

# FRAMINGHAM STATE UNIVERSITY ECONOMIC IMPACT STUDY FY2023



MetroWest Economic  
Research Center  
FRAMINGHAM STATE UNIVERSITY



**May 2024**



**FRAMINGHAM  
STATE  
UNIVERSITY**

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## EXECUTIVE SUMMARY

Framingham State University (FSU) plays an important role in stimulating economic growth, and supporting community development through a variety of economic activities, including direct expenditures, student and faculty spending, visitor spending, and capital spending. In FY2023, FSU had a significant economic impact not only within Worcester and Middlesex counties but also throughout the entire state of Massachusetts.

### State Investment and Economic Output

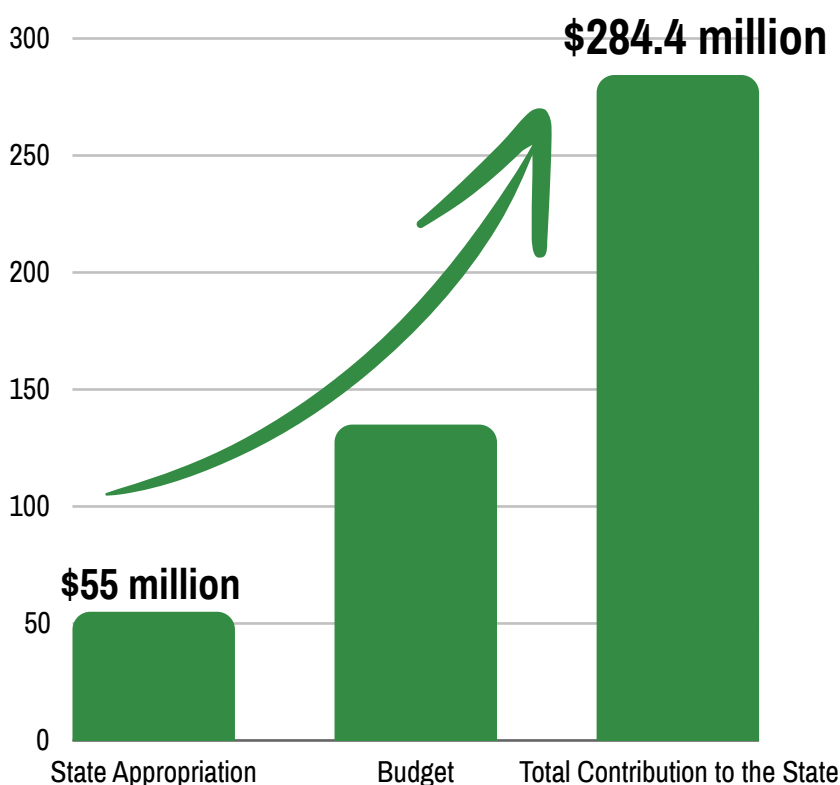
With a state investment of \$55 million in FY2023, FSU generated a considerable economic output, totaling \$255.9 million in Worcester and Middlesex counties, and \$284.4 million across Massachusetts overall. This return on investment highlights FSU's role as a critical economic engine within the region.

### Employment and Educational Impact

FSU employed 1,054 full and part-time faculty and staff (excluding student employees) and enrolled 4,028 full-time students during the fiscal year. The spending of the university, its employees and students helped to support 696 external jobs in Worcester and Middlesex counties, and 825 external jobs in Massachusetts.

FSU's economic activities and their resulting multiplier effects are essential in creating a robust economic environment both within its local counties and across Massachusetts. FSU is more than an educational institution; it is a vital economic powerhouse that uplifts local communities by generating jobs and increasing economic output. FSU's strategic utilization of state investments and its comprehensive economic role benefit the region substantially, proving its importance beyond academia.

**Figure 1: FY2023 Economic Impact of Framingham State**



\$55 million in state appropriation into Framingham State University generated **\$284.4 million** in Massachusetts economic activity in FY2023.

## METHODOLOGY

The findings presented in this report make use of an input-output model developed using the IMPLAN software. This type of model allows for the quantification of the economic impact of different changes ('events') in the economy in terms of output, employment, and government revenue. In order to ensure accuracy and rigor, this study follows a meticulously structured methodology, which includes the following steps:

1. **Figuring Out the Study Area:** FSU is nestled in Middlesex County and Worcester County; therefore this study focuses on these areas, but also assesses the impact on the State of Massachusetts as a whole.
2. **Establishing the Timeframe:** The period this study focused on is FSU's fiscal year 2023, spanning from July 2022 to June 2023.
3. **Collecting Input Data:** To gather the necessary data for this analysis, MERC has obtained students' information from the university's Office of Institutional Assessment, financial data from the Office of Administration, Finance, and Information Technology, and visitor data from the Warren Conference Center, the Danforth Museum, and the Danforth School.
4. **Defining the Impact Categories:** This particular study has identified several impact categories which include operation spending, student spending, visitor spending, and capital spending. These categories serve as important factors in assessing the economic effects. Due to limitations in available data, this study is unable to factor in the impact of alumni and retirees on the analysis.
5. **Choosing IMPLAN Models:** To carry out this analysis, MERC has utilized different IMPLAN models based on the type of spending. The operation spending category utilizes the Industry Impact Analysis (detailed) model, while the other spending categories employ the Industry Output model. These models provide valuable insights into the economic impact of the respective expenditures.

By adhering to this systematic methodology, this study aims to provide a comprehensive understanding of the economic implications associated with the activities and events under investigation.

## INTRODUCTION

This study underscores the substantial impact Framingham State University (FSU) has on both the local and regional economies. The findings of this report reveal that FSU acts as a driving force behind economic expansion, employment opportunities, and the overall development of the community. The University's influence extends beyond academia, contributing significantly to the vitality and growth of the surrounding areas. According to the findings, FSU generated a total economic output of **\$255.9 million** and **696 external jobs** in **Worcester and Middlesex counties** alone, and **\$284.4 million** and **825 external jobs** in Massachusetts overall in FY2023. This includes direct spending by the university and indirect and induced impacts resulting from the activities of students, employees, and visitors. The university's expenditures on goods and services, campus construction projects, and student spending in the surrounding area contribute significantly to the dynamism of the local economy.

## IMPACT OF FRAMINGHAM STATE

FSU is not just any university. It is a place with roots going back to 1839, boasting a tapestry of experiences across its more than 180 years of existence. It began its journey as the first-ever state-backed place of learning for the teachers of tomorrow in the U.S. and look at it now—offering a whole spectrum of undergraduate and graduate programs in a wide range of subjects. And all along, its heart has stayed true to the goal of making high quality education available to everyone. FSU is not just a landmark—it is a living, breathing part of the local fabric, helping shape the community and lifting it higher. The bonds it has formed with local businesses, government bodies, and community groups. They are not just partnerships—they are alliances, helping each other and making the local economy even stronger.

The findings here tell a compelling story: FSU employed 1,054 full- and part-time faculty and staff (excluding student employees) and generated an economic impact of \$255.9 million and 696 external jobs in Worcester and Middlesex counties and \$284.4 million and 825 jobs in Massachusetts overall in FY2023. That is not just university funds—that is the livelihoods of students, staff, and visitors mixing in. The university's spending on various aspects, from new buildings to enhancing student life, serves as fuel to the region's economic fire. This spending not only underscores FSU's role as a key economic driver in the region but also highlights the broader, ripple effects of its activities. Beyond the tangible developments, the university's financial contributions foster a thriving ecosystem that benefits the community, enhancing quality of life and promoting sustainable economic growth.

In essence, this report shines a light on how FSU is not just part of its local community—it is one of its driving forces, a beacon of growth and prosperity. Its financial footprint, the jobs it creates, and its magnetic allure for students and investments alike—it is all building up to something big. FSU is more than a university—it is a treasure trove for its local community.



# SUMMARY OF FINDINGS

**Table 1: Summary of Findings**

Type	Worcester & Middlesex			Massachusetts		
	Direct	Indirect	Induced	Direct	Indirect	Induced
Employment	1,312	214	224	1,312	247	320
Operation (\$M)	110.3	43.2	36.1	110.3	50.8	52.6
Student (\$M)	49.2	5.2	6.0	49.2	6.7	8.3
Visitor (\$M)	2.8	0.9	0.9	2.8	1.1	1.3
Capital (\$M)	0.8	0.1	0.3	0.8	0.1	0.4
Output (\$M)	<b>255.9</b>			<b>284.4</b>		

Source: IMPLAN, based on MERC's calculations

**DIRECT IMPACT** includes the initial value of FSU jobs and payroll, along with goods and services the University purchases in the study region.

**INDIRECT IMPACT** measures the jobs and production needed to manufacture goods and services required by the University.

**INDUCED IMPACT** is the increase in spending of local households because of income received through their work at FSU and its suppliers.

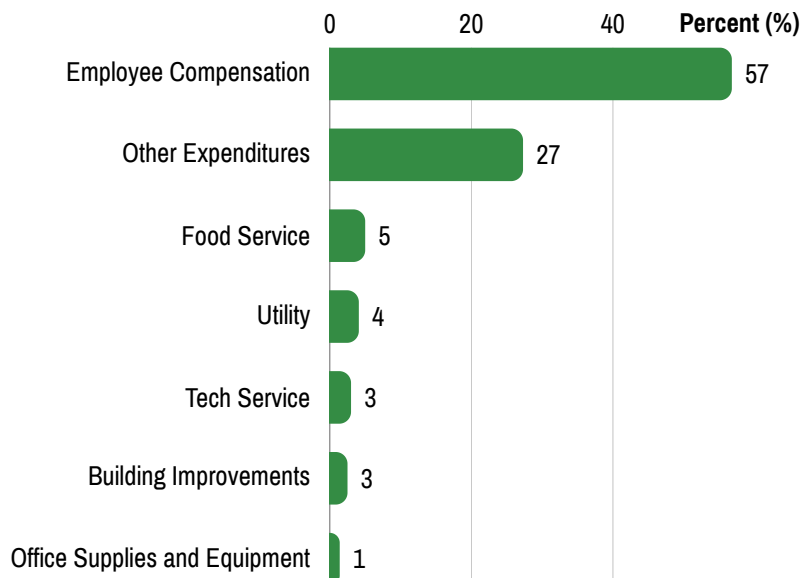


## OPERATING SPENDING IMPACT

**Figure 2: FY2023 FSU Operation Spending Items**

Almost **57% or \$62.7 million** of FSU's spending items were allocated to **employee compensation**.

Other Expenditures account for **27.3% or \$30.1 million**. Other expenditures include but are not limited to licensing, health services, and advertisement.



**Figure 3: FY2023 FSU Operation Spending Items**



- **LABOR INCOME** is the summation of payroll paid to employees and contractors.
- **VALUE ADDED** measures the value of goods and services less the cost of intermediary goods – often referred to as gross domestic product (GDP).
- **OUTPUT** measures the total value of goods and services produced as a result of FSU's presence.
- **TAXES** include federal as well as state and local tax revenues.

## OPERATING SPENDING IMPACT

The operation spending impact of FSU refers to the economic effect generated by the university's day-to-day operational expenditures, which include faculty and staff salaries (\$62.7M), as well as intermediate inputs (\$47.7M) with the top five spending categories being Food Service, Utilities, Tech Service, Building Improvements and Office Supplies and Equipment.

When thinking about the university spending, it is useful to picture a stone thrown into a pond—the ripples just keep spreading out, touching so much around it. Every purchase the university makes from local businesses is not just a transaction—it is a spark, igniting economic activity and helping the local community bloom. The local vendors, builders, and service crews—all feel the impact of the university's consistent needs, opening doors for more revenue, more jobs, and a thriving economy.

But the university's spending story does not stop at buying goods and services. Every dollar poured into the local economy becomes a seed, growing and multiplying as those who earn it spend it again within the community. This cycle, this 'multiplier effect,' magnifies economic benefits, weaving a tapestry of growth and prosperity. The numbers paint a vivid picture, showing a labor income contribution of \$88.5M and a value-added impact of \$108.1M locally, and even more broadly at the state level, showing the labor income contributions of \$97M and value-added impacts of \$122.9M.

And this is not just about economics; it is about shaping the community. The spending activities of the university are like streams, feeding into the rivers of local and state tax revenues. The generated taxes—be it sales, property, or income taxes from university staff—are the lifeblood of public services, infrastructure, and community enhancements. FSU's presence translates into a tax impact of \$23.4M locally, and a staggering \$26.7M on the larger Massachusetts canvas.

Essentially, every action and transaction made by FSU is much more than just institutional spending; it is vital sustenance for the local economy, stable support for local enterprises, and a consistent creator of jobs and tax revenues. It represents the university's significant impact as an accelerator of economic activity, affirming its commitment to contributing to community prosperity. Each dollar spent by FSU reverberates through the local business ecosystem, fostering growth and strengthening the community's economic foundation. It is not just about its financial contribution; it is about the meaningful, enriching impact and the positive ripples the university creates in the community fabric.

In this light, FSU's activities are not mere ledger entries but a series of orchestrated actions that contribute to socio-economic enrichment, highlighting the university's role as a cornerstone of communal stability and prosperity.

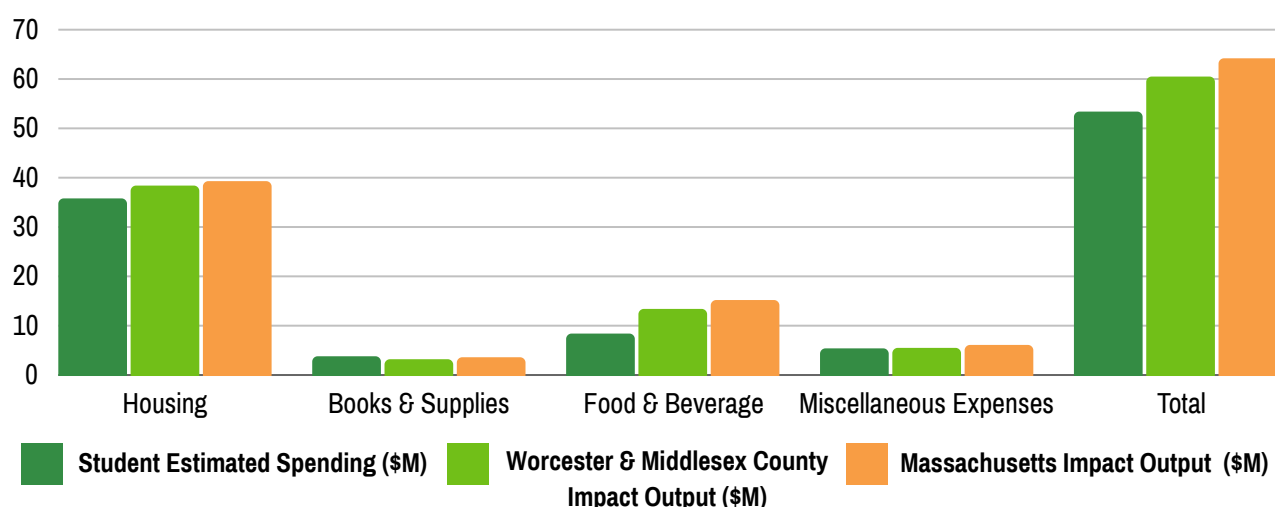


# STUDENT SPENDING IMPACT

The impact of student spending at FSU is crucial to understand, as it delineates the economic value realized by the expenditures of the university's students. The university turned to reliable sources of national survey data to sketch an estimate of individual student spending across various domains, such as housing, book and supplies, food and beverages, and other miscellaneous expenses. To maintain precision and avoid the overlap of calculation, students residing on campus receive different treatment compared to those living off campus. This differentiation is crucial, as on-campus students directly remit payments to the university for room, board, and food expenses, which are already accounted for in the operating expenditure analysis.



**Figure 4: FY2023 Student Spending Impact**



In FY2023, FSU's student population comprised 4,028 full-time students, out of which, 1,260 lived on-campus. Consequently, this analysis focuses on capturing the expenditures related to housing and food for students residing off-campus. The total housing expenditure is calculated at \$35.8 million, derived by multiplying the average off-campus housing cost per student by the number of off-campus students. A similar approach is applied to calculate other areas of student spending. The overall student spending economic impact on Worcester & Middlesex counties stands at \$60.5 million, while the impact on the state of Massachusetts overall is \$64.2 million. It is important to note that these calculations are refined by leveraging data from the National Center for Education Statistics (NCES), adjusted for inflation to ensure a precise understanding of student spending patterns. The economic contribution of students extends beyond direct spending; it bolsters the local and state economies through expenditures on housing, food, leisure, retail, and various other services. This spending pattern creates a progressive ripple effect, positively influencing the local business climate, employment landscape, and state revenue generation.

By examining student spending in this comprehensive manner, this study is able to chart the extensive economic influence exerted by the student population on both local and state economic dynamics.

## VISITOR SPENDING IMPACT

**Table 2: Summary of FSU Visitor Spending Impact**

	Number of Visitors			Total Spending(\$M)	Output Impact (\$M)	
	Warren Conference Center	the Danforth Museum	the Danforth School		Worcester & Middlesex County	Massachusetts
Hotel	17,330	—	—	4.2	4.7	5.2
Day Guests	—	4,256	1,862			

Source: IMPLAN, Warrant Conference Center, Danforth Museum, and Danforth School

The impact of visitor spending provides insight into the economic ripple effects sparked by visitors through their expenditures within a specific locale or establishment. Drawing on previous studies about spending per visitor in various domains—such as accommodations, dining, retail, and transportation—one can calculate an estimate of the collective expenditure in each domain, based on the total visitor count (see Khalaf et al. 2021).

The Warren Conference Center, a prominent hub for conferences, gatherings, and events, is one such establishment. Attendees of events or conferences typically seek out lodging and food options, contributing to the overall spending in these areas, which encompasses costs related to accommodation, dining, shopping, and travel associated with participating in the event or conference. Additionally, the Danforth Museum—now rebranded as the Danforth Art Museum at FSU—is a beacon for those intrigued by visual arts and cultural enlightenment. Visitors here often incur expenses related to entrance fees, shopping, meals at local restaurants, and transportation. By examining these components, this study offers a glimpse into the multifaceted economic influence generated by these establishments and their visitors. The Danforth School of FSU serves as an academic institution, offering various educational programs and services to students. Although the spending impact may be less pronounced compared to the conference center or museum, visitors to the Danforth School still contribute to the local economy through expenditures on accommodations, meals, transportation, and other related expenses.

Assessing the overall spending impact of the university, which plays a pivotal role in boosting the local economy, is accomplished by aggregating the expenditures in each category for each establishment. These estimates provide invaluable insights into the economic benefits generated by visitors, demonstrating their substantial contributions to multiple facets of the local economy.

In Fiscal Year 2023, the synergy of these establishments generated remarkable economic benefits: the Warren Conference Center welcomed 17,330 hotel guests; the Danforth Museum attracted 4,256 visitors; and the Danforth School saw 1,862 visitors. Collectively, these visits translated into a substantial economic impact, totaling approximately \$4.7 million for Worcester and Middlesex County and \$5.2 million for the state of Massachusetts.

Source: Khalaf, C., Jolley, G.J., & Clouse, C. (2021). The Economic Impact of Small Colleges on Local Economies: A Guide to Attainable Data and Best Practices. Economic Development Quarterly, 1-16.

# CAPITAL SPENDING IMPACT

## Table 3: FY2023 Summary of FSU Capital Spending Impact

	Total Spending \$M	Output Impact	
		Worcester & Middlesex County	Massachusetts
Construction	0.8	1.2	1.3

Source: IMPLAN, FSU Office of Administration, Finance, and Information Technology

The capital spending impact of FSU in FY2023 is significant, as the university continues to invest in existing projects aimed at enhancing its facilities and infrastructure, with a total investment of \$0.8 million. Its impact on local counties amounts to \$1.2 million, while its impact on the broader Massachusetts region reaches \$1.3 million. The impact of these capital expenditures extends beyond the university itself and positively influences the local economy in several ways:

- **Job Creation:** Capital projects require a significant workforce, including construction workers, architects, engineers, and various other professionals. These projects create job opportunities and contribute to employment growth in the local community. Local workers, contractors, and suppliers are often involved, leading to increased income and economic stability.
- **Rising Demand for Products and Services:** Investments in capital projects, like the expansion of student residences and dining facilities, generate a ripple of demand for various products and services in the surrounding communities. This encompasses everything from construction materials and technology to furniture and other essential supplies, primarily procured from local vendors. This surge in demand is a boon for local enterprises, translating to increased sales and revenues.
- **Indirect Expenditures:** The enhancements and expansions at the university draw in more students, faculty, and staff, all of whom inject capital into the local economy through expenditures on housing, food, transportation, shopping, and leisure. As the university continues to enhance its amenities and infrastructure, it can become a more desirable choice for prospective students, potentially boosting enrollment numbers and, subsequently, the economic imprint linked to a growing student body.
- **Sustained Advantages:** Upgrades and enhancements in FSU's facilities and infrastructure not only elevate its stature and competitive edge in the academic realm but also pave the way for lasting benefits. This could manifest as increased student intake, better retention, and higher graduation rates, drawing in individuals from diverse locales who are likely to decide to integrate into the local workforce post-graduation. The elevated academic stature also potentially opens doors to more research funds, collaborative ventures, and partnerships, serving as a catalyst for local economic growth and dynamism.



## TAX REVENUE IMPACT

**Table 4: FY2023 Summary of Revenue Impact**

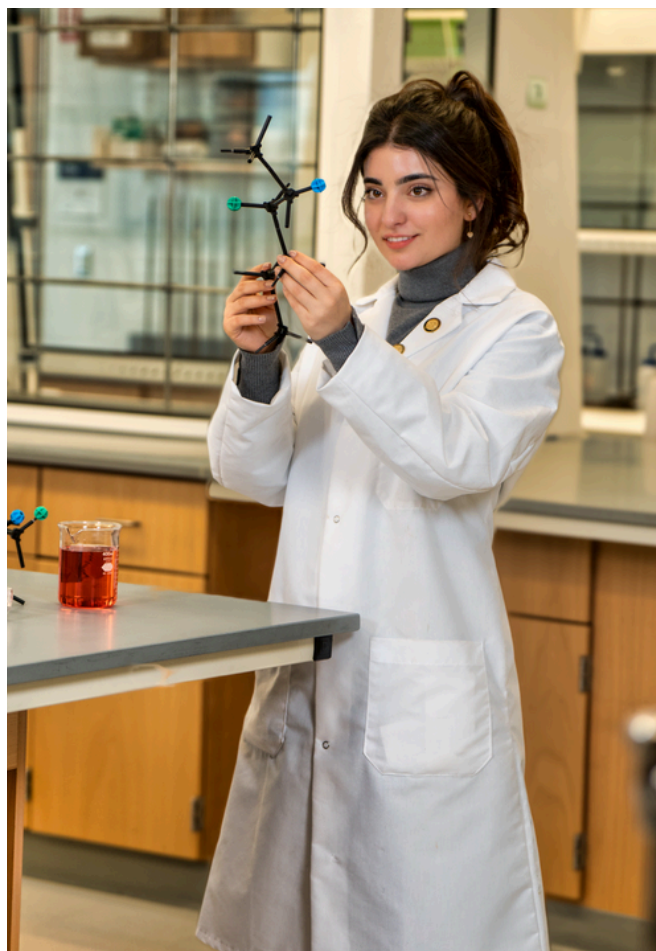
	State (\$M)	Federal (\$M)	Total (\$M)
Direct	\$4.8	\$16.2	\$21
Indirect	\$1.2	\$4.2	\$5.4
Induced	\$1.9	\$5.4	\$7.3
Total	\$7.9	\$25.8	\$33.7

Source: IMPLAN, based on MERC's calculations

The total tax revenue impact of FSU on the state of Massachusetts amounts to **\$7.9 million**, and **\$25.8 million** at the federal level.

The influence of FSU on tax revenues is not just localized—it permeates through county, state, and federal echelons. Universities, usually being exempt from specific taxes due to their nonprofit nature, do have avenues through which they indirectly augment tax collections:

- **Property Taxes:** Even though educational entities like FSU generally enjoy tax exemption, there are some exceptions to this rule. For instance, any university property not devoted to educational activities—think rental units or commercial spaces—might still be subject to property taxes, thus adding to the county's revenue.
- **Sales Taxes:** The infusion of spending by FSU's community—students, faculty, staff, and even visitors—bolsters local businesses and, in the process, enriches local coffers through sales tax revenues.
- **Income Taxes From Employment:** FSU, being a significant employer, has numerous faculty, staff, and contractors on its payroll. Every salary or wage it disburses is subject to state and federal income taxes, thus contributing to both state and federal tax revenues.
- **Corporate Taxes:** FSU, despite its nonprofit status, does run auxiliary services like a bookstore, dining services, and parking facilities. These services, being revenue-generating, can be subject to corporate taxes.



## SUMMARY

This study reveals the substantial value that Framingham State University adds to the local and broader economy. FSU is more than an educational institution; it is a dynamic engine driving economic development, creating employment opportunities, and fostering community progress. Whether it is through the acquisition of goods and services, erecting new buildings on campus, or the daily expenditures of its students, the economic ripples are felt significantly in the surrounding areas. To put it in numbers, FSU's activities resulted in an economic impact of \$255.9 million and 696 external jobs in Worcester and Middlesex counties and \$284.4 million and 825 external jobs in the state of Massachusetts overall for the fiscal year 2023.

However, it is crucial to acknowledge the limitations of this study. This study could not assess the economic effects of alumni and retirees due to a lack of data. Additionally, the reliance on external survey data as a proxy for student spending introduced certain limitations. In future research, the MERC aims to incorporate on-campus survey data for a more direct and accurate assessment. Despite these constraints, the meticulous methodology and varied IMPLAN models deployed ensure that the study provides a comprehensive and faithful reflection of the economic implications of the activities and events surveyed.

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