

# Economic Analysis of the Impact of NextGenCT on the Town of Mansfield

August 24, 2015

# Presentation Overview

- Purpose of report
- Summation of findings
- Methodological approach
- Local impacts from UCONN 2000 / 21<sup>st</sup> Century
- Economic and fiscal benefits from NextGenCT
- Local service, education, and infrastructure impacts from NextGenCT
- Partnership and shared service opportunities from NextGenCT
- Impact of NextGenCT on intergovernmental revenues
- Tool for modeling impact from NextGenCT on municipal budget
- Conclusion

# Purpose of Report

- What was the impact of UCONN 2000 / 21<sup>st</sup> Century (1996 – 2014)?
- What is the impact of NextGenCT on the Town (2014 – 2024)?
  - What are the economic and fiscal gains?
  - Will service/education/infrastructure costs be higher?
  - Are there new partnership opportunities?
  - Will the Town receive more in intergovernmental revenues?
- Budgetary implications of different NextGenCT growth scenarios

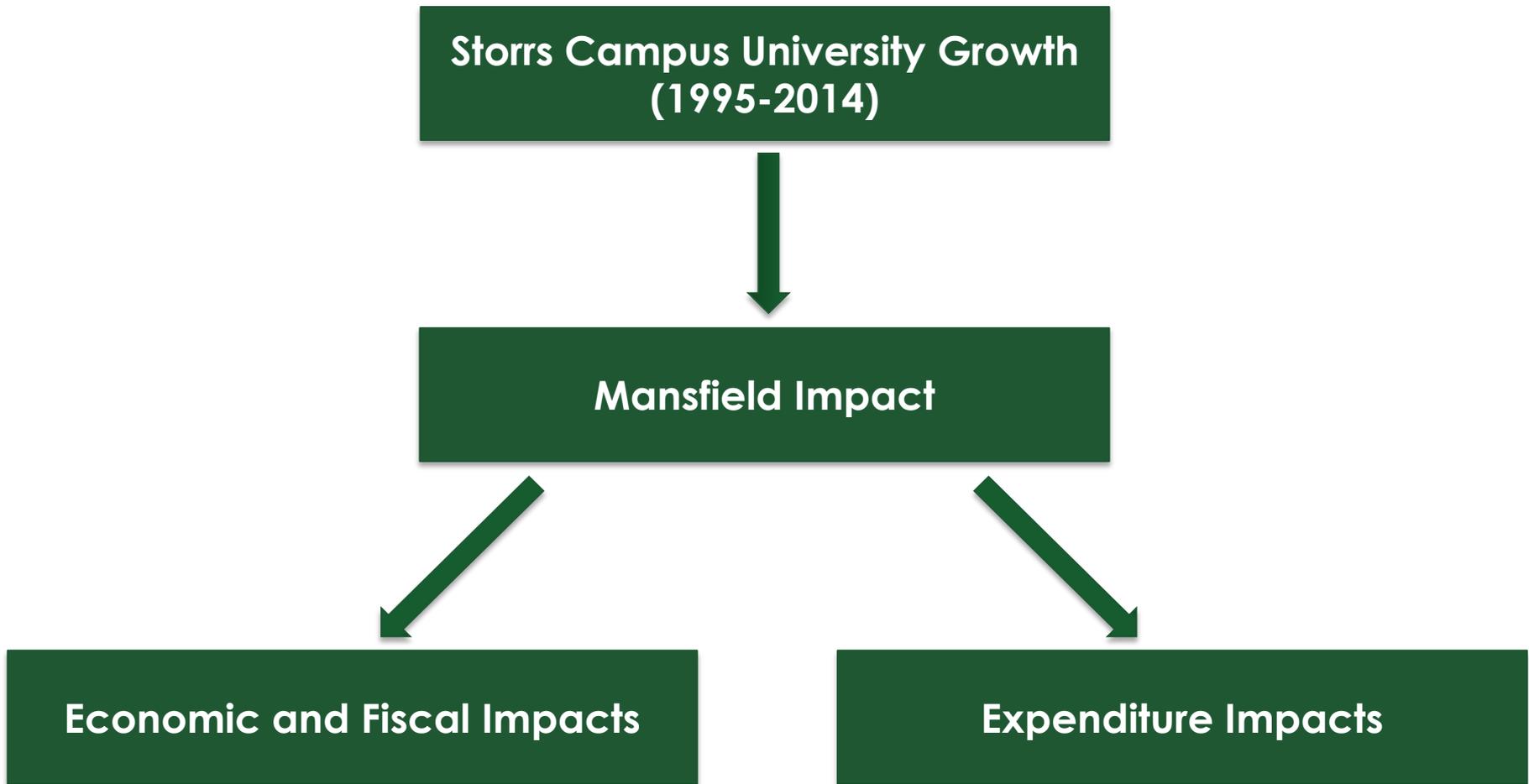
# Summation of Findings

- Past fiscal benefits from UCONN growth > increased service/education expenditures from UCONN growth
- Increased Town expenditures can be mitigated through shared service partnerships and more intergovernmental revenue
- Fiscal benefits from future UCONN growth are only gained by investing in infrastructure to capture that growth
- Town is choosing strategic growth areas to make infrastructure investments in, to capture UCONN growth while respecting the Town's rural character (example: Storrs Center)
- Alternative to capturing UCONN growth is higher taxes and/or reduced services (since service/education expenditures will be borne regardless and will continue to increase)

# Methodological Approach

- Assemble a team of experts in economic/fiscal impact, town/gown partnerships, infrastructure, and municipal budgeting
- Meet with Town and UCONN representatives
- Digest Town and UCONN documents
- Apply industry standard analytical tools
- Vet approaches/findings/content with Town and UCONN representatives

# Local Impacts from UCONN 2000 / 21<sup>st</sup> Century



# Local Impacts from UCONN 2000 / 21<sup>st</sup> Century

- UCONN growth from UCONN 2000 / 21<sup>st</sup> Century
- Economic impacts
- Fiscal gains
- Service and education expenditure analysis framework
- Service expenditure impacts
- Education expenditure impacts
- Infrastructure expenditure impacts
- Summation

# UCONN Growth from UCONN 2000 / 21<sup>st</sup> Century

- \$1.88B in capital investments = **\$100M per year**
- Annual operating budget: **+\$428M** from \$665M to \$1.093B
- Direct employment: **+650** from 3,450 to 4,100
- FTE student enrollment: **+8,600** from 11,800 to 20,400
- Est. Student spending in Town: **+\$42M** from \$31M to \$73M

# Economic Impacts

ESTIMATED ECONOMIC IMPACT FROM UCONN 2000 AND UCONN 21<sup>ST</sup> CENTURY ON THE TOWN OF MANSFIELD FROM 1996 TO 2014

Impact Category	Increase in UCONN Activity Level, 1996-2014	Town Annual Economic Impact	Increase in Annual Employment
Capital Investment	\$1.9 Billion total	\$103M	570 jobs
Operating Expenditures	\$445 Million per year	\$525M	1,040 jobs
Student Spending	\$42 Million per year	\$28M	215 jobs
<b>TOTAL</b>		<b>\$656M</b>	<b>1,825 jobs</b>

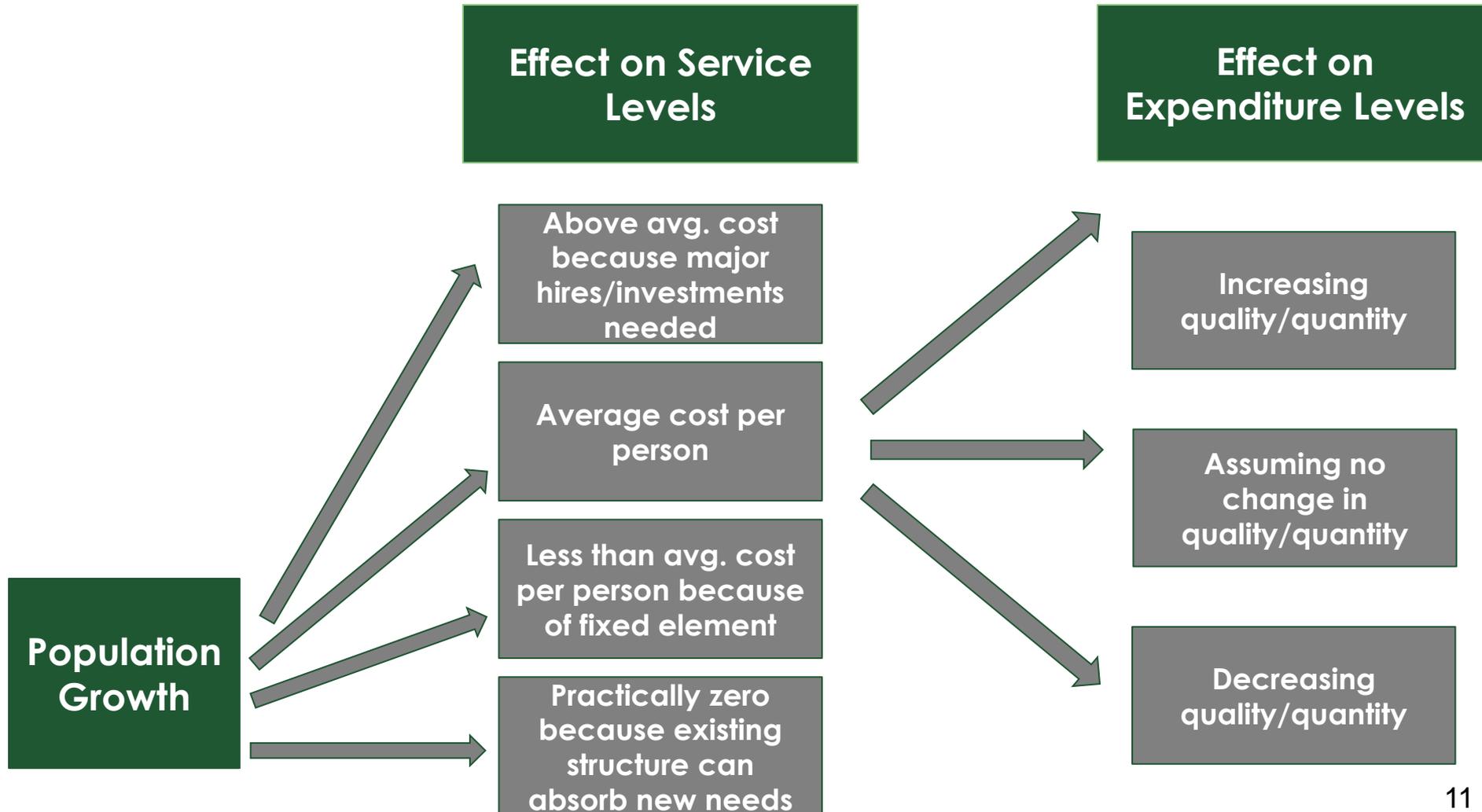
# Fiscal Gains

ESTIMATED FISCAL IMPACT FROM UCONN 2000 AND UCONN 21<sup>ST</sup> CENTURY ON THE TOWN OF MANSFIELD FROM 1996 TO 2014

Fiscal Impact Category	Increase in Assessed Value (in \$ 2014)	Annual Revenue Impact
Property Tax Base from Student Housing Complexes and new Subdivisions	\$47million	\$1.29M
Storrs Center (net fiscal impact)	\$78 million	\$0.17M
State-Owned Property (PILOT)	\$629 million	\$3.74M
<b>TOTAL</b>		<b>\$5.20M</b>

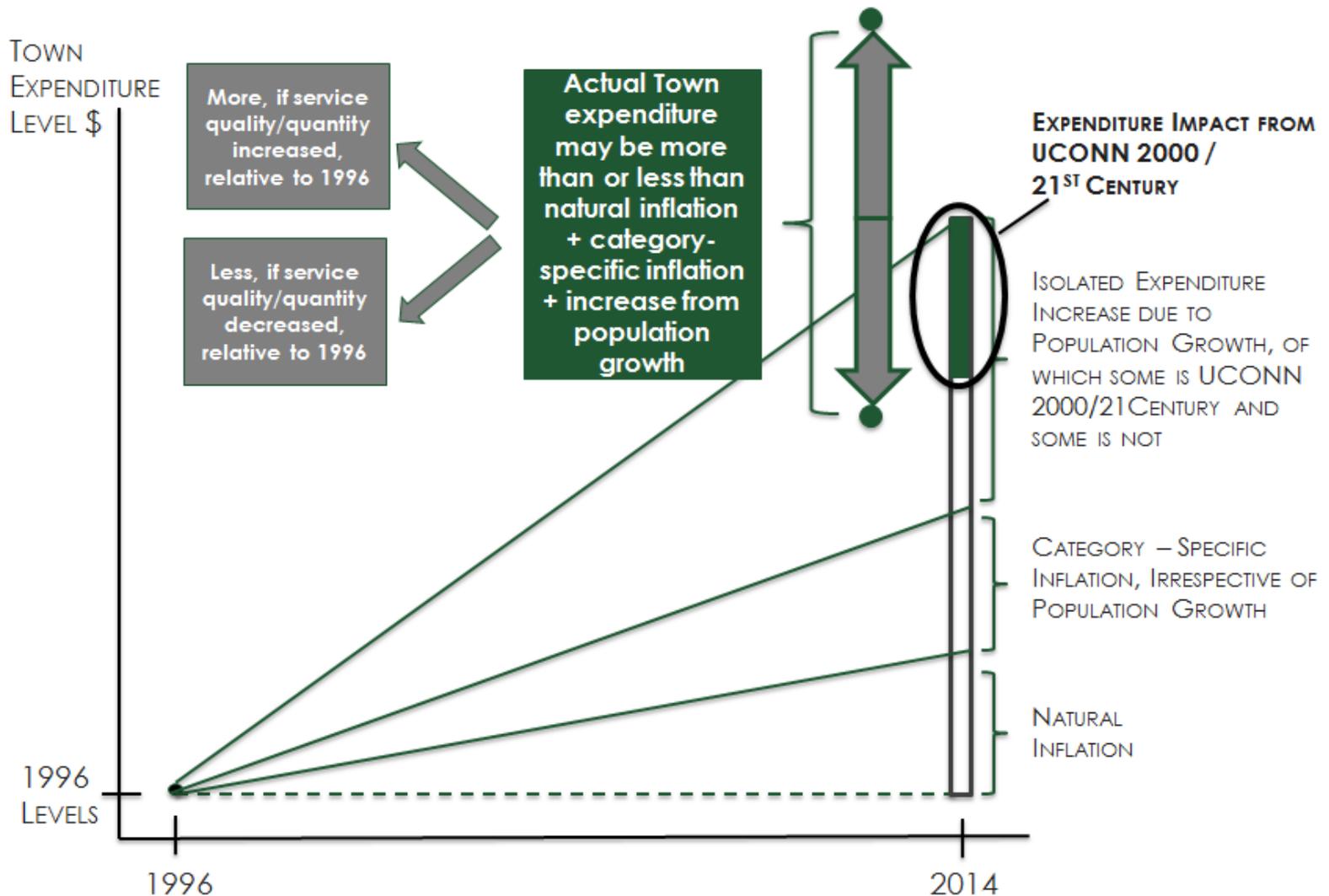
# Service and Education Expenditure Analysis Framework

## EFFECT OF POPULATION GROWTH ON TOWN EXPENDITURE LEVELS



# Service and Education Expenditure Analysis Framework

## TOWN EXPENDITURE IMPACT FOR UCONN 2000 / 21<sup>ST</sup> CENTURY



# Service Expenditure Impacts

EST. SERVICE EXPENDITURE IMPACT FROM UCONN 2000 & UCONN 21<sup>ST</sup> CENTURY ON THE TOWN OF MANSFIELD FROM 1996 TO 2014

Service Expenditure Category	Annual Cost Increase Associated w/ UCONN Growth	Cost per New UCONN Population
General Government	\$55,000	\$8
Public Safety	\$481,000	\$71
Public Works	\$118,000	\$17
Community Services	\$67,000	\$10
Community Development	\$161,000	\$24
Townwide Expenditures	\$184,000	\$27
<b>Service Expenditure Total</b>	<b>\$1,066,000</b>	

# Education Expenditure Impacts

EST. EDUCATION EXPENDITURE IMPACT FROM UCONN 2000 & UCONN 21<sup>ST</sup> CENTURY ON THE TOWN OF MANSFIELD FROM 1996 TO 2014

Education Expenditure Category	Annual Cost Increase Associated w/ UCONN Growth (\$M)	Cost per Relevant New UCONN Household
Pre K to 8	\$228,000	\$383
9 to 12	\$235,000	\$1,822
<b>Education Expenditure Total</b>	<b>\$463,000</b>	
<b>Education + Service Expenditure Total</b>	<b>\$1,529,000</b>	

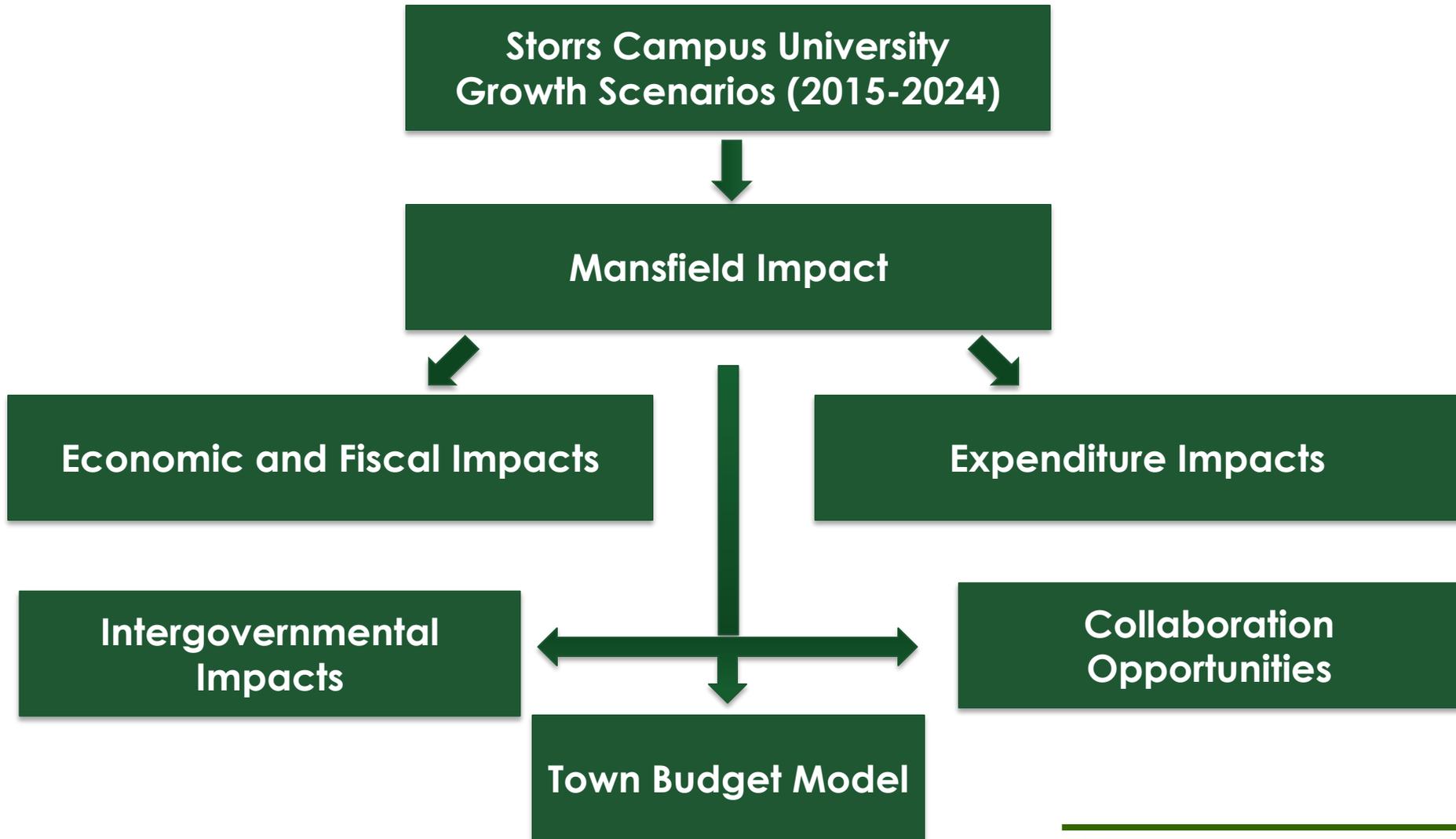
# Infrastructure Expenditure Impacts

- Sewer/water:
  - Needs flat OR
  - On-campus and responsibility of UCONN OR
  - In strategic areas and taken care of by Town/developer
- Transportation:
  - Increased impact addressed in part through UCONN expansion of internal networks BUT
  - Additional growth may necessitate revisiting existing partnerships/agreements

# Summation: Impacts from UCONN 2000/21<sup>st</sup> Century in Mansfield

- Significant economic benefits
- Fiscal benefits offset service/education expenditure impacts
- Infrastructure investments largely contained in strategic areas; more may be needed

# NextGenCT



# Economic and Fiscal Benefits from NextGenCT

- UCONN growth from NextGenCT
- Economic impacts
- Fiscal gains
- Summation

# UCONN Growth Scenarios Associated with NextGenCT



Est. \$1.4 billion in capital investment on Storrs campus

## STORRS CAMPUS MASTER PLAN GROWTH SCENARIOS

Scenario	Storrs Campus Student FTE	Storrs Campus Faculty/Staff FTE
Existing (Fall 2013)	20,386	4,620
+ 1,000 Students	21,500	4,824
+ 5,000 Students	25,500	5,748



# UCONN Growth Scenarios Associated with NextGenCT

MODELED GROWTH IN STUDENT SPENDING AND ANNUAL OPERATIONS FROM NEXTGENCT GROWTH SCENARIOS

	+ 1,000 Scenario	+ 5,000 Scenario
FTE Student Enrollment Scenario	+1,100	+5,100
Est. Student Spend in Mansfield	+\$10M	+\$23M
Est. Direct Employment	+285	+1,125
Est. Total Operating Budget	+\$59M	+\$362M
Est. Operating: Non-Research	+\$59M	+\$265M
Est. Research Budget	--	+\$98M

# Economic Impact Scenarios

## EST. ECONOMIC GAINS FROM THE IMPLEMENTATION OF NEXTGENCT ON THE TOWN OF MANSFIELD FROM 2014 TO 2024

Impact Category	Economic Gains
Capital Investment	\$1.44 billion in expenditure impact, supporting 800 jobs per year
Operating Expenditures	\$70 million to \$420 million in expenditure impact, supporting 125 to 1,500 jobs per year
Student Spending	\$6 million to \$14 million in expenditure impact, supporting 30 to 90 jobs per year

# Fiscal Impact Scenarios

## ESTIMATED INCREASE IN PROPERTY TAX BASE FROM THE IMPLEMENTATION OF NEXTGENCT IN THE TOWN OF MANSFIELD FROM 2014 TO 2024

<b>Student Apartment Complexes</b>	<b>Value</b>
FY 2014 Assessed Value (\$2014M)	\$39.7
Est. Value Growth Range attributable to NextGenCT	2% - 10%
Est. Increase in Assessed Value attributable to NextGenCT (\$2014M)	\$0.80 - \$3.97
<b>New Subdivisions</b>	<b>Value</b>
Est. Demand Range attributable to NextGenCT (lots)	20 – 60
Est. Net Increase in assessed value per lot	\$146,000
Est. Increase in Assessed Value attributable to NextGenCT (\$2014M)	\$2.92 - \$8.77
<b>Total</b>	<b>Value</b>
<b>Est. Range of Increase in Assessed Value (\$2014M)</b>	<b>\$3.7 - \$12.7</b>
<b>Est. Net Tax Revenue Growth (\$2014)</b>	<b>\$104,000 - \$356,000</b>

# Summation

- Actual economic impacts and fiscal gains depend on:
  - (1) How much UCONN grows, and
  - (2) How much of that growth is captured within the Town
- Example: Four Corners



# Local Service, Education, and Infrastructure Impacts from NextGenCT

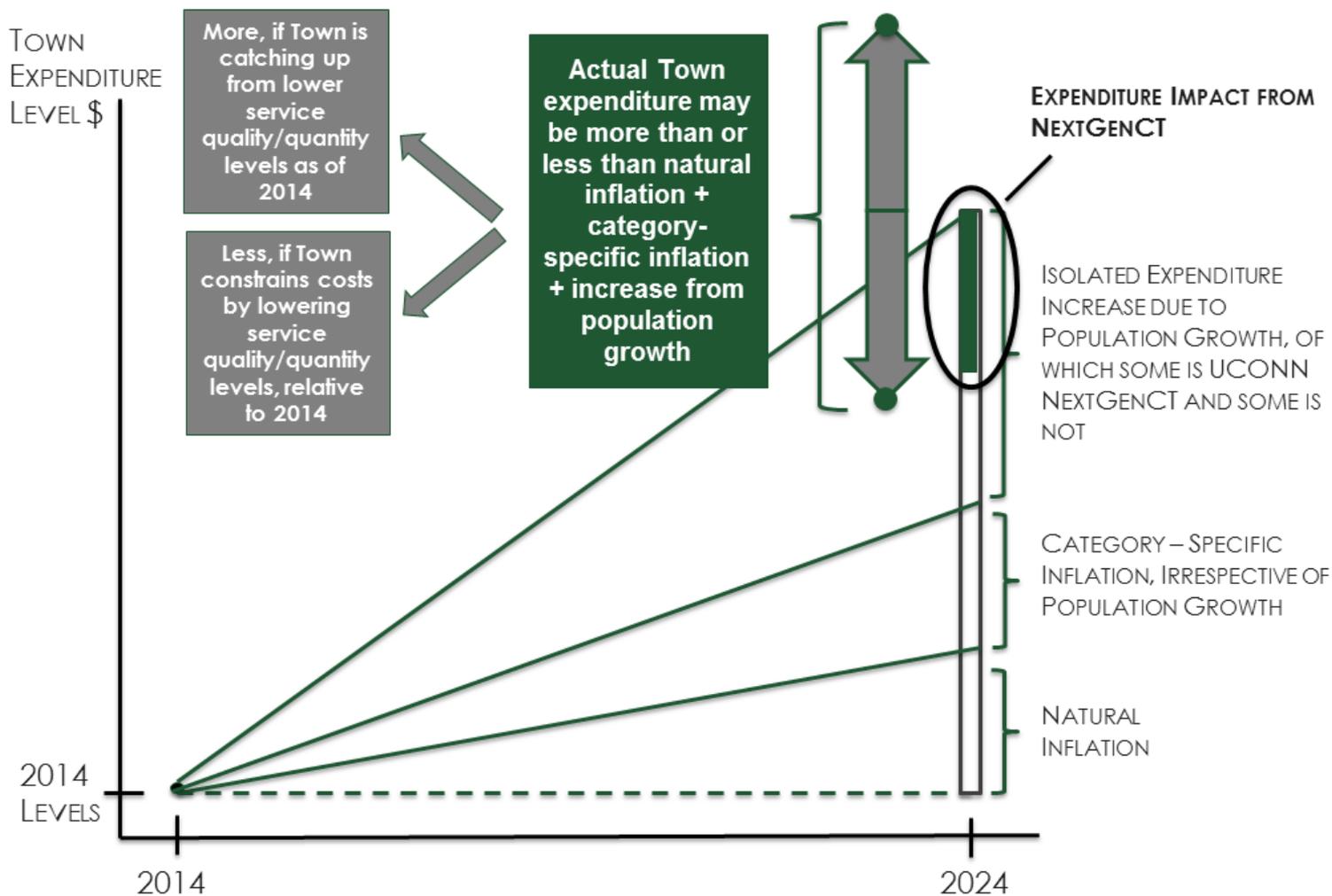
- Overview
- Service and education expenditure analysis framework
- Service expenditure impacts
- Education expenditure impacts
- Infrastructure expenditure impacts

# Overview

- NextGenCT's overarching purpose and capital investments are different from UCONN 2000/21<sup>st</sup> Century,
  - But if they lead to population growth they are likely to have proportionately the same effects on service, base capital needs, and education expenditures
- Therefore, in addition to fiscal benefits, NextGenCT will generate service, capital and education expenditure impacts
  - These impacts may be mitigated in part by collaboration between Town and University, and by intergovernmental revenues
- Infrastructure impacts will depend on the Town's desire to capture growth from NextGenCT

# Service and Education Expenditure Analysis Framework

## TOWN OF MANSFIELD FUTURE SERVICE EXPENDITURES BY CATEGORY



# Service Expenditure Impact Scenarios

EST. SERVICE EXPENDITURE IMPACT FROM NEXTGENCT ON THE TOWN OF MANSFIELD BETWEEN 2014 AND 2024

Service Expenditure Category	Est. Range of Increase in Annual Costs from UCONN Growth
General Government	\$9,000 - \$41,000
Public Safety	\$96,000 - \$431,000
Public Works	\$21,000 - \$93,000
Community Services	\$10,000 - \$47,000
Community Development	\$25,000 - \$113,000
Townwide Expenditures	\$37,000 - \$165,000
<b>Service Expenditure Total</b>	<b>\$197,000 - \$889,000</b>
<b>Capital: Base Needs</b>	<b>\$26,000 - \$115,000</b>
<b>Service + Base Capital</b>	<b>\$223,000 - \$1,004,000</b>

# Education Expenditure Impact Scenarios

EST. EDUCATION EXPENDITURE IMPACT FROM NEXTGENCT ON THE TOWN OF MANSFIELD BETWEEN 2014 AND 2024

Education Expenditure Category	Annual Cost Increase Associated with UCONN Growth (\$M)
Pre K to 8	\$26,000 - \$101,000
9 to 12	\$114,000 - \$447,000
<b>Education Expenditure Total</b>	<b>\$140,000 - \$549,000</b>
<b>Education + Service + Capital Base Needs Expenditure Total</b>	<b>\$363,000- \$1,554,000</b>

# Infrastructure Expenditure Impacts

- Sewer/water fine OR on-campus and responsibility of by UCONN OR in strategic areas and taken care of by Town/developer
- In NextGenCT = ↑ spinoff research/innovation activity, infrastructure needs may ↑ dramatically
- Increased transportation impact should be addressed jointly by Town/UCONN

# Partnership and Shared Service Opportunities



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# Partnership and Shared Service Opportunities from NextGenCT

- Collaboration borne of shared destiny
- Strong track record and framework in place
- NextGenCT lends itself to considering opportunities anew



# Partnership and Shared Service Opportunities from NextGenCT

SUGGESTED PARTNERSHIP EFFORTS BETWEEN THE TOWN OF MANSFIELD AND THE UNIVERSITY OF CONNECTICUT IN RESPONSE TO THE IMPLEMENTATION OF NEXTGENCT

Partnership Area	Areas of Focus
Transportation & Infrastructure	<ul style="list-style-type: none"> <li>• Coordinate transportation infrastructure plans</li> <li>• Share transit/bicycle/pedestrian data</li> <li>• Synchronize parking fee and enforcement policies</li> <li>• Coordinate maintenance and investment at edges of campus</li> <li>• Explore shared regional sewer and water service agreements</li> </ul>
Public Safety	<ul style="list-style-type: none"> <li>• Consider shared facilities and staffing</li> <li>• Track and share information on student-generated police calls</li> <li>• Formalize collaborative arrangements for specific areas and times of high need (e.g. special events, party “seasons”)</li> </ul>
Economic Development	<ul style="list-style-type: none"> <li>• Synchronize strategy, planning, and investment efforts</li> <li>• Determine together where Mansfield does and does not claim a locational advantage for spinoff activity, and prepare accordingly</li> <li>• Co-conceive some type of incubator facility, including co-working space and dedicated programming</li> </ul>

# Impact of NextGenCT on Intergovernmental Revenues

- State Payment in Lieu of Taxes
- State Education Aid
- Summation

# State Payment in Lieu of Taxes (PILOT)

## POTENTIAL INCREASE IN MANSFIELD STATE PILOT PAYMENT RESULTING FROM NEXTGENCT CAPITAL INVESTMENT

Growth in State-Owned Assessed Value	Value
% of Capital Investment Reflected in Assessed Value Growth	17%-33%
(x) Anticipated NextGenCT Capital Investment @ Storrs Campus	\$1.39 billion
<b>(=) Est. Increase in State-Owned Property Assessment in Mansfield from NextGenCT by 2025</b>	<b>\$232 - \$463 million</b>

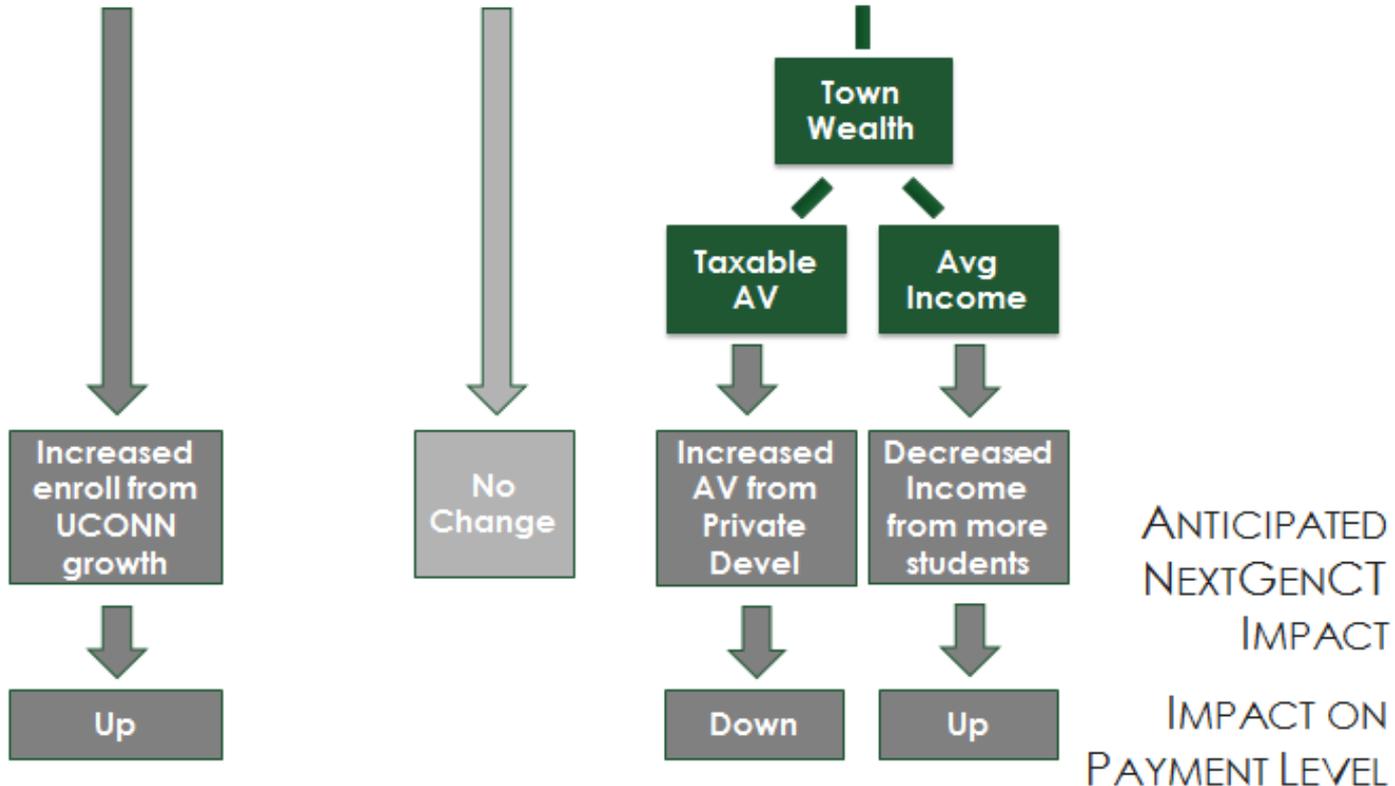
Statewide Share Approach (Old)	Value
Est. Proportion of Statewide Tax Payment Value in Mansfield (2025)	9.8 – 12.3%
(x) Current Statewide PILOT Allocation	\$83.6 million
<b>(=) Est. Mansfield State PILOT Payment (2025)</b>	<b>\$8.2 – 10.3 mil</b>
(-) Current Mansfield State PILOT Payment	\$7.7 million
<b>(=) Estimated Increase in Mansfield State PILOT Payment</b>	<b>\$0.6 - \$2.6 mil</b>

Tiered Approach (New)	Value
Est. Increase in State-Owned Assessed Value in Mansfield from NextGenCT by 2025	\$232 - \$463 mil
(x) Applicable Mill Rate	2.795%
(x) Applicable Reimbursement Rate (Tier 1)	32%
<b>(=) Formula PILOT Payment</b>	<b>\$2.1 - \$4.1 mil</b>

# State Education Aid

## FLOWCHART OF STATE EDUCATION AND CALCULATION AND POTENTIAL IMPACTS FROM UNIVERSITY GROWTH ASSOCIATED WITH NEXTGENCT

### CALCULATION



# Summation: Intergovernmental Revenues

- PILOT: Est. +\$0.6M to +\$4.1M more from State
- State Education Aid: unknown
- Significant uncertainty re: budget allocation and distribution approach
- How can Town grow its tax base to minimize its reliance on State money?

# Budget Model Tool



# Tool for Modeling Impact from NextGenCT on Municipal Budget

- Translate NextGenCT scenarios/actuals into Town expenditure impacts
- Inputs for inflation, non-UCONN growth, UCONN growth, service level change
- Leave-behinds: budget model + user manual

# Conclusion



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# Conclusion

- Past fiscal benefits from UCONN growth > increased service/education expenditures from UCONN growth
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- Fiscal benefits from future UCONN growth are only gained by investing in infrastructure to capture that growth
- Town is choosing strategic growth areas to make infrastructure investments in, to capture UCONN growth while respecting the Town's rural character (example: Storrs Center)
- Alternative to capturing UCONN growth is higher taxes and/or reduced services (since service/education expenditures will be borne regardless and will continue to increase)