The Economic Contributions of Northern Arizona University to the State of Arizona in 2014

Executive Summary

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Fiscal Year 2014 marked the 115th anniversary of Northern Arizona University. In the years since 1899, NAU has grown from a teacher’s college with 23 enrolled students to an educational and economic anchor for Northern Arizona, offering more than 80 undergraduate and 50 graduate degrees, and serving a statewide body of over 27,000 students. In addition to the Flagstaff Mountain Campus, nearly 3,000 students earned NAU credit at 35 community campuses across the state, and the university’s leading online learning program enrolled over 3,800 students.

This economic contribution study quantifies the annual spending that occurs within Arizona and is attributable to the operations of NAU. These include statewide budget expenditures; student and visitor spending in Flagstaff; and statewide alumni and retiree spending. The spending patterns of these five categories have been analyzed using IMPLAN, the foremost nationally-recognized input-output modeling system which uses county-level data to develop accurate and timely projections of how changes in demand affect all sectors of the economy.

The major findings of this study are:

- NAU contributes approximately $1.845 billion in economic activity annually to the Arizona Economy;
- NAU activities support 20,344 jobs in Arizona;
- Every year NAU’s 88,676 Arizona-resident alumni pay over $68 million in incremental state income taxes due to their educational attainment.

Annual Short-term State Impact:

a. For every $1.00 appropriated by the state $16.72 in economic impact is produced
b. For every $1.00 in state appropriations to NAU, $0.83 in estimated state and local taxes is collected annually.

Long-term State Impact:

c. NAU contributes approximately $2.7 billion in increased expected work life earnings for its graduates each year. Sixty-one percent of living NAU graduates reside in Arizona, and thus $1.65 billion gets circulated in the Arizona economy each year by alumni.

d. Each year’s graduating class creates an estimated $3.59 billion in incremental economic activity (2014 dollars) during their estimated working life due to academic attainment at NAU.
e. Each $1.00 in state appropriations to NAU generates $32.54 in long run economic activity in Arizona.
f. Fiscal Year 2014 graduates alone will pay an estimated $125 million in state and local taxes (2014 dollars) during their working life.
g. Each $1.00 appropriated by the state will generate $1.13 in state and local taxes in the long-run.

**Overall Impact:**

h. Ultimately, (both long and short run) each $1.00 appropriated by the state will return $1.96 to the state in the form of state and local taxes, and $49.26 in economic activity.

**Impact on the Coconino County Economy:**

a. NAU activities contributed $1.158 billion and 13,583 jobs to the Coconino County Economy.
b. This represents one in five jobs within the county (total: 67,400).
c. Every $1.00 in state appropriations to NAU generates $10.49 in economic activity within Coconino County.
d. Annually around $57.6 million in state and local taxes are collected in Coconino County due to NAU’s activities. For every $1.00 appropriated by the state, $0.52 in state and local taxes is generated in the county.

In addition to monetary contributions, NAU is essential to the economic development that takes place in Northern Arizona and may other areas of the state. Among the channels through which NAU achieves this are the Phoenix Biomedical Campus, The Economic Collaborative of Northern Arizona, and the Northern Arizona Center for Entrepreneurship and Technology.

The Phoenix Biomedical Campus, a partnership with the University of Arizona and others, is addressing a pending shortage in Arizona’s healthcare work force. Through NAU, students are studying to earn doctorates in physical therapy and occupational therapy. Students also train to be physicians assistants. These programs are developed in direct response to projected increases in demand within the fields.

The university is a primary supporter of the Economic Collaborative of Northern Arizona (ECoNA). In 2014 ECoNA participated in attracting 700 new high-quality jobs which impacted the local economy by over $40 million. It also helped existing firms to expand by 375 new jobs.

The Northern Arizona Center for Entrepreneurship and Technology (NACET) provides an incubator facility for startup businesses focusing on technological advancement. In 2014 NACET had an estimated economic impact of $43 million and 250 new jobs. Its clients drew in a total of $70 million in outside venture capital.

Although significant, the economic benefits calculated in this study should be considered conservative. They omit many value enhancing intangibles. Among these are the many businesses attracted to the region by the intellectual, social, and scientific atmosphere fostered by a major university. Also, the societal benefits of an educated population are well documented, and include reduced use of social services, reduced incarceration rates, and greater community involvement.