

THE ECONOMIC IMPACT OF
Athens State University
ON NORTH ALABAMA



Compiled by Dr. Bill Wilkes

Associate Professor of Economics

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300 North Beaty Street Athens, Alabama 35611



Athens State University Campus aerial photo by Dr. J. Wayne McCain

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.

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Introduction

Athens State University, 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.

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.



Athens State University Library



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.

However, some economic benefits generated by the University are not easily quantified. In fact, the intangible benefits of Athens State are likely to be even greater than those that can be measured. It is clear, however, that the people of Alabama know that Athens State is a sound investment for North Alabama.

FINANCIAL INFORMATION

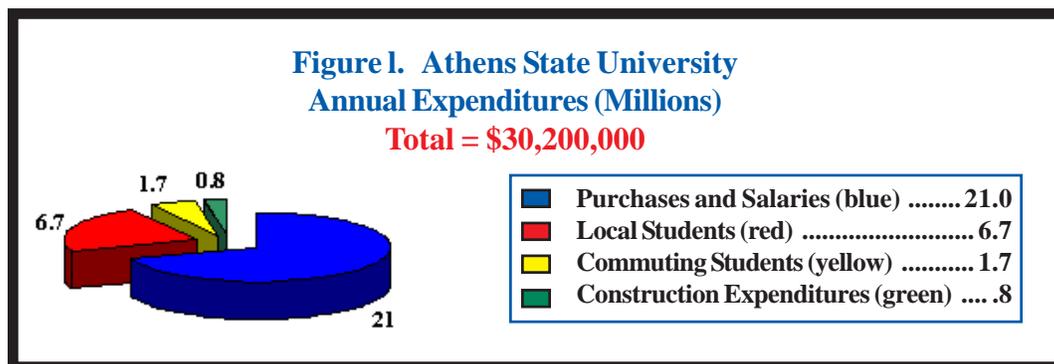


Athens State employs 204 faculty and staff and another 125 adjunct faculty with a payroll of significant impact. Faculty and staff pay for housing, food, transportation, and other products that have a direct effect on the economy. The spending by Athens State University employees creates a direct demand 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, thereby creating a significant multiplier effect on the economy of North Alabama.

Athens State makes numerous purchases of goods and services that contribute directly to our local economy. Information supplied by the Vice President of Financial Services at Athens State University indicates that budgeted direct expenditures for purchases, salaries, and campus maintenance for 2007 will be approximately \$21,000,000. Other direct expenditures fall in the area of construction. During the last eleven years, Athens State has built a library, classroom building, parking lot, and is in the process of renovating some of the main buildings. These construction expenditures have exceeded \$800,000 per year.

There is also the indirect effect on the economy of expenditures by students. Athens State brings some students to live locally and attend classes, while others might remain in Athens and take classes rather than moving off to attend another college. Of this category, 671 students during the last academic year lived in the Athens/Limestone County area, and as residents contributed an approximate total dollar amount of \$6,700,000 to the economy of North Alabama. The remaining 1,700 Athens State students commuted to classes from other parts of the state or took classes online and their expenditures for food, gasoline, and other products contributed approximately an additional \$1,700,000 to our economy.

As shown in Figure 1, the total of both the direct and indirect expenditures by Athens State



.....for the past year equaled \$30,200,000. While that is a significant amount in and of itself, it is not the true picture of the value of Athens State University. This amount actually has had a multiplying effect on the economy of North Alabama.

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. A dollar spent could “turn over” as much as seven times, which is a fairly accurate measure of the impact spending has on a community. In this study a conservative multiplier of three will be used to insure that the impact is not overstated.



CONCLUSIONS AND THE TOTAL ECONOMIC IMPACT OF ATHENS STATE UNIVERSITY

Using a multiplier of three, the total economic impact upon North Alabama by Athens State University currently amounts to \$90,600,000. 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.



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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 sight-seers and musicians. These attendees

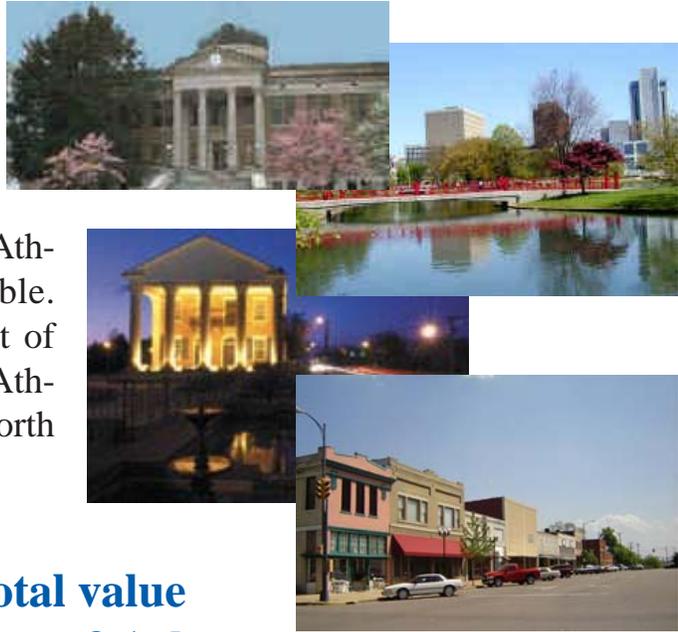
spend money in the community, which adds to the economic value of an institution. Other activities drawing people to the community includes: Soul Stock, alumni events, musical concerts, drama productions, reunions, proms, pageants, breakfasts, seminars, programs, ceremonies, etc. Many weddings have been performed on the steps of historic Founders Hall, and receptions held in its parlor.

In addition, Athens State employs highly educated and skilled faculty, many of whom contribute technical or managerial assistance to local businesses, make artistic contributions to the community, or make meaningful contributions to primary and secondary educational systems in North Alabama.



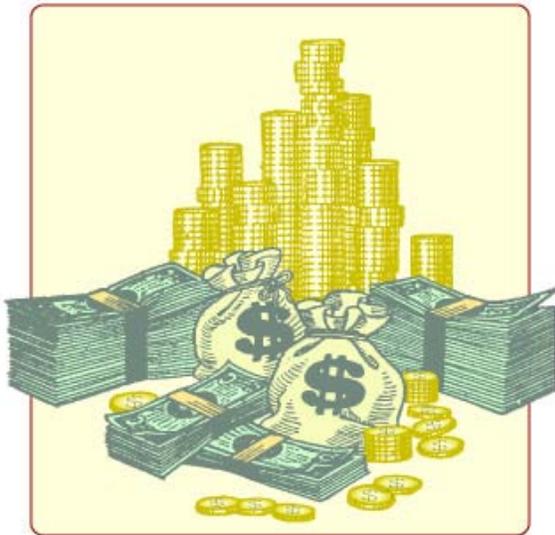
Trail of Tears sculpture by faculty members Gail Bergeron and Pamela Keller

The dollars earned and consumed by Athens State graduates generate additional multiplier effects much like those generated by the University itself. The ultimate economic impact of Athens State thus is almost immeasurable. Athens State is a very necessary part of the economy and the community of Athens, of Limestone County, and of North Alabama.



There is no doubt that the total value

Total Economic Impact



\$90.6 MILLION

of Athens State University far exceeds the 90.6 million dollars of direct and indirect spending.

Athens State University is not only “Building Success Stories” but is, in itself, a success story!

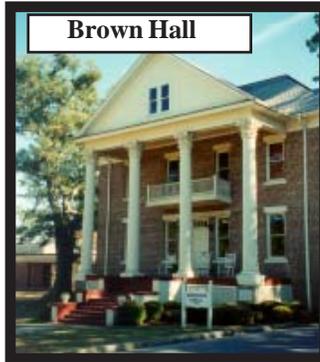


For additional information on Athens State University and its programs of instruction, visit the Athens State University web page at www.athens.edu.

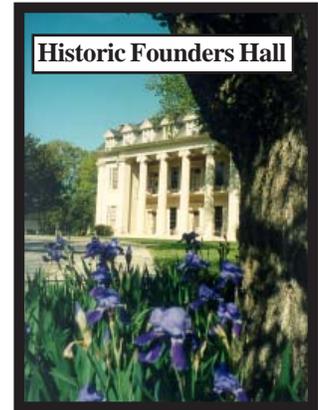
Athens State University Buildings 2006



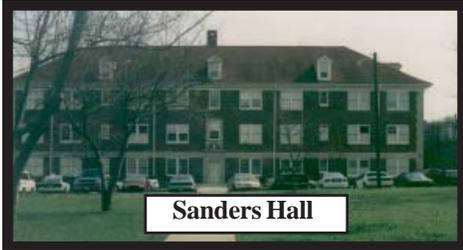
Sandridge Student Center



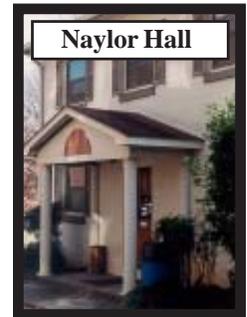
Brown Hall



Historic Founders Hall



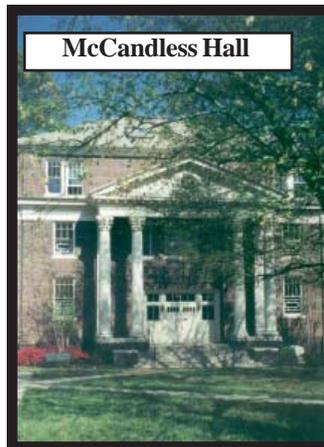
Sanders Hall



Naylor Hall



Classroom Building



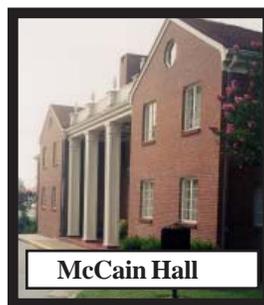
McCandless Hall



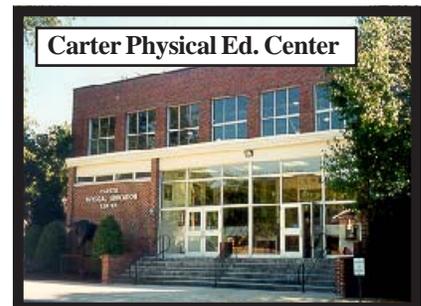
Waters Hall



Library



McCain Hall



Carter Physical Ed. Center



Chasteen Hall

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Persons with disabilities who need accommodations should contact Maureen Chemsak, Counseling and Career Services (256) 233-8285, for assistance.