

Economic Impact

Fiscal Years 1999 and 2004



VCSU

Valley City State University
101 College Street SW
Valley City, ND 58072



VALLEY CITY
STATE UNIVERSITY

Valley City State University

The North Dakota University System is comprised of eleven college campuses and the North Dakota University System Office. Each of these college campuses is an important component of the local economy. Expenditures by Valley City State University have an economic impact in the Valley City area. This brief analysis will highlight the economic impacts this institution of higher education has on the local economy in terms of key economic indicators. (All dollar values are presented in terms of current year dollars.)

Expenditures by Valley City State University comprise the direct impacts, or “first round effects”. These expenditures grew from \$13.3 million in FY1999 to \$17.0 million in FY2004, a \$3.7 million increase (27.4 percent). Expenditures were allocated to sectors corresponding with the North Dakota Input-Output Model. The Input-Output Model consists of interdependence coefficients, or multipliers, that measure the level of business activity generated in each economic sector from an additional dollar of expenditures in a given sector.

Total impacts associated with Valley City State University were estimated by applying the Input-Output Model coefficients to total expenditures. Total economic impacts were estimated to be \$39.3 million in FY1999 and \$50.1 million in FY2004. The economic impact has increased by \$10.8 million (27.5 percent) during the 5-year period. The sector that had the largest impact was households (i.e., personal income of area residents) in FY1999 (\$15.5 million) and FY2004 (\$19.3 million). Personal income grew by \$3.8 million during that period. Other sectors receiving major contributions included retail trade, construction, and finance, insurance, and real estate. Increased retail trade activity was estimated to be \$9.5 million in FY1999 and \$11.5 million in FY2004. During this period retail trade has grown by \$2.0 million, or 21.5 percent. Increased levels of retail trade activity would generate \$439,000 in sales and use tax collections in FY1999, and \$533,000 in FY2004. Personal income tax collections were estimated to be \$232,000 in FY1999 and \$289,000 in FY2004 as the result of increased economic activity in the household sector.

Levels of business activity resulting from the Valley City State University budget would support over 400 secondary (indirect and induced) jobs in 1999 and over 500 in 2004. These jobs are in addition to the 195 persons employed by Valley City State University in 2004. In 2004, 896 full-time equivalent students were enrolled at Valley City State University. In addition to the economic impact resulting from the institution’s expenditures, spending by students also contributes to the local economy. These key economic variables provide an indication of the economic impact of Valley City State University on the local economy in terms of business activity, retail trade, personal income, and jobs.

Direct and Total Economic Impacts for Valley City State University, Fiscal years 1999 and 2004, Current Year Dollars

Item	FY1999	FY2004	Change FY99-04	
			Amount	Percent
	-----\$000-----		--%--	
Direct Impacts:				
General Fund	5,152	5,943	791	15.4
Nongeneral Fund	7,364	8,657	1,293	17.6
Capital Improvements	841	2,423	1,582	188.1
TOTAL	13,357	17,023	3,666	27.4
Direct Impacts by I-O Sector:				
Construction	841	2,423	1,582	188.1
Communication and Public Utilities	794	672	-122	-15.4
Retail Trade	1,413	1,330	-83	-5.9
Finance, Insurance, Real Estate	1,744	2,636	892	51.1
Business and Personal Services	1,938	2,253	315	16.3
Households	6,627	7,709	1,082	16.3
TOTAL	13,357	17,023	3,666	27.4
Total Impacts:				
Construction	1,817	3,648	1,831	100.8
Communications and Public Utilities	2,143	2,367	224	10.5
Retail Trade	9,479	11,521	2,042	21.5
Finance, Insurance, Real Estate	3,558	4,907	1,349	37.9
Business and Personal Services	2,650	3,155	505	19.1
Professional Social Services	1,004	1,254	250	24.9
Households	15,485	19,295	3,810	24.6
Other ¹	3,153	3,960	807	25.6
TOTAL	39,289	50,107	10,818	27.5

¹Includes agriculture, mining, manufacturing, transportation, and government.