



Florida Gulf Coast University: The Economic Community Impact for Academic Year 2009-2010



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ABSTRACT

The Florida Gulf Coast University *Economic Community Impact for Fiscal Year 2009-2010* is an economic impact analysis of the University on Charlotte, Collier, Glades, Hendry, and Lee Counties. The study was conducted by Dr. Gary Jackson, Director of the Regional Economic Research Institute and Assistant Professor at the University's Lutgert College of Business. The study estimates the direct and indirect economic impact of the University on the Southwest Florida region.

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 over 11,100 students in Fall 2009, over 12,100 students for Fall 2010, and over 7,000 Full Time Equivalent (FTE) students for the 2009-2010 academic year. In four years, the university is expected to have more than 15,800 students or 10,000 FTE students for academic year 2014-2015. 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 2009-2010 was:

- \$345 million in overall expenditures;
- 3,119 jobs created; and
- \$144 million in labor income.

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 in 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 university and its impact on the region for academic year 2009-2010. 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

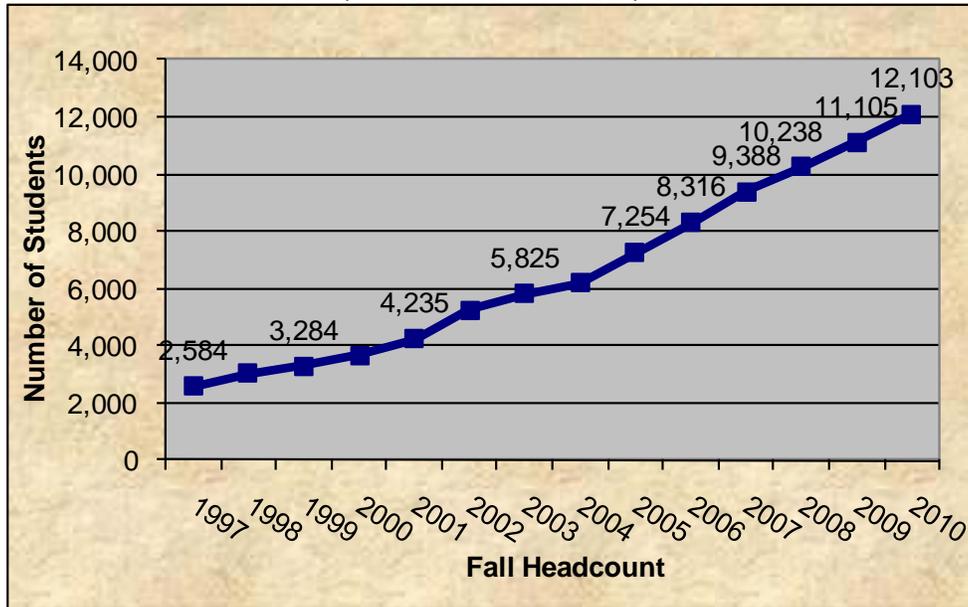
FGCU is a comprehensive university (undergraduate and graduate education) created to address the educational needs of the rapidly-growing Southwest Florida population. The university's primary service areas are Charlotte, Collier, Lee, Hendry, and Glades Counties. The university was originally formed 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. FGCU 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 12,103 students in the fall of 2010 (Figure 1). This remarkable growth means that the overall number of students has grown by 368 percent or an average of more than 12 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 7,019 FTE students for 2009-2010. This is projected to grow significantly by the 2014-15 academic year to 10,024 students. This would imply a total student population of over 15,800 in approximately four years for the fall of 2014 if the ratio of FTE to total students remains at the level for fall of 2010.

Figure 1
Student Enrollment by Year
 (Number of Students)

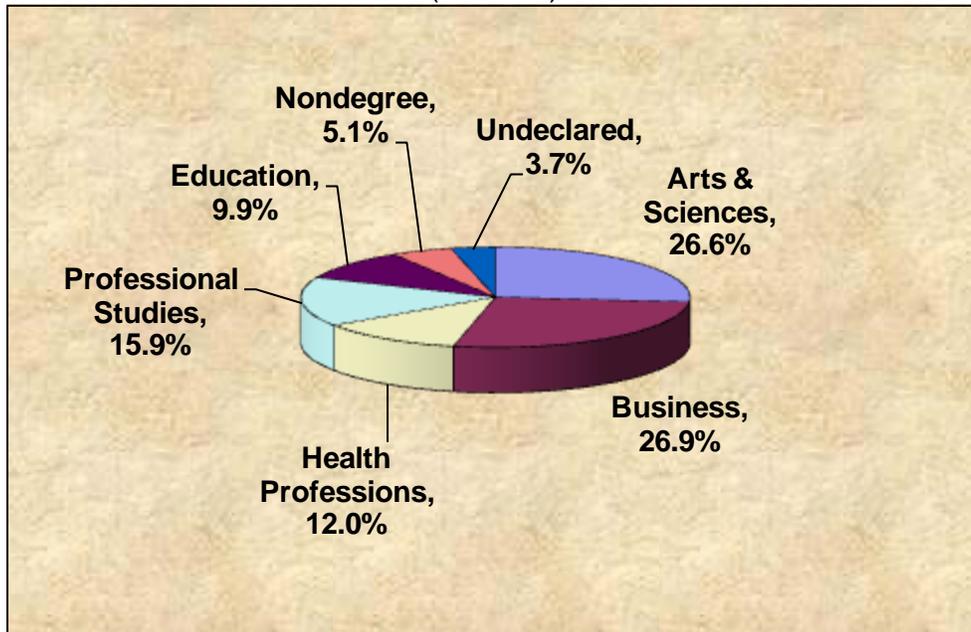


ACADEMIC DEGREES AND MAJORS

Over the last 12 years, the number of academic degrees granted by FGCU has increased from 49 in the 1997-98 academic year to 1,820 degrees granted in the 2009-10 academic year. The number of bachelor’s degrees awarded in 2009-2010 was 1,460, while the master’s degrees granted have increased from 31 in 1997-98 to 360 in 2009-10. The university offers over 80 different degree programs to meet the needs of students, employers, and the communities. Twenty-seven percent of students at the university were in the College of Business, majoring in such areas as management, marketing, computer information systems, accounting, and finance. The College of Arts and Sciences also had 27 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. Approximately 19 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 approximately 15 percent of the majors including gerontology, health services, health science, and recreation therapy. The College of Education, with 11 percent of the majors, offers undergraduate programs in advising, early childhood, elementary, secondary and special education. Figure 2 below shows the distribution of student enrollment by college at the University.

Figure 2
Majors Selected for Fall 2009
(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 BLS Current Population Survey found that the median 2010 income of a high school graduate was \$32,552. The median income rose to \$53,976 for a bachelor's degree, \$66,144 for a master's degree, and \$80,600 for a doctoral degree.

EXPENDITURES

University Operating Expenditures

Florida Gulf Coast University's operating expenditures were obtained for latest available fiscal year (July 1, 2009-June 30, 2010) and are shown in Table 1. Salaries and benefits constitute the largest share of the university expenditures as expected, accounting for 54 percent of the total. General expense, other personal services, financial aid/scholarship, debt service and library resources account for the other 46 percent of operating expenses.

Table 1
Actual University Operating Expenditures
Fiscal Year 2009-2010

Expenditure Category	Expenditures	Percent of Total Expenditure
Salaries and Benefits	\$75,149,432	54.4%
Other Personal Services	\$8,648,105	6.3%
General Expense	\$30,646,726	22.2%
Financial Aid/Scholarship	\$16,178,714	11.7%
Library Resources	\$1,096,702	0.8%
Debt Service	\$6,312,371	4.6%
Total Expenditures	\$138,032,050	100.0%

The university employed 2,069 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 1,400. The university provides an average full-time salary of about \$55,000 per position, which is substantially above the average for the local economy.

Capital Expenditures for the University

The expenditures for new capital building 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, 2009-2010, were \$37,278,000 for Homes Hall (Engineering), Academic Building VII (Arts & Science), Academic Building VIII (Health Professions), Sugden Hall (Resort & Hospitality), Fine Arts Auditorium Phase II, Student Union Addition, Harvey Kapnick Education and Research Center, student housing, Central Plant expansion, parking garage, solar field, and infrastructure are shown in Table 2. In addition to the building expenditures, \$3.8 million in equipment was purchased to support the expansion.

The growth in scope and size of the university continues in 2010-2011 with planned expenditures of over \$60,000,000 for Sugden Hall (Resort & Hospitality, Academic Building VII (Arts & Science), Academic Building VIII (Health Professions), Fine Arts Auditorium Phase II, Student Union Addition, Harvey Kapnick Education and Research Center, student housing, parking garage, and infrastructure, as shown in Table 3. In addition, planned expenditures for equipment to support the expansion in 2010-2011 are \$1.5 million

This study estimates the total economic impact of the 2009-2010 capital building expenditures. The following year's capital expenditures provides the reader with a perspective on the continuing direct economic impact of university capital expenditures (Table 3 below).

**Table 2
Capital Building Expenditures
FY 2009-2010**

Academic Year	Expenditure	Area
2009-2010	\$37,277,956	<ul style="list-style-type: none"> • Holmes Hall (Engineering) • Academic Building VII (Arts & Science) • Academic Building VIII (Health Professions) • Sugden Hall (Resort & Hospitality) • Fine Arts Auditorium Phase II • Student Union Addition • Harvey Kapnick Education and Research Center (Naples Botanical Gardens) • South Student Housing IX • Student Housing X • Central Energy Plant Expansion • Parking Garage Phase III • Solar Field System • Infrastructure

**Table 3
Planned Capital Building Expenditures
FY 2010-2011**

Academic Year	Expenditure	Area
2010-2011	\$60,119,480	<ul style="list-style-type: none"> • Sugden Hall (Resort & Hospitality) • Academic Building VII (Arts & Science) • Academic Building VIII (Health Professions) • Fine Arts Auditorium Phase II • Student Union Addition • Harvey Kapnick Education and Research Center (Naples Botanical Gardens) • Student Housing X and XII • Parking Garage B • Infrastructure

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

**Table 3
Average Annual U.S. Expenditure by Student
1996-1997**

Expenditure Category	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 the change in prices to the fiscal year 2009-2010 and are shown in Table 4. Apparel and Services costs declined over this over this time period. 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
Average Annual U.S. Expenditure by Student
2009-2010

Expenditure Category	Annual Expenditure
Food	\$2,587
Housing	\$3,857
Apparel and Services	\$630
Transportation	\$1,541
Health Care	\$165
Entertainment	\$776
Other	\$2,453
Total	\$12,009

FGCU records show that there were 8,237 full-time students and 2,868 part-time students in Fall of 2009, so that 74 percent of the students were full-time. There were 3,333 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 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 baccalaureate 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 6,394 students who have a permanent address in the service area, 20 percent decided to attend Florida Gulf Coast University instead of leaving the area to attend college. These results in an additional 1,279 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 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
2009-2010

Spending Category	Expenditure Total
Food	\$11,928,866
Housing	\$7,112,033
Apparel and Services	\$2,906,312
Transportation	\$7,106,407
Health Care	\$761,374
Entertainment	\$3,580,281
Other	\$11,312,874
Total	\$44,708,148

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; and
- 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 2009-2010 Expenditure Value
FGCU's Operations, Investments, and Students**

Category	Direct	Indirect	Induced	Total
University Operating Expenditures	\$138,032,050	\$40,781,252	\$59,826,328	\$238,639,630
University Capital Expenditures	\$37,277,946	\$13,435,089	\$11,899,135	\$62,612,170
Student Expenditures	\$28,092,777	\$8,514,090	\$7,015,451	\$43,622,318
Total	\$203,402,773	\$62,730,431	\$78,740,914	\$344,874,118

The overall university and student expenditures for fiscal year 2009-2010 on the Southwest Florida area are:

- Total expenditures of \$345 million
- Direct expenditures of \$203 million
- Indirect (business-to-business) expenditures of \$63 million
- Induced (increase in household income) expenditures of \$79 million.

This means that, on average, each dollar spent by Florida Gulf Coast University and its students 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 3,119 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 2,069 full-time and part-time employees in Fiscal Year 2009-2010 including faculty, staff, adjuncts, and students. This was estimated to be the equivalent of 1,400 full-time positions. The capital expenditures directly created another 286 positions, and student expenditures for housing, food, and other living expenses outside the university resulted in another 295 direct positions. Additional business-to-business expenditures created by the initial spending created another 448 indirect positions. The increase in household incomes and their spending created another 690 positions.

**Table 7
Total 2009-2010 Employment
FGCU’s Operations, Investments, and Students**

Category	Direct	Indirect	Induced	Total
University Operating Expenditures	1,400	273	524	2,197
University Capital Expenditures	286	105	104	495
Student Expenditures	295	71	61	427
Total	1,981	448	690	3,119

The overall Southwest Florida employment impact for fiscal year 2009-2010 was:

- Total employment of 3,119 positions
- Direct employment of 1,981 positions
- Indirect (business-to-business) employment of 448 positions
- Induced (increase in household income) employment of 690 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 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 \$140 million, as shown in Table 8.

**Table 8
Total 2009-2010 Labor Income
FGCU's Operations, Investments, and Students**

Category	Direct	Indirect	Induced	Total
University Operating Expenditures	\$80,108,000	\$10,302,830	\$19,068,040	\$109,478,870
University Capital Expenditures	\$13,306,022	\$4,857,581	\$3,785,047	\$21,948,650
Student Expenditures	\$7,816,768	\$2,864,714	\$2,231,593	\$12,913,074
Total	\$101,230,790	\$18,025,125	\$25,084,680	\$144,340,594

The overall Southwest Florida employment impact for fiscal year 2009-2010 was:

- Total labor income of \$144 million
- Direct labor income of \$101 million
- Indirect (business-to-business) labor income of \$18 million
- Induced (increase in household income) labor income of \$25 million

This means that, on average, each dollar of direct labor income created also creates an additional 40 cents of labor income in our Southwest Florida region.

SUMMARY

The growth of Florida Gulf Coast University over the last 12 years 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 2009-2010 was:

- \$345 million in overall expenditures;
- 3,119 jobs created; and
- \$144 million in labor income.

The university operating and student expenditures will continue to create jobs and income each year as the university meets its regional vision and mission. The capital expenditures will vary from year to year creating additional jobs and income during the periods of construction.

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