



FLORIDA GULF COAST UNIVERSITY: ECONOMIC COMMUNITY IMPACT

Academic Year 2014-2015



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Report Information

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The Regional Economic Research Institute studies, analyzes and reports on the regional economy encompassing Collier, Lee, Charlotte, Hendry, and Glades counties. Established in 2005, it serves as a public service and economic development unit of the Lutgert College of Business' Dean's Office and strives to connect Southwest Florida to the resources of Florida Gulf Coast University.

The Institute's Economic Impact Group specializes in modeling design and statistical analysis, including program evaluation, policy research, and needs assessment. The Economic Impact Group involves FGCU students in every stage of project development, allowing them to develop professional skills and networks that add value to their degrees and, by extension, to their future employers.

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TABLE OF CONTENTS

EXECUTIVE SUMMARY	3
INTRODUCTION	4
STUDENT ENROLLMENT	5
ACADEMIC DEGREES AND MAJORS.....	6
EXPENDITURES	7
TOTAL ECONOMIC IMPACT	10
SUMMARY.....	13
REFERENCES	14

EXECUTIVE SUMMARY

This report estimates the economic impact of Florida Gulf Coast University on the Southwest Florida region comprising Collier, Lee, Charlotte, Hendry, and Glades counties, and finds the University to be a significant driver of economic growth. The key findings of this report are as follows:

- Current student enrollment is 14,832 students as of Fall 2015. We project 16,500 students to be enrolled in Fall of 2020 based on established growth trends and a consistent ratio of full-time equivalent students to full-time students.
- In the academic year 2014-2015, FGCU awarded 2,401 degrees, including 302 master's degrees and 37 doctoral degrees.
- The University's operating expenditures for the fiscal year ending in 2015 were \$225,356,258, with Salaries and Benefits constituting just over half of this amount. University spending on new capital expenditures equaled \$8,010,000.
- FGCU's workforce reached 4,211 workers in the fiscal year ending in 2015, including faculty, staff, and student and temporary workers. The average full-time salary of its workforce, including benefits, equaled \$71,600 per position.
- Estimated total direct expenditures by students during the fiscal year ending in 2015 equaled \$128,727,799.
- The total economic impact of the University during the fiscal year ending in 2015, based on University operating expenditures, University capital expenditures, and student expenditures, equaled \$600,293,924.
- The total labor impact of the University during the fiscal year ending in 2015 was 4,604 jobs. The additional labor income created by the University during this time period totaled \$242,539,383.

INTRODUCTION

Florida Gulf Coast University (FGCU) is one of the newest universities in the United States and the tenth State University in the Florida State University System. The University opened its doors to students on August 25, 1997, and has experienced tremendous growth since its inception. The University commissioned the Regional Economic Research Institute (RERI) of the Lutgert College of Business to conduct an economic impact analysis of the University and its impact on the region for academic year 2014-2015. The analysis uses IMPLAN, an input-output economic model which provides estimates of direct, indirect and induced economic impacts. Specifically, the economic model provides estimates of the dollar expenditures, positions (jobs), and labor income created by having a university in our region. The model accounts not only for the expenditures by the University (direct) but also indirect impacts created by other firms which are suppliers of services and products to the University and the impact of expenditures by the University's students and employees for housing, food, and other goods and services.¹

The present study reports on:

- Student Enrollment
- Academic Degrees and Majors
- Expenditures
 - Operating
 - Capital
 - Student
- Economic Impact
 - Expenditures
 - Employment
 - Labor Income

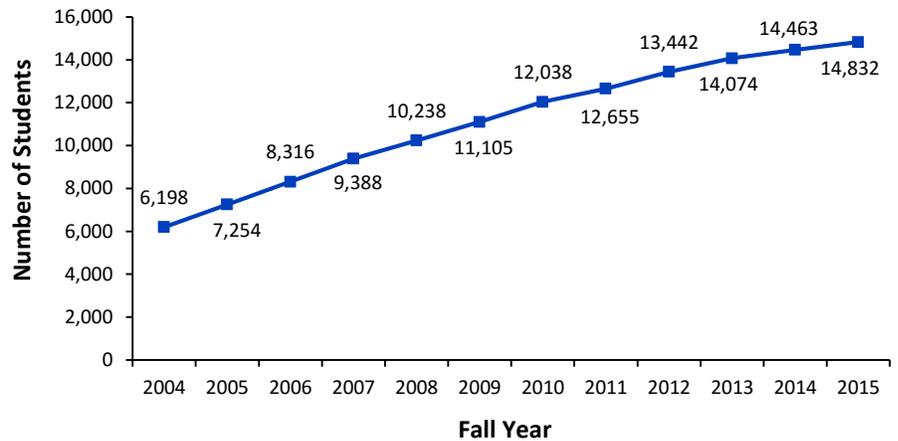
¹ One caveat that applies to any IMPLAN-based study is that, although the estimates are based on a broad input-output model that encompasses a significant amount of regional economic and industry data, the results only focus on the “seen” effects in the economy. What it does not measure, but which economists consider to be an extremely important factor in any economy, is the opportunity cost associated with the allocation of scarce resources. These “unseen” effects are the next-best options for production or purchase *that are foregone* due to decisions to produce or purchase actual goods or services. With respect to the public sector, these unmeasurable investment and consumption activities do not take place so as to finance taxes required to finance government. Therefore, any positive economic impacts measured and reported in this report should be considered in the context of investment and consumption that otherwise would have occurred absent the taxation required to bring the impacts about in the first place.

STUDENT ENROLLMENT

Following its establishment in 1991 and several years of preparation, Florida Gulf Coast University enrolled 2,585 students in Fall 1997 and grew to 14,832 students by Fall 2015 (Figure 1). This remarkable growth means that the overall number of students has grown by 574 percent or an average of more than 10 percent per year.

Many of FGCU students are part-time, so official plans and projections are based on a full-time equivalent (FTE) student basis. For example, there were 9,090 FTE students for 2014-2015. This is projected to grow significantly by the 2020-21 academic year to 10,377 students. This would imply a total student population of more than 16,500 in approximately four years for the Fall of 2020 if the ratio of FTE to total students remains at the level for Fall of 2014.

Figure 1: Student Enrollment by Year

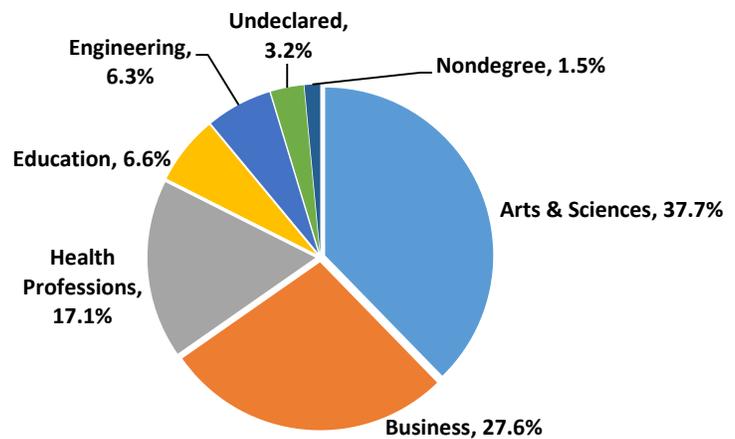


ACADEMIC DEGREES AND MAJORS

Over the last 17 years, the number of academic degrees granted by FGCU has increased from 49 in the 1997-98 academic year to 2,401 degrees granted in the 2014-15 academic year. The University awarded 2,602 bachelor's and 302 master's degrees in 2014-2015. FGCU began awarding doctoral degrees in 2010-2011 with 19 degrees and awarded 37 doctoral degrees in 2014-2015. The University offers over 80 different

degree programs to meet the needs of students, employers, and the community. The College of Arts and Sciences also had 38 percent of the students majoring in areas such as language and literature, communication and philosophy, biological sciences, marine and ecological sciences, chemistry, mathematics, music, and performing arts. Twenty-eight percent of students at the University were in the College of Business, majoring in such areas as management, marketing, computer information systems, accounting, finance, and economics. The College of Health Professions offers approximately 17 percent of the majors, including gerontology, health services, health science, and recreation therapy. The College of Education, with seven percent of the majors, offers undergraduate programs in advising, early childhood, elementary, secondary and special education. Figure 2 shows the distribution of student enrollment by college at Florida Gulf Coast University.

Figure 2: Majors Selected for Fall 2015



The communities and employers benefit from having a more productive, highly- skilled labor force. The students who earn degrees gain more career options, better promotional opportunities, and higher earnings. For example, the Current Population Survey (carried out by the U.S. Bureau of

Table 1: Mean Earnings from 2010 to 2014, by Highest Education			
Highest Education	2010 Mean Earnings	2014 Mean Earnings	Percent Increase
HS Degree	\$32,552	\$34,099	4.8%
Bachelor's Degree	\$53,976	\$62,466	15.7%
Master's Degree	\$66,144	\$76,044	15.0%
Doctoral Degree	\$80,600	\$102,389	27.0%

Labor Statistics and the Census Bureau) found that the median 2014 income of a high school graduate was \$34,099. The median income rose to \$62,466 for a bachelor's degree, \$76,044 for a master's degree, and \$102,389 for a doctoral degree. The percent increase in mean earnings from 2010 to 2014 for graduates with bachelor's, master's, and doctoral degrees is (respectively) 4.8, 15.7, and 27.0 percent, as shown in Table 1.

EXPENDITURES

University Operating Expenditures

Florida Gulf Coast University’s operating expenditures were obtained for latest available fiscal year (July 1, 2014 – June 30, 2015). Salaries and Benefits constitute the largest share of the University expenditures, as expected, equaling \$115,392,357, or 51 percent of the operating expenses. General expense, other personnel services, financial aid/scholarship, debt service and library resources account for the other 49 percent of operating expenses, totaling just under \$110 million.

Expenditure Category	Expenditures	Percent of Expenditures
Salaries and Benefits	\$115,392,357	51.2%
Other Personal Services	\$12,239,026	5.4%
General Expense	\$47,048,834	20.9%
Financial Aid/Scholarship	\$29,690,609	13.2%
Library Resources	\$1,774,941	0.8%
Transfer to DSO	\$19,210,491	8.5%
Total	\$225,356,258	100.0%

FGCU employed 4,211 employees including faculty, staff, students and temporary workers. Some of the employees are part-time, so the equivalent full-time (FTE) number of employees is 1,612. The University provides an average full-time salary of about \$71,600 per position (including benefits). This figure represents a \$13,300 increase over the average salary reported in the most previous economic impact study (which covered 2012-2013) and is mostly based on a 32-percent increase in the “Salaries and Benefits” category that occurred since then.

University Capital Expenditures

The expenditures for new capital building projects, including classrooms, roads, dormitories, and support facilities, are a key element in allowing the FGCU to meet the increased demands as the student population grows. The capital expenditures in the last fiscal year, 2014-2015, were \$8,010,000 for the Student Health Modular, Main Entrance Phase I, Emergent Technologies Institute, Great Lawn, Controllers Modular and Alico Arena Scoreboard, as shown in Table 3.

Academic Year	Expenditure	Area
2014-2015	\$8,010,000	<ul style="list-style-type: none"> • Student Health Modular • Main Entrance Phase I • Emergent Technologies Institute • Great Lawn • Controllers Modular • Alico Arena Scoreboard

The growth in scope and size of the University continues in 2015-2016 with planned expenditures of over \$11,500,000 for the Relations Modular, Student Rec Fields, Student Academic Health & Life Fitness Center and

Emergent Technologies Institute. Planned capital expenditures for 2016-2017 are almost \$18,800,000 for continued work on the Student Academic Health and Life Fitness Center, the South Access Road, and Academic Building 9. The planned expenditures for 2015-2016 and 2016-2017 are shown in Table 4.

This study estimates the total economic impact of the 2014-2015 capital building expenditures. The following year's capital expenditures provide a perspective on the continuing direct economic impact of university capital expenditures.

Table 4: Capital Building Expenditures, FY 2015-2016 and FY 2016-2017

Academic Year	Expenditure	Area
2015-2016	\$11,500,000	<ul style="list-style-type: none"> • Relations Modular • Student Rec Fields • Student Academic Health & Life Fitness Center • Emergent Technologies Institute
2016-2017	\$18,800,000	<ul style="list-style-type: none"> • Student Academic Health & Life Fitness Center • South Access Road • AB-9

Student Expenditures

The economic impact on the Southwest Florida communities includes not only the impact of expenditures by the university but all the additional expenditures of the students attending the university. Students who have a permanent address outside the five-county service area would be expected to live on campus or to rent apartments in the local area to attend the University. In addition, some local students who would have left the region to attend college outside the area will decide to attend Florida Gulf Coast University, keeping their expenditures in the local area.

Table 5: Average Annual U.S. Expenditure by Student, FY 2014-2015

Expenditure Category	Expenditures	Percent of Expenditures
Food	\$2,867	16.5%
Housing	\$6,581	37.8%
Apparel and Services	\$681	3.9%
Transportation	\$2,440	14.0%
Healthcare	\$309	1.8%
Entertainment	\$618	3.6%
Other*	\$3,913	22.5%
Total	\$17,410	100.0%

**Other category includes reading, education, tobacco products, cash contributions, personal insurance and pensions, personal care products, alcoholic beverages, and miscellaneous purchases.*

To obtain an estimate of average annual expenditures of college-age students, data was utilized from the Consumer Expenditure Survey (CES). We obtained data breaking down components of the expenditures for consumers under the age of 25 and earning no more than \$10,000 annually. This data was used to determine what proportion of the total budget was spent on each expenditure category.

The College Board provides a range of estimates for 2015-2016 student living expenses with the low-budget, nine-month total cost estimate of \$11,660 and the moderate-budget estimate of \$17,410. The College Boards estimates these budgets using data from the most recent CES and the Indexes of Comparative Costs, both produced by the U.S. Bureau of Labor Statistics. Using the nine-month moderate-budget, the average annual expenditures for a student were calculated by multiplying the College Board estimate by each proportion for each expenditure category. The results from the estimate can be found in table 5.

These expenditures are used in the study to estimate the annual expenditures by students who came from outside the service area and for those who remained in the area to attend Florida Gulf Coast University instead of attending college outside the service area.

FGCU records indicate that there were 11,141 full-time students and 3,691 part-time students in Fall 2015, so that 75 percent of the students were full-time. There were 5,788 full-time students who had a permanent address outside the five-county primary service area, so these

students would be expected to relocate to the local area and live either in University housing or local apartments during their college years. Their presence would bring additional expenditures to the region for living expenses such as food, apparel, transportation, health care, and entertainment.

In addition, before Florida Gulf Coast University became operational, the students in the service area could attend community college for two years and transfer to a university outside the area or attend a branch campus of the University of South Florida or one of several small private colleges. The University of South Florida Fort Myers Campus was a shared campus with Edison Community College (now Florida SouthWestern State College) and offered a very limited set of baccalaureate degrees. The establishment of Florida Gulf Coast University has allowed a much broader range of degrees and activities associated with a larger main campus university to be offered to the local communities.

This study makes a conservative estimate of the number of students who remained in the area by assuming that of the 5,353 full-time students who have a permanent address in the service area, 30 percent decided to attend Florida Gulf Coast University instead of leaving the area to attend college. This results in an additional 1,605 students whose spending adds to the community economic impact. This particular impact would be expected to increase as more programs and activities are added and the reputation of the University becomes better known.

The direct expenditures by the students who came to the region to attend FGCU or those who stayed to attend FGCU instead of leaving the local area are shown in Table 6. These expenditure estimates are based on the average annual expenditure estimates shown in Table 5 times the number of students who came or chose to stay in the area to attend FGCU.

The results shown in Table 6 vary from previous FGCU economic impact reports. This is due to a change in methodology employed for calculating the direct expenditures of the students and the access of more complete information from the Consumer Expenditure Survey.

A large percentage of student expenditures will be made for retail goods and services. The economic impact model estimates the proportion of the retail student expenditures that directly impact the regional economy.

Table 6: Total Direct Expenditures of Students, FY 2014-2015

Expenditure Category	Expenditures
Food	\$21,199,974
Housing	\$48,658,114
Apparel and Services	\$5,036,192
Transportation	\$18,041,008
Healthcare	\$2,288,234
Entertainment	\$4,571,347
Other*	\$28,932,930
Total	\$128,727,799

**Other category includes reading, education, tobacco products, cash contributions, personal insurance and pensions, personal care products, alcoholic beverages, and miscellaneous purchases.*

TOTAL ECONOMIC IMPACT

The study uses the economic impact model, IMPLAN Professional, to project overall economic impact on the five-county region encompassing Charlotte, Collier, Glades, Hendry, and Lee. The overall economic impact measures expenditures, employment, and labor income for the region.

University and student spending impacts a wide range of industries and employment in our area. These include real estate (renting, leasing, development, management, purchasing, and selling), food and beverage service, doctor and dentist services, wholesale trade, services to buildings and dwellings, food and beverage stores, entertainment, investment firm services, retail stores, legal services, motor vehicle and parts dealers, performing arts, hotels and motels, postal service, architectural and engineering services, accounting services, dry cleaning and laundry services, and construction-related industries.

However, please note that the multipliers presented in this section should be interpreted with the caveat described in footnote 1 on page 4 in mind.

Expenditures

The value of expenditures due to the University operations, capital expenditures, and student spending is shown in Table 7. The direct expenditures are those made by the FGCU and the students. The indirect expenditures are the additional business-to-business expenditures created to meet the primary demands of University and students. The induced expenditures are those created by the increase in household incomes.

Category	Direct	Indirect	Induced	Total
University Operating Expenditures	\$230,419,517	\$92,171,230	\$91,815,368	\$414,406,114
University Capital Expenditures	\$8,189,967	\$3,276,109	\$2,817,109	\$14,283,185
Student Expenditures	\$116,038,975	\$30,307,642	\$25,258,009	\$171,604,625
Total	\$354,648,459	\$125,754,981	\$119,890,486	\$600,293,924

The overall University and student expenditures for fiscal year 2014-2015 on the Southwest Florida area are:

- Total expenditures of \$600 million
- Direct expenditures of \$355 million
- Indirect (business-to-business) expenditures of \$126 million
- Induced (increase in household income) expenditures of \$120 million.

This means that, on average, each dollar spent by Florida Gulf Coast University and its students generates \$1.69 in additional spending in Southwest Florida.

Employment

This section examines the additional employment created by FGCU in the surrounding communities. The total employment resulting from the University is 4,640 full-time positions, as shown in Table 8. Employment

includes the direct employees at the University, for construction, and those supported by the spending of students.

FGCU employed 4,211 full-time and part-time employees in the fiscal year ending in 2015 including faculty, staff, adjuncts, and students. This was estimated to be the equivalent of 1,612 full-time positions. Capital expenditures directly created another 105 positions, and student expenditures for housing, food, and other living expenses outside the University resulted in another 1,155 direct positions. Additional business-to-business expenditures created by the initial spending created another 809 indirect positions. The increase in household incomes and their spending created another 960 positions.

Table 8: Total Labor Impact from FGCU, FY 2014-2015				
Category	Direct	Indirect	Induced	Total
University Operating Expenditures	1,612	577	735	2,924
University Capital Expenditures	105	21	23	148
Student Expenditures	1,155	211	202	1,568
Total	2,871	809	960	4,640

The overall Southwest Florida employment impact for fiscal year 2014-2015 was:

- Total employment of 4,640 positions
- Direct employment of 2,871 positions
- Indirect (business-to-business) employment of 809 positions
- Induced (increase in household income) employment of 960 positions

This means that, on average, each employee hired by Florida Gulf Coast University results in 1.6 employees being hired in Southwest Florida.

Labor Income

This section of the study examines the additional labor income created by the University and the spending of students in the surrounding communities. The total labor income created by having the University is over \$242.5 million, as shown in Table 9.

Table 9: Total Labor Income Impact from FGCU, FY 2014-2015				
Category	Direct	Indirect	Induced	Total
University Operating Expenditures	\$128,748,571	\$25,671,117	\$31,192,328	\$185,612,016
University Capital Expenditures	\$3,830,563	\$912,447	\$957,082	\$5,700,092
Student Expenditures	\$33,313,376	\$9,332,097	\$8,581,801	\$51,227,275
Total	\$165,892,510	\$35,915,661	\$40,731,211	\$242,539,383

The overall Southwest Florida employment impact for fiscal year 2014-2015 was:

- Total labor income of \$243 million
- Direct labor income of \$166 million
- Indirect (business-to-business) labor income of \$36 million

- Induced (increase in household income) labor income of \$41 million

This means that, on average, each dollar of direct labor income created by FGCU also generates \$1.46 in labor income in Southwest Florida.

SUMMARY

The growth of Florida Gulf Coast University since 1997 has been dramatic and the economic impact on the five-county service area has in many ways surpassed expectations. Future growth in the variety and depth of degrees, the number of students not only from the local area but from around the state and beyond, cultural events, University facilities, and capital expenditures to meet the growing demand for a highly skilled workforce engaged in their communities has made the University a key part of Southwest Florida's growth plan. This growth will result in growing and continuing economic benefits to our region and to Florida as a whole. The overall economic importance of Florida Gulf Coast University to Charlotte, Collier, Glades, Hendry, and Lee counties for the most recent fiscal year of 2014-2015 was:

- \$600 million in overall expenditures;
- 4,640 jobs created; and
- \$243 million in labor income.

The University operating and student expenditures should continue to create jobs and income each year as the University meets its regional vision and mission. Although capital expenditures will vary from year to year, additional jobs and income are expected during the periods of construction.

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