



ATHENS STATE  
UNIVERSITY  
2010

ECONOMIC IMPACT REPORT



**Athens State University, founded in 1822, has a long heritage of dedication to higher education in the State of Alabama and is the state's only two-year, upper division institution. Athens State is an integral part of The Alabama College System and provides seamless transfer opportunities for students of the state's Community and Technical Institutions. Baccalaureate degrees can be earned through the College of Arts of Sciences, College of Business, and the College of Education. Classes are offered online as well as in the traditional format.**

Athens State University, as the oldest higher educational institution in the state, is located in the heart of the Tennessee Valley, in Athens, Alabama, graduates students in a variety of program areas and makes significant contributions to the economic vitality of the City of Athens, Limestone County, and all of North Alabama. According to the Alabama Economic Development Partnership, Limestone County is the fifth fastest growing county in the State of Alabama with an estimated population of 76,190 in 2009, and a projection to grow to 82,679 by 2014. More than 4100 alumni and their families live in Limestone County.

University expenditures for goods, services, and student, faculty and staff spending, contribute to North Alabama's gross product and economic success. The employment generated by the activities of the University is an area in which Athens State positively impacts the state's economy.

All economic benefits of an academic institution such as Athens State are not easily measurable. By providing the community with cultural events, a state of the art library, and a varied curriculum, Athens State University enhances the quality of life for all citizens of North Alabama. It also provides historic value with several buildings listed on the historic register. Many facilities on campus are available to the community for banquets, receptions, and other special occasions.

There are additional benefits to having an educated populace. Athens State boasts many graduates in cities throughout the state. Numerous Athens State university graduates can be found in positions of authority and responsibility in North Alabama and beyond. Their quality of life is better due to the education they received at Athens State. These graduates make an immeasurable educational contribution to their communities and to the state as a whole.

# Introduction

# Financial Information

Athens State University is the seventh largest employer in Limestone County with 379 employees, including 228 full time faculty and staff and 151 part time staff and adjunct faculty, with an annual payroll of \$22.6 million. The spending by Athens State University employees creates a direct demand for additional goods and services in North Alabama. An average employment multiplier of 1.8 suggests that every 10 people employed by Athens State create indirect employment opportunities for 18 additional individuals. Also, mortgage purchases by Athens State employees owning homes represent an induced stimulus to the area's residential construction market.

## **Higher Education and the State of Alabama Economy**

Alabama's colleges and universities affect the state's economic growth on several levels as they:

- Influence economic growth through the raised personal income that results from higher levels of educational attainment. Most college graduates have higher earning power, which leads to greater consumer demand and taxpayer contributions.
- Prepare individuals to enter into the labor force and upgrade the skills of experienced workers, thus strengthening the state's comparative advantage.
- Attract and retain a skilled labor force and businesses by providing various support services and civic amenities to their communities.
- On a broader level, contribute "intellectual capital" to the state's economy. By emphasizing critical thinking and analytical skills, Alabama's colleges and universities foster leadership, risk-taking, and innovation, which contributes to entrepreneurship and business development.

Athens State University's budgeted expenditures for 2010-2011 are approximately \$60,848,000 which includes salaries, operations and maintenance, construction for capital projects and debt service, institutional scholarships, and numerous purchases of goods and services that contribute directly to the local economy. The university operates with a balanced budget and relies primarily on four principal funding sources to operate its programs – tuition and fees; auxiliary enterprises; state appropriations and government grants;

and charitable gifts. In 2008, the university's state appropriations budget was \$15.1 million, and this year's state appropriation is only \$11.1 million, almost a 27% decline in funding in less than three years. The state is also considering another 5-7% cut in proration this year.

Enrollment for the fall semester of the 2010-2011 academic year reached a record 3671 students. With an overall budget of almost \$61 million this year, the true cost of educating one student at Athens State University is \$16,575. When considering that on average, a student takes 30 credit hours per year and with tuition and fees of \$162 per hour, the cost of attending the university in 2010-2011 is only \$4860, one of the lowest rates and best values of all educational institutions in the state.

## **Athens State University Economic Impact for 2010**

**UNIVERSITY  
BUDGET**

**\$61,000,000**

**OVERALL  
IMPACT**

**\$183,000,000**

## **MULTIPLIERS AND THE MULTIPLIER EFFECT**

When looking at the total economic impact, one must conservatively consider the reverberation or recycling of money spent in the community. Each dollar spent is a dollar of revenue to another business. That dollar is used to pay employees, taxes, or is used to buy other goods and services. Each dollar spent thus generates additional spending, which multiplies the economic effect and increases the total value to the community. Past studies have recommended using a multiplier of from 3 to 7 times to measure this total overall impact. In this study a conservative multiplier of three will be used to insure that the impact is not overstated.

# Conclusions

Using a multiplier of three, the total economic impact upon North Alabama by Athens State University currently amounts to **\$183,000,000**. This figure does not include the intellectual, social, and artistic contributions of the University and its faculty. It also does not include the value of having a baccalaureate institution as a draw in attracting new industry and new people to the community.

Athens State is host to a number of events that attract people from North Alabama and from across the country. The largest event, attracting thousands of people, is the annual Fiddler's Convention. This weekend of music and fun fills surrounding accommodations and restaurants with sightseers and musicians. These attendees spend money in the community, which adds to the economic value of an institution. Other activities drawing people to the community includes: Alumni events, musical concerts, drama productions, reunions, proms, pageants, breakfasts, seminars, programs, ceremonies, etc. Many weddings have been performed on the steps of historic Founders Hall, and receptions held in its parlor.

In comparison with the other economic contributions made by Athens State University, the dollar value of voluntary and in-kind services the institution provides may seem relatively small. But, these contributions are among the most significant. Many faculty and staff of the university, apart from their daily responsibilities, spend personal time providing leadership to a range of community organizations. It is through these services that the university comes into the personal lives of local residents, contributing to community culture and identity, and strengthening the local quality of life in ways that are not readily quantifiable.

**\$ 183,000,000**

Respectfully submitted,

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