

# Auburn University Economic Impact Study – 2021

## Executive Summary

### Introduction

This summary report provides an overview of Auburn University's economic contribution to the State of Alabama, including Auburn's four institutional divisions and its alumni base across the state. This review includes both direct and indirect impact through spending, creation of jobs, and enhancement of human capital generated by the University. As part of the periodic review of Auburn's economic impact conducted since 1996, this study was performed in 2021 utilizing institutional and regional data from the previous fiscal period of 2019-2020. It is important to note this period coincides with the COVID-19 pandemic and reflects the impact of the international economic downturn resulting from significant restrictions of business, travel, and other factors during that time.

### Findings

The Auburn University system and its alumni contributed **\$5.63 billion** to the economy of the State of Alabama in FY2020, an overall **1 percent increase** since the previous study. This overall economic contribution is realized through two primary measures. First, the university produces **\$2.2 billion** in economic impact directly and indirectly attributable to the Auburn system. Additionally, the university's high quality educational programs increase human capital in Alabama representing a value of more than **\$3.42 billion** in earning power of its graduates residing in the state. Auburn's impact also is estimated to be responsible for creating some **27,312 jobs** in addition to its own direct employment.

***Impact of COVID*** – The economic downturn resulting from the COVID-19 pandemic occurring during this reporting period significantly impacted Auburn's economic contributions. Business and tourism activity generated by the University in the local area were affected by the period of remote operations and cancelation of in-person events during the year. However, Auburn's robust institutional capacity and nimble operating responses during COVID allowed the institution to mitigate some of the downturn's effects to still return an increase in impact and overall economic contributions during a challenging year.

### Auburn's Economic Resources

Auburn's economic impact delivers a dramatic return on investment for Alabama taxpayers and other AU stakeholders. Auburn's leadership in development and application of innovative technologies promotes the economy of the state as well as the economic and security interests of the nation as a whole. Auburn provides the primary academic support for a number of major state industries. Additionally, the Auburn and Montgomery campuses, Extension offices, research installations, outreach programs, museum, nature preserves, and faculty engagement extend the university's significant presence across the state. This presence contributes greatly to community quality of life through support for civic infrastructure and business, as well as direct assistance to individuals.

***Instruction*** – Auburn University is Alabama's flagship Land-Grant institution. There are more than 30,000 students on the Auburn campus, and some 5,200 students on the Auburn-Montgomery (aum.edu) campus. Auburn offers more than 150 majors in its undergraduate and graduate programs which are nationally and internationally recognized and taught by world-class faculty. Auburn was rated as "Top University in Alabama" and one of the "Top 50 Public Universities in the Nation" in 2021 by U.S. News & World Report. Additionally, Auburn is considered the best value university in Alabama by Niche.com and Money magazine (auburn.edu/main/welcome).

**Research** – Auburn is recognized for its commitment to world-class scholarship and interdisciplinary research with the elite, top-tier Carnegie R1 classification. Auburn faculty represent a significant base of expertise for research and innovation. The University’s many research facilities and offices support industry collaboration, entrepreneurship, and economic development across the state, including the Auburn Research and Technology Foundation ([auburnrtf.org](http://auburnrtf.org)), the 171-acre Auburn Research Park, and the AU Huntsville Research Center. Auburn is also headquarters for the Alabama Agricultural Experiment Station ([aes.auburn.edu](http://aes.auburn.edu)) which conduct scientific research supporting Alabama’s agricultural and forestry industries.

**Outreach** – Serving the community beyond campus through outreach, Auburn holds Carnegie’s prestigious Community Engagement classification. Auburn University outreach units, faculty and students actively partner with communities, businesses, schools and government to help people meet their educational goals and to improve quality of life all across our state. The Division of University Outreach is comprised of eight specialized centers, institutes and offices which provide a range of programs and services available to the public statewide. Among these the Office of Professional and Continuing Education offers a comprehensive range of executive, professional and job training, and the Government and Economic Development Institute promotes effective government policy and management, civic engagement, economic prosperity through its educational, consulting, and policy research services ([auburn.edu/outreach](http://auburn.edu/outreach)). AUM also offers continuing education programs in its service area. Auburn is headquarters for the Alabama Cooperative Extension System ([aces.edu](http://aces.edu)) which includes extension offices in all 67 counties, reaching one in three Alabamians with research-based educational programs enhancing lives and promoting economic opportunity.

**Community Resources** – Auburn University maintains world-class public facilities which increase access to learning, cultural, and natural resources and thus enhances the community quality of life for all. Examples include the Jule Collins Smith Museum of Art, the Jay and Susie Gogue Performing Arts Center, Davis Arboretum, Kreher Preserve & Nature Center, University Libraries, and recreation and wellness centers on both campuses.

## Methodology

The committee drew upon 2019-2020 statistical and financial data compiled by representative university offices including Business and Finance, Institutional Research, Student Financial Aid, Campus Planning, Alumni, Athletics, and the Auburn-Montgomery Chancellor’s Financial and Administrative offices. Financial and employment data quoted for Auburn University collectively reflect all four institutional divisions: Auburn University Main Campus, Auburn University at Montgomery, the Alabama Agricultural Experiment Station, and the Alabama Cooperative Extension System. Student spending information was drawn from surveys of expenditures compiled by both the Auburn and Auburn-Montgomery Student Financial Services offices. Visitor spending was estimated utilizing previous research provided by the Alabama Bureau of Tourism and Travel and the Auburn-Opelika Tourism Bureau. Estimates of earnings per discipline of alumni living in the state were based upon regional information reported from the Occupational Employment Statistics, Bureau of Labor Statistics, U.S. Dept. of Labor.

Economic multipliers used were generated by the U.S. Bureau of Economic Analysis Regional Input-Output Modeling System (RIMS II). The multiplier is state and county specific. In compiling the report, care has been taken to compensate for overstatement of the Auburn’s impact in the three key areas of study. This study does not include an estimate of the economic value of outreach programs and services delivered across the state. Nor does it estimate Auburn’s substantive impact beyond the state. Thus, this presentation reflects a conservative estimate of the Auburn University System’s economic contribution to Alabama.

## Comparison to Previous Studies

This 2021 study was preceded by studies performed periodically by the Division of University Outreach on behalf of Auburn University since 1996. These studies have not been exact replications, but similar

methodologies and sources of data were utilized in each. The results of these studies are presented in the chart below as a historical reference comparing the outcome of the current study to previously published statements of Auburn’s economic contributions.

### AU Economic Contributions 1996 - 2021

	1996	2001	2007	2015	2017	2019	2021
Economic Impact	\$1 billion	\$1.5 billion	\$1.7 billion	\$1.93 billion	\$2.1 billion	\$2.18 billion	<b>\$2.2 billion</b>
Human Capital	\$1.3 billion	\$2.4 billion	\$3.15 billion	\$3.19 billion	\$3.3 billion	\$3.38 billion	<b>\$3.42 billion</b>
Overall Contribution	<b>\$2.3 billion</b>	<b>\$3.9 billion</b>	<b>\$4.85 billion</b>	<b>\$5.1 billion</b>	<b>\$5.4 billion</b>	<b>\$5.57 billion</b>	<b>\$5.63 billion</b>
Job Creation*	18,859	20,000	21,500	23,600	25,826	26,623	<b>27,312</b>

\* Consistent with the presentation in previous years’ reports, these job creation figures do not include full time positions directly employed by the Auburn University system.

### 2021 Auburn University Economic Impact Study

This impact study was conducted by Keivan Deravi, Principal, Economic Research Services, and AUM Professor of Economics and Dean (retired), Montgomery, Alabama, and Ralph Foster, Assistant Vice President Emeritus for University Outreach and Public Service, with assistance from Karen Rankin, Associate Director of Outreach Information Technology and Jeremy Arthur, Director of the Government and Economic Development Institute, Division of University Outreach, Auburn University.

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This Executive Summary was produced by the Division of University Outreach Royrickers Cook, Vice President for University Outreach and Associate Provost Auburn University, September 2021.