



Florida Gulf Coast University: The Economic Community Impact for Academic Year 2012-2013



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 2012-2013* 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 13,400 students in Fall 2012, over 14,250 students for Fall 2013, and over 8,300 full-time equivalent (FTE) students for the 2012-2013 academic year. In four years, the university is expected to have more than 17,300 students or 10,800 FTE students for academic year 2017-2018. 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 2012-2013 was:

- \$422 million in overall expenditures;
- 3,723 jobs created; and
- \$154 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 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 2012-2013. 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. The study reports:

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

VISION AND MISSION

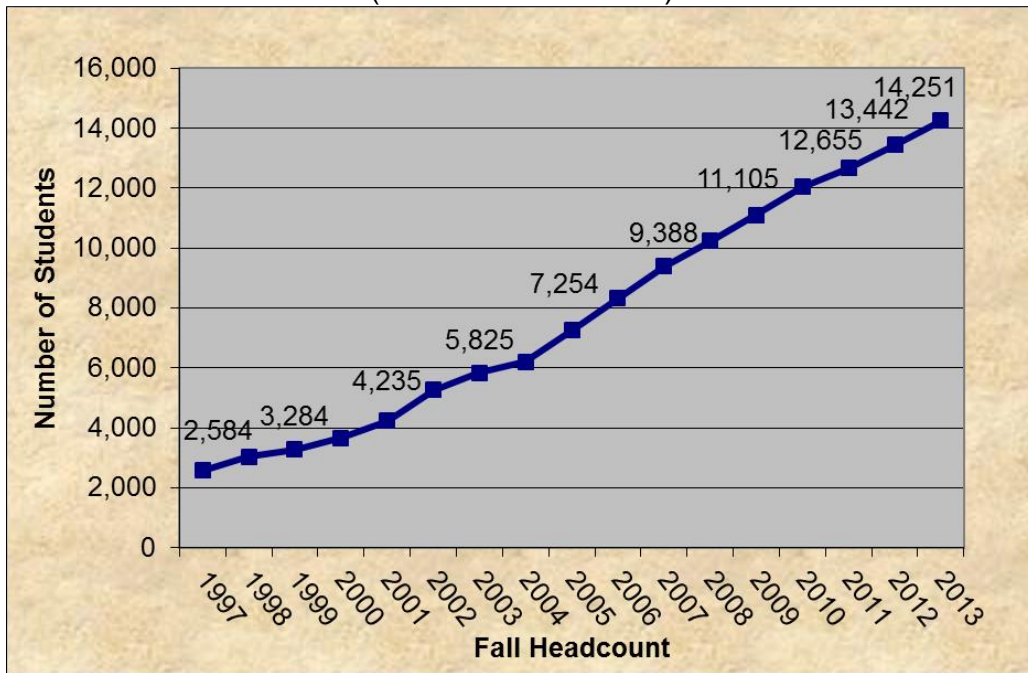
FGCU is a comprehensive University (undergraduate and graduate education) created to address the educational needs of the rapidly-growing Southwest Florida population. Its primary service areas are Charlotte, Collier, Lee, Hendry, and Glades Counties. The University was originally formed with a focus on distance learning and distance education. Over the years, FGCU 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 and grew to 14,251 students in the Fall of 2013 (Figure 1). This remarkable growth means that the overall number of students has grown by 551 percent or an average of more than 11 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 8,355 FTE students for 2012-2013. This is projected to grow significantly by the 2017-18 academic year to 10,804 students. This would imply a total student population of more than 17,300 in approximately four years for the Fall of 2017 if the ratio of FTE to total students remains at the level for Fall of 2012.

Figure 1
Student Enrollment by Year
 (Number of Students)

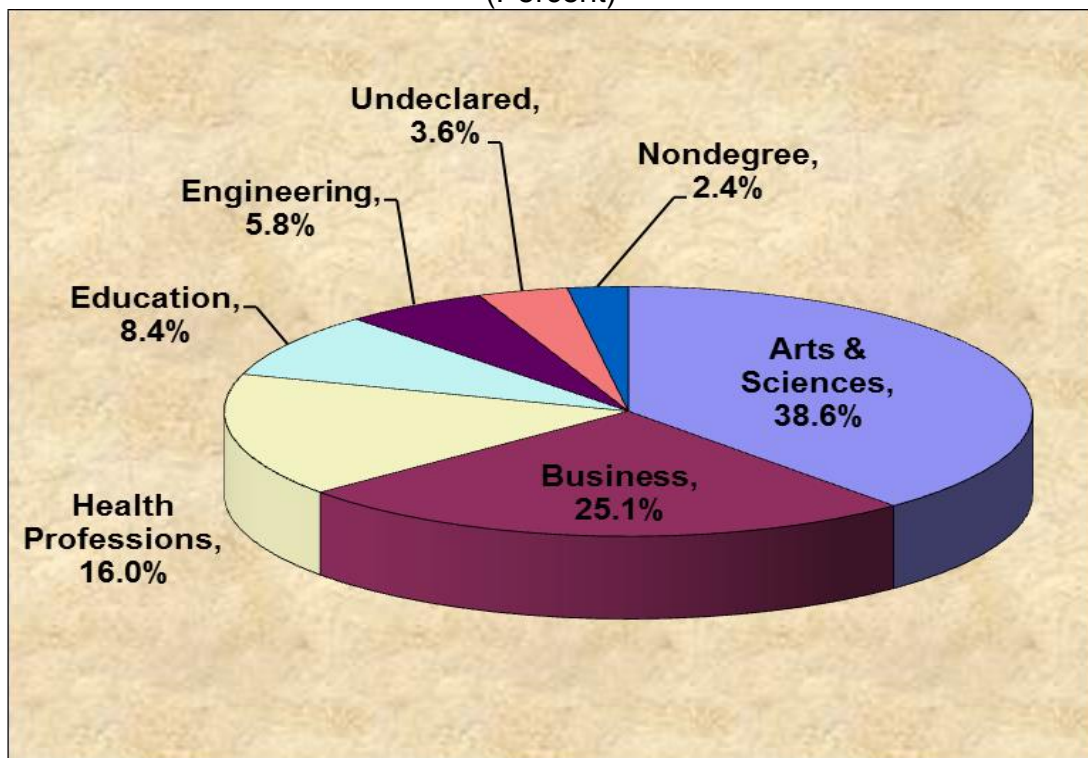


ACADEMIC DEGREES AND MAJORS

Over the last 12 years, the number of academic degrees granted by FGCU has increased from 49 in the 1997-98 academic year to 2,258 degrees granted in the 2012-13 academic year. The number of bachelor’s degrees awarded in 2012-2013 was 1,873, while the master’s degrees granted increased from 31 in 1997-98 to 334 in 2012-13. FGCU began awarding doctoral degrees in 2010-2011 with 19 degrees and awarded 32 doctoral degrees in 2012-2013. 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 39 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-five 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 has approximately 16 percent of the majors including gerontology, health services, health science, and recreation therapy. The College of Education, with eight 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 Florida Gulf Coast University.

Figure 2
Majors Selected for Fall 2012
(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, 2012 – June 30, 2013) and are shown in Table 1. Salaries and benefits constitute the largest share of the University expenditures, as expected, accounting for 47 percent of the total. General expense, other personnel services, financial aid/scholarship, debt service and library resources account for the other 53 percent of operating expenses.

Table 1
Actual University Operating Expenditures
Fiscal Year 2012-2013

Expenditure Category	Expenditures	Percent of Total Expenditure
Salaries and Benefits	\$87,415,030	47.3%
Other Personnel Services	\$9,407,036	5.1%
General Expense	\$45,319,441	24.5%
Financial Aid/Scholarship	\$25,207,843	13.7%
Library Resources	\$1,141,032	0.6%
Debt Service	\$16,162,938	8.8%
Total Expenditures	\$184,653,320	100.0%

FGCU employed 2,258 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 1,524. The University provides an average full-time salary of about \$57,300 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 FGCC to meet the increased demands as the student population grows. The capital expenditures in the last fiscal year, 2012-2013, were \$13,479,508 for the Cohen Center Annex, Howard Hall renovation, Innovation Hub, Lake Parkway lighting, Library Art Project, Merwin Hall addition, Osprey Hall South Village Student Residence Building, Swanson Stadium, Veterans Memorial Pavilion, South Village student residence (Phase XIII) and University infrastructure, as shown in Table 2. In addition to the building expenditures, \$51,140 in equipment was purchased to support the expansion and renovations.

The growth in scope and size of the University continues in 2013-2014 with planned expenditures of over \$28,000,000 for the Innovation Hub, South Village Student Residence (Phase XIII) and infrastructure. Planned capital expenditures for 2014-2015 are almost \$19,000,000 for continued work on the Innovation Hub, Center Energy Plant, Campus Master Plan Update, and University infrastructure. The planned expenditures for 2013-2014 and 2014-2015 are shown in Table 3.

This study estimates the total economic impact of the 2012-2013 capital building expenditures. The following year's capital expenditures provide the reader with a perspective on the continuing direct economic impact of university capital expenditures (Table 3 below).

**Table 2
Capital Building Expenditures
FY 2012-2013**

Academic Year	Expenditure	Area
2012-2013	\$13,479,508	<ul style="list-style-type: none"> • Harvey & Janet Cohen Center Annex • Howard Hall Renovations • Innovation Hub Research • Lake Parkway Lighting • Library – Art in State Building Project • Merwin Hall Addition • Osprey Hall South Village Student Residence • Swanson Stadium • South Village Student Residence (Phase XIII) • University Infrastructure • Veterans Memorial Pavilion

**Table 3
Planned Capital Building Expenditures
FY 2013-2014 and FY 2014-2015**

Academic Year	Expenditure	Area
2013-2014	\$28,741,000	<ul style="list-style-type: none"> • Innovation Hub • University Infrastructure • South Village Student Residence (Phase XIII)
2014-2015	\$18,900,000	<ul style="list-style-type: none"> • Innovation Hub • Center Energy Plant • Campus Master Plan Update • University 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

The College Board provides a range of estimates for 2013-2014 student living expenses with the low-budget, nine-month total cost estimate of \$11,690 and the moderate-budget estimate of \$17,440. The College Boards estimates these budgets using data from the most recent Consumer Expenditure Survey (CES) and the Indexes of Comparative Costs, both produced by the U.S. Bureau of Labor Statistics.

For the purposes of the study, the 1996-1997 expenditure amounts were adjusted to account for the change in prices to the fiscal year 2012-2013 and are shown in Table 4. The estimated annual student expenditure falls between the low and moderate nine-month college expense estimates provided by the College Board after adjusted costs to the 2012-2013 year. 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
2012-2013

Expenditure Category	Annual Expenditure
Food	\$2,769
Housing	\$4,003
Apparel and Services	\$669
Transportation	\$1,773
Health Care	\$179
Entertainment	\$781
Other	\$2,617
Total	\$12,791

FGCU records show that there were 10,087 full-time students and 3,355 part-time students in Fall of 2012, so that 75 percent of the students were full-time. There were 5,852 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 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 4,235 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. These results in an additional 1,271 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
2012-2013

Spending Category	Expenditure Total
Food	\$19,721,331
Housing	\$9,535,286
Apparel and Services	\$4,762,604
Transportation	\$12,632,203
Health Care	\$1,278,308
Entertainment	\$5,562,608
Other	\$18,640,343
Total	\$72,132,683

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.

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 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.

**Table 6
Total 2012-2013 Expenditure Value
FGCU’s Operations, Investments, and Students**

Category	Direct	Indirect	Induced	Total
University Operating Expenditure	\$184,653,320	\$80,222,315	\$73,400,659	\$338,276,294
University Capital Expenditures	\$13,479,508	\$4,524,826	\$4,582,860	\$22,587,195
Student Expenditures	\$40,264,065	\$8,666,833	\$11,829,474	\$60,760,372
Total	\$238,396,893	\$93,413,975	\$89,812,993	\$421,623,860

The overall University and student expenditures for fiscal year 2012-2013 on the Southwest Florida area are:

- Total expenditures of \$422 million
- Direct expenditures of \$238 million
- Indirect (business-to-business) expenditures of \$93 million
- Induced (increase in household income) expenditures of \$90 million.

This means that, on average, each dollar spent by Florida Gulf Coast University and its students results in an additional 77 cents of expenditures in our Southwest Florida region.

Employment

This section of the study examines the additional employment created by FGCU and the spending of students in the surrounding communities. The total employment resulting from the University is 3,723 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.

FGCU employed 2,258 full-time and part-time employees in Fiscal Year 2012-2013 including faculty, staff, adjuncts, and students. This was estimated to be the equivalent of 1,524 full-time positions. The capital expenditures directly created another 176 positions, and student expenditures for housing, food, and other living expenses outside the University resulted in another 650 direct positions. Additional business-to-business expenditures created by the initial spending created another 752 indirect positions. The increase in household incomes and their spending created another 862 positions.

**Table 7
Total 2012-2013 Employment
FGCU’s Operations, Investments, and Students**

Category	Direct	Indirect	Induced	Total
University Operating Expenditure	1,524	648	726	2,898
University Capital Expenditures	99	38	39	176
Student Expenditures	487	66	97	650
Total	2,110	752	862	3,724

The overall Southwest Florida employment impact for fiscal year 2012-2013 was:

- Total employment of 3,723 positions
- Direct employment of 2,110 positions
- Indirect (business-to-business) employment of 752 positions
- Induced (increase in household income) employment of 862 positions

This means that, on average, each employee hired by Florida Gulf Coast University results in an additional 0.8 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 \$154 million, as shown in Table 8.

**Table 8
Total 2012-2013 Labor Income
FGCU’s Operations, Investments, and Students**

Category	Direct	Indirect	Induced	Total
University Operating Expenditure	\$80,345,456	\$21,324,607	\$24,075,916	\$125,745,979
University Capital Expenditures	\$4,721,384	\$1,648,331	\$1,502,989	\$7,872,705
Student Expenditures	\$13,886,731	\$2,876,991	\$3,959,682	\$20,723,404
Total	\$98,953,572	\$25,849,930	\$29,538,587	\$154,342,088

The overall Southwest Florida employment impact for fiscal year 2012-2013 was:

- Total labor income of \$154 million
- Direct labor income of \$99 million
- Indirect (business-to-business) labor income of \$26 million
- Induced (increase in household income) labor income of \$30 million

This means that, on average, each dollar of direct labor income created also creates an additional 56 cents of labor income in our Southwest Florida region.

SUMMARY

The growth of Florida Gulf Coast University over the last 15 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 2012-2013 was:

- \$422 million in overall expenditures;
- 3,723 jobs created; and
- \$154 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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