

NIU CENTER FOR GOVERNMENTAL STUDIES

Northern Illinois University
and Our Region's
Prosperity

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Prepared by

Brian Richard, Ph.D.



NORTHERN ILLINOIS UNIVERSITY

**Center for
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Outreach, Engagement, and Regional Development

NIU and Our Region's Prosperity

Stimulating Local Economies

Higher education institutions contribute to a region's economy in a variety of ways. In addition to being large employers, universities enhance the human capital required for the modern economy through the education of students, are important components of an innovative and entrepreneurial environment, and enhance quality of life through cultural, social, and community events. This report focuses on the economic contribution of Northern Illinois University (NIU) in the northern Illinois region comprised of Boone, Carroll, Cook, DeKalb, DuPage, Jo Daviess, Kane, Kendall, Lake, LaSalle, Lee, McHenry, Ogle, Stephenson, Whiteside, Will, and Winnebago Counties. Over 97 percent of NIU employees and 96 percent of NIU students live in this region. The figures in this report represent the main DeKalb campus as well as four regional sites in Rockford, Hoffman Estates, Naperville, and the Laredo Taft Field Campus in Oregon. The methodology adheres to the *Economic Impact Guidelines* published by the Association of Public and Land-grant Universities as part of their Economic Engagement Framework¹.

NIU's operations (employment, payroll, and purchasing), capital expenditures (new facility construction and rehabilitation of existing structures), and student spending on goods and services are the primary focus of this report. Another component that is commonly examined in university contribution studies is spending by visitors (event attendees, parents visiting students, etc.). However, complete data for this component were not available. Thus, the numbers in this report should be considered a conservative estimate of the overall economic contributions of NIU.

Economic Contribution of Northern Illinois University

NIU is an important component of the northern Illinois regional economy. It contributes directly to the economy through employee payroll, purchases of goods and services, student spending, and visitor spending. These operational expenditures in turn 'multiply' through the economy in two ways. The first is through NIU employees and students spending their earnings in the local economy. For example, NIU employees purchase groceries, clothing, cars, restaurant meals, and other items creating additional jobs and income. The second is through university suppliers of goods and services. When NIU purchases food from a local supplier, that company pays its employees who in turn spend their earnings in the local economy.

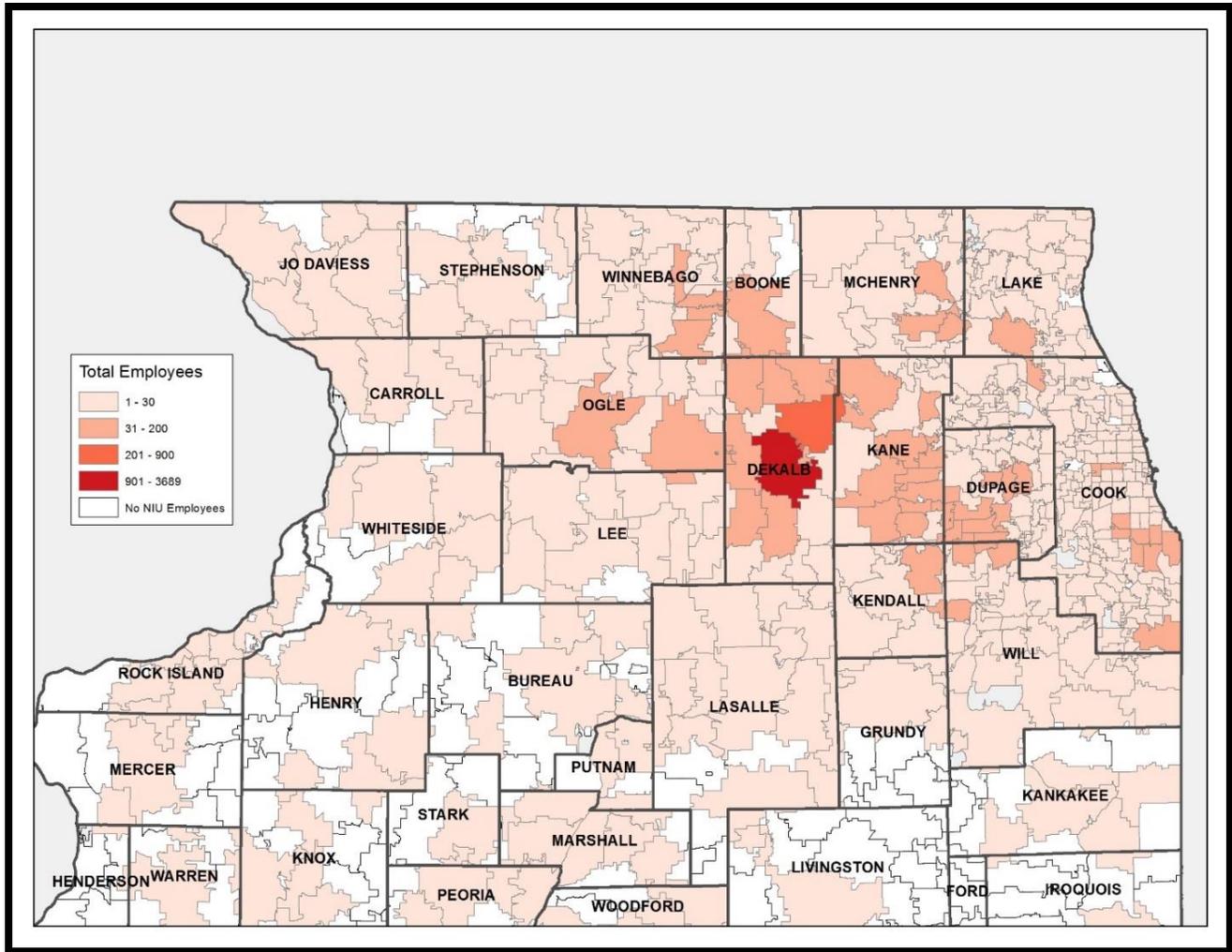
The economic contributions of NIU are presented in four sections. The first section focuses on university operations. The next two sections present construction/capital improvements and student spending. Finally, a concluding summary provides an overall picture of NIU's economic contribution.

NIU Operations

NIU payroll and purchasing make a significant contribution to the northern Illinois economy. In fiscal year 2015, NIU employed 3,671 full and part time workers and 5,423 student workers and graduate assistants. These 9,094 workers earned a total payroll of about \$241 million. The majority of employees live within a 30 mile radius of the main campus in DeKalb.

¹ Association of Public and Land-grant Universities (2014). Economic Impact Guidelines. <http://www.aplu.org/projects-and-initiatives/economic-development-and-community-engagement/economic-engagement-framework/related-resources/cicep-impact-guidelines-201412.pdf>.

Figure 1. NIU Full-Time, Part-Time, and Student Employee Counts by Zip Code, 2015



Source: NIU Human Resources

NIU also purchases goods and services needed for university operations, much of which come from local businesses. In FY2015, these types of university-related purchases amounted to \$108.2 million. Major types of expenditures include food for resale in dining halls, books and other items for resale in the bookstore, library materials, furniture, scientific equipment, and utilities.

As described above, NIU employee payroll and purchasing flow into the regional economy creating additional jobs. Thus, in addition to the 9,094 full, part time, and student jobs at the university (the direct effect), almost 1,700 “indirect” jobs are generated in northern Illinois as employees spend their incomes at local businesses and NIU suppliers pay their employees. The combined 10,800 direct and indirect jobs have a total annual payroll of \$329 million. NIU operations contribute more than \$605 million in output to the regional economy. Output measures the total value of goods and services produced by private companies and governments.

Figure 2. Estimated Economic Contribution of NIU Operations, FY2015

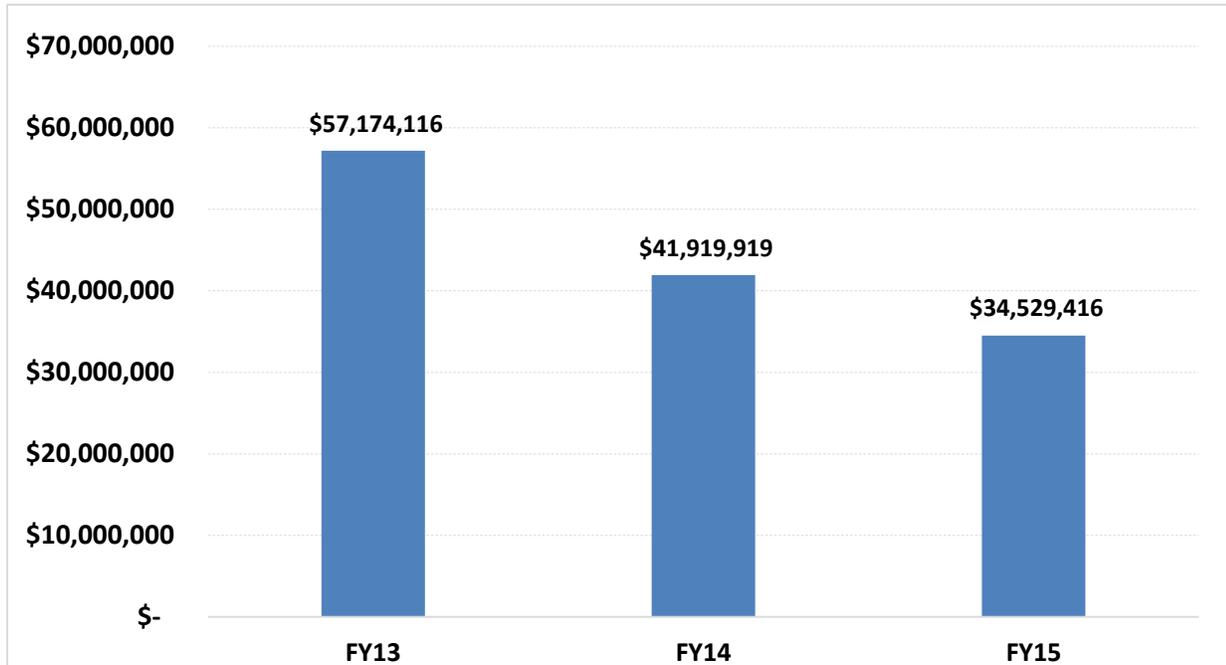
	Employment	Payroll	Output
Direct Effect	9,094	\$241, 008,401	\$349,255,553
Indirect Effect	1,687	\$87,943,987	\$256,494,923
Total Effect	10,781	\$328,952,388	\$605,750,477

Source: IMPLAN, 2015

NIU Capital Expenditures

NIU investments in new construction and renovations are yet another direct economic stimulus to the regional economy. Between FY 2013 and FY 2015, NIU spent more than \$133.6 million on capital projects. Major projects included the renovation of Grant Towers and Gilbert Hall and the construction of an outdoor intramural recreational facility. In 2015, these expenditures were \$34.5 million.

Figure 3. NIU Capital Expenditures by Fiscal Year



Source: NIU Procurement and Strategic Sourcing

Construction and capital improvements at NIU campuses further contributed to the regional economy. The \$34.5 million spent by NIU for these projects directly generated an estimated 139 construction jobs. When the multiplier effect that creates indirect jobs is included, the total employment resulting from NIU’s construction activities totaled 320 jobs. Payroll associated with those jobs was \$22.1 million. Including the multiplier effect, more than \$65 million was added to the total sales of goods and services in the region.

Figure 4. Estimated Economic Contribution of NIU Capital Expenditures, FY 2015

	Employment	Payroll	Output
Direct Effect	139	\$11,236,045	\$34,529,417
Indirect Effect	181	\$10,849,615	\$30,643,680
Total Effect	320	\$22,085,659	\$65,173,098

Source: IMPLAN, 2015

NIU Student Spending

NIU students invest in their education through tuition, fees, and books. These expenditures are accounted for in the analysis of university operations above. However, in addition to these expenditures, students that attend NIU spend money on daily living expenses such as rent, food, entertainment, and transportation. Three types of students are considered in this analysis: on-campus residence hall residents, off-campus local residents (not living with parents), and commuting students. The room and board of residence hall students

are included in the university operations analysis. Their remaining spending is included here. This includes spending on transportation (fuel, auto repair, etc.), entertainment, off-campus food purchases, and other retail spending. All living expenses of off-campus resident students are reflected here including rent, utilities, and food. For commuting students, their estimated expenditures while on trips to attend class were considered. In FY 2015, students purchased an estimated \$129.4 million in housing, food, and other goods and services.

NIU student spending supported almost 1,800 jobs in the region. These jobs had a total payroll of nearly \$72 million. About \$224.2 million in regional economic output can be attributed to NIU student spending.

Figure 5. Estimated Economic Contribution of NIU Student Expenditures, FY 2015

	Employment	Payroll	Output
Direct Effect	1,195	\$39,127,022	\$129,409,634
Indirect Effect	578	\$32,657,966	\$94,746,410
Total Effect	1,774	\$71,784,988	\$224,156,044

Source: IMPLAN, 2015

Total Economic Contributions

In total, NIU’s operations, construction activity, and student spending generated nearly 12,900 jobs in northern Illinois. These jobs had a total payroll of about \$423 million. The total economic contribution of NIU’s operations and related activities adds \$895 million annually to the regional economy. The majority of these economic contributions are related to the day-to-day operations of the university.

Figure 6. Total Economic Contribution of NIU Operations, Expenditures, and Student Spending, FY 2015

	Employment	Payroll	Output
Direct Effect	10,428	\$291,371,467	\$513,194,604
Indirect Effect	2,446	\$131,451,568	\$381,885,014
Total Effect	12,874	\$422,823,035	\$895,079,618

Source: IMPLAN, 2015

Summary

Northern Illinois University is a significant contributor to the region’s economy. Almost \$900 million in economic activity is related to the direct employment of faculty, staff and student workers, major construction projects, and student spending. These impacts are focused in DeKalb County, home to the main campus. In total, nearly 12,900 jobs with a total payroll of \$423 million depend on NIU’s operations, construction and student spending.