

Estimating a University's Economic and Community Impact: Principles, Procedures, and Outcomes

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Executive Summary

This session introduces and addresses the issues of how a university can accurately estimate its impact on a community, in terms of economic impact as well as quality of life. A regional, comprehensive university of 15,000 students and its university office of institutional research worked with private consultants, university staff and faculty, vendors supplying goods and services to the university, and the general business community to estimate community impact. An economic impact model was developed, including estimation of direct and indirect impacts of faculty, staff and student spending and direct and indirect impacts of university expenditures. For the university, the resulting research has proven to be enormously valuable, providing opportunities for university administration to communicate the value of the institution to business, industry and government entities in terms they readily comprehend.

Background

In Fall 1996, a joint decision by the office of institutional research and the President's Council was made regarding the necessity of completing an economic impact study for the university. The purpose of the study would be to estimate the dollar impact that the university has on the local economy, and such information would be useful to the senior administration when defending university interests and programs.

A previous economic impact study had been conducted by institutional research in 1992. This study, although it relied on economic indicators from the literature rather than primary data, had been well received. At the suggestion of the current institutional research director, a private consulting firm was approached regarding the study. The reasons for turning to a private firm were several: 1) it was perceived that having an external reputable firm complete the study would lend credibility to the results; 2) the firm had an established history of conducting economic impact studies for industry and was well-equipped for the extensive primary data collection that would be necessary; and 3) the office of institutional research did not have the necessary personnel resources to complete the project in the desired time frame.

The office of institutional research worked collaboratively with the firm to design the parameters of the study. The project objectives were developed jointly. They were to estimate economic impact using primary data collected from students, faculty and staff, and university vendors and secondary data from university expenditure records; and to estimate quality of life impacts using primary data gathered from university vendors and community business leader and secondary data gathered from key university departments.

Methods

The first crucial methodological decision was to define the primary impact area. The university's service area was divided into two zones; the primary target area was defined as being within a twenty-five mile radius of the university (same as the 1992 study), and the remaining area was defined as the secondary zone. Although there were later questions as to the appropriateness of this definition, longitudinal comparison to the 1992 study was considered an important factor.

Four surveys were utilized for primary data collection: a student expenditures survey, a faculty/staff expenditures survey, a vendor survey on business impact, and a community business leader survey on business and quality-of-life impacts. The data collected on the student and faculty/staff surveys included detailed expenditure patterns regarding transportation, shelter, food, clothing, entertainment, books, and supplies. The vendor and community business leader surveys focused on the influence the university has on business and on the general quality-of-life in the region. All surveys were jointly developed by institutional research and by the consultants.

For the student survey, institutional research identify 1800 students stratified by classification as potential contacts. The consultants conducted the phone survey from their facilities, and randomly sampled 600 students. The faculty/staff survey was printed as an insert to the annual faculty/staff survey and mailed on campus to a stratified sample of 1,122 full-time employees. 510 survey were returned for a response rate of 45.5%.

Working jointly with university purchasing, the office of institutional research provided a comprehensive list of all vendors supplying goods or services to the university in 1996. A random sample of 245 vendors was selected, stratified by location, with 88 surveys (36.5%) being returned. For the community business survey, the consultants used a local Chamber of Commerce listing as a sampling frame, mailing 250 surveys and receiving 57 responses (26.8% response rate).

Secondary data was collected from several sources. This data included personnel records, total gross payroll by zip code, total university expenditures by vendor, and the number of students by residency status and by zip code, all provided from university data sources. The number and type of university-sponsored events and activities and attendance was obtained from department heads and university units such as athletics, continuing education, and Greek affairs. These listings were reviewed in meetings between university personnel and the consultants to get a more accurate picture of the impact on local hotel and restaurant establishments.

Results

The university's economic impact was derived from estimating total direct expenditures within the target area. To this was added: 1) an indirect dollar figure obtained by using well-defined multipliers; 2) expenditures of the secondary area population for transportation, food, and university-related expenses with the target zone; and 3) university expenditures for goods and services. Anecdotal data from vendors and community business leaders attested to the university's influence on the region. Data gathered on university events and activities was aggregated to determine the quality-of-life impact.

Conclusions

Through this study, the university was able to determine an annual economic impact approaching \$250,000,000. This information, along with supporting anecdotal information and the breakouts of 2700 university sponsored events attended by over 430,000 local and non-local visitors, was powerful evidence that the university has an impact on the community that far exceeds any one local business or industrial entity. Working with the university's public information office and the President's office, the office of institutional research produced on-campus reports detailing

the results of the study as well as promotional pieces that university administrators shared with business and community leaders, legislators, governing board members, and alumni.

In summary, universities today must use every tool at their disposal to promote themselves and their programs. Unlike performance measures that often communicate academically-related or research-related outcomes, economic impact measures communicate the value of the institutions in terms that are often more readily understood by governmental decision maker and business leaders.

Community Impacts

Southeastern Louisiana University
Hammond, LA

Southeastern Louisiana University is a **CULTURAL, INTELLECTUAL AND ECONOMIC FORCE** in the community it has served for almost 75 years. To Hammond, the Florida Parishes and southeast Louisiana, Southeastern's activities, resources and facilities bring youth, energy, innovation and the promise of a bright future.

SOUTHEASTERN ALSO BRINGS DOLLARS.

Expenditures by the University, its students, faculty, staff and visitors annually boost the community's economy by \$249,164,419.

STUDENT SPENDING HAS THE GREATEST ECONOMIC IMPACT. The \$70,961,263 spent during the 1996-97 school year by Southeastern students ripples through the local economy to produce a \$156,114,779 impact. Southeastern's record growth over the past decade makes the University a growth industry. Increased enrollment means more student spending on items such as transportation, food, clothes, and entertainment.

\$249,164,419

TOTAL ECONOMIC IMPACT

DIRECT AND INDIRECT IMPACTS BY SOURCE

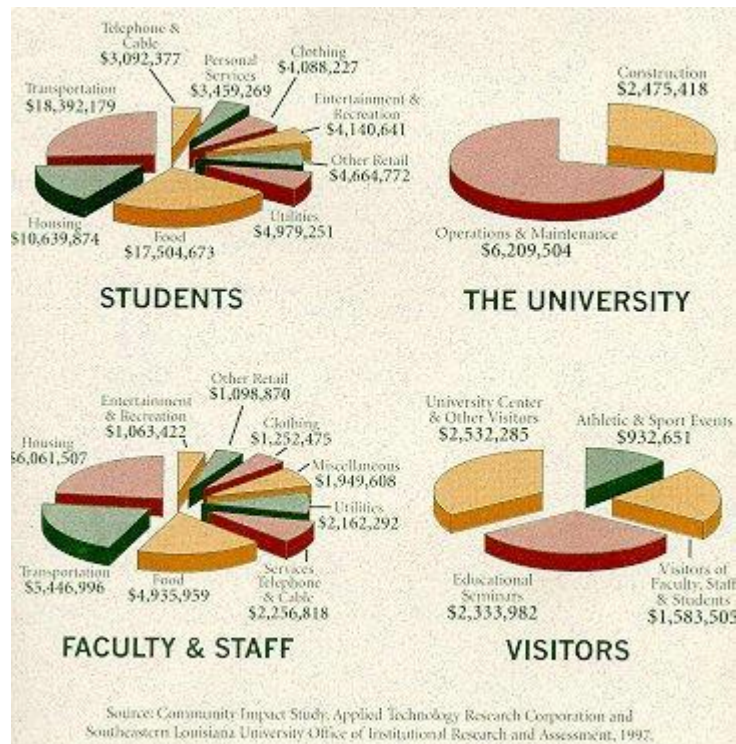
\$156,114,779
Students

\$57,701,481
Faculty & Staff

\$19,106,828
The University

\$16,241,331
Visitors

IMPACTS FROM DIRECT EXPENDITURES



ENROLLMENT INCREASES ALSO MEAN NEW PERSONNEL. The \$26,227,946 spent each year by Southeastern faculty and staff generates a \$57,701,481 economic impact. Like other families in the community, faculty and staff spend money for housing, automobiles, food, clothing, furniture, appliances, housewares and other goods and services.

The University itself has a \$19,106,828 **IMPACT ON THE LOCAL ECONOMY**. In fiscal year 1996-97, Southeastern purchased an estimated \$6,209,504 in goods and services from local vendors. In addition, construction spending benefited local businesses and workers to the tune of an estimated \$2,475,418.

THE APPROXIMATELY 430,000 VISITORS WHO CAME TO SOUTHEASTERN FOR 2,645 ACTIVITIES IN 1996 SPENT AN ESTIMATED \$7,382,432. Circulating through the economy, the visitor's expenditures produced an economic impact of \$16,241,331.

Thousands of community residents and visitors are drawn to Southeastern each year. They come to visit students or faculty, to cheer on athletes, to enjoy Fanfare's month-long cultural potpourri. They compete in Science and Social Studies fairs or the Southeast Literary Rally, celebrate graduations, learn at seminars and workshops, retrain in continuing education courses. They applaud hundreds of exhibits, concerts, lectures and plays.

Preparing each student for a successful, fulfilling career is Southeastern's top priority. Businesses throughout Louisiana recognize Southeastern graduates for their work ethic, discipline and knowledge. In partnership with area employers, the University's continuing education programs help prepare employees for the demands of a fast changing workplace.

Community and business leaders alike recognize and appreciate the University's vital role in enriching the community's quality of life. Here are their comments about Southeastern:

"Southeastern is an economic engine that is integral to the future of the Northshore."

"Southeastern is the catalyst for the economic environment of this area. The viability and visibility of Southeastern are interwoven within the fabric of the community."

"Southeastern brings culture, insight, communication and diversity to the heart of the Florida Parishes."

"Southeastern's cultural events and the creativity of the people they attract make the area and attractive place to live."

"Southeastern provides an educated employment base and the opportunity to do business with good people."

"As Southeastern goes, so goes my business and the future of southeast Louisiana."

Source: Community Impact Study, Applied Technology Research Corporation and Southeastern Louisiana Office of Institutional Research and Assessment, 1997