel Valley)	Living in the Southern California Region (Outside Los Angeles County)	Living in the State of California (Outside the Southern California Region)
Associate's	\$0.5	\$4.0	\$3.4	\$10.6	\$2.0
Bachelor's	\$7.9	\$60.9	\$51.0	\$159.6	\$4.7
Advanced	\$10.1	\$77.6	\$64.9	\$203.2	\$5.6
Total Working Alumni	\$18.5	\$142.5	\$119.3	\$373.3	\$12.3

Source: Azusa Pacific University (2017), Bureau of Labor Statistics (2017), Econsult Solutions (2017)

TABLE 6.3 – REGIONALLY INCLUSIVE AGGREGATE ANNUAL WAGE PREMIUM ASSOCIATED WITH AZUSA PACIFIC UNIVERSITY ALUMNI IN THE WORKFORCE

Degree Level	City of Azusa	San Gabriel Valley	Los Angeles County	Southern California Region	State of California
Associate's	\$0.5	\$4.6	\$7.9	\$18.5	\$20.5
Bachelor's	\$7.9	\$68.9	\$119.9	\$279.5	\$284.2
Advanced	\$10.1	\$87.7	\$152.6	\$355.8	\$361.4
Total Working Alumni	\$18.5	\$161.1	\$280.4	\$653.8	\$666.1

Source: Azusa Pacific University (2017), Bureau of Labor Statistics (2017), Econsult Solutions (2017)

WAGE PREMIUM IN “RETURN ON INVESTMENT” TERMS

One way students approach higher education is through a “return on investment” framework. That is to say, will the upfront outlay of money and time be recouped in the form of higher earning potential over time? Even accounting for the relatively lower-paying careers that many APU graduates choose (see also Section 7 and Section 8), College Scorecard reports the median salary of APU students who received financial aid to be approximately \$50,000 ten years after starting at APU. This is a 49 percent increase from the national average of \$33,500.¹⁸ In addition, APU’s commitment to providing scholarships and keeping tuition affordable helps to increase a student’s ROI by decreasing the upfront financial burden borne by students in the form of long-term debt, thus enabling students to reduce their own financial outlay for their degrees.

¹⁸ College Score Card (2017)

6.3 ECONOMIC IMPACT FROM AGGREGATE HOUSEHOLD INCOME GAIN FROM WAGE PREMIUM

This additional earning potential is great for students, but it is also a huge boon to the households represented by Azusa Pacific University alumni. It also benefits the local economies they are a part of, because some of that additional household income is spent at various local vendors, supporting additional economic activity and employment. Accounting for savings rates, tax withholdings, and spending outside of the city, region and state, there is still nevertheless a large amount of additional spending that occurs in these geographies because of the wage premium produced by APU alumni by APU, and that additional spending generates the following economic impacts (see Table 6.4):

- \$20.9 million in total economic output in the city of Azusa economy, supporting about 120 direct, indirect, and induced jobs and \$5.9 million in earnings each year;
- \$180.0 million in total economic output in the San Gabriel Valley economy, supporting about 1,000 direct, indirect, and induced jobs and \$51.6 million in earnings each year;
- \$313.3 million in total economic output in the Los Angeles County economy, supporting about 1,730 direct, indirect, and induced jobs and \$89.8 million in earnings each year;
- \$725.2 million in total economic output in the Southern California economy, supporting about 4,220 direct, indirect, and induced jobs and \$206.9 million in earnings each year;
- \$756.8 million in total economic output in the state of California economy, supporting about 4,350 direct, indirect, and induced jobs and \$216.4 million in earnings each year.

TABLE 6.4 – ESTIMATED ANNUAL ECONOMIC IMPACT FROM AZUSA PACIFIC UNIVERSITY AGGREGATE WAGE PREMIUM WITHIN THE CITY OF AZUSA, SAN GABRIEL VALLEY, LOS ANGELES COUNTY, SOUTHERN CALIFORNIA REGION, AND STATE OF CALIFORNIA ECONOMIES

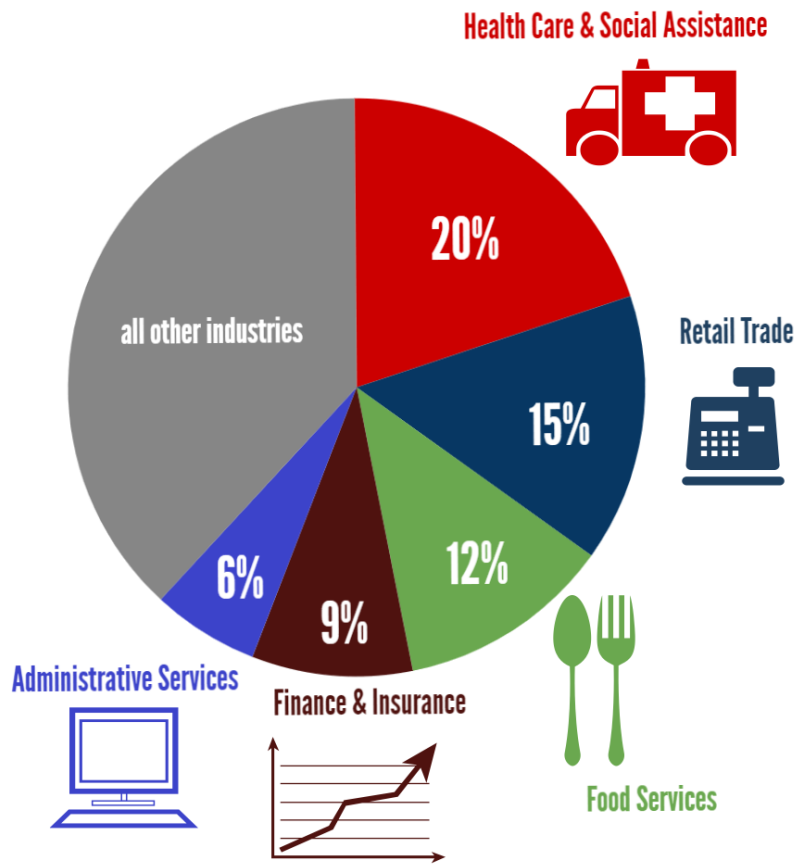
Impact Type	City of Azusa	San Gabriel Valley	Los Angeles County	Southern California Region	State of California
Total Impact (\$M)	\$20.9	\$180.0	\$313.3	\$725.2	\$756.8
Employment Supported (FTE)	115	996	1,734	4,217	4,349
Earnings (\$M)	\$5.9	\$51.6	\$89.8	\$206.9	\$216.4

Source: Azusa Pacific University (2017), Econsult Solutions (2017), IMPLAN (2015)

6.4 INDUSTRY DISTRIBUTION OF ECONOMIC IMPACT FROM WAGE PREMIUM

The portion of the additional household income enjoyed by Azusa Pacific University alumni that is spent back into the region economy finds its way into a number of sectors, supporting jobs throughout the state. Health care and social assistance, retail trade, and food services are estimated to represent about 47 percent of the statewide employment impact from APU’s aggregate annual wage premium (see Figure 6.1).

FIGURE 6.1 – INDUSTRY DISTRIBUTION OF EMPLOYMENT IMPACT OF AZUSA PACIFIC UNIVERSITY AGGREGATE WAGE PREMIUM WITHIN THE STATE OF CALIFORNIA ECONOMY



Source: APU (2016), IMPLAN (2015), Econsult Solutions (2017), Piktochart (2017)

6.5 FISCAL IMPACT FROM WAGE PREMIUM

The additional household income enjoyed by Azusa Pacific University alumni, and the increased spending that results from it, also increases a number of local and state tax bases, yielding tax

revenues for various government jurisdictions. Higher earnings are subject to personal income taxes, and the portion of those higher earnings that is spent within the state generates sales and business taxes. It is estimated that the State of California government gains about \$21 million in tax revenues as a result of the economic impact from APU’s aggregate wage premium (see Table 6.5), while local jurisdictions also see added tax revenues as well.

TABLE 6.5 – ESTIMATED ANNUAL TAX REVENUE IMPACT FROM AZUSA PACIFIC UNIVERSITY AGGREGATE WAGE PREMIUM TO THE STATE OF CALIFORNIA GOVERNMENT (IN \$M)

Tax Type	State of California
Income Tax (\$M)	\$12.1
Sales & Use Tax (\$M)	\$7.0
Business Tax (\$M)	\$2.0
Total Tax Revenue (\$M)	\$21.0

Source: Azusa Pacific University (2017), Econsult Solutions (2017), IMPLAN (2015), California State CAFR (2015)

6.6 WHY THIS IMPACT MATTERS

The previous three sections spoke of Azusa Pacific University’s economic contribution via its own spending (on operations and capital investments) and spending it attracted into the region by students and visitors. But, as an academic institution, it is important to highlight and quantify **the economic value of educating, credentialing, and otherwise preparing students to participate in the global workforce and to contribute to society.**

One way of measuring this impact is by calculating the wage premium associated

APU Fosters Partnerships and Entrepreneurship



Source: Azusa Pacific University (2016)

Seth Fontaine (’15) and Christian Sanchez (’17) are the winners of APU’s annual start up pitch competition, Zuventurez. Their product, Urban Vinyl, was created out of a desire to create vintage style headphones at a reasonable cost. Fontaine and Sanchez worked with one of Zuventurez’s professional mentors, Janice Orlando, a local angel investor and adjunct professor in APU’s School of Business, in moving their business forward. Urban Vinyl won the \$15,000 prize and continued the working relationship with Orlando. In addition, in maintaining APU’s spirit of giving back to the community, the Urban Vinyl team partnered with the Children’s Music Fund to host an annual fundraising concert to support kids musically and financially. APU fosters the entrepreneurial spirit of students, which manifests into partnerships between students. The faculty and staff at APU provide invaluable support to its students in its academic and professional goals.

with the value conferred on APU alumni by the education and degree they received from APU, and modeling the effect of the associated increased household spending within the regional economy.

However, this method leaves two important economic contributions unquantified. First, by only accounting for the economic impact produced by the additional spending of APU alumni because of their higher earning potential, it fails to account for the role that some APU alumni play as job creators themselves. In other words, while an APU education helps some APU alumni to obtain a job and make more money than they otherwise would, it helps other APU alumni to become job creators as they start new ventures or grow existing ventures. This too increases the amount of household income circulating in the regional economy, as additional people are supported by this economic activity or are drawn into the area by these employment opportunities.

This section also does not account for the growing gain to regions from the agglomeration of knowledge work and knowledge workers. In today's knowledge-based economy, greater concentrations of human capital draw in additional economic activity. Hence, with every educated person APU produces for the regional economy, the region becomes all the more attractive to economic activity and all the more equipped to draw in human and financial capital.

Based on these two exclusions, the true contribution of APU to the regional economy through its work of educating and credentialing students may be far larger than what is reported here.

Another aspect of APU's contribution to the regional economy is by encouraging its students to maximize their societal impact. Indeed, as will be discussed in a future section, APU alumni often choose careers and opportunities where they are making less than they might otherwise. These may deliberately sacrifice personal financial compensation for the opportunity to make an impact on individuals, households, communities, and society as a whole. Hence, while it is important to understand the magnitude of APU's economic contribution as an educating and credentialing body, it is also important to understand that APU produces alumni who make less than they might otherwise but who do so to produce greater societal impacts.

7.0 LOCAL COMMUNITY IMPACT

7.1 SECTION OVERVIEW

The previous four sections articulated four non-overlapping aspects of Azusa Pacific University's economic impact at a local, regional, and statewide level. Through its operations and its capital investments, the student and visitor spending it attracts and the wage premium it confers upon its alumni, APU directly and indirectly produces a significant amount of economic activity throughout the state, supporting jobs and generating tax revenues.

It is important to remember that such a values-driven institution as APU is also a regional economic engine, and as the previous four sections demonstrate, a considerably impactful one. But it is also important to remember that the result of APU living out its institutional values goes beyond economic activity, jobs supported, and tax revenues generated. The purpose of the next two sections is to explore APU's impact, first at a local community level and then at a broader societal level.

APU's benefit to its immediate surrounding community comes in part from the fact that its economic footprint translates into employment for local residents and opportunities for local businesses. But its benefit is also borne of **an institutional commitment to conducting its operations in ways that embodies selfless service to its immediate neighbors**. By going forth into its surrounding community, through a wide range of community service and service-learning initiatives, and by welcoming its surrounding community onto campus to enjoy numerous desirable resources, APU is fulfilling its institutional mission to cultivate Difference Makers.

7.2 THE CHALLENGE AND OPPORTUNITY OF TOWN/GOWN RELATIONS

Colleges and universities are no longer just enclaves of intellectual pursuit. Today, they play a much broader role in the economic, social, and physical development of neighborhoods and regions. These institutions are rooted in their host communities and will not likely relocate, so it is in their interest to invest in the vitality of those communities. Indeed, when recruiting students, faculty, and staff, universities are not only selling themselves but the physical locations in which they are located, since people choose where to work or go to school based more and more on the quality of the broader community they are joining. Furthermore, there are many issues where collaboration between town and gown makes sense, whether shared quality of life amenities or a coordinated approach to public safety.

Nevertheless, town/gown relations can easily be strained. Universities and communities have different priorities and separate governing bodies. Conflict can arise over housing demand, safety concerns, and student behavior. Economically, while universities are increasingly understood to be positive contributors to a locality, they can also be marked as contributing to a locality's service expenditure burden and infrastructure investment need.



7.3 UNIVERSITY IN SERVICE TO ITS HOST COMMUNITY

As a values-driven institution, Azusa Pacific University is committed to both the process and the outcome of community engagement. Hence, doing the hard work of engaging with and serving its local community is not seen as ancillary to APU's core functions but as fundamental to their ultimate fulfillment.

APU has been located in the city of Azusa since 1946, and continues to foster positive relationships and partnerships with the City government and with various community groups. Its participation as an economic engine and service agent is deep and long-standing. Its entire curricular bent is towards preparing students to engage with and serve their communities upon graduation, and so service is a defining and enriching experience for students at APU. It is one of APU's Four Cornerstones, which is integrated into the Christ-centered curriculum. The Four Cornerstones – Christ, Scholarship, Community, and Service – define what APU exists for, and serve as a strategic guide to fulfill its institutional mission. This is reflected in how APU collaborates with local government. For instance, APU supported the city of Azusa's efforts to

Local Azusa Business Partners with APU School of Business



Source: California Tool & Die (2017)

In 2016, Dana Matejka of California Tool and Die (CTD), a family-owned and operated manufacturer in the city of Azusa, approached APU's School of Business and Management in a "business turnaround project." Stuart Strother, Ph.D, and Tom Cairns, DBA, used this opportunity as a Service-Learning opportunity in their respective courses – undergraduate microeconomics class and graduate business class. The two APU professors, 39 undergraduate, and eight graduate students worked to develop a strategic business plan for Matejka, who was at risk in losing her business within the next two years. Matjeka noted that "They got me thinking again about working smarter and building our company. I was so impressed with the students' creativity, positivity, and engagement that I am considering offering an internship in the future. This experience has given us hope." The collaboration was a great opportunity for students to help a locally owned business in Azusa. Professor Carins stated, "This collaboration allowed our students to walk the talk of Azusa Pacific. Our students experienced what it means to contribute to the community and be good corporate citizens, while showing our neighbors who APU is and living out our *God First* motto."

extend the Gold Line light rail to Azusa, where APU President Wallace and other employees attended local and regional meetings in support of the project. The Four Cornerstones also reflect how APU catalyzes student and staff volunteer time through a wide range of community service and service-learning initiatives, and in its many touchpoints for making its campus a resource to the surrounding community.

7.4 VOLUNTEER EFFORTS AND SERVICE-LEARNING OPPORTUNITIES

Service to the community is manifested in many ways at Azusa Pacific University: required community service, service-learning courses, opportunities to volunteer locally and globally, and community-work study that place students in community organizations. The following section describes how APU fosters a faith-based culture of service to the community by making service opportunities easily accessible to students. These efforts help APU be a good neighbor to its surrounding community, while simultaneously fulfilling its deep institutional commitment to preparing its students to be useful in the world.

VOLUNTEER EFFORTS

Early on, community service is introduced to students as an important part of APU's mission. Undergraduate full-time students are required to complete 120 service credits to graduate, which is equal to approximately 120 community service hours. Volunteering must be completed off campus, showing APU's commitment to selfless service by sending its students forth to engage with the local community.¹⁹

APU continues to foster this environment of community service by holding a service fair each semester that invites local agencies and churches to connect with students and recruit them to be involved in their service opportunities.²⁰ In addition, APU holds an annual City Links event, which is a one-day service experience within the local community for all first-year students. This service day introduces the students to the local community, and helps to prepare them to serve and engage in the community. In all of these ways, APU demonstrates the high priority placed on student volunteerism as part of and not ancillary to their learning experience.

¹⁹ "Service Requirement," Center for Student Action, Azusa Pacific University, accessed June 1, 2017, <http://www.apu.edu/studentaction/servicerequirement/>.

²⁰ "Promoting Community," Office of Community Relations, Azusa Pacific University, accessed June 1, 2017, <http://www.apu.edu/community/community/>.

FIGURE 7.1 –ANNUAL CITY LINKS SERVICE EVENT

Source: Azusa Pacific University (2017)

Azusa Pacific University students perform an aggregate 165,000 hours of community service annually.

COMMUNITY SERVICE AND SERVICE-LEARNING OPPORTUNITIES

APU has several dedicated centers for service-learning, community engagement, and local and global volunteer opportunities. These centers serve to align APU's Four Cornerstones of Christ, Scholarship, Community, and Service. APU is a faith and learning community, where APU intentionally prepares students for service to the greater community through a strong Christ-centered academic curriculum and by offering multiple service opportunities. Dr. Jon R. Wallace, President of APU, stated, "Azusa Pacific prepares disciples and scholars to go into the world and make a difference. Our greatest testimony as a university community is knowing that our alumni become those whom you wish to call colleague, neighbor, and friend."²¹ Part of preparing students to making a difference involves local community service facilitated by a number of centers dedicated to service.

²¹ "A Faith and Learning Community," About APU, Azusa Pacific University, accessed June 1, 2017, <http://www.apu.edu/about/faithandlearning/>.

“Azusa Pacific prepares disciples and scholars to go into the world and make a difference. Our greatest testimony as a university community is knowing that our alumni become those whom you wish to call colleague, neighbor, and friend.”

Dr. Jon R. Wallace, President of APU

The Office of Community Advancement Programs

The Office of Community Advancement Programs supports APU’s academic and civic engagement goals through sustainable programs that meet community needs and improve quality of life for local residents. The Office has a two-fold purpose: 1) to support the APU community and strengthen university-community relations and 2) to intentionally support the educational goals and professional development of student workers in these programs through Federal Work Study funding.²² APU currently has 14 programs and community partners. For example, APU partners with Our Neighborhood Homework House, a nonprofit organization that creates and maintains neighborhood-based learning centers for at-risk children and families. APU community-work study students assist with tutoring, health and fitness coaching, day-to-day activities, and community events.²³

The Center for Student Action

The Center for Student Action mobilizes and educates students by facilitating opportunities for local and global community service, such as international mission trips to Mexico and local community service programs.²⁴ The Center composed of multiple offices and programs: 1) the Center for Global Learning and Engagement, 2) Hearing, Investing, Service (H.I.S.) Years, 3) International Students and Scholars, 4) Mexico Outreach, 5) Local Engagement, and 6) National and International Action Teams.²⁵ These programs and initiatives are often the starting point for APU students to begin a lifetime of dedication towards service. Many students and alumni report that their service in the Mexico Outreach program was a highlight of their time at APU and served as a catalyst for further service.²⁶

²² “About the Office,” Office of Community Advancement Programs, Azusa Pacific University, accessed June 1, 2017, <http://www.apu.edu/service-learning/community-advancement/about/>.

²³ “Our Neighborhood Homework House,” Office of Community Advancement Programs, Azusa Pacific University, accessed June 1, 2017, <http://www.apu.edu/service-learning/community-advancement/programs/neighborhood/>.

²⁴ “About Student Action,” Center for Student Action, Azusa Pacific University, accessed June 1, 2017, <http://www.apu.edu/studentaction/about/>.

²⁵ “Meet the Offices,” Center for Student Action, Azusa Pacific University, accessed June 1, 2017, <http://www.apu.edu/studentaction/about/offices/>.

²⁶ Information provided by APU

FIGURE 7.2 – APU VOLUNTEER HELP STUDENTS WITH HOMEWORK AT NEIGHBORHOOD HOMEWORK HOUSE

Source: San Gabriel Valley Tribune (2013)

The Center for Academic Service-Learning and Research

The Center for Academic Service-Learning and Research is an academic unit connecting APU's Four Cornerstones through quality service-learning experiences across the campus and in the wider community. Service-Learning puts service at the center of coursework, and creates an intentional, reciprocal relationship between students and the local public and private sectors. In the 2016-17 academic year, 180 service-learning courses were offered, including offerings in Genetics, College Algebra, and Spanish. Both students and faculty were in agreement that doing service in the community supported their faith and their commitment to serve in the community, and gave them a deeper understanding of the worth of all people.

Service-learning courses take a pragmatic approach, where students take the knowledge and principles learned in the classroom to provide some sort of service to the community. One example is that during the 2015-16 academic year, students of MKTG 260: Principles of Marketing and students of UNRS 384: Urban Health Nursing teamed with the Azusa Neighborhood Wellness Center and St. Francis of Rome Church to provide free colon cancer screenings for local residents. The marketing students were able to apply knowledge learned in

the classroom to raise public awareness of color cancer and advertise the event, while the Nursing students learned how to conduct the colon cancer screenings. The event drew 175 residents who were screened for colon cancer at the Neighborhood Wellness Center. The collaboration between the disciplines illustrated how two distinct courses can come together to combine their resources together to provide a community service.²⁷

FIGURE 7.3 –THE COLLEGE HEADED AND MIGHTY PROUD (CHAMP) PROGRAM



Source: Azusa Pacific University (2017)

Another signature course established in 1991 is EDLS 405: Diversity in the Classroom, an education course designed to engage prospective teachers with issues such as race and culture in the educational setting. In partnership with the Azusa Unified School District, APU students are assigned to classrooms at designated elementary schools to serve as college mentors to groups of five to seven fourth grade students. These elementary students are part of the College Headed and Mighty Proud (CHAMP) program, a program created in conjunction with the service-learning course that serves as an early exposure mentorship opportunity for fourth grade students. APU students facilitate activities within the CHAMP program, which includes topics such as college admission, financial aid, and career exploration. One key event within the CHAMP program is a day-long visit to tour APU's campus for fourth graders to get a first-hand glimpse of a college

²⁷ Azusa Pacific University: Academic Service-Learning: 2015-16 Year in Review

campus.²⁸ The CHAMP program is a mutually beneficial program for both APU and elementary students. APU students receive first-hand experience in how to effectively work in diverse communities, while the elementary students get to participate in a high quality college preparatory program.

In a strategic follow-up to the CHAMPS program, APU partners with Cal Poly Pomona and Citrus College to hold an annual Eighth-Grade Majors Fair to encourage eighth-grade students in the Azusa Unified School District to pursue higher education. Faculty, staff, and students from each campus create a hands-on experience by hosting interactive booths that introduce numerous majors that a college-bound student can choose. This further reflects APU's commitment engaging with the local community by showing students the value of pursuing higher education, and it complements many of APU's efforts to enhance the state of public education in Azusa.

In 2016-17, 3,262 APU students enrolled in service-learning courses and performed 44,405 hours of service in these courses.

RECOGNITION FOR SERVICE TO THE COMMUNITY

APU's dedication towards service has been recognized through earning a place on the President's Higher Education Community Service Honor Roll with distinction for the eighth consecutive time since 2007.²⁹ APU is also a Community Engagement Classified Institution by the Carnegie Foundation, one of 310 campuses to receive this prestigious distinction. This is an elective classification, which recognizes collaboration between institutions of higher education and their larger communities. The classification demonstrates "excellent alignment among mission, culture, leadership, resources, and practices that support dynamic and noteworthy community engagement."³⁰

As described throughout this section, APU has been able to demonstrate its commitment to service by having a comprehensive understanding of identity and values. **APU is centered on a Christian worldview, where faith guides and informs its pursuits of academia, service, and community.** Along with this worldview, its faith-based identity and value statements strategically guide it into creating numerous community service programs that align with its mission and commitment to serve the community.

²⁸ "About the Program," College Headed and Might Proud (C.H.A.M.P.), Azusa Pacific University, accessed July 17, 2017, <http://www.apu.edu/service-learning/champ/about/>.

²⁹ "Azusa Pacific University 2016-17 Fact Sheet," *Azusa Pacific University*, https://www.apu.edu/live_data/files/112/university_fact_sheet.pdf.

³⁰ "What Is the Community Engagement Classification," New England Resource Center for Higher Education, accessed June 1, 2017, http://nerche.org/index.php?option=com_content&view=article&id=341&.

7.5 THE CAMPUS AS AN AMENITY

In addition to reaching into its surrounding community to engage and commit, **Azusa Pacific University invests real time and attention to welcome the community onto campus**, where it can partake of the same resources available to students and staff. Its campus has thus become a package of amenities that improve the quality of life for local residents.

Of particular note, APU offers a breadth of on-campus programming and events that are available to the public and for which local organizations are specifically invited. These offerings are rooted in APU's commitment to being a good neighbor and being a campus that is safe and accessible to all.³¹

For instance, APU's School of Education hosts an annual Education (K-12) Hiring Fair that is open to the public. The current teacher hiring rate in the state of California is not meeting the demand of teachers needed within the next 10 years, so the Hiring Fair reflects APU's efforts to connect students and the public to teaching jobs in the state of California.³²

Another noteworthy example of the deployment of on-campus resources for community benefit is the Azusa Conservatory of Music, which is a partnership between APU's School of Music and the Center for Academic Service-Learning and Research. The Azusa Conservatory of Music was created in response to the community's desire for affordable and high quality music lessons for local youth. Some programs offered include affordable private lessons and low-cost summer music camps that connect local youth to professionally trained music instructors.³³

³¹ "Welcome to APU," Office of Community Relations, Azusa Pacific University, accessed June 1, 2017, <http://www.apu.edu/community/>.

³² "APU Hosts Education (K-12) Hiring Fair," *Azusa Pacific University*, February 13, 2017, <http://www.apu.edu/media/news/release/25199/>.

³³ "Our Story" Azusa Conservatory of Music, accessed June 1, 2017, <http://www.azusaconservatory.org/our-story.html>.

FIGURE 7.4 – AZUSA CONSERVATORY OF MUSIC – 2016 SUMMER BAND CAMP

Source: Azusa Conservatory of Music (2017)

As an academic institution, the ability to contribute to the state of public education is of particular importance and resonance. APU's University Libraries are open to the community, and have an Educational Programming division that regularly collaborates with local educational systems on professional development and programming primarily in history.³⁴ Recently, APU's Darling Library held a workshop for Los Angeles County history teachers to access ancient artifacts from Mesopotamia. Teachers learned how to integrate the interactive workshop into their curriculum and lesson plans, and were given lesson plans that meet California state history and Common Core standards. After the workshop, one teacher noted that APU is now on her radar, where resources and lessons plans available at APU's libraries and Special Collections are invaluable to her work as an educator.³⁵

³⁴ "Educational Programming," University of Libraries, Azusa Pacific University, <http://www.apu.edu/library/educationalprograms/>.

³⁵ Claire Holstead, "APU Workshop Gives History Teachers Access to Ancient Artifacts, Resources," *Azusa Pacific University*, May 26, 2017, <http://www.apu.edu/articles/workshop-gives-history-teachers-access-to-ancient-artifacts-resources/>.

FIGURE 7.5 – HISTORY DAY L.A. 2017 WORKSHOP AT AZUSA PACIFIC UNIVERSITY

Source: History Day L.A. at APU 2017

This is also part of APU's broader efforts in working with Los Angeles County public schools in discovering innovative ways to teach history. APU hosts the annual History Day L.A. on their campus, where students from all over Los Angeles County present projects with a historical theme. APU further supports History Day LA by providing workshops to local teachers on how best to prepare and help their students plan their projects for History Day L.A.³⁶ Los Angeles County Public teachers benefit from APU offering themselves as an educational resource to local teachers, through workshops and hosting these type of events on its campus.

Furthermore, while improving in recent years, the city of Azusa is still struggling with some crime and gang-related activity. APU's established presence in the community provides a positive influence and offers a safe place to live and learn.

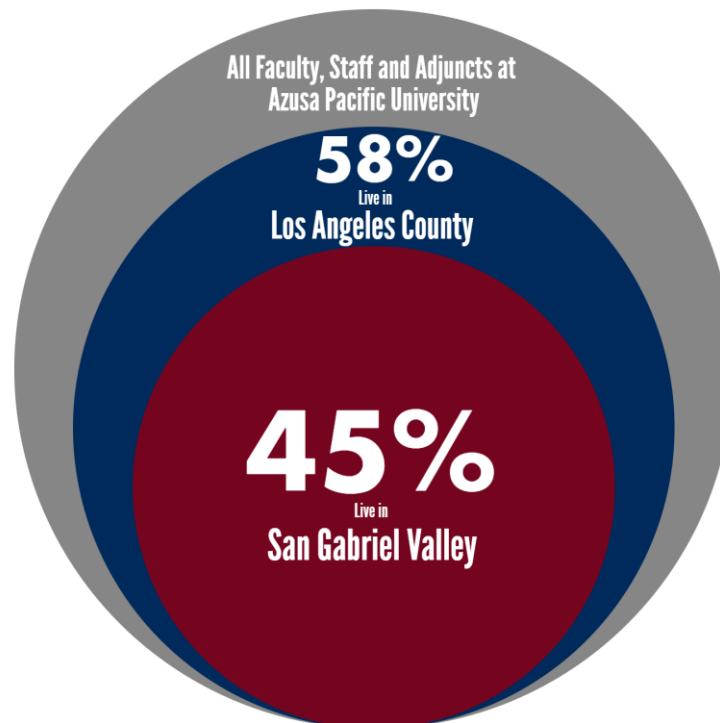
³⁶ University Relations, "L.A. Teachers Partner with APU to Bring History Alive," *Azusa Pacific University*, April 3, 2017, <http://www.apu.edu/articles/la-teachers-partner-with-apu-to-bring-history-alive/>.

7.6 IMPACT FROM LOCAL HIRING

Anchor institutions like Azusa Pacific University wield significant economic power as they control a tremendous amount of resources both financial and in the form of capital. In particular, the hiring practice of an institution is one process that can affect local community economic development. The University represents a significant base of potential economic opportunities for local and diverse businesses. It has a long standing commitment to instituting the internal policies to ensure local inclusivity and advancement of those opportunities, rooted in a deep institutional commitment to having a beneficial influence on its surrounding community.

Azusa Pacific University faculty, staff, adjuncts, and student employees remain near APU, where 58 percent live in Los Angeles County (see Figure 7.6). APU employees who live in the city of Azusa make up 8 percent of the total number of employees, while 45 percent of employees live in the San Gabriel Valley. The greater proportions of employees who are within the local and immediate area demonstrates a more acute economic impact on the city of Azusa and greater Los Angeles region, where dollars spent by APU on its employees remain mostly within the immediate region. In addition, APU encourages local spending from its employees in the city of Azusa. For example, APU distributed gift cards to Azusa-based restaurants as Christmas gifts to employees for the past three years.

FIGURE 7.6 – PROPORTION OF EMPLOYEES BY SAN GABRIEL VALLEY AND LOS ANGELES COUNTY



Source: Azusa Pacific University (2017), Piktochart (2017)

8.0 BROADER SOCIETAL IMPACT

8.1 SECTION OVERVIEW

The previous section spoke to how Azusa Pacific University's operations generate significant benefit to its immediate surrounding community. By reaching out into the community and by inviting the community onto campus, APU has a leavening effect on its neighbors. This section addresses the many ways APU's commitment to being a values-driven institution yields broader societal gains.

All of APU's efforts find their highest utility in the service of preparing students to make a difference in the world upon graduation. It is for this cause that APU works hard to ensure affordability and accessibility for incoming students, and to celebrate diversity and inclusion on campus, so that the intellectual community it is providing to its students best trains them for maximum social impact wherever they serve after APU. Indeed, APU's greatest successes as a values-driven institution are its alumni and the positive contributions they make in the communities in which they serve.



Diversity is important as its own issue for Christian institutions seeking to reflect Biblical principles. It is also of vital importance that academic institutions promote diversity and inclusion because of the fast-changing and knowledge-based nature of the modern economy, which holds great promise for scientific advancement and human achievement but also threatens to leave entire groups of people marginalized based on race, ethnicity, gender, sexual orientation, physical disability, or income level. Hence, APU's commitment to diversity and inclusion is not

only borne of its desire to be a values-oriented mission, with diversity and inclusion being an important institutional value, but also of its awareness that **values-oriented academic institutions must ensure that all people can access the educational resources and academic credentials increasingly needed to participate in today's knowledge economy.**

8.2 AFFORDABILITY AND ACCESSIBILITY

A college degree is increasing in importance as a prerequisite to meaningful participation and gainful employment in today's knowledge-based economy. At the very same time, obtaining a college degree is seen as inaccessible and unaffordable to large swaths of potential participants. The US cannot remain economically competitive and socially vibrant if such exclusion continues. Hence, efforts by universities to promote affordability and accessibility are essential not only to individual institutions' future viability but also to the nation's future competitiveness.

Understanding this, and seeking to put into action its stated institutional goals of diversity and inclusion, Azusa Pacific University has numerous initiatives in place to build an intellectual community that is inclusive and welcoming to all. The following describes a number of recent and innovative initiatives designed to make APU accessible and affordable to students, as they on-ramp into APU, as they continue to attend, and as they transition to post-college life.

ACCESSIBILITY AND AFFORDABILITY FOR LOCAL STUDENTS

Guaranteed Admission for Local High School Students

In partnership with more than a dozen local school districts, APU is creating a pathway to college for students from more than 20 high schools, offering guaranteed admission to APU for high school students who meet its admission requirements. Students will also receive an application waiver, support with the application process, and a \$10,000 renewable scholarship. The agreements have been secured for four school districts in the greater Los Angeles region: Azusa Unified School District,³⁷ Charter Oak Unified Partners,³⁸ Covina-Valley Unified Partners,³⁹ and Duarte Unified Partners.⁴⁰ The agreement will commence in fall of 2017, making 2018 graduating high school students eligible for this scholarship. This maintains APU commitment to academic excellence by targeting high-achieving students who meet APU's admission requirements. It also demonstrates APU's commitment to being a good neighbor by making APU more accessible and

³⁷ "Azusa Unified Increases Partnership with APU to Include Guaranteed Admission and \$10,000 Scholarships," *Azusa Pacific University*, July 13, 2017, <http://www.apu.edu/media/news/release/25472/>.

³⁸ "Charter Oak Unified Partners with APU to offer Guaranteed Admission and \$10,000 Scholarships," *Azusa Pacific University*, March 14, 2017, <http://www.apu.edu/media/news/release/25262/>.

³⁹ "Covina-Valley Unified Partners with APU to offer Guaranteed Admission and \$10,000 Scholarships," *Azusa Pacific University*, June 30, 2017, <http://www.apu.edu/media/news/release/25453/>.

⁴⁰ "Duarte Unified Partners with APU to offer Guaranteed Admission and \$10,000 Scholarships," *Azusa Pacific University*, June 14, 2017, <http://www.apu.edu/media/news/release/25451/>.

affordable to local high students. Many students who qualify for this guaranteed admission are also eligible for additional scholarships and grants, which will further reduce the cost of their education.

Merit-Based Scholarship for Local Students

APU also has an Azusa Scholarship Program that was established in 1998 to attract the best graduating seniors from Azusa High School and Gladstone High School, two local high schools in the city of Azusa. The Nancy Moore/Celebrate Azusa Citizens Scholarship awards incoming local freshmen \$5,000 based on their academic achievements and community-minded involvement.⁴¹ These initiatives are a tangible representation of APU's desire to ensure affordability and accessibility while maintaining high standards of academic excellence and commitment to service.

AFFORDABILITY FOR HIGH-ACHIEVING INCOMING UNDERGRADUATE AND TRANSFER STUDENTS

APU also has merit-based scholarships that are renewable for up to four years and are based on academic achievement (see Table 8.1). The merit-based scholarships also include and acknowledge the academic achievements of transfer students, where APU offers two merit-based scholarships for high-achieving transfer students.

TABLE 8.1 – MERIT-BASED SCHOLARSHIPS AT AZUSA PACIFIC UNIVERSITY

Program	Award Amount	Eligibility	Details
Trustees' Scholarship	Full tuition	Incoming Freshman	3.9+ GPA; 1300+ on SAT I or 30+ on ACT
President's Scholarship	\$18,000 per year	Incoming Freshman	4.0 GPA; 1450 on SAT I or 32 on ACT
Deans' Scholarship	\$16,000 per year	Incoming Freshman	3.9 GPA; 1200 on SAT I or 26 on ACT
Director's Scholarship	\$13,500 per year	Incoming Freshman	3.5 GPA; 1100 on SAT I or 25 on ACT
Founder's Scholarship	\$12,000 per year	Incoming Freshman	3.3 GPA; 1000 on SAT I or 22 on ACT
Transfer I Scholarship	\$12,000 per year	Transfer Student	3.5+ GPA
Transfer II Scholarship	\$10,000 per year	Transfer Student	3.0 – 3.499 GPA

Source: Azusa Pacific University (2017)

At APU, over 95 percent of students receive some sort of financial aid through scholarships, grants, and loans.⁴² For financially needy students, APU uses its own funding to award \$1,000 to

⁴¹ "Azusa Scholarship Program," Office of Community Relations, Azusa Pacific University, accessed June 1, 2017, <http://www.apu.edu/community/education/scholarships/>.

⁴² "Understanding Financial Aid," Office of Undergraduate Admissions, Azusa Pacific University, accessed June 1, 2017, <http://www.apu.edu/undergraduate-admissions/financialaid/tour/>.

\$10,000 in grants to students.⁴³ In FY 2016, APU awarded over \$136 million to students in financial aid.⁴⁴



AFFORDABILITY FOR RECENT GRADUATES

APU continues to honor its mission of Christian service by offering an innovative program called Hearing, Investing, and Serving (H.I.S.) Years program. The H.I.S. Years program is a two-year service program similar to the Peace Corps, that sends recent graduates of APU to serve in Christ-based community development and mission-oriented organizations around the world that work with those who are spiritually and physically in need. The goal of the program is to lead participants into long-term ministry careers while decreasing the burden of student debt that often precludes students from pursuing such callings. APU offers to pay all student debt during the two years of service, in order to ensure students have financial support, and also remove financial barriers participants would have faced without this support.⁴⁵

ACCESSIBILITY FOR WORKING PROFESSIONALS, NON-TRADITIONAL STUDENTS, AND COMMUTERS

Accessibility at APU is not limited to youth and incoming first-year students. In addition, APU offers several bachelor's degree completion programs for working professionals to obtain specific bachelor's degrees or certifications, and for non-traditional students, there are numerous online courses and degree programs offered through Azusa Pacific University College. Some examples of degree completion programs for working professionals include a program for Registered Nurses to obtain their Bachelor of Science in Nursing (RN to BSN), and a program designed for

⁴³ "Grants," One Stop, Azusa Pacific University, accessed June 1, 2017, <http://www.apu.edu/onestop/finances/aid/grants/>.

⁴⁴ Data provided by APU.

⁴⁵ "Information Packet – H.I.S. years: Hearing Investing, Serving," *Azusa Pacific University*, http://www.apu.edu/live_data/files/317/hisyears_information_packet.pdf.

working professionals to obtain their Bachelor of Science in Organizational Leadership. For working professionals and non-traditional students, accessibility means flexible schedules and convenient locations. The bachelor's degree completion programs are also offered online, while APU has seven regional campuses in Southern California, and operates at the Redlands Hospital as an instructional location. In addition, the creation of the Gold Line Azusa metro station in 2016, supported by APU, is especially important to commuter students. Commuter students may not have access or cannot afford a car, so the option of taking public transportation makes APU accessible for them. Thus, APU is geographically accessible for these groups while being accommodating to work schedules.

ACCESSIBILITY AND AFFORDABILITY FOR VETERANS

APU is a military-friendly college, where as a Yellow Ribbon University, veterans can use their GI Bill military education benefits at APU. In addition, APU has several dedicated services for military and veteran students while on campus: the Office of Military and Veteran Services, the Military and Veteran Outreach and Enrollment Services, and the Military Veteran Education Benefits Office. These offices provide support and advocacy for veterans, while helping them to maximize and use their VA (Veterans Affairs) education benefits at APU. In addition, APU has a ROTC program on campus for active military members, where APU provides Army ROTC scholarships for living expenses.

8.3 INCLUSIVE EXCELLENCE: PHILOSOPHY OF AND COMMITMENT TO DIVERSITY AND INCLUSION

APU embraces diverse people, thinking, and styles, and strives to maintain an inclusive community. Honoring diversity is part of a century-long commitment in doing good for everyone in the world, and part of APU's mission of encouraging students to develop a Christian perspective of truth and life.

Rather than turning its back on today's challenging issues, or caving into secular contemporary perspectives, APU approaches diversity from a biblical perspective, valuing the contributions of all people. In this spirit APU states a commitment to continue to prioritize important discourse on diversity, engage a variety of perspectives, and embrace active listening in a spirit of humility. APU seeks to recruit, hire, and support a diverse community in an effort to create a milieu that reflects the mosaic of God's kingdom.

For APU, cultivating and maintaining a diverse community does not come accidentally, where diversity and inclusion efforts are intentional and reflected in every area at APU, which includes the mission, institutional values, strategic plans, hiring practices, curricula, and the classroom. APU takes the word diversity a step further by using a broader term: Inclusive Excellence, a term that comes from the Association of American Colleges & Universities (AAC&U). Inclusive Excellence acknowledges and uncovers the achievement gaps of students across gender, race, and class, and thus strives to close these achievement gaps by intentionally transforming the

university into a supportive place where all students can achieve academic excellence. Diversity and inclusion efforts ultimately guide how APU can support its diverse student body while being a premier research institution. For instance, in 2016, APU launched its first comprehensive diversity campus climate study that looked into APU's programming, policies, and practices. The study developed a number of educational training initiatives for faculty, staff, students, and administration in order to foster a more diverse and inclusive community.⁴⁶

8.4 A DIVERSE STUDENT BODY

The diversity of Azusa Pacific University is reflected in its student body, where **the majority of the undergraduate student body is students of color, approximately 53 percent, which is an increase from 2000, when students of color made up 27 percent of the undergraduate student population**⁴⁷ (see Table 8.2). Likewise, the graduate and professional student population is approximately 54 percent students of color.

These efforts are borne of a desire to foster an intellectual community in which students and staff are exposed to different perspectives based on race, ethnicity, gender, sexual orientation, faith background, and political persuasion. Their efforts to foster diversity result in a vibrant setting that is welcoming to all and that prepares leaders for influence in the real world. These recent efforts over the past decade have shown that APU has increased the diversity of its undergraduate body.

TABLE 8.2 – 2016-2017 UNDERGRADUATE ENROLLMENT AT AZUSA PACIFIC UNIVERSITY BY RACE/ETHNICITY

Race/Ethnicity	Count	Percentage
American Indian or Alaska Native	7	0.1%
Asian	439	8.2%
Black or African American	252	4.7%
Hispanic of any race	1,610	30.1%
Native Hawaiian or Other Pacific Islander	61	1.1%
International	153	2.9%
Unknown	65	1.2%
Two or More Races	452	8.5%
White	2,305	43.1%
Total	5,344	100.0%

Source: Azusa Pacific University (2017)

⁴⁶ Kimberly B.W. Denu, Ph.D., "Inclusive Excellence: Integrated and Intentional Diversity," *Azusa Pacific University*, June 30, 2016, <http://www.apu.edu/articles/inclusive-excellence-integrated-and-intentional-diversity/>.

⁴⁷ Integrated Postsecondary Education Data System.



8.5 ON-CAMPUS RESOURCES TO SUPPORT DIVERSITY AND INCLUSION

Diversity and inclusion matter to Azusa Pacific University not just in welcoming incoming students but in making sure they are adequately supported once on campus. In addition, there are two diversity centers dedicated to supporting staff and students: 1) the Student Center for Reconciliation and Diversity serves undergraduate students and 2) the Center for Diversity, Equity, and Inclusive Excellence serves faculty and staff. APU has a Chief Diversity Officer, Dr. Kimberly Denu, under the Office of the Provost, who serves as head of the overarching diversity and inclusion efforts at APU.

THE STUDENT CENTER FOR RECONCILIATION AND DIVERSITY

The Student Center for Reconciliation and Diversity supports APU's larger mission of God-honoring diversity by intentionally investing and encouraging students to be more engaged with the diversity of the community through scholarships, programming, and events. One scholarship opportunity is the Multi-Ethnic Leadership Scholarship, open to incoming APU students. The scholarship program empowers students to be advocates for ethnic diversity and multicultural awareness through service and leadership. Another support program includes the Pathway Scholars Program for incoming APU students who are first-generation and from the Los Angeles region. The Pathway Scholars is a support program for first-generation students transitioning from high school to college, and provides them with the knowledge and resources to be successful students and leaders.

THE CENTER FOR DIVERSITY, EQUITY, AND INCLUSIVE EXCELLENCE

The Center for Diversity, Equity, and Inclusive Excellence includes the Diversity Ambassadors Program, composed of faculty from across different departments (see Figure 8.1). The Diversity Ambassadors Program empowers and educates faculty and staff on diversity-related issues, using this knowledge to design curriculum, facilitate community engagement, implement action plans, and incorporate service-learning in classrooms. The program began in 2013 with 13

ambassadors and has grown to well over 80 ambassadors today, where there is now greater attendance and more interest in the diversity-related workshops held at the Center.

Dr. Richard S. Martinez, Executive Director, and Dr. Susan Warren, Director of Diversity Programs, presented the Diversity Ambassadors Program as a model program to the Council for Christian Colleges & Universities (CCCU) in 2016. The presentation was well received, and many CCCU members expressed interest in trying this model for their own colleges and universities, reflecting the effectiveness and scalability of this model for encouraging integration of diversity and inclusion across departments.⁴⁸

FIGURE 8.1 – DIVERSITY AMBASSADORS AT AZUSA PACIFIC UNIVERSITY



Source: APU (2016)

ADDITIONAL DIVERSITY AND INCLUSION EFFORTS

Other diversity and inclusion resources for students include numerous educational programming and events held on campus. In 2013, APU held the Juan Bruce-Nova lecture series on the Chicano/Latino experience in the US. This venue provided diverse discourse on the experiences of this community on campus.⁴⁹ In 2017, APU held its second annual Disability Awareness Week, founded on the principles of Imago Dei (the image of God) as well as APU's greater mission of God-honoring diversity. The Disability Awareness Week gave those with a disability a platform to educate non-disabled people on the experiences of students with disabilities – including less obvious disabilities such as those with invisible disabilities, parents of children with disabilities,

⁴⁸ Logan Cain, "Diversity Ambassadors Transform Campus from Within," *Azusa Pacific University*, December 5, 2016, <http://www.apu.edu/articles/diversity-ambassadors-transform-campus-from-within/>.

⁴⁹ "APU Hosts Lecture on the Hispanic-American Experience," *Azusa Pacific University*, March 13, 2013, <http://www.apu.edu/media/news/mediaalert/20079/>.

and diverse learners. The event highlighted the work of APU's Learning Enrichment Center, which provides advocacy and support services for those with a disability.⁵⁰

8.6 A DIVERSE FACULTY AND STAFF TO SERVE THE UNIVERSITY AND ITS COMMUNITY

APU is committed to having a diverse faculty, which ensures a more diverse and enriching experience for all students. More than half (57 percent) of the faculty as of Fall 2016 (full-time, part-time, and adjunct), are women; in the California State University system, that figure is 46 percent. Of this 57 percent of faculty who are women, 30 percent are women of color. Overall, 28 percent of the faculty are people of color (see Figure 8.2), as compared to 31 percent for the California State University system.

Similarly, APU's staff is diverse. As of fall 2016 full-time, part-time, and adjunct staff members are composed of a majority of women, who make up 58 percent of the staff population. Overall, 34 percent of staff members are people of color.

Women's History Month at APU

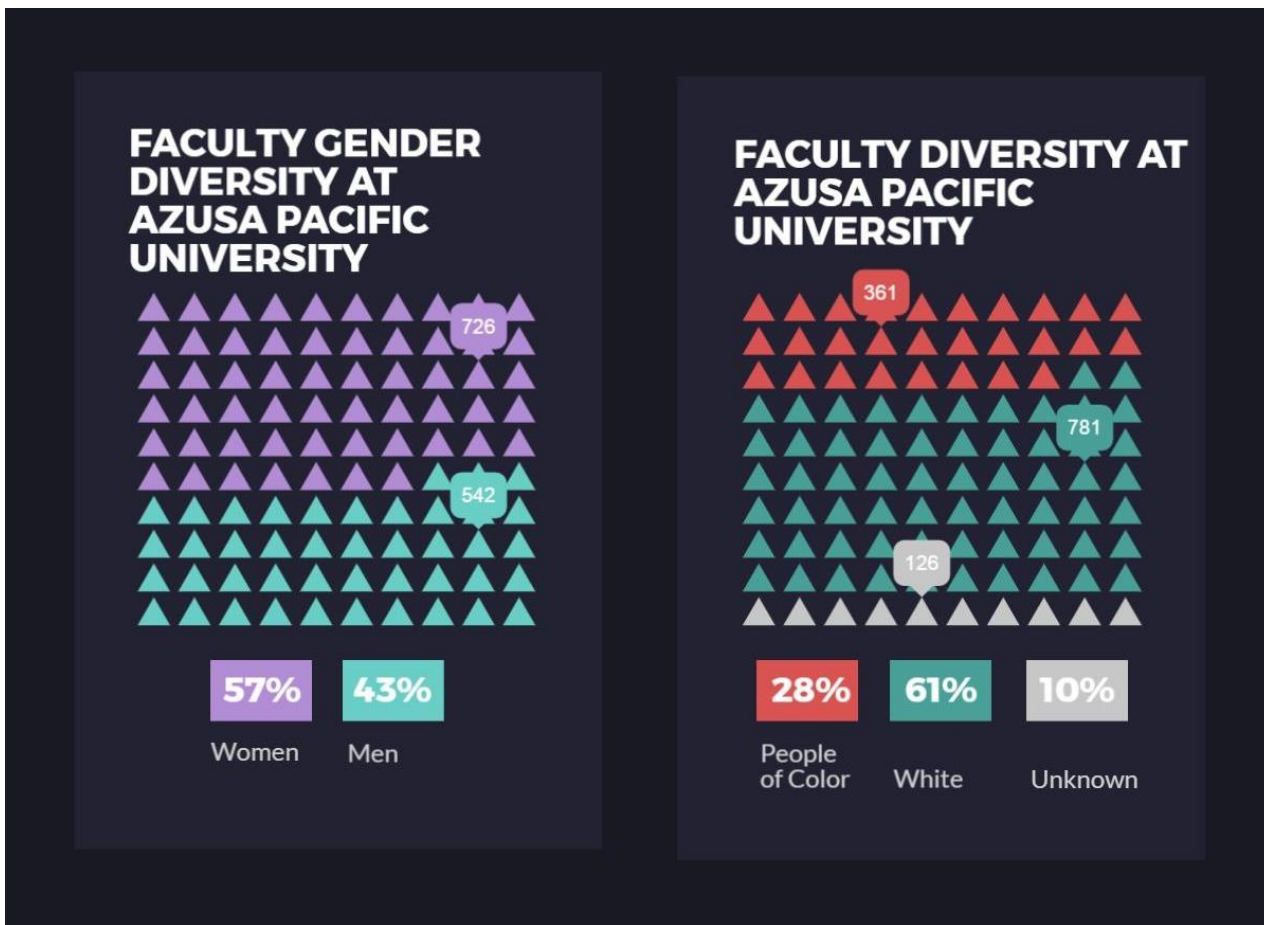


Source: Biola University (2017)

Azusa Pacific University joined its sister schools, Biola University, Fuller Theological Seminary, and Pepperdine University, and the Council for Christian Colleges & Universities to host **the second annual Advancing Women in Leadership in Christian Higher Education Conference** in celebration of National Women's History Month. This one-day conference was held on March 24, 2017, and aims to have participants learn from top women leaders in higher education. One keynote speaker included Karen Longman, Ph.D., professor in the Department of Higher Education at APU.

⁵⁰ University Relations, "Disability Awareness Week Sparks Interest and Action, *Azusa Pacific University*, May 15, 2017, <http://www.apu.edu/articles/disability-awareness-week-sparks-interest-and-action/>.

FIGURE 8.2 – FACULTY DIVERSITY AT AZUSA PACIFIC UNIVERSITY



Source: Azusa Pacific University (2017)

8.7 ALUMNI MAKING A SOCIETAL IMPACT

One proof of the effect of Azusa Pacific University’s commitment to diversity and inclusion is the success stories of **APU alumni producing societal impact in ways that are consistent with the values they experienced while on campus.** As Phil Brazzell, Executive Director of Career and Alumni Relations, states, “APU introduces strategic programs that meet marketplace needs. We invite industry leaders like Jet Propulsion Laboratory (JPL) in Pasadena to review curricula so that they equip students for immediate application. Moving toward partnerships between the academy and marketplace means that our graduates who participate through internships leave campus ready to perform their roles employers need today.”⁵¹

⁵¹ Cyndie Hoff, “California Workforce: A Golden Opportunity,” *APU Life, Azusa Pacific University Magazine*, Summer 2017, http://static.apu.edu/static/src/sites/articles/downloads/apulife/apulife_2017_summer.pdf.

One powerful demonstration of this is the career paths APU alumni choose upon graduation. Much higher proportions of APU graduates choose occupations in the education, health, and human services sectors, relative to graduates of other academic institutions in California (see Table 8.3). Notably, APU graduates are reported to earn significantly more than their peers in California, earning \$30,000 more annually in health care, and \$28,000 more annually in education.⁵²

TABLE 8.3 – DISTRIBUTION OF CAREER CLUSTERS FOR AZUSA PACIFIC UNIVERSITY GRADUATES AS COMPARED TO 4-YEAR COLLEGES AND UNIVERSITIES IN THE STATE OF CALIFORNIA

Career Cluster ⁵³	Azusa Pacific University	All Other 4-Year Colleges and Universities in the State of California
Agriculture, Food and Natural Resource Cluster	0%	5%
Arts, Audio/Video Technology and Communications Cluster	15%	12%
Business, Sales, Management and Administration, Finance Cluster	21%	18%
Education and Training Cluster	15%	9%
Health Science Cluster	31%	15%
Human Services	6%	4%
Science, Technology, Engineering and Mathematics Cluster	3%	13%
Transportation, Distribution, and Logistics Cluster	6%	16%
Other	1%	6%

Source: Integrated Postsecondary Education Data System (2017)

Even though these careers are often lower-paying than other alternatives, they are high-impact in nature, and reflect an ethos of using intellect and effort to maximize societal impact, an ethos that was cultivated and modeled at APU. Three alumni examples bear this witness, with meaningful impacts at a local and global level (see Figure 8.3 and Figure 8.4).

Joshua Martinez ('04), a teacher at the KIPP Raíces Academy in East Los Angeles, became one of the four recipients of the prestigious 2017 New Teacher Project Fishman Prize. The award also comes with a \$25,000 prize and the opportunity to collaborate with other teachers for a six-week summer residency program that focuses on enhancing instructional practices at school districts around the country. At APU, Martinez's studies built the framework for his teaching methods, where he challenges his students to handle difficult questions, builds a climate of mutual respect,

⁵² Ibid.

⁵³ Career clusters are an aggregation of the Classification of Instructional Programs (CIP) codes available for each school within the Integrated Postsecondary Education Data System (IPEDS) data. IPEDS data details the percentage of degrees (bachelor's, associate's, and certificates) awarded in each of the 54 CIP codes. A Perkins IV Crosswalk assigned each of the CIP codes to the 16 Career Clusters.

and introduces the concept of mindfulness to his students by teaching them to refocus during the stresses of the day. Martinez is an active and engaged teacher, visiting the families of all of his students to get know their stories and values. His efforts to foster a climate of mutual respect are intentional, resulting in successful learning outcomes from his students. Likewise, APU intentionally creates a climate of service to the community, and this is reflected in Martinez's successful work at KIPP Raíces Academy.⁵⁴

**FIGURE 8.3 – JOSHUA MARTINEZ, AZUSA PACIFIC UNIVERSITY '04 ALUMNUS,
IN THE CLASSROOM AT KIPP RAÍCES ACADEMY**



Source: Azusa Pacific University (2017)

Blanca Rubio ('99, '03 Masters), California Assemblywoman for the 48th District, is the first woman to represent that district in more than 25 years, one of the few immigrants to serve the predominantly Latino area, and the first Latina to chair the Assembly's Committee on Human Services – one of the few freshmen Assemblypersons to secure such an important appointment. Prior to becoming an Assemblywoman this year, Rubio worked in education, receiving her Bachelors in Business and Administration and Masters in Education at APU.

APU shaped her passion for public service – Rubio recalls a moment at APU where starting the class with prayer allowed her to regroup after a stressful day. A professor demonstrated grace when she expressed doubt about completing a paper on time, saying “I believe in you and will work with you.” This moment influenced the way she interacted with her own students when she was an elementary school teacher. She then became inspired to run for a seat on the Baldwin Park school board in 2003, to continue her passion for helping students from lower

⁵⁴ Abigail E. Peck, “APU Alumnus Named Top Teacher with National Prize,” *Azusa Pacific University*, June 12, 2017, <http://www.apu.edu/articles/apu-alumnus-honored-as-top-teacher-with-national-prize/>.

socioeconomic backgrounds and those who struggle with English. As a new Assemblywoman, Rubio continues her work towards helping children. Rubio's experiences at APU shaped her path to become an Assemblywoman, where a single interaction with a professor shaped the way she interacted with her own students and nurtured her passion to help others in education.⁵⁵

FIGURE 8.4 – BLANCA RUBIO, AZUSA PACIFIC UNIVERSITY '99/'03 ALUMNA, AND CALIFORNIA 48TH DISTRICT ASSEMBLYWOMAN



Source: Azusa Pacific University (2017)

Margarita Ramirez ('12) is a first generation alumna and Fulbright Scholar. She is currently pursuing her Ph.D at Georgetown University, with plans to become a professor. She first immigrated to the United States from Mexico when she was 10, and was taught early on the value of higher education. Ramirez became the first one in her family to attend college, which was made possible by a full scholarship offered by APU. Ramirez was able to continue her passion and love for learning as a Political Science major, where that passion was supported by numerous APU faculty mentors. Initially, Ramirez was hesitant to accept the Fulbright fellowship in Portugal; however, Jennifer E Walsh, Ph.D, Dean of the College and Professor of Political Science encouraged her to accept the Fulbright fellowship as an expression of her faith and the numerous opportunities it would open for her as a Christian scholar. Margarita Ramirez remarked that it would have not been possible without the support of APU that led her to discover her path of becoming a Christian scholar.⁵⁶

FIGURE 8.5 – MARGARITA RAMIREZ, AZUSA PACIFIC UNIVERSITY '12 ALUMNA



Source: Azusa Pacific University (2017)

⁵⁵ Rachel White, "Educator's Calling Leads to Sacramento," *Azusa Pacific University*, June 19, 2017, <http://www.apu.edu/articles/educators-calling-leads-to-sacramento/>.

⁵⁶ "Margarita Ramirez," *Stories*, Azusa Pacific University, accessed August 1, 2017, <http://www.apu.edu/stories/margarita-ramirez/>.

9.0 CONCLUSION

9.1 SUMMATION OF THE UNIVERSITY'S ECONOMIC AND FISCAL IMPACTS

This report has endeavored to express the economic, community, and societal impact of Azusa Pacific University. From its beginnings in 1899, “God First” has been not only a motto but a way of organizing the institution’s philosophies and efforts. This has yielded an institution whose values-driven approach influences its operations, its research, its curriculum, and its engagement with and service to the local community and broader world.

In the process, APU has become a major economic engine for the city, region, and state. Through its operations and its capital investments, the spending it draws into the area from students and visitors, and the wage premium it confers upon its alumni, **APU is responsible for \$1.25 billion in economic impact within the state economy each year, supporting 7,200 jobs statewide and generating \$37 million in tax revenues to the State of California government** (see Table 9.1, Table 9.2, Table 9.3, Table 9.4 and Table 9.5).

**TABLE 9.1 – AGGREGATE ANNUAL ECONOMIC IMPACT OF AZUSA PACIFIC UNIVERSITY
ON THE CITY OF AZUSA ECONOMY**

Impact Type	Operations	Capital Investments	Student/Visitor Spending	Alumni Wage Premium	Total
Output (\$M)	\$158	\$5	\$27	\$21	\$210
Employment Supported (FTE)	925	37	289	115	1,365
Earnings (\$M)	\$102	\$1	\$8	\$6	\$117

Source: Econsult Solutions (2017)

**TABLE 9.2 – AGGREGATE ANNUAL ECONOMIC IMPACT OF AZUSA PACIFIC UNIVERSITY
ON THE SAN GABRIEL VALLEY ECONOMY**

Impact Type	Operations	Capital Investments	Student/Visitor Spending	Alumni Wage Premium	Total
Output (\$M)	\$253	\$6	\$36	\$180	\$474
Employment Supported (FTE)	1,459	37	347	996	2,840
Earnings (\$M)	\$144	\$2	\$10	\$52	\$208

Source: Econsult Solutions (2017)

**TABLE 9.3 – AGGREGATE ANNUAL ECONOMIC IMPACT OF AZUSA PACIFIC UNIVERSITY
ON THE LOS ANGELES COUNTY ECONOMY**

Impact Type	Operations	Capital Investments	Student/Visitor Spending	Alumni Wage Premium	Total
Output (\$M)	\$348	\$8	\$47	\$313	\$716
Employment Supported (FTE)	1,977	37	417	1,734	4,165
Earnings (\$M)	\$171	\$2	\$13	\$90	\$276

Source: Econsult Solutions (2017)

**TABLE 9.4 – AGGREGATE ANNUAL ECONOMIC IMPACT OF AZUSA PACIFIC UNIVERSITY
ON THE SOUTHERN CALIFORNIA REGION ECONOMY**

Impact Type	Operations	Capital Investments	Student/Visitor Spending	Alumni Wage Premium	Total
Output (\$M)	\$417	\$9	\$55	\$725	\$1,206
Employment Supported (FTE)	2,356	40	472	4,217	7,085
Earnings (\$M)	\$200	\$2	\$15	\$207	\$424

Source: Econsult Solutions (2017)

**TABLE 9.5 – AGGREGATE ANNUAL ECONOMIC IMPACT OF AZUSA PACIFIC UNIVERSITY
ON THE STATE OF CALIFORNIA ECONOMY AND THE STATE OF CALIFORNIA GOVERNMENT**

Impact Type	Operations	Capital Investments	Student/Visitor Spending	Alumni Wage Premium	Total
Output (\$M)	\$428	\$9	\$57	\$757	\$1,250
Employment Supported (FTE)	2,391	40	476	4,349	7,256
Earnings (\$M)	\$203	\$2	\$16	\$216	\$437
Tax Revenues (\$M)	\$14	\$0.2	\$2	\$21	\$37

Source: Econsult Solutions (2017)

9.2 WHY THESE IMPACTS MATTER FOR THE CITY, REGION, AND STATE

Though it is a values-driven institution, APU is also a regional economic engine, and a considerably impactful one based on the figures above. But the result of APU living out its institutional values goes beyond economic activity, jobs supported, and tax revenues generated.



To begin with, **APU's impact as an institution, both economic and social, is felt most strongly and beneficially at a very local level.** It is at a very local level that its economic footprint translates into employment opportunities for local residents and procurement opportunities for local businesses. And it is at a very local level where its dedication to service finds its highest engagement and greatest gain, in the form of a wide range of community service, service-learning, and community benefit initiatives.

But APU's commitment to cultivating Difference Makers has global implications as well. Its investment in a wide range of **diversity and inclusion initiatives** emerge from a desire to represent a Biblical perspective that neither shirks the thorny issues of the day nor builds



philosophies and initiatives on ever-changing contemporary secular mores. This dedication also reflects an awareness of the role of higher education in the modern knowledge economy, and the very real danger that entire groups will be under-represented in economic opportunities and societal progress due to inaccessibility from academic communities based on race, ethnicity, gender, sexual orientation, physical disability, or income level. APU's institutional commitment to diversity and inclusion finds its greatest fulfillment in the societal impact produced by its alumni, who observe and learn important life values and then live them out in their vocations and communities in ways that have profound local and global implications.

9.3 THE VALUE PROPOSITION OF AZUSA PACIFIC UNIVERSITY

Higher education is at an inflection point, increasingly scrutinized by potential students who question the affordability and relevance of a college degree and by government jurisdictions who challenge the favorable tax treatment of not-for-profit institutions. Universities must face these criticisms head on or risk decline or extinction.

This report on the economic, community, and societal impact of Azusa Pacific University yields a strong value proposition for the institution on all fronts. From a student's perspective, APU confers a **wage premium** that results in higher lifetime earnings potential. APU also imparts a strong **values-driven identity**, rooted in Biblical principles and dedicated to the integration of scholarship and service for the public good. This identity is observed and learned, and then put into practice by alumni throughout the region and around the world, to dramatic positive benefit at a very local and global level.

From a societal perspective, APU offers a strong return on any public investment that is conferred upon it by its tax-exempt status. For, in economic terms, while APU is tax-exempt, it is also **tax-generating and economically impactful**, in that its operations, its capital investments, the student and visitor spending it draws in, and the wage premium it produces for its graduates all represent significant regional economic activity. This activity has additional spillover effects that produce meaningful economic impact, supporting employment in a wide range of industries, and growing various local and state tax bases.

Furthermore, these economic contributions emerge from an institution devoted to scholarship as well as service, to academic excellence as well as intentional inclusion, and to local engagement as well as global impact. This values-driven and Biblically-rooted institution intends to grow significantly in the next few years, making its economic, community, and societal impact – and therefore its return to society – even greater over time.

APPENDIX A – DETAILED ECONOMIC AND FISCAL IMPACT METHODOLOGY

A.1 OVERVIEW

Economic impact estimates are generated by utilizing **input-output models** to translate an initial amount of direct economic activity into the total amount of economic activity that it supports, which includes multiple waves of spillover impacts generated by spending on goods and services and by spending of labor income by employees. This section summarizes the methodologies and tools used to construct, use, and interpret the input-output models needed to estimate this project's economic impact.

A.2 INPUT-OUTPUT MODEL THEORY

In an inter-connected economy, every dollar spent generates two spillover impacts: First, some amount of the proportion of that expenditure that goes to the purchase of goods and services gets circulated back into an economy when those goods and services are purchased from local vendors. This represents what is called the “indirect effect,” and reflects the fact that local purchases of goods and services support local vendors, who in turn require additional purchasing with their own set of vendors.

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- Second, some amount of the proportion of that expenditure that goes to labor income gets circulated back into an economy when those employees spend some of their earnings on various goods and services. This represents what is called the “induced effect,” and reflects the fact that some of those goods and services will be purchased from local vendors, further stimulating a local economy.

The role of input-output models is to determine the linkages across industries in order to model out the magnitude and composition of spillover impact to all industries of a dollar spent in any one industry. Thus, the total economic impact is the sum of its own direct economic footprint plus the indirect and induced effects generated by that direct footprint.

A.3 INPUT-OUTPUT MODEL MECHANICS

To model the impacts resulting from the direct expenditures, Econsult Solutions, Inc. developed a customized economic impact model using the IMPLAN input/output modeling system. IMPLAN represents an industry standard approach to assess the economic and job creation impacts of



economic development projects, the creation of new businesses, and public policy changes within its surrounding area. IMPLAN has developed a social accounting matrix (SAM) that accounts for the flow of commodities through economics. From this matrix, IMPLAN also determines the regional purchase coefficient (RPC), the proportion of local supply that satisfies local demand. These values not only establish the types of goods and services supported by an industry or institution, but also the level in which they are acquired locally. This assessment determines the multiplier basis for the local and regional models created in the IMPLAN modeling system. IMPLAN takes the multipliers and divides them into 536 industry categories in accordance to the North American Industrial Classification System (NAICS) codes.

The IMPLAN modeling system also allows for customization of its inputs which alters multiplier outputs. Where necessary, certain institutions may have different levels of demand for commodities. When this occurs, an “analysis-by-parts” (ABP) approach is taken. This allows the user to model the impacts of direct economic activity related to and institution or industry with greater accuracy. Where inputs are unknown, IMPLAN is able to estimate other inputs based on the level of employment, earnings, or output by an industry or institution.

A.4 EMPLOYMENT AND WAGES SUPPORTED

IMPLAN generates job estimates based on the term “job-years”, or how many jobs will be supported each year. For instance, if a construction project takes two years, and IMPLAN estimates there are 100 employees, or more correctly “job-years” supported, over two years, that represents 50 annual jobs. Additionally, these can be a mix of a full and part-time employment. Consequently, job creation could feature more part-time jobs than full-time jobs. To account for this, IMPLAN has a multiplier to covert annual jobs to full-time equivalent jobs.

Income to direct, indirect, and induced jobs is calculated as employee compensation. This includes wage and salary, all benefits (e.g., health, retirement) and payroll taxes (both sides of social security, unemployment taxes, etc.). Therefore, IMPLAN’s measure of income estimates gross pay opposed to just strictly wages.

A.5 TAX REVENUE IMPACT

The economic impacts in turn produce one-time or ongoing increases in various tax bases, which yield temporary or permanent increases in various tax revenues. To estimate these increases, Econsult Solutions, Inc. created a tax revenue impact model to translate total economic impacts into their commensurate tax revenue gains. These tax revenue gains only account for a subset of the total tax revenue generation that an institution or industry may have on the economy. Furthermore, where institutions are tax exempt, only the tax revenue generation from supported indirect and induced industries is accounted for.

APPENDIX B – DETAILED ANCILLARY STUDENT AND VISITOR SPENDING METHODOLOGY

B.1 ANCILLARY STUDENT SPENDING

The first step to calculate ancillary student spending is to define total annual student spending by category. Base spending data comes from the Annual Survey of Colleges compiled by The College Board, which lists an approximate annual student budget for room, board, expenses, and transportation costs totaling \$15,840 (see Table B.1).

It is necessary, however, to account for the proportion of this spending that is captured by APU itself. Since the revenue generated by the institution is ultimately reflected in the University's operating budget, impacts from this spending are represented in the calculations of APU's annual operating impact detailed in Section 3 of this report. This spending must therefore be excluded from student spending estimates, which reflect only ancillary spending not captured by the University, and may therefore be added to the operating impacts from Section 3. Room and board expenses for on-campus students are assumed to primarily accrue to APU, as is a portion of other expenses by on-campus and off-campus students to reflect the APU-operated retail options like the APU bookstore and dining facilities. As such, we have made conservative estimates for ancillary student spending by on-campus, off-campus, and commuter students which we then apply to the student financial aid office's academic year budget to produce annual ancillary spending estimates for on-campus, off-campus, and commuter students (see Table B.1).

TABLE B.1 – ANNUAL ANCILLARY SPENDING ESTIMATES FOR ON-CAMPUS AND OFF-CAMPUS STUDENTS

Spending Category	Student Spending per academic year	On-campus Students		Off-campus Students		Commuter	
		% Spent outside of APU	Average amount Spent Outside APU	% Spent outside of APU	Average amount Spent Outside APU	% Spent outside of APU and attributable to APU ⁵⁷	Average amount Spent Outside APU
Rent	\$7,930	0%	\$0	100%	\$7,926	0%	\$0
Food	\$3,960	0%	\$0	100%	\$3,963	50%	\$1,982
Transportation	\$1,070	100%	\$1,070	100%	\$1,070	50%	\$535
Retail	\$2,880	100%	\$2,880	100%	\$2,880	50%	\$1,440
Total per student	\$15,840		\$3,950		\$15,840		\$3,957

Source: The College Board (2017), APU (2016), Econsult Solutions (2017)

⁵⁷ A commuter-specific adjustment was made to the commuter spending. Although, commuters come to campus for class, it is assumed that only 50 percent of their spending is above and beyond what they would spend in the area if they did not attend APU. In many cases, they are eating and shopping at home regardless of their enrollment at APU.

These per student spending estimates equate to over \$43 million in ancillary student spending, \$13 million of which is spent by on-campus students, \$5 million of which is spent by off-campus students, and \$25 million of which is spent by the 6,328 commuter students (see Table B.2).

TABLE B.2 – ESTIMATED AGGREGATE ANCILLARY STUDENT SPENDING BY STUDENT TYPE

Students	On-Campus	Off-Campus	Commuter	Total
Students	3,373	319	6,328	10,020
Rent	\$0	\$2,528,607	\$0	\$2,528,607
Food	\$0	\$1,264,303	\$12,539,987	\$13,804,290
Transport	\$3,609,110	\$341,330	\$3,385,480	\$7,335,920
Misc Retail	\$9,714,240	\$918,720	\$9,112,320	\$19,745,280
Total	\$13,323,350	\$5,052,960	\$25,037,787	\$43,414,097

Source: The College Board (2017), APU (2016), Econsult Solutions (2017)

Next, we have estimated the proportion of that ancillary spending which takes place within the city of Azusa as well as within the San Gabriel Valley, LA County, and Southern California by expenditure category. We have made adjustments to the amounts captured within each geography to reflect several realities. First, research indicates that some portion of retail shopping by millennials occurs online and thus is not captured locally (except a certain amount spent at the campus online store).⁵⁸ Additionally, a portion of transportation spending is likely to take place outside of the local geography as students visit friends and family in other locations.

⁵⁸ "Who are the Millennial Shoppers? And What do they Really Want?" *Accenture Outlook*. <<https://www.accenture.com/us-en/insight-outlook-who-are-millennial-shoppers-what-do-they-really-want-retail>>

**TABLE B.3 – ESTIMATED ANCILLARY STUDENT SPENDING CAPTURED
WITHIN EACH GEOGRAPHY**

On-campus / Commuter⁵⁹	City of Azusa	San Gabriel Valley	LA County	Southern California	California
Rent	N/A	N/A	N/A	N/A	N/A
Food	90%	90%	95%	100%	100%
Transport	25%	30%	30%	35%	35%
Misc Retail	75%	80%	80%	85%	85%
Off- Campus	City of Azusa	San Gabriel Valley	LA County	Southern California	California
Rent	12%	64%	100%	100%	100%
Food	50%	95%	95%	100%	100%
Transport	25%	30%	30%	35%	35%
Misc Retail	12%	80%	80%	85%	85%

Source: APU (2016), Econsult Solutions (2016)

These proportions can be applied to the category specific spending estimates developed in Table B.2, and the known distribution of on-campus, off-campus, and commuter students that attend APU. In total, the students annually spend \$28.3 million within the city of Azusa, \$32.7 million within San Gabriel Valley, \$33.6 million within Los Angeles County, and nearly \$36 million within the Southern California region and the state of California (see Table B.4).

⁵⁹ The spending assumptions for commuters were reduced by 50 percent (see Table B.1) prior to being reduced for each geography in Table B.3)

TABLE B.4 – AGGREGATE ANCILLARY SPENDING BY AZUSA PACIFIC UNIVERSITY STUDENTS BY GEOGRAPHY⁶⁰

Student Type	# of Students	Spending within the City of Azusa (\$M)	Spending within San Gabriel Valley (\$M)	Spending within Los Angeles County (\$M)	Spending within Southern California (\$M)	Spending within the State of California (\$M)
On-campus	3,373	\$8.2	\$8.9	\$8.9	\$9.5	\$9.5
Off-campus	319	\$1.1	\$3.6	\$4.6	\$4.7	\$4.7
Commuters	6,328	\$19.0	\$19.6	\$20.2	\$21.5	\$21.5
Total	10,020	\$28.3	\$32.0	\$33.6	\$35.7	\$35.7

Source: Azusa Pacific University (2017), Collegeboard (2017), Econsult Solutions (2017)

B.2 ANCILLARY VISITOR SPENDING

Calculating ancillary visitor spending requires an estimation of the volume and type of visitors attracted to campus for various reasons, and the application of spending profiles to each of those visitor types.

Spending profiles were developed by visit type to reflect that visitor spending patterns vary based on point of origin (local vs. out of town), reason for visit, and other factors. Unique spending patterns were estimated for each visitor type using available proxy data on national travel trends and local hotel rates. Where no proxy data is available, conservative assumptions are utilized. Table B.5 below shows spending estimates by trip type by category. Note that student spending associated with events is excluded, since student spending is estimated separately.

TABLE B.5 – SPENDING PROFILES BY VISITOR TYPE

Visitor Type	Hotel Rate	Food	Other Retail	Transportation	Total
Local	\$0	\$10	\$2	\$5	\$17
Out of Town Day Trip	\$0	\$41	\$10	\$23	\$74
Out of Town Overnight Trip	\$109	\$59	\$10	\$23	\$201

Source: U.S. General Services Administration (2010), Hotels.com (2017)

All spending within Table B.4 is estimated to take place within California, and then each category is further reduced by geography (See Table B.6).

⁶⁰ See Appendix B for additional detail on inputs and assumptions used to arrive at these estimates.

**TABLE B.6 – ESTIMATED ANCILLARY VISITOR SPENDING CAPTURED
WITHIN EACH GEOGRAPHY**

Location of Spend	Hotel	Food	Retail	Transport
Azusa	90%	90%	90%	50%
San Gabriel Valley	95%	95%	95%	60%
LA County	95%	95%	95%	60%
Southern California	100%	100%	100%	70%
California	100%	100%	100%	70%

Source: Econsult Solutions (2017)

These local ancillary spending profiles were then attributed to estimated attendance by visit type as described in the sections that follow to produce estimates of visitor spending by category and geography.

Throughout the academic year and over the summer, APU attracts thousands of visitors to its campus. These visitors come from all over the country and spend a significant amount within the region each year which helps support employment and generate tax revenues for the state of California. Thousands of alumni, parents, athletes, and fans come to campus for collegiate sporting events, cultural events, and programs hosted by APU.

To accurately estimate aggregate visitor spending, it is necessary to match spending profiles of the various types of visitors, recognizing that not all visitors have the same economic footprint. Based on reason for visit, duration of trip, distance traveled, event type, and visitor age, unique spending pattern behaviors were created.

In total, approximately 84,317 visits are made to APU's campus each year and it is estimated that these visitors spent over \$4.0 million in the state, 100 percent of which is spent within Southern California. Of that \$4.0 million, \$3.7 million is spent in LA County and San Gabriel Valley, and \$3.4 million is spent within the City of Azusa (see Table B.7).

TABLE B.7 – AGGREGATE VISITOR SPENDING BY VISITOR TYPE

Visitor Type	Attendees	Visitors Per Attendee	Spending per Visitor	Total Spending (\$M)
Prospective Students	9,817	2	\$41.4	\$0.8
Visitors of Students	10,020	1	\$38.6	\$0.4
Commencement Attendees	20,424	2	\$41.4	\$1.7
Alumni Visitors	586	2	\$86.8	\$0.1
Conference Attendees	4,700	1	\$88.3	\$0.4
APU Event Attendees	38,635	1	\$22.7	\$0.9
External Event Attendees	135	1	\$30.7	\$0.0
Total	84,317		\$50.8	\$4.3
Within City of Azusa (\$M)				\$3.4
Within San Gabriel Valley (\$M)				\$3.7
Within Los Angeles County (\$M)				\$3.7
Within Southern California Region (\$M)				\$4.0
Within State of California (\$M)				\$4.0

Source: Econsult Solutions (2016)

APPENDIX C – DETAILED WAGE PREMIUM METHODOLOGY

C.1 OVERVIEW

While institutions of higher education have significant economic footprints through their direct expenditures and through students and visitors they draw into the local economy, it is important not to lose sight of the core mission of these institutions in educating students. This primary function, in addition to helping foster a more enlightened society, has a significant economic component as well, increasing the productivity and earning power of the US workforce.

The link between educational attainment and earnings power is well-established, and a “wage premium” associated with additional education is often conceptualized and calculated from the perspective of the student, who can compare the costs associated with various educational (or non-educational) options with the expected return. This analysis utilizes this framework to estimate the gain not to the student, but rather to the national economy. Additional earnings by alumni in the US workforce attributable to APU are estimated and translated into additional household spending, which in turns supports further employment and earnings.

C.2 MODELING INCREASED EARNINGS ATTRIBUTABLE TO EDUCATION

The link between educational attainment and increased earnings is well-established. Academic research and government data indicate a clear return to educational attainment in the form of advanced earnings potential. Census Bureau data documents a linear relationship between median wages and educational attainment, with each additional level of schooling yielding increased average earnings. Returns to education are also impacted by the specific university that a student attends, due to variance in both institutional quality and fields of study offered.⁶¹ Institutions of higher education vary widely in selectivity, curricular rigor and reputation. These qualitative factors are also reflected in the earnings potential of graduates above and beyond the level of degree they attain.⁶²

The modeling approach undertaken in this calculation conforms to the gross impact approach set forth in Section 2 and utilized throughout the report. Since a gross analysis does not include a counterfactual in which impacts are replaced through market forces in the absence of the institution, the increases in education are additive to national earnings, reflecting a market-based valuation of enhanced productivity. However, within this framework, the population and level of

⁶¹ For a detailed overview of anticipated lifetime earnings by degree type, see Webber, D (2014). “The Lifetime Earnings Premia of Different Majors: Correcting for Selection Based on Cognitive, non-Cognitive, and Unobserved Factors.” *Labour Economics*, Volume 28, June 2014, 14-23.

⁶² See for example: Hoxby, C. (2015). “Computing the Value-Added of American Postsecondary Institutions.” *Internal Revenue Service Statistics of Income Division Working Paper*, July 2015; and Monks, J. (2000). “The Returns of Individual and College Characteristics: Evidence from the National Longitudinal Survey of Youth.” *Economics of Education Review*, 19, 279-289.

employment is considered to be fixed independent of the presence of APU. Therefore, the benefit to the economy is not the full salary of APU-alumni in the workforce, but rather the incremental wages associated with their educational attainment and skills/knowledge premium from their APU degree. A portion of these additional earnings (after accounting for taxes, savings, etc.) results in additional household spending which circulates through the economy, generating indirect and induced impact and supporting employment and earnings.

Modeling is undertaken in a three-step approach in the sections that follow:

- Section C.3 estimates the volume of APU alumni in the workforce, by educational attainment level;
- Section C.4 estimates the annual wage premium associated with APU for each of those attainment levels
- Section C.5 combines these two calculations, multiplying the volume of alumni at each attainment level by the wage premium for that level to yield an estimate of the aggregate annual wage premium associated with APU.

This calculation relies primarily on data from APU, as well as national government data where appropriate.

C.3 ESTIMATING APU ALUMNI WITHIN THE WORKFORCE

APU provided detailed information for its alumni living in each designated geography. APU University College students who took classes online and received some degree were also included in the analysis. It is necessary to estimate the proportion of alumni within each geography that are actively employed (and therefore generate an annual wage premium). National data from the Bureau of Labor Statistics indicates that the national employment to population ratio for degree holders ages 25 and older is 72 percent as of March 2017.⁶³

Applying these proportions across degree levels yields an estimate of over 34,000 employed APU alumni in California, some of whom live in the City of Azusa, San Gabriel Valley, LA County, Southern California, and California (see Table C.1).

⁶³ This proportion is itself comprised of a labor force participation rate of approximately 74% and an unemployment rate of approximately 2.5%. Thus, the vast majority of non-working alumni are anticipated to be out of the labor force, rather than actively seeking employment but unable to find it.

TABLE C.1 – ESTIMATED APU ALUMNI WITHIN THE US WORKFORCE

Input	Value	Associates / Other Degree	Bachelor's Degree	Advanced Degree	Total Alumni
Active APU alumni	55,854				
(x) Proportion by Highest Degree		7%	45%	48%	
(=) Active Alumni by Degree Type		3,910	25,134	26,810	55,854
(x) Employment Rate	72%				
(=) Est. Alumni in US Workforce		2,815	18,097	19,303	
(x) Percent Living in Azusa	2%	61	394	420	876
(x) Percent Living in San Gabriel Valley	19%	533	3,425	3,654	7,612
(x) Percent Living in LA County	33%	928	5,963	6,361	13,251
(x) Percent Living in Southern California	77%	2,162	13,902	14,828	30,893
(x) Percent Living in California	85%	2,396	15,406	16,433	34,235

Source: APU (2017), Bureau of Labor Statistics (2017), Econsult Solutions (2017)

C.4 IMPACT OF APU INSTITUTIONS ON ALUMNI EARNINGS

Next, it is necessary to estimate the impact of this educational attainment on annual earnings for the APU alumni estimated to be within the workforce.

Median earnings by education level can be derived from the American Community Survey, which illustrates the progression in median income by highest level of educational attainment from approximately \$28,000 per year for a high school graduate to approximately \$79,500 per year for an advanced degree holder. However, the calculation must account for potential differences in earnings between APU degree holders and the average degree holder in the state. To do so, longitudinal data from the federal Department of Education is aggregated for APU institutions relative to all four year institutions in California. This data source, part of the “College Scorecard” released publicly by the Department of Education, report earnings by institution based unique tracking of tax filings of students who applied for student loans ten years after they entered school.⁶⁴ Median ten-year earnings for APU is \$50,000, or 100.7 percent of the median ten-year earnings for all four year institutions of \$49,700. Therefore, within this analysis, median earnings

⁶⁴ This comparison is an imperfect proxy for earnings differentials between alumni of APU and non-APU alumni. Notably, it tracks only those students who applied for federal loans, it includes earnings for graduates and non-graduates, and it tracks earnings only at a single point in time (10 years after graduation) rather than throughout a career cycle. However, it is a federal data source that is comprehensive in its coverage of institutions, and its basis in IRS records is far sounder than data sources based on self-reported data. Further, this analysis does not use this source to define median earnings (which would be problematic due to the caveats listed above) but rather to estimate the proportional differences between APU and non-APU. Since data weaknesses apply to both groups, the comparison is “apples to apples” and represents a reasonable proxy for this purpose.

for APU graduates at each educational attainment level are conservatively scaled to 100.7 percent of median statewide earnings for that degree level.

As described in Section C.2 above, this analysis assumes that the population and employment level would remain fixed absent APU, and that the supply of graduates from alternative four-year higher education institutions would remain fixed as well. In this scenario, the absence of APU would result in a substantial loss in the educational attainment level, and accordingly the productivity, of the workforce in each geography. In order to absorb this loss, while maintaining a fixed employment level, jobs held by APU alumni are assumed to “filter down” to workers with a lower educational level. Specifically, jobs held by APU-alumni with associate’s degrees are assumed to be absorbed by workers with a high school education, jobs held by alumni with bachelor’s degrees are assumed to be absorbed by workers with associate’s degrees, and jobs held by alumni with advanced degrees are assumed to be absorbed by workers with bachelor’s degrees.⁶⁵

Combining estimated earnings by education level and the assumptions described above about the absorption of employment opportunities absent APU generates an estimated annual wage premium by degree level associated with APU. This premium is calculated as the net difference between estimated earnings levels for APU graduates of a given degree level, and median national earnings for one lesser level of attainment.⁶⁶ This calculation results in an annual wage premium of \$8,565 for APU associates degree holders (relative to high school graduates), \$20,103 for APU bachelor’s degree holders (relative to associate’s degree holders) and \$23,992 for APU advanced degree holders (relative to bachelor’s degree holders) (see Table C.3).

⁶⁵ Note that the “filtering” process may in practice involve a long sequence of steps, where a highly skilled position held by an alumnus with an advanced degree is first replaced with a slightly less skilled advanced degree holder, whose position is then replaced by a slightly less skilled advanced degree holder, until a position currently held by a worker with an advanced degree is replaced by a worker with a bachelor’s degree. This sequential process is mathematically equivalent to, and more easily conceptualized as, the replacement of one advanced degree worker with one bachelor’s degree worker, and so on. This process is also made possible by the ready availability of workers with high school degrees (for whom the unemployment rate is significantly elevated) and the open enrollment practices of many community colleges or non-selective four year institutions, which suggest that the supply of these workers is likely relatively unconstrained.

⁶⁶ Note that this calculation is from the perspective of the national economy, not from the perspective of any individual alumnus. Absent the APU institutions, it is likely that the majority of APU alums would have attained the same level of degree from an alternate institution. However, in so doing they would have replaced a different student currently at that institution. Ultimately, given a fixed supply at alternative institutions, the reduction of educational attainment applies to the economy (and society) broadly, rather than for any particular student.

TABLE C.2 – ESTIMATED EARNINGS BY EDUCATIONAL ATTAINMENT LEVEL

Highest Education Level	National Median	APU Est (100.7%)	Estimated Wage Premium
High School	\$27,963		
Associates Degree / Some College	\$36,284	\$36,528	\$8,565
Bachelor's Degree	\$56,010	\$56,387	\$20,103
Advanced Degree	\$79,467	\$80,002	\$23,992

Source: American Community Survey Five-Year Estimates (2011-2015), College Scorecard Database (2016), Econsult Solutions (2017)

C.5 AGGREGATE EARNINGS IMPACT FROM APU WAGE PREMIUM

The aggregate annual earnings impact from this wage premium can be derived by multiplying the number of alumni in the workforce at each degree level (as estimated in Section C.3) by the annual wage premium associated with that degree level (as estimated in Section C.4). In aggregate, the educational attainment increase for APU alumni in the workforce results in an aggregate annual wage premium of \$666 million in the state each year, with the bulk of that premium (\$361 million) attributable to advanced degree holders (see Table C.4).

TABLE C.3 – AGGREGATE ANNUAL WAGE PREMIUM ASSOCIATED WITH APU

Degree Level	City of Azusa	San Gabriel Valley	Los Angeles County	Southern California Region	State of California
Associate's	\$0.5	\$4.6	\$7.9	\$18.5	\$20.5
Bachelor's	\$7.9	\$68.9	\$119.9	\$279.5	\$284.2
Advanced	\$10.1	\$87.7	\$152.6	\$355.8	\$361.4
Total Working Alumni	\$18.5	\$161.1	\$280.4	\$653.8	\$666.1

Source: Econsult Solutions (2017)

APPENDIX D - ABOUT ECONSULT SOLUTIONS, INC.

This report was produced by Econsult Solutions, Inc. (“ESI”). ESI is a Philadelphia-based economic consulting firm that provides businesses and public policy makers with economic consulting services in urban economics, real estate economics, transportation, public infrastructure, development, public policy and finance, community and neighborhood development, planning, as well as expert witness services for litigation support. Its principals are nationally recognized experts in urban development, real estate, government and public policy, planning, transportation, non-profit management, business strategy and administration, as well as litigation and commercial damages. Staff members have outstanding professional and academic credentials, including active positions at the university level, wide experience at the highest levels of the public policy process and extensive consulting experience.

