

A Report of the
Economic Impact During 2005-06 of
Tri-College University,
a Consortium of Concordia College,
Minnesota State University Moorhead
and North Dakota State University, on the
Fargo, North Dakota and Moorhead, Minnesota Area

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Executive Summary

This report presents the results of an economic impact analysis performed by Impact DataSource, an Austin, Texas economic consulting and research firm. The purpose of the analysis was to determine the impact that Tri-College University, a consortium of Concordia College, Minnesota State University-Moorhead and North Dakota State University, had on the economy of the Fargo, ND-Moorhead, MN area during school year 2005-2006 and related revenues for area cities, counties, school districts and other local taxing districts.

The Institutions

Tri-College University is a consortium with more than 23,000 students at three institutions in the Moorhead, MN and Fargo, ND area. The institutions include Concordia College, Minnesota State University-Moorhead and North Dakota State University.

Concordia College

Founded by Norwegian immigrants in 1891, Concordia College in Moorhead, MN is a four-year, residential, liberal arts college of the Evangelical Lutheran Church in America.

The Concordia curriculum includes 78 majors and 18 honors majors in 24 academic departments; and 12 pre-professional programs including dentistry, engineering, law, medicine, seminary and veterinary medicine among others. Concordia's nearly 3,000 students come from 35 states and 33 foreign countries, representing nearly 50 religious denominations. Twenty-nine percent are in the top 10 percent of their high school class.

Concordia is well known for its programs in international education and ranks sixth nationally in number of students studying abroad. Concordia Language Villages, a world leader in language and cultural immersion learning, offers year-round programs in 13 languages for 10,000 people from 50 states and 26 countries.

During school year 2005-06, the college had an annual operating budget of \$69.9 million. There were 2,764 students enrolled in Fall, 2005; 2,579 in Spring, 2006; and 635 in Summer, 2006. In addition, the college had 727 faculty, administration, support and student employees.

Minnesota State University - Moorhead

Minnesota State University Moorhead (MSUM) is one of 32 colleges and universities comprising the Minnesota State Colleges and Universities (MnSCU) system. The mission of MSUM is to foster excellence in teaching and learning. The University strives to provide an educational environment that supports intellectual development, welcomes diversity, and develops the skills and talents of women and men so that they have the capacity to live usefully, act responsibly, and be learners all their lives.

MSUM provides more than 80 academic programs within its four colleges. The University provides baccalaureate-level programs in the liberal arts, natural and social sciences, teacher education, business and technology, the fine arts, and professional areas. It provides selected graduate programs in response to regional needs. The University enhances the quality of life in the region with the professional, cultural, and recreational services offered by its students, faculty, and staff.

MSUM offers students an education that enhances their professional, personal, and financial impact on the community.

During school year 2005-06, the University had total expenditures of \$80,399,000. The University had 9,198 students and 686 full-time equivalent administration and support employees.

North Dakota State University

North Dakota State University is the state’s land grant university located in Fargo, ND. The institution offers 106 bachelor’s degree programs, 54 master’s degree programs, 41 doctoral degree programs, three professional programs and one specialist degree.

During school year 2005-06, the university had an operating budget of \$238.5 million, 15,145 students, and 2,521 faculty, staff and other employees.

Economic Impact during 2005-2006

The institutions had a significant impact on the Fargo-Moorhead area economy. The institutions' operating expenditures, employees and their salaries, students and visitors provide direct economic activity. In addition, this activity ripples through the area’s economy resulting in indirect benefits such sales in local businesses and organizations, and indirect jobs and salaries.

During 2005-06, the institutions supported \$1 billion in economic activity in the Fargo-Moorhead area. In addition, the institutions supported 11,055 area jobs and salaries of \$848 million. These economic impacts are shown below.

Economic Output, Jobs, and Annual Salaries and Student Financial Aid Supported by the Tri-College University Consortium in 2005-06			
	Economic Output	Jobs	Salaries and Student Financial Aid
Direct	\$388,855,459	3,934	\$302,109,625
Indirect and induced	\$703,828,381	7,121	\$546,818,421
Total	\$1,092,683,840	11,055	\$848,928,046

The economic output and related jobs and salaries supported by the institutions are responsible for significant retail sales in the area, spending on lodging and residential property owned or occupied by employees of the institutions, indirect workers and students on local tax rolls. The resulting taxable retail sales and spending on lodging and residential property are shown below.

Taxable Retail Sales, Spending on Lodging and Residential Property on Area Tax Rolls Supported by the Tri-College University in 2005-06	
Taxable retail sales in the area	\$406,819,578
Market value of residential property owned or occupied in the Fargo-Moorhead area by the institutions' employees, indirect workers and students	\$1,595,112,500
Spending by out-of-town visitors on lodging	\$11,250,000

The economic activity generated by the institutions translates into substantial revenues for area governments.

Revenues of Local Governments

The cities of Fargo and Moorhead, as well as counties and other taxing districts in the area, receive substantial revenues from the institutions, their employees, students, workers in indirect jobs supported in the community and out-of-town visitors.

Local governments received estimated revenues of \$39.6 million during 2005-06 from the three institutions, as shown below.

Estimated Revenues for Area Cities, Counties and Other Local Taxing Districts During 2005-06 from the Three Institutions	
Local sales taxes received in ND and MN	\$3,089,401
Local lodging taxes in ND and MN	\$467,753
Property taxes collected on residential property	\$34,897,313
Other local taxes and user fees collected from residents	\$1,148,981
Total	\$39,603,449

Construction Projects

The recent capital improvement projects at the institutions had or will have a \$124 million economic impact on the Fargo-Moorhead area (revenues for construction companies, suppliers and other area business). These projects also supported or will support 1,429 direct and indirect construction jobs resulting in salaries of \$50 million.

Details of this analysis are on the following pages.

A Report of the Projected Economic Impact of Tri-College University

Introduction

This report presents the results of an economic impact analysis performed by Impact DataSource, an Austin, Texas economic consulting and research firm. The purpose of the analysis was to determine the impact that Tri-College University, a consortium of Concordia College, Minnesota State University-Moorhead and North Dakota State University had on the economy of the Fargo, ND-Moorhead, MN area during school year 2005-06, and related revenues for area cities, counties, school districts and other local taxing districts.

The report presents the following information:

- A description of the institutions,
- Types of economic impacts provided by the institutions,
- The economic impact of the institutions, their employees and students, workers in spin-off jobs, and visitors,
- Revenues for area cities, counties, school districts and other taxing districts, and
- An explanation of how the analysis was conducted and some information on Impact DataSource, the firm that conducted this analysis.

A description of the institutions is next.

Description of the Institutions

Tri-College University is a consortium with more than 23,000 students at three institutions in the Fargo, ND and Moorhead, MN area. The institutions include Concordia College, Minnesota State University-Moorhead and North Dakota State University.

Concordia College

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MSUM offers students an education that enhances their professional, personal, and financial impact on the community.

During school year 2005-06, the University had total expenditures of \$80,399,000. The University had 9,198 students and 686 full-time equivalent administration and support employees.

North Dakota State University

North Dakota State University is the state's land grant university located in Fargo, ND. The institution offers 106 bachelor's degree programs, 54 master's degree programs, 41 doctoral degree programs, three professional programs and one specialist degree.

North Dakota State University is located on the state's eastern border in Fargo, North Dakota's largest city. The university strives to be a leader in information systems, technology transfer, economic development, and lifelong learning and encompasses a broad spectrum of curricular offerings, scholarly activity and service. It is one of two major research universities in an 11-institution state university system.

NDSU researchers are leading major initiatives in nanotechnology, microelectronics, polymers, food safety, materials science, and more. In a partnership with Alien Technology Inc., NDSU's new research park will be home to the world's first mass scale Radio Frequency Identification tag manufacturing facility. The Research and Technology Park also includes Phoenix International (Deere and Company), and business incubation facilities.

NDSU Libraries is comprised of the Main Library, four branch libraries (Architecture/ Landscape Architecture, Chemistry, Health Sciences, and the Institute for Regional Studies), and an off-campus storage site. The collections include nearly 1.3 million items and over 5,000 current serial subscriptions. Electronic journal access is amplified with various consortial purchases, publisher packages, and harvesting full-text articles from bibliographic databases. NDSU is part of the Tri-College University (Concordia College, Minnesota State University-Moorhead, and NDSU), ODIN, and MINITEX consortia. The NDSU Libraries are also part of the North Dakota Joint Regional Depository.

The total acreage at NDSU Main Campus is 2,700 acres. The university has 110 buildings on 41 city blocks. Replacement cost for buildings at the university is \$340 million and content replacement is \$171 million. The total value of assets at the university is \$511 million.

During school year 2005-06, the university had an annual operating budget of \$238.5 million; 15,145 students;

and 2,521 faculty, staff and other employees.

The types of impacts that the institutions provide is discussed next.

Types of Impacts that the Institutions Provide

Direct, Indirect and Induced Economic Impacts

The Fargo-Moorhead area receives substantial economic benefits from the three institutions. These economic benefits include the following:

- Additional gross area product or economic output of the institutions and area businesses and organizations,
- Jobs,
- Worker salaries or personal income,
- Local worker and student spending, and
- Visitor spending.

These economic impacts may be characterized as direct, indirect and induced.

The direct economic impact comes from the operations of the institutions, their employees and staff and students. From the spending of the institutions, their employees and staff, and students, indirect and induced benefits or spin-off benefits are supported in the area.

Indirect sales, jobs and salaries are supported in area businesses and organizations, such as construction companies, air conditioning service firms, office supply firms, etc. that supply goods and services to the institutions. In addition, induced sales, jobs and salaries are supported in area businesses or organizations, such as restaurants, gas stations, banks, book stores, grocery stores, apartment complexes, convenience stores, computer stores, service companies, etc. that supply goods and services to the institutions' employees, staff and students, and their families and, in turn, to workers in indirect jobs and their families.

To estimate the indirect and induced economic impact of the institutions, their employees, staff and students on the Fargo-Moorhead area, regional economic multipliers were used. Regional economic multipliers for North Dakota and Minnesota and areas of the states are included in the US Department of Commerce's Regional Input-Output Modeling System (RIMS II).

Three types of regional economic multipliers were used in this analysis:

- An output multiplier,
- An employment multiplier and
- An earnings multiplier.

An output multiplier was used to estimate the additional sales or output created by the institutions in area businesses or organizations. An employment multiplier was used to estimate the number of indirect and induced jobs created and supported in the Fargo-Moorhead area by the institutions. Similarly, an earnings multiplier was used to estimate the amount of salaries paid to workers in these indirect and induced jobs.

The multipliers show (1) the estimated sales or output in area businesses or organizations for each dollar of operating budget at the institutions, (2) the number of indirect and induced jobs created for every one direct job at the institutions and (3) the amount of salaries paid to these workers for every dollar to be paid to an

employee of the institutions and every dollar of financial assistance available to students at the institutions.

A multiplier of 2.81 was used in this analysis. This means that for every dollar of operating budget at the institutions, there is \$1.81 in sales or output in area businesses or organizations. Similarly, for every dollar paid to employees and staff at the institutions and financial assistance available to the institutions' students, there is \$1.81 paid to workers in spin-off jobs created in the area. Further, for every employee and staff at the institutions there are an additional 1.81 workers supported in spin-off jobs in the area.

The economic impact of the institutions is presented next.

Economic Impact of the Institutions during 2005-06

The institutions, their employees, staff and students, and workers in spin-off jobs supported in the community, and visitors have a substantial economic impact on the Fargo-Moorhead area.

The Economic Impact During 2005-06

Concordia College

During 2005-06, the college had an operating budget of \$69.9 million. In addition, 727 people were employed at the facility with annual salaries of \$35 million. Further, the college's students received \$7.2 million in financial aid not recognized as revenue by the college.

Minnesota State University - Moorhead

During 2005-06, the university had total expenditures of \$80.3 million. In addition, 686 people were employed at the facility with annual salaries of \$53.8 million. Further, the university's students received an estimated \$19.7 million in financial aid not recognized as revenue by the university.

The economic activity of the three institutions generated the direct and indirect economic activity in the area during 2005-06, as shown on the following page.

North Dakota State University

During 2005-06, the university had an operating budget of \$238 million. In addition, 2,521 people were employed at the facility with annual salaries of \$113.7 million. Further, the university's students received \$72.5 million in financial aid not recognized as revenue by the university.

Economic Output, Jobs, and Annual Salaries and Student Financial Aid Supported by the Three Institutions in 2005-06			
	Economic Output	Jobs	Salaries and Student Financial Aid
Direct	\$388,855,459	3,934	\$302,109,625
Indirect and induced	\$703,828,381	7,121	\$546,818,421
Total	\$1,092,683,840	11,055	\$848,928,046

As shown above, the direct economic impact of the three institutions in 2005-06 was \$388 million. This included payments that the institutions made for employee, faculty and staff salaries, purchases of goods and services and expenditures. The direct spending by the institutions generated another \$703 million in sales or economic output in area businesses and other organizations. In total, the economic impact of the three institutions in 2005-06 was \$1 billion.

While the institutions employed 3,934 individuals, the institutions' spending supported another 7,121 jobs in the area. In total, the institutions supported 11,055 area jobs.

Similarly, while the salaries of the institutions' employees, staff and faculty, along with financial aid available to students, totaled \$302 million in 2005-06, the institutions' spending supported another \$546 million in salaries for workers in related spin-off jobs in the area. Therefore, total salaries and financial aid supported by the institutions during the year totaled \$848 million.

Out-of-Town Visitors to the Institutions

Concordia College

Visitors to the college also impact the Fargo-Moorhead area economy. During 2005-06 an estimated 60,000 people visited the college or attended events at the college staying an average of one-and-a-half days during their visit. Each of these visitors spent an average of \$75 a day shopping and eating out in the community and another \$75 for lodging.

Therefore, out-of-town visitors to the college spent about \$6,750,000 in the community during 2005-06 eating in local restaurants and shopping in local stores and \$4.5 million staying overnight at local lodging for total spending of \$11,250,000.

Minnesota State University - Moorhead

Visitors to the university also impact the Fargo-Moorhead area economy. During 2005-06 an estimated 100,000 people visited the university or attended events at the university staying an average of one and a half days during their visit. Each of these visitors spent an average of \$75 a day shopping and eating out in the community and another \$75 for lodging.

Therefore, out-of-town visitors to the university spent about \$11,250,000 in the community during 2005-06 eating in local restaurants and shopping in local stores and \$7.5 million staying overnight at local lodging for total spending of \$18,750,000.

North Dakota State University

Visitors to the university also impact the Fargo-Moorhead area economy. During 2005-06 an estimated 151,292 attended sporting events at the university, 3,550 people attended sports camps staying seven days, and 8,264 people attended USA Wrestling events staying for ten days. Further, conferences at the university attracted visitors, accounting for 29,863 visitor days. Each of these visitors spent an average of \$75 a day shopping and eating out in the community and another \$75 for lodging.

Therefore, out-of-town visitors to the university spent about \$21,648,375 in the community during 2005-06 eating in local restaurants and shopping in local stores and \$21,643,375 staying overnight at local lodging for total spending of \$43,296,750.

Taxable Spending in the Area

Taxable sales at the three institutions and spending by the institutions' employees, staff, faculty and students, workers in spin-off jobs in the community and visitors' spending accounted for substantial taxable retail sales in the Fargo-Moorhead area during 2005-06, as shown below.

Taxable Local Retail Spending Supported by the Institutions in 2005-06		
	Total Salaries, Spending or Sales	Taxable Retail Spending (40% of Total Salaries and Financial Aid)
Taxable sales at the college, such as taxable sales at the book store	\$27,599,984	\$27,599,984
Employees, staff and faculty at the institutions	\$202,650,154	\$81,060,062
Financial aid provided to students and spent locally	\$99,459,471	\$39,783,788
Workers in indirect and induced Jobs	\$546,818,421	\$218,727,369
Out-of-town visitors	\$39,648,375	\$39,648,375
Total	\$888,576,421	\$406,819,578

Residential Property on Local Tax Rolls

Employees, staff, faculty at the institutions, workers in spin-off jobs in the community and students from out-of-town who own or occupy residential property. This residential property had the following estimated market value on area tax rolls:

Market Value of Residential Property Owned or Occupied by the Three Institutions' Workers, Indirect Workers and Students from Out-of-Town in 2005-06	
Number of direct and indirect workers supported by the institutions	11,055
Estimated average market value of single or multi-family residential property owned or occupied by these workers	\$125,000
Number of students at the institutions from out of town	17,059
Estimated number of residential units occupied by these students in the community	4,265
Estimated average market value of a residential unit occupied by these students	\$50,000
Total market value of residential owned or occupied in the Fargo-Moorhead area by the three institutions' direct and indirect workers and students	\$1,595,112,500
Estimated taxable value of residential property	\$71,780,063

Revenues for the Cities of Fargo and Moorhead and Other Area Governments during 2005-06

The cities of Fargo and Moorhead, as well as counties and other taxing districts in the area, receive substantial revenues from the institutions, their employees, students, workers in indirect jobs supported in the area and out-of-town visitors.

Local governments received estimated revenues during 2005-06 as a result of the three institutions' presence in the community, as shown below.

Estimated Revenues for Area Cities, Counties and Other Local Taxing Districts During 2005-06 as a Result of the Presence of the Three Institutions	
Local sales taxes	\$3,089,401
Local lodging taxes	\$467,753
Property taxes collected on residential property	\$34,897,313
Other local taxes and user fees collected from residents	\$1,148,981
Total	\$39,603,449

Capital Improvement Projects at the Three Institutions

The three institutions had substantial capital improvement and other construction projects in recent years. Those projects are detailed below.

Concordia College

Capital improvement projects at the college include the Campus Center construction and renovation, \$3.4 million (in progress); Erickson and Hallett Hall remodeling, \$3 million; Riverside remodeling, \$3 million, Memorial Auditorium remodeling, \$1.5 million; and townhouse construction, \$1.5 million.

The college spent an estimated \$10.8 million in school year 2005-2006 on these construction projects.

Minnesota State University - Moorhead

Recent capital improvement projects at the university include the following.

Capital Improvement Projects at Minnesota State University - Moorhead During Fiscal Year 2006				
Project	Percentage Completed	Amount	Fiscal Year Constructed	Estimated Total Cost of Project
Grantham Hall	N/A	\$1,615,253	2006-CIP	Unknown
Hendrix Health Center	100%	\$525,000	2003	\$525,000
Kise Commons Renovation	42%	\$372,153	2006-CIP	\$878,730
Land and parking facility	100%	\$3,626,439	2002	\$3,626,439
Murray Commons	10%	\$64,764	2006	\$632,237
MacLean Hall	77%	\$383,978	2006	\$10,180,000
Owen HVAC	100%	\$305,000	2003	\$305,000
Science Building	100%	\$19,928,085	2006	\$20,000,000
Student Union	12%	\$405,650	2006-CIP	\$3,523,584
Total		\$27,226,322		\$39,670,990

North Dakota State University

Capital improvement projects completed during fiscal year 2006, July 1, 2005 to June 30, 2006 at the university totaled \$15.5 million, as shown below.

Capital Improvement Projects at NDSU During Fiscal Year 2006			
Project	Completion Date	Project Amount	Square Footage
Alien Technology	Anticipated early 2006		50,000
Bison Court Apartments	Fall 2005 (east building); December 2005 (west building)	\$11,000,000	100,000
Graduate Center	Fall 2005	\$500,000	11,800
Hazardous Materials Handling/Storage Building	Fall 2007	\$3,500,000	12,000
Horticulture Building		\$200,000	
Minard Hall Basement Remodel	Fall 2005	\$350,000	4,550
Total		\$15,550,000	

The capital improvement projects at the three institutions had or will have the following economic impact on the Fargo-Moorhead area.

Estimated Economic Output, Jobs, and Salaries of the Three Institutions' Capital Improvement Projects in the 2005-06			
	Economic Output	Estimated Jobs	Estimated Workers' Salaries
Direct	\$53,576,322	510	\$21,430,529
Indirect and induced	\$70,426,075	919	\$29,074,798
Total	\$124,002,397	1,429	\$50,505,327

As shown above, the institutions' capital improvement projects had or will have a \$124 million economic impact on the Fargo-Moorhead area (revenues for construction companies, suppliers and other area businesses), and support 1,429 direct and indirect construction jobs during the year, resulting in salaries of \$50 million.

A discussion of the conduct of this analysis is next.

Conduct of this Analysis

Impact DataSource conducted this analysis using data, rates and information supplied by the three institutions and local taxing districts. In addition, Impact DataSource used some estimates and assumptions.

Using this data, the economic impact of the institutions during 2005-06, and related estimated revenues during this period for area cities, counties, school districts and other taxing districts, were calculated.

In addition to the direct economic impact of the institutions and their employees, students and visitors, spin-off or indirect and induced benefits were also calculated, as discussed earlier in this report.

Impact DataSource is a thirteen-year-old Austin, Texas economic consulting, research and analysis firm. The firm has conducted economic impact analyses of numerous projects in sixteen states. In addition, the firm has developed economic impact analysis computer programs for several clients.

The firm's principal, Jerry Walker, performed this economic impact analysis. He is an economist and has Bachelor of Science and Master of Business Administration degrees in accounting and economics from Nicholls State University, Thibodaux, Louisiana.