



The Economic Community Impact Academic Year 2005-2006



Prepared by:

Gary L. Jackson, Ph.D., Director
Regional Economic Research Institute
Lutgert College of Business
Florida Gulf Coast University
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ABSTRACT

The Florida Gulf Coast University *Economic Community Impact for Fiscal Year 2007* is an economic impact analysis of the University to mark its tenth year of operation. The study was conducted by Dr. Gary Jackson, Director of the Regional Economic Research Institute of Lutgert College of Business. The study estimates the direct and indirect economic impact of the University on the Southwest Florida region and its five-county service area.

The University opened its doors in August 1997 to just over 2,500 students. Since its opening, the University has experienced tremendous growth in its student body and its infrastructure that have resulted in direct and indirect economic impacts on the region. Student enrollment was almost 8,400 students in the Fall of 2006 or over 5,100 Full Time Equivalents (FTEs). This growth is projected to more than double by academic year 2012-2013 to 17,000 students or 10,549 FTE's. The university draws students from outside the area and provides an opportunity for Southwest Florida residents to attend a local state university.

Concurrent with student growth, the university expenditures, jobs, and labor income have grown dramatically. The study found that the overall economic importance of Florida Gulf Coast University to the Charlotte, Collier, Glades, Hendry, and Lee County region for fiscal year 2005-2006 was:

- \$241 million in overall expenditures
- 2,586 jobs created
- \$103 million in labor income.

INTRODUCTION

Florida Gulf Coast University is one of the newest universities in the United States and the 10th State University in the Florida State University System. The University opened its doors to students in August 25, 1997 and since its inception has experienced tremendous growth. To mark its ten year anniversary, the university commissioned the Regional Economic Research Institute (RERI) of the Lutgert College of Business to conduct an economic impact analysis of university and its impact on the region. 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 students and employees for housing, food, and other goods and services. The study reports:

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

VISION AND MISSION

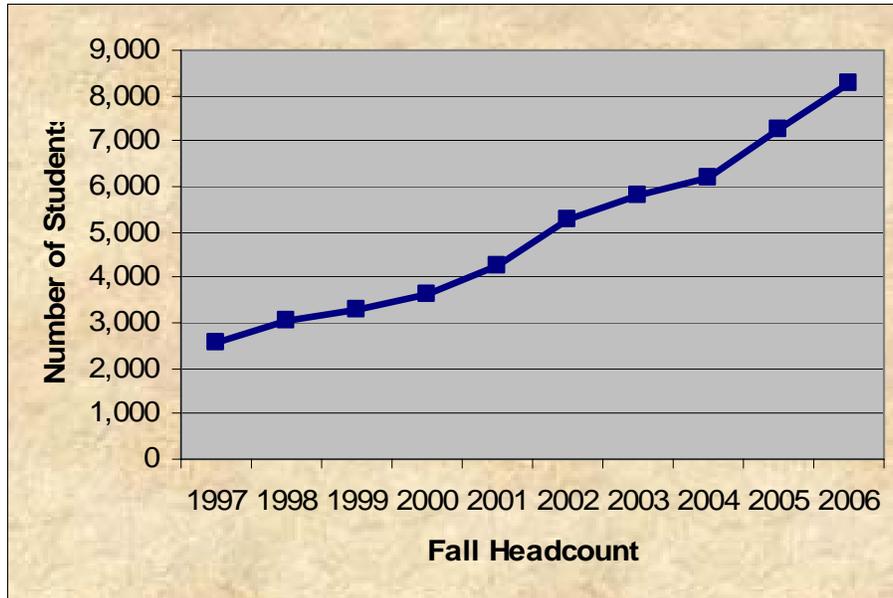
FGCU is a comprehensive university (undergraduate and graduate education) created to address the educational needs of the rapidly-growing Southwest Florida population. The university's primary service areas are Charlotte, Collier, Lee, Hendry and Glades Counties. The university was originally formed with a focus on distance learning and distance education. Over the years, the university has developed student dormitories, athletics, and a strong focus on achieving national prominence in undergraduate education with increasing recognition of selected graduate programs and applied research. Over the last ten years, Florida Gulf Coast University has pursued academic excellence, gaining national recognition and prominence for many of its programs. The university mission promotes environmental sustainability, embraces diversity, nurtures community partnerships, values public service, encourages civic responsibility, and cultivates habits of lifelong learning. The advancement of knowledge is at the heart of the university's purpose.

STUDENT ENROLLMENT

The university opened its doors to students in the fall of 1997 with 2,585 students. The university grew to 8,293 students in the fall of 2006 (Figure 1). This remarkable growth means that the overall number of students has grown by 321 percent or an average of almost 14 percent per year.

Many of FGCU students are part-time, so official plans and projections are based on a full-time equivalent student (FTE) basis. For example, there were an estimated 5,100 FTE students for 2006-07. This is projected to grow significantly, more than doubling by the 2012-13 academic year to 10,549 students. This would imply a total student population of around 17,000 in approximately six years for the fall of 2012 if the ratio of FTE to total students remains at the level for fall of 2006.

Figure 1
Student Enrollment by Year
Academic Year 2005-2006
 (Number of Students)

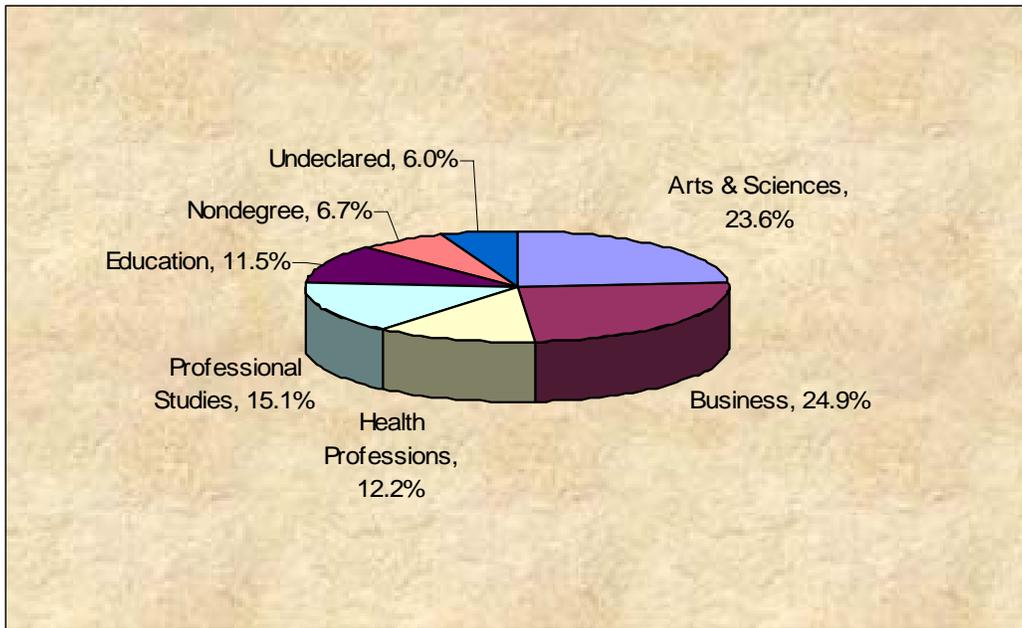


ACADEMIC DEGREES AND MAJORS

Over the last ten years, the number of academic degrees granted has risen from 49 in the 1997-98 academic year to 1,101 degrees granted in the 2005-06 academic year. The number of bachelor’s degrees awarded in 2005-2006 was 859 and the master’s degrees granted have risen from 31 in 1997-98 to 242 in 2005-06. The University offers over 60 different degree programs to meet the needs of students, employers, and the communities. Almost 25 percent of students at the university are in the College of Business, majoring in such areas as management, marketing, computer information systems, accounting, and finance. This is closely followed by about 24 percent of students pursuing programs in the College of Arts and Science including language and literature, communication and philosophy, biological sciences, marine and ecological sciences, chemistry, mathematics, music, and performing arts. Just over 15 percent of the students list their majors in the College of Professional

Studies, including majors such as social work, criminal justice, public affairs, and resort and hospitality management. The College of Health Professions had slightly more than 12 percent of the majors including gerontology, health services, health science, and recreation therapy. The College of Education with almost 12 percent of the majors offers undergraduate programs in advising, early childhood, elementary, secondary and special education. Figure 2 below shows a breakdown of student enrollment by college at the University.

Figure 2
Majors Selected for FY 2006
(Percent)



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 U.S. Census found that the median 2005 income of a high school graduate was \$21,079. The median income rose to \$40,166 for a bachelor's degree, \$51,509 for a master's degree, and \$70,165 for a doctoral degree.

EXPENDITURES

University Operating Expenditures

Florida Gulf Coast University 's actual operating expenditures were obtained for latest available fiscal year (July 1-June 30) and are shown in Table 1. Salaries and benefits constitute the largest share of the university expenditures as expected, accounting for 56 percent of the total. General expense, other personal services, and financial aid/scholarship make up another 38 percent, with the remaining six percent including debt service, library resources, and capital expenditures.

**Table 1
Actual University Operating Expenditures
Fiscal Year 2005-2006**

Expenditure Category	Expenditures	Percent of Total Expenditure
Salaries and Benefits	\$54,825,133	56%
Other Personal Services	\$6,739,330	7%
General Expense	\$24,761,414	25%
Capital Expenditures	\$1,484,708	2%
Financial Aid/Scholarship	\$5,984,797	6%
Library Resources	\$1,363,227	1%
Debt Service	\$2,670,084	3%
Total Expenditures	\$97,828,693	100%

The university employed 1,574 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 1,140. The university provides an average full-time salary of about \$48,000 per position including benefits, which is substantially above the average for the local economy.

Capital Expenditures for the University

The expenditures for new capital projects including classrooms, roads, dormitories, and support facilities are a key element in allowing the university to meet the increased demands as the student population grows. The capital expenditures in the last fiscal year, 2005-2006, were \$22,000,000 for a new library addition, a new academic building, and infrastructure. The 2006-2007 capital expenditure of \$12,300,000 is for a new parking garage, renovation of the existing library, and south student housing. The 2007-2008 plans call for capital spending of \$83,000,000 for the Central Energy Plant, South Student Housing, Parking Garage 2, Holmes Hall (Engineering), Sugden Hall (Resort and Hospitality), Lutgert Hall (Business), and infrastructure. The growth in scope and size of the university planned continues in 2008-2009 with planned expenditures of \$59,000,000 for south student housing, student union addition, fine arts complex – phase 2, Academic Building 7, the Naples Botanical Garden Research Center, and infrastructure. This study estimates the total economic impact of the 2005-2006 capital expenditures. The following three years provide the reader with a perspective on the continuing direct economic impact of continuing university capital expenditures (Table 2 below).

**Table 2
Planned Capital Project Expenditures
FY 2005-2006 to 2008-2009**

Academic Year	Expenditure	Area
2005-2006	\$22,000,000	<ul style="list-style-type: none"> • Library Addition, • Academic Building, • Infrastructure
2006-2007	\$12,300,000	<ul style="list-style-type: none"> • Parking Garage • Library Renovation • South Student Housing
2007-2008	\$83,000,000	<ul style="list-style-type: none"> • Central Energy Plant • South Student Housing • Parking Garage Two • Holmes Hall (Engineering) • Lutgert Hall (Business) • Sudgen Hall (Resort/Hospitality)
2008-2009	\$59,000,000	<ul style="list-style-type: none"> • South Student Housing • Student Union Addition • Fine Arts Complex (Phase 2) • Academic Building 7 • Naples Botanical Garden Rch Ctr.

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 3 below shows annual expenditures of college-age students and non-students in 1996-1997. This summary data is published by the U.S. Bureau of Labor Statistics (BLS) in the July 2001 issue of *Monthly Labor Review*.

Table 3
BLS Annual U.S. Expenditure by Students
1996-1997

Expenditure Category	1996-1998 Annual Expenditure
Food	\$1,836
Housing	\$2,756
Apparel and Services	\$696
Transportation	\$1,188
Health Care	\$100
Entertainment	\$672
Other	\$1,440
Total	\$8,688

For the purposes of the study, these expenditure amounts were adjusted to account for inflation to the fiscal year 2005-2006 and are shown in Table 4. 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.

Table 4
BLS Projected Annual U.S. Expenditure by Students
2005-2006

Expenditure Category	2005-2006 Annual Expenditure
Food	\$2,238
Housing	\$3,376
Apparel and Services	\$744
Transportation	\$1,270
Health Care	\$126
Entertainment	\$814
Other	\$1,810
Total	\$10,378

University records show that there were 4,790 full-time students and 2,464 part-time students in 2005-2006 so that 66 percent of the students are full-time. There were 2,915 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 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 and offered a very limited set of bachelor degrees. The development 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 remaining 4,339 students who have a permanent address in the service area that 20 percent of these students decided to attend Florida Gulf Coast University instead of leaving the area to attend college. These results in an additional 868 students, who's spending would add 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 5. These expenditure estimates are based on the average annual expenditure estimates shown in Table 4 times the number of students who came or chose to stay in the area to attend FGCU.

Table 5
Total Direct Expenditures of Students
Resulting from FGCU
2005-2006

Spending Category	Expenditure Total
Food	\$8,465,312
Housing	\$6,160,111
Apparel and Services	\$2,815,018
Transportation	\$4,804,945
Health Care	\$475,326
Entertainment	\$3,080,290
Other	\$6,847,788
Total	\$32,648,789

Some of these expenditures will be made on goods and services such as automobiles and clothing purchased by students at their permanent residence. The economic impact model estimates the proportion of the student expenditures that are made locally.

TOTAL ECONOMIC IMPACT

The study uses a well-established economic impact model, IMPLAN Professional, to project overall economic impact on the five-county region including Charlotte, Collier, Glades, Hendry, and Lee. The overall economic impact measures for the Southwest Florida region include:

- Expenditures in the Five-County Southwest Florida Region
- Employment in the Five-County Southwest Florida Region
- Labor Income in the Five-County Southwest Florida Region

The university and student spending impact a wide range of industries and employment in our area. Approximately 150 business types showed expenditure and employment increases. These included 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.

Expenditures

The value of expenditures due to the university operations, capital expenditures, and student spending is shown in Table 6. The direct expenditures are those made by the university 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.

**Table 6
Total 2005-2006 Expenditure Value
FGCU’s Operations, Investments, and Students**

Category	Direct	Indirect	Induced	Total
University Operating Expenditures	\$97,828,700	\$32,747,626	\$43,362,666	\$173,938,992
University Capital Expenditures	\$22,000,000	\$5,544,701	\$8,703,698	\$36,248,399
Student Expenditures	\$21,780,969	\$4,737,745	\$4,274,257	\$30,792,971
Total	\$141,609,669	\$43,030,072	\$56,340,621	\$240,980,362

The overall university and student expenditures for fiscal year 2005-2006 on the Southwest Florida area are:

- Total expenditures of \$241 million
- Direct expenditures of \$142 million
- Indirect (business-to-business) expenditures of \$43 million
- Induced (increase in household income) expenditures of \$56 million.

This means that, on average, each dollar spent by Florida Gulf Coast University results in an additional 70 cents of expenditures in our Southwest Florida region.

Employment

This section of the study examines the additional employment created by the university and the spending of students in the surrounding communities. The total employment resulting from the university is 2,586 full-time positions, as shown in Table 7. Employment includes the direct employees at the university, for construction, and those supported by the spending of students.

The university employed 1,574 full-time and part-time employees in Fiscal Year 2005-2006 including faculty, staff, adjuncts, and students. This was estimated to be the equivalent of 1,140 full-time positions. The capital expenditures directly created another 252 positions, and student expenditures for housing, food, and other living expenses outside the university resulted in another 205 direct positions. Additional business-to-business expenditures created by the initial spending created another 430 indirect positions. The increase in household incomes and their spending created another 559 positions.

Table 7
Total 2005-2006 Employment
FGCU's Operations, Investments, and Students

Category	Direct	Indirect	Induced	Total
University Operating Expenditures	1,140	327	432	1,899
University Capital Expenditures	252	57	85	394
Student Expenditures	205	46	42	293
Total	1,597	430	559	2,586

The overall Southwest Florida employment impact for fiscal year 2005-2006 was:

- Total employment of 2,586 positions
- Direct employment of 1,597 positions
- Indirect (business-to-business) employment of 430 positions
- Induced (increase in household income) employment of 559 positions

This means that, on average, each employee hired by Florida Gulf Coast University results in an additional 0.6 employees for the community.

Labor Income

This section of the study looks at 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 nearly \$103 million as shown in Table 8.

**Table 8
Total 2005-2006 Labor Income
FGCU's Operations, Investments, and Students**

Category	Direct	Indirect	Induced	Total
University Operating Expenditures	\$54,823,424	\$10,064,132	\$14,345,658	\$79,233,214
University Capital Expenditures	\$10,724,393	\$2,196,041	\$2,902,250	\$15,822,684
Student Expenditures	\$4,723,197	\$1,651,706	\$1,425,250	\$7,800,153
Total	\$70,271,014	\$13,911,879	\$18,673,158	\$102,856,051

The overall Southwest Florida employment impact for fiscal year 2005-2006 was:

- Total labor income of \$103 million
- Direct labor income of \$70 million
- Indirect (business-to-business) labor income of 14 million
- Induced (increase in household income) labor income of 19 million

This means that, on average, each dollar of direct labor income created also creates an additional \$.5 dollars of labor income in the community.

SUMMARY

The growth of Florida Gulf Coast University over the last 10 years has been dramatic and the economic impact on the five-county service area has in many ways pleasantly 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 the 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 2005-2006 was:

- \$241 million in overall expenditures
- 2,586 jobs created
- \$103 million in labor income

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