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Return of College Students Boosts Local Businesses

By Roger Lewis

Approximately 14,000 students will enroll this Fall in our three local colleges and will spend over \$67 million dollars with local businesses. The impact of this expenditure is estimated at \$200 million. Approximately 9,000 of these students will be living off campus spending money for rent, food and utilities.

In addition to tuition, fees, books, and room and board, students spend money for an array of personal items including prepared food, entertainment and transportation. All of these expenditures are considered cost-of-attendance expenses used in federal financial aid guidelines.

The cost-of-attendance figures average approximately \$3,000 per student for transportation and personal items. Using this figure the 14,000 students would spend an estimated \$4.2million.

Room and board costs vary by college and by the living arrangements of the students. Room and board for students living on campus are not included in the estimated student impact on the local economy. However, students living at home with parents or living independently in apartments or other arrangements have a significant impact on the local economy.

The cost-of-attendance figure for students living independently off campus is approximately \$8,000 per year for room and board. Living with parents is much less - approximately one fourth or \$2,000. The majority of students living off campus are living independently in apartments and not with parents. The average expenditure for room and board for students living off campus is estimated at \$7,000 per year.

The residential housing capacity of the three colleges is approximately 5,000 students, this leaving 9,000 students living off campus, and there is no way to determine their housing arrangements. Using the estimated \$7,000 for room and board for living off campus, these 9,000 students will spend \$63 million for food and housing. Therefore, the estimated combined expenditure for personal items and transportation for 14,000 students (\$4.2million) and room and board for 9,000 off campus students (\$63 million) is \$67.2 million.

Money spent in the community circulates within the community and results in an effective expenditure of about 3 times the original expenditure. When a merchant makes a sale or a property owner receives rental income, a percentage of the money is spent locally for employee salaries and operating expenses. That percentage varies widely depending on the type of business. The recipients of that money, employees and vendors, again spend a percentage of that locally, and it continues to turn over. The rule of thumb is that an initial expenditure turns over approximately seven times in the community, losing value each time, resulting in an additional secondary expenditure of about twice the original amount. Therefore, the \$67.2 million in direct spending produces another \$134.4 million in indirect or secondary spending for a total economic impact of approximately \$201.6 million.

These student expenditure estimates are based on projected enrollments and cost of attendance figures used in financial aid calculations; the actual figures may vary. No matter how the actual figures vary from these estimates, the conclusion is that expenditures by students enrolled in our local colleges have a significant impact on our local economy.

Further economic data on Conway and Faulkner County can be found at Pulse of Conway website: [www. pulseofconway.com](http://www.pulseofconway.com)