



Florida Gulf Coast University: The Economic Community Impact for Academic Year 2007-2008



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ABSTRACT

The Florida Gulf Coast University *Economic Community Impact for Fiscal Year 2007-2008* is an economic impact analysis of the University on the surrounding counties of 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 Lutger 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 almost 10,200 students in the Fall of 2008 or over 5,700 Full Time Equivalent (FTEs) students for the 2007-2008 academic year. In five years, the university is expected to have more than 15,000 students or 8,942 FTE students for academic year 2013-2014. 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 2007-2008 was:

- \$389 million in overall expenditures;
- 3,525 jobs created; and
- \$162 million in labor income.

INTRODUCTION

Florida Gulf Coast University 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 since its inception has experienced tremendous growth. 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 2007-2008. 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

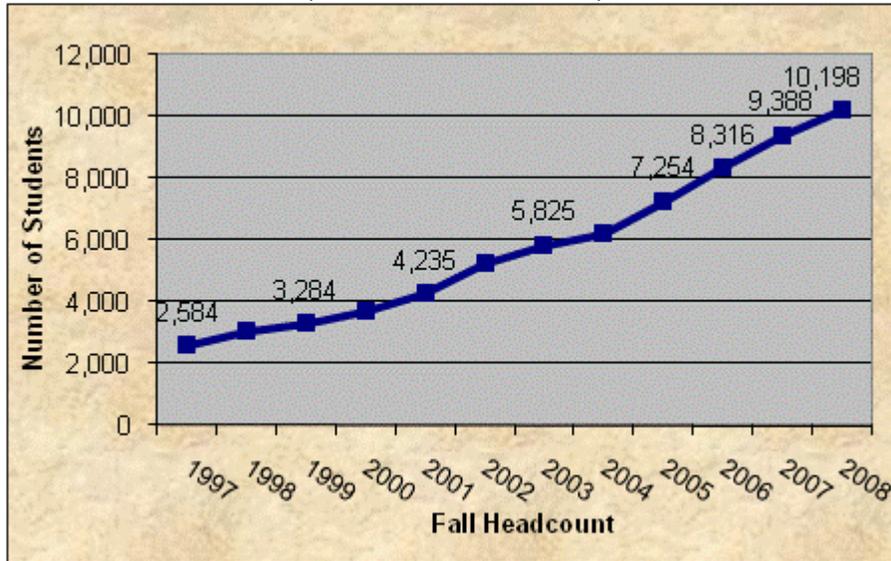
FGCU is a comprehensive university (undergraduate and graduate education) created to address the educational needs of the rapidly-growing Southwest Florida population. The university's primary service areas are Charlotte, Collier, Lee, Hendry, and Glades Counties. The university was originally formed 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, 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 10,198 students in the fall of 2008 (Figure 1). This remarkable growth means that the overall number of students has grown by 395 percent or an average of more than 13 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 5,731 FTE students for 2007-08. This is projected to grow significantly by the 2013-14 academic year to 8,942 students. This would imply a total student population of over 15,000 in approximately five years for the fall of 2013 if the ratio of FTE to total students remains at the level for fall of 2008.

Figure 1
Student Enrollment by Year
 (Number of Students)

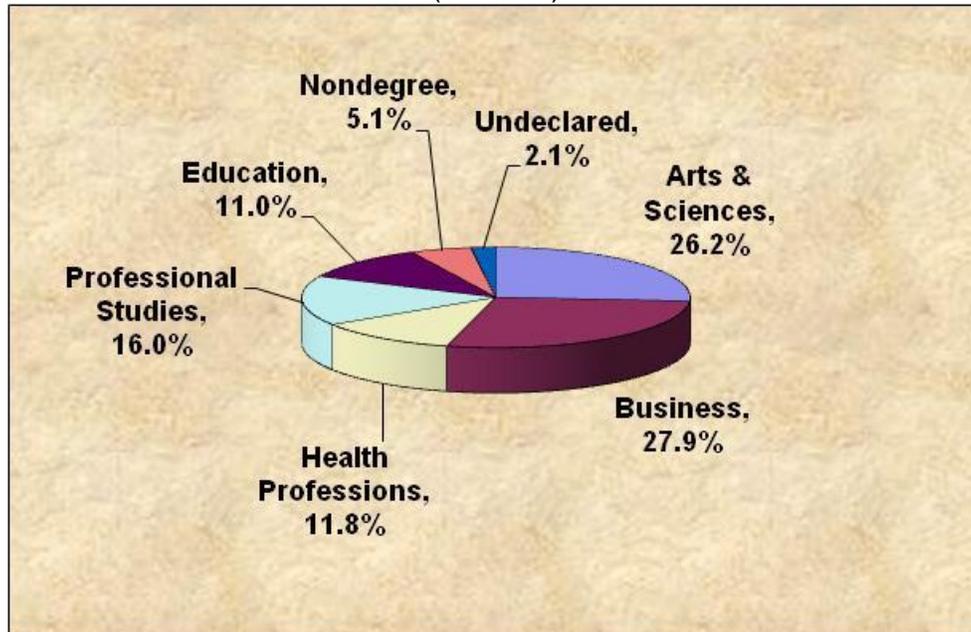


ACADEMIC DEGREES AND MAJORS

Over the last ten years, the number of academic degrees granted by FGCU has increased from 49 in the 1997-98 academic year to 1,480 degrees granted in the 2007-08 academic year. The number of bachelor’s degrees awarded in 2007-2008 was 1,212, while the master’s degrees granted have increased from 31 in 1997-98 to 268 in 2007-08. The University offers over 60 different degree programs to meet the needs of students, employers, and the communities. Almost 28 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 26 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. Approximately 16 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 12 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 2008
(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 operating expenditures were obtained for latest available fiscal year (July , 2007-June 30, 2008) and are shown in Table 1. Salaries and benefits constitute the largest share of the university expenditures as expected, accounting for 55 percent of the total. General expense, other personal services, financial aid/scholarship, debt service and library resources account for the other 45 percent of operating expenses.

Table 1
Actual University Operating Expenditures
Fiscal Year 2007-2008

Expenditure Category	Expenditures	Percent of Total Expenditure
Salaries and Benefits	\$71,370,196	55%
Other Personal Services	\$7,273,372	6%
General Expense	\$36,368,155	28%
Financial Aid/Scholarship	\$10,286,452	8%
Library Resources	\$1,230,285	1%
Debt Service	\$3,497,240	3%
Total Expenditures	\$130,025,700	100%

The university employed 1,751 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 1,284. The university provides an average full-time salary of about \$55,467 per position, 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, 2007-2008, were \$71,417,899 for a 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 over \$31,000,000 for a solar energy field installation, an academic building, a hospitality management building addition, and support infrastructure. This study estimates the total economic impact of the 2007-2008 capital expenditures. The following year's capital expenditures provides 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 2007-2008 to 2008-2009**

Academic Year	Expenditure	Area
2007-2008	\$71,417,899	<ul style="list-style-type: none"> • South Student Housing • Lutgert Hall (Business) • Homes Hall (Engineering) • Sugden Hall (Resort & Hospitality) • Central Energy Plant • Parking Garage Two • Infrastructure/Other
2008-2009	\$31,000,000+	<ul style="list-style-type: none"> • Solar Field • Academic Building VIII • Hospitality Management Building Addition • 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 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
Average Annual U.S. Expenditure by Student

Expenditure Category	1996-1997 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 2007-2008 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
Average Annual U.S. Expenditure by Student
2007-2008

Expenditure Category	2007-2008 Annual Expenditure
Food	\$2,342
Housing	\$3,535
Apparel and Services	\$789
Transportation	\$1,346
Health Care	\$136
Entertainment	\$840
Other	\$1,909
Total	\$10,896

University records show that there were 6,278 full-time students and 2,288 part-time students in Fall of 2007 so that 73 percent of the students were full-time. There were 3,104 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 5,631 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 1,126 students, whose 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
2007-2008

Spending Category	Expenditure Total
Food	\$9,905,182
Housing	\$8,012,123
Apparel and Services	\$3,335,668
Transportation	\$5,693,639
Health Care	\$573,972
Entertainment	\$3,552,791
Other	\$8,076,114
Total	\$39,149,489

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 2007-2008 Expenditure Value
FGCU's Operations, Investments, and Students**

Category	Direct	Indirect	Induced	Total
University Operating Expenditures	\$130,025,688	\$46,925,427	\$52,045,272	\$228,996,387
University Capital Expenditures	\$71,417,899	\$18,889,416	\$26,002,965	\$116,310,280
Student Expenditures	\$30,766,764	\$7,117,410	\$5,789,100	\$43,673,274
Total	\$232,210,351	\$72,932,253	\$83,837,337	\$388,979,941

The overall university and student expenditures for fiscal year 2007-2008 on the Southwest Florida area are:

- Total expenditures of \$389 million
- Direct expenditures of \$232 million
- Indirect (business-to-business) expenditures of \$73 million
- Induced (increase in household income) expenditures of \$84 million.

This means that, on average, each dollar spent by Florida Gulf Coast University results in an additional 68 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 3,525 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 1,751 full-time and part-time employees in Fiscal Year 2007-2008 including faculty, staff, adjuncts, and students. This was estimated to be the equivalent of 1,284 full-time positions. The capital expenditures directly created another 687 positions, and student expenditures for housing, food, and other living expenses outside the university resulted in another 274 direct positions. Additional business-to-business expenditures created by the initial spending created another 642 indirect positions. The increase in household incomes and their spending created another 733 positions.

**Table 7
Total 2007-2008 Employment
FGCU’s Operations, Investments, and Students**

Category	Direct	Indirect	Induced	Total
University Operating Expenditures	1,189	411	455	2,055
University Capital Expenditures	687	169	227	1,083
Student Expenditures	274	62	51	387
Total	2,150	642	733	3,525

The overall Southwest Florida employment impact for fiscal year 2007-2008 was:

- Total employment of 3,525 positions
- Direct employment of 2,150 positions
- Indirect (business-to-business) employment of 642 positions
- Induced (increase in household income) employment of 733 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 \$160 million as shown in Table 8.

**Table 8
Total 2007-2008 Labor Income
FGCU's Operations, Investments, and Students**

Category	Direct	Indirect	Induced	Total
University Operating Expenditures	\$69,449,288	\$14,123,985	\$17,335,490	\$100,908,763
University Capital Expenditures	\$33,324,602	\$7,628,360	\$8,661,232	\$49,614,194
Student Expenditures	\$6,773,384	\$2,467,075	\$1,928,272	\$11,168,731
Total	\$109,547,274	\$24,219,420	\$27,924,994	\$161,691,688

The overall Southwest Florida employment impact for fiscal year 2007-2008 was:

- Total labor income of \$162 million
- Direct labor income of \$110 million
- Indirect (business-to-business) labor income of 24 million
- Induced (increase in household income) labor income of 28 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 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 2007-2008 was:

- \$389 million in overall expenditures;
- 3,525 jobs created; and
- \$162 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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