

THE ECONOMIC IMPACT OF FLORIDA ATLANTIC UNIVERSITY ON PALM BEACH, BROWARD AND ST. LUCIE COUNTIES IN FY 2003

Executive Summary

The Office of Institutional Effectiveness and Analysis periodically undertakes a study to estimate Florida Atlantic University's economic impact on its service area. Knowledge of the University's impact increases awareness among its constituencies of the critical role that FAU plays in the economic life of Southeast Florida. The updated figures for fiscal year 2003 are included in the attached spreadsheet.

The primary role of all economic impact analyses is to measure the additional economic impact caused by the institution above the level of economic activity that would have occurred in its absence. How much less income and how many fewer jobs would be present in these counties if FAU did not exist?

The method used here is an adaptation of the Caffrey-Isaacs model developed for the American Council of Education in 1971. This method, known as the Ryan shortcut model, is widely used for calculating the economic impact of institutions of higher education. The model is considered to estimate conservatively, since it includes only the direct expenditures of the institution, its faculty and staff, students and visitors. It does not include other tangible impacts such as increases in sales and property taxes due to college-related expenditures, expansion of local banks' credit base as a result of deposits by university personnel, and other difficult to measure impacts. It does not measure human capital effects like the benefits of increases in knowledge for the community and increased lifetime earnings for graduates.

The "multiplier" estimates indirect business volume generated as a result of the direct expenditures. The multipliers used here were provided by the Bureau of Economic Analysis for the counties included in the analysis.

Key findings:

- The economic impact of FAU on Palm Beach, Broward and St. Lucie counties exceeded \$1 billion in fiscal year 2003.
- For every dollar that the State of Florida invested in FAU, the university returned over eight dollars to the local economy.
- FAU supports almost 8,500 jobs in the area that are directly or indirectly related to the university.
- FAU's economic impact has increased by almost 50% since the last study five years ago.

THE ECONOMIC IMPACT OF FAU ON PALM BEACH, BROWARD AND ST. LUCIE COUNTIES FY 2003

Category	Inclusions/Assumptions	Palm Beach	Broward	St. Lucie	Total	Not Included
Institutional Expenditures	Contracts & Grants Auxiliaries Athletics Building Projects Foundation Financial Aid E&G Student Activities Research Corporation	\$212,268,559	\$12,057,451	\$1,876,179	\$226,202,189	Salaries paid to employees Taxes Internal transfers
Faculty/Staff Expenditures	Faculty and Staff spend 100% of their salaries in their home county.	\$120,636,432	\$23,799,074	\$2,908,604	\$147,344,110	All payroll deductions Other sources of faculty income (consulting work, interest, dividends, family business) Income of other household members
Student Expenditures	All students would have left the area to attend college elsewhere if not for FAU. Includes transportation, books & supplies, personal expenses related to school. For students renting off-campus, housing expenses are included.	\$109,490,109	\$29,801,237	2,378,160	141,669,506	Other expenditures by students from outside the area (i.e., entertainment)
Visitor Expenditures	Includes only visitors who would not have spent money in these counties in the absence of an FAU event. Includes business, recreational and educational visitors.	\$3,774,405	\$919,320	n/a	\$4,693,725	Any expenditures not reported by survey Any expenditures paid by the University Personal visitors
Total Direct		\$446,169,505	\$66,577,082	\$7,162,943	\$519,909,530	
Indirect (Multiplier)	2.0 for Palm Beach & Broward 1.07 for St. Lucie					
Total Impact		\$892,339,010	\$133,154,164	\$7,664,349	\$1,033,157,523	

Return on Investment: For every \$1 that the State invested in FAU, the University returned \$8.10 to the local economy.

Intangible Impact

Jobs: Primary - Full-time Faculty and Staff	2,267
Secondary - 26.9 per \$1 million in direct purchasing and capital expenditures	6,085