

THE ECONOMIC IMPACT OF FLORIDA ATLANTIC UNIVERSITY ON ITS SERVICE COUNTIES IN FY 2005

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 2005 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?

To calculate FAU's economic impact, we used the IMPLAN Economic Modeling System, a software package from MIG, Inc. that is widely used by federal and state governments, universities and private sector agencies. IMPLAN is an input/output modeling system that is based on the idea that as new money enters a community through grants, revenues, income, or investment, a large portion of it is re-spent one or more times in the local economy. This is what creates additional economic impact. Of course, the larger the area under examination, the greater the "multiplier effect," as there are more opportunities to purchase goods and services within the study area. Because of the change in methodology, results from the FY05 analysis are not comparable to previous studies.

Using the IMPLAN Economic Modeling System, the value added to the regional economy was computed as a result of direct spending by the university, its students, faculty and staff. The model is considered to estimate conservatively, since it does not measure human capital effects like the benefits of increases in knowledge for the community and increased lifetime earnings for graduates.

Key findings:

- The economic impact of FAU on Palm Beach, Broward, Okeechobee, Martin, St. Lucie and Indian River counties is estimated at \$1.15 billion in fiscal year 2005.
- For every dollar that the State of Florida invested in FAU, the university returned almost five dollars to the state and local economy.
- The University employed 3,500 people, and its presence generated an additional 12,600 jobs in the service area.
- FAU expenditures generated an estimated \$110.6 million in federal and state taxes from employee compensation, household expenditures, enterprises and indirect business taxes.

FAU Economic Impact FY 05

Category	Actual Spending	Indirect	Induced	Total
Institutional Expenditures ⁽¹⁾				
E & G	\$47,352,016	\$17,453,448	\$25,577,048	\$90,382,512
Research	\$34,586,256	\$12,748,125	\$18,681,661	\$66,016,042
Construction	\$40,000,000	\$14,743,578	\$21,605,876	\$76,349,454
Operations	\$43,985,541	\$16,212,602	\$23,758,656	\$83,956,799
Financial Aid	\$63,775,424	\$23,506,942	\$34,448,101	\$121,730,467
Faculty and Staff Expenditures ⁽²⁾	\$205,713,964	\$75,823,971	\$111,115,776	\$392,653,711
Student Expenditures ⁽³⁾	\$165,110,334	\$60,857,918	\$89,183,847	\$315,152,099
Visitor Expenditures ⁽⁴⁾	\$3,727,958	\$1,374,086	\$2,013,645	\$7,115,689
Total ⁽⁵⁾	\$604,251,520	\$222,720,628	\$326,384,616	\$1,153,356,764

(1) Data sources: FAU 2005 Annual Financial Statements, FAU Foundation, FAU Research Corporation

E & G includes funding provided by student tuition and fees

Operations includes auxiliaries and athletics

Construction expenditures estimated from "average" year expenditures rather than actual FY05 figures to adjust for large year-to-year variations.

Financial aid includes amount of scholarships, loans and Federal work-study dollars awarded to students

Research includes contracts and grants, foundations and Research Corporation, without payroll.

(2) Calculated from entire payroll, including benefits

(3) Data sources: FAU catalog and 2005 Student Satisfaction Survey.

Includes transportation, books and supplies, personal expenses related to school, and housing expenses for students renting off-campus.

Excludes other expenditures by students from outside the area (entertainment, etc.)

(4) Data source: Institutional survey

Includes estimated expenditures of visitors who would not have spent money in the service area in the absence of an FAU event.

Includes business, recreational and educational visitors. Excludes any expenditures not reported by survey, expenses paid by FAU, and personal visitors.

(5) May not add to sum of categories due to model rounding

Indirect effects represent the value of labor and production needed to produce the goods and services required by FAU.

Induced effects represent the change in spending by local households due to earnings by employees in local industries providing goods and services to FAU.