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Economic Impact of Pace University

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Recommended Citation

Tekula PhD, Rebecca and Rivero, Adrian, "Economic Impact of Pace University" (2019). *Wilson Center for Social Entrepreneurship*. 45.

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Economic Impact of Pace University

Economic Analysis

Prepared for
Pace University

May 13, 2019
The Wilson Center for Social Entrepreneurship
Pace University
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NARRATIVE

For over a century, Pace University¹ has been an educational and economic asset to the greater New York area. Throughout all campuses, Pace University enrolls over 13,000 students, employs more than 5,500 people, and coordinates placement of students in thousands internships and clinical practice each year. In addition to our faculty, staff, and student community, Pace University's activities and special events brings over 270,000 visitors to our various campuses each year. Pace is an important academic presence with an economic impact reaching throughout the region.

Economic Impact

Pace University spending on payroll, construction, procurement and other expenses has a significant impact, generating hundreds of millions of dollars of economic activity for the region. Likewise, our students and visitors throughout our various campuses spend on meals, entertainment, transportation and retail purchases, all of which has a tremendous impact on the local economy.

In total, Pace University's impact on the regional economy amounts to \$1.05 billion in increased output, \$341.1 million in earnings, and 8,985 jobs¹. This can be broken down into three major areas of impact: University Spending, Student Spending and Visitor Spending.

- **University Spending:** In the 2017 fiscal year, our university expenditures topped \$368.2 million, contributing \$143.9 million in salaries and benefits, \$4.8 million in sponsored research, \$178 million in scholarships, \$25.6 million in capital projects, and \$75.3 million in procurement, utilities and plant contracts. The multiplier effect, or secondary impact, of Pace University's expenditures, as determined by the Regional Input-Output Modeling System (RIMS II) developed by the Bureau of Economic Analysis of the U.S. Department of Commerce, generates an estimated \$759.1 million in increased economic output, \$264.4 million in earnings and 6,497 additional jobs.

Additionally, Pace makes significant contribution to state and local government taxes. In fiscal year 2017, the University withheld more than \$9.5 million in NYC and NYS taxes from the employment income of all NYC and Westchester employees. In addition, we

¹ According to the BEA: **Output** represents the total dollar change in output that occurs in all the industries for each additional dollar of output delivered to final demand by the Industry corresponding to the entry; **Earnings** represents the total dollar change in earnings of households employed by all industries for each additional dollar of output delivered to final demand by the Industry corresponding to the entry; **Employment** represents the total change in number of jobs that occurs in all industries for each additional 1 million dollars of output delivered to final demand by the industry corresponding to the entry.

contributed over \$500,000 in Metropolitan Commuter Transportation Mobility (MCTM) tax, and \$1.5 million in property taxes.

- **Student Spending:** Off-campus student spending also generates economic activity in the region. In fiscal year 2018, our students spent \$127.9 million for off-campus housing, food, entertainment, housing, transportation, books, and other personal expenses. This spending supports employment, economic output and earnings in industries such as retail trade, real estate, food services, among others thereby generating \$222.7 million increase in economic output, \$56.5 million in earnings and 1,816 jobs.
- **Visitor Spending:** In fiscal year 2018, over 350,000 people visited Pace University for theater and other performances, as well as conferences, camps, sporting events and speaking engagements. Visitors spent \$33.6 million at restaurants, hotels, retail stores, and other community businesses. The secondary impact of visitor spending generates an estimated \$63.8 million in economic output, \$20.2 million in earnings and 672 full-time equivalent jobs.

Putting it all Together

Pace is a strong economic vehicle generating over \$1 billion in economic impact in the area.

METHODOLOGY

In order to define the economic impact of Pace University, we looked at several measures and estimates including the overall operating budget for the campus, the number and profile of students, and visitor spending. We calculated the multiplier effect, or secondary impact, of Pace's expenditures as determined by the Regional Input-Output Modeling System (RIMS II) developed by the Bureau of Economic Analysis of the U.S. Department of Commerce.

Economic Impact of University Spending

Economic multipliers were obtained from the BEA and applied to the overall University expenditures. In order to estimate how Pace expenditures contributed economic activity in the region, we applied output, earnings, and employment multipliers associated with the industry *Junior colleges, colleges, universities and professions schools-611A00*. According to the BEA:

- (1) **Output** represents the total dollar change in output that occurs in all the industries for each additional dollar of output delivered to final demand by the Industry corresponding to the entry
- (2) **Earnings** represents the total dollar change in earnings of households employed by all industries for each additional dollar of output delivered to final demand by the Industry corresponding to the entry
- (3) **Employment** represents the total change in number of jobs that occurs in all industries for each additional 1 million dollars of output delivered to final demand by the industry corresponding to the entry

These multipliers were applied to the University's expenditure of \$368.2 million to determine the indirect and induced impact University spending contributed to the major industries.

Economic Impact of Student Spending

While tuition and fees, and room and board for on-campus students, is already included in the overall University budget, we further estimated student spending off-campus. Estimates of student spending on books, living allowance, food, travel, and personal expenses are available in the University's Cost of Attendance (COA) budget. With this information, and numbers of in-residence students and non-resident students, both independent and dependent, we able to allocate students to several spending profiles.

Multipliers for *Retail Trade: Industry Codes 29 & 30* were applied to all student spending on personal expenses, books, and food, estimated at \$52.6 million. Multipliers for *Real estate: Industry Code 48* were applied to the housing budgets for students classified as "living independently." These off-campus housing expenditures were estimated at \$75.3 million. Summer student spending was estimated at 25% of the annual COA, in line with comparable

reports. We further assume that 70% of our part-time students are already living and working in the area, therefore we estimated their spending at 30% of COA.

Economic Impact of Visitor Spending

In accordance with comparable reports, to determine the economic impact of visitor spending we obtained actual and estimated numbers of visitors from the University Departments of Special Events and Cultural Affairs. These included non-Pace visitors who attended events, conferences, meetings, and other activities on our campuses during the 2018 fiscal year. These events were categorized as “internal” special events and “external” special events. When actual numbers of non-Pace attendees were not available, we estimated the total Pace attendees to “external” events to be 10% and the number of overnight visitors at external events to be 10% of the total.

Visitors to Pace University may include prospective students, families, conference and special event participants. The visitors were categorized Day Trip and Overnight Visitors. As Pace event surveys of visitor spending are not available, we approximate visitor spending on food, entertainment, accommodation, and travel based on findings of recent comparable reports and publications² which were then averaged:

- Day trip NYC: \$76.00; Day trip Westchester: \$83.00
- Overnight NYC: \$364.00; Overnight Westchester: \$252.50

Total visitor spending was estimated to be \$33.6 million. Multipliers for ***Retail Trade-Industry Codes 29 & 30*** were applied to the direct visitors spending to determine economic impact.

² US General Services Administration Per Diem Rates; National Park Service 2017 *National Park Visitor Spending Effects*

Table 1**Overall Economic Impact of Pace University Expenditure,
Students and Visitors**

Actual Spending	Impact Measure	Total Impact
Pace University Expenditure		
\$368,183,381	Output	\$759,083,677
	Earnings	\$264,392,486
	Employment	6,497
Student Spending Off-Campus non-Housing		
\$52,555,921	Output	\$99,806,321
	Earnings	\$31,649,175
	Employment	1,052
Student Spending Off-Campus Housing		
\$75,271,702	Output	\$122,881,053
	Earnings	\$24,884,825
	Employment	764
Visitor Spending		
\$33,580,473	Output	\$63,770,997
	Earnings	\$20,222,161
	Employment	672
Overall Impact		
	Output	\$1,045,542,048
	Earnings	\$341,148,647
	Employment	8,985

Table 2**UNIVERSITY EXPENDITURE - NYC Campus FY2017**

Total Expenditure NYC Campus	\$229,814,585
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Categories	Total
Scholarships	\$105,820,642
Employee Wages & Salaries	\$62,060,179
Benefits	\$23,107,078
Sponsored Research (NYC & Westchester campuses)	\$4,811,391
Utilities and Plant Contracts	\$35,912,526
Procurement- Supplies and Services for NYC Campus	\$18,170,704
Capital Projects NYC	\$10,037,469
Capital Projects NYC - Master Plan	\$5,660,688
Total Property Tax (NYC & Westchester campuses)	\$1,475,567
FICA Taxes & Withheld (NYC & Westchester campuses)	\$21,970,833
Federal Taxes & Withheld (NYC & Westchester campuses)	\$20,251,778
NY State Taxes & Withheld (NYC & Westchester campuses)	\$7,684,604
NYC Taxes Paid & Withheld (NYC & Westchester campuses)	\$1,865,602
Yonkers Taxes (NYC & Westchester campuses)	\$32,546
Metropolitan Commuter Transportation Mobility (MCTM) tax	\$522,220
Allocated Space Cost	\$27,420,988
Overhead Allocation (CHS)	\$52,993,907

Source: Pace University Finance Dept and Audited Financial Statements: based on FY2017 data
All values above are for NYC Campus only unless otherwise indicated.

Number of Employees

Type	Working in NYC	Living in NYC
Full-Time Employee	824	563
Part-Time Employee	947	738
Retiree Receiving Medical Benefits	0	82
Student	1,179	660
Grand Total	2,950	2,043

Source: Pace University Human Resources

Table 3**UNIVERSITY EXPENDITURE - Pleasantville Campus - FY2017**

Total Expenditure PLV Campus	\$106,745,811
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Categories	Expenditure
Scholarships	\$54,792,067
Employee Wages & Salaries	\$30,606,291
Benefits	\$11,927,454
Sponsored Research (NYC & Westchester campuses)	\$4,811,391
Utilities and Plant Contracts	\$9,028,611
Procurement- Supplies and Services for PLV Campus	\$8,764,783
Capital Projects PLV	\$2,457,131
Total Property Tax (NYC & Westchester campuses)	\$1,475,567
FICA Taxes & Withheld (NYC & Westchester campuses)	\$21,970,833
Federal Taxes & Withheld (NYC & Westchester campuses)	\$20,251,778
NY State Taxes & Withheld (NYC & Westchester campuses)	\$7,684,604
NYC Taxes Paid & Withheld (NYC & Westchester campuses)	\$1,865,602
Yonkers Taxes (NYC & Westchester campuses)	\$32,546
Metropolitan Commuter Transportation Mobility (MCTM) tax	\$522,220
Allocated Space Cost	\$16,157,822
Overhead Allocation (CHS)	\$24,428,224

Source: Pace University Finance Dept and Audited Financial Statements: based on FY2017 data
All values above are for PLV Campus only unless otherwise indicated.

Number of Employees

Type	Working in PLV
Full-Time Employee	580
Part-Time Employee	648
Retiree Receiving Medical Benefits	154
Student	659
Grand Total	2,041

Source: Pace University Human Resources

Table 2**UNIVERSITY EXPENDITURE - Elisabeth Haub School of Law -
FY2017**

Total Expenditure Law School Campus	\$29,810,199
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Categories	Total
Scholarships	\$12,614,401
Employee Wages & Salaries	\$11,058,563
Benefits	\$4,044,654
Sponsored Research (University-wide)	\$4,811,391
Utilities and Plant Contracts	\$817,275
Procurement - Supplies and Services for Law School	\$2,561,423
Capital Projects - Law School	\$812,735
Total Property Tax (University-wide)	\$1,475,567
FICA Taxes & Withheld (University-wide)	\$21,970,833
Federal Taxes & Withheld (University-wide)	\$20,251,778
NY State Taxes & Withheld (University-wide)	\$7,684,604
NYC Taxes Paid & Withheld (University-wide)	\$1,865,602
Yonkers Taxes (University-wide)	\$32,546
Metropolitan Commuter Transportation Mobility (MCTM) tax	\$522,220
Allocated Space Cost	\$4,249,370
Overhead Allocation (CHS)	\$1,358,458

Source: Pace University Finance Dept and Audited Financial Statements: based on FY2017 data
All values above are for Law School only unless otherwise indicated.

Number of Employees

Type	Working in White Plains
Full-Time Employee	137
Part-Time Employee	180
Retiree Receiving Medical Benefits	32
Student	217
Grand Total	566

Source: Pace University Human Resources

Table 5

STUDENT SPENDING - Pace University Overall

NYC Student Spending Totals

In-Residence (retail only)		\$11,175,854
Non-Residence (retail)		\$27,192,502
Non-Residence (housing)		\$54,934,118
Retail Total		\$38,368,356
Housing Total		\$54,934,118
	Total Student Spending	\$93,302,473

PLV Student Spending Totals

Category		Total
In-Residence (retail only)		\$4,239,504
Non-Residence (retail)		\$7,175,111
Non-Residence (housing)		\$12,877,854
Retail Total		\$11,414,615
Housing Total		\$12,877,854
	Total Student Spending	\$24,292,469

LAW School Student Spending Totals

Category		Total
In-Residence (retail only)		\$487,268
Non-Residence (retail)		\$2,285,682
Non-Residence (housing)		\$7,459,730
Retail Total		\$2,772,950
Housing Total		\$7,459,730
	Total Student Spending	\$10,232,680

Pae University Overall Student Spending

Category		Total
In-Residence (retail only)		\$15,902,626
Non-Residence (retail)		\$36,653,295
Non-Residence (housing)		\$75,271,702
Retail Total		\$52,555,921
Housing Total		\$75,271,702
	Total Student Spending	\$127,827,622

Sources and notes:

In-resident student number per Residential Life. All in-Resident students assumed to be FT

Number of FT students based on Enrollment per OPAIR, adjusted for in-Residence students per Residential Life

Ratio of Independent and Dependent Students per Financial Aid; non-FAFSA filing ratio of Dependent/Independent assumed to be the same as FAFSA filing.

Independent and Part Time students COA includes \$18,756(G) for a housing-related Independent Student Living Allowance

Summer student spending estimated at 25% of COA.

ELI Continuing Ed students are more than 95% au pairs already living locally, thus not included in these estimates.

Part Time student spending assumed to be 30% of Full Time Independent COA

In-Residence Cost of Attendance (COA) provided by Financial Aid (Total \$3,994: Books \$1800; Transportation \$600; Personal Expenses \$1,594)

Dependent Cost of Attendance (COA) provided by Financial Aid (Total \$8,444: Books \$1800; Transportation \$1350; Personal Expenses \$1,594; Meals & Home Maintenance \$3,700)

Independent Cost of Attendance (COA) provided by Financial Aid (Retail \$3,150: Books \$1800; Transportation \$1,350; Housing: Independent Student Living Allowance \$18,756)

Table 6

VISITOR SPENDING - Pace University FY2018

NYC Events	Total Attendees	# Pace Attendees	# Daytrip Visitors	Daytrip Spending	# Overnight Visitors	Overnight Spending	Total Visitor Spending
"Internal" Special Events	146,064	124,154	19,719	\$1,498,617	2,191	\$797,509	\$2,296,126
"External" Special Events	165,230	8,142	133,512	\$10,146,912	31,718	\$11,545,352	\$21,692,264
	311,294	132,296	153,231	\$11,645,529	33,909	\$12,342,861	\$23,988,390

PLV Events	Total Attendees	# Pace Attendees	# Daytrip Visitors	Daytrip Spending	# Overnight Visitors	Overnight Spending	Total Visitor Spending
"Internal" Special Events	99,967	84,972	13,496	\$1,120,130	1,500	\$378,625	\$1,498,755
"External" Special Events	67,834	4,086	60,989	\$5,062,087	6,845	\$1,728,363	\$6,790,450
	167,801	89,058	74,485	\$6,182,217	8,345	\$2,106,988	\$8,289,205

Law Events	Total Attendees	# Pace Attendees	# Daytrip Visitors	Daytrip Spending	# Overnight Visitors	Overnight Spending	Total Visitor Spending
"Internal" Special Events	25,576	21,740	3,453	\$286,579	384	\$96,869	\$383,448
"External" Special Events	10,221	1,022	8,279	\$687,158	920	\$232,272	\$919,430
	35,797	22,762	11,732	\$973,737	1,304	\$329,141	\$1,302,878

Total Pace Events	Total Attendees	# Pace Attendees	# Daytrip Visitors	Daytrip Spending	# Overnight Visitors	Overnight Spending	Total Visitor Spending
"Internal" Special Events	271,607	230,866	36,667	\$2,905,326	4,074	\$1,273,004	\$4,178,330
"External" Special Events	243,285	13,250	202,780	\$15,896,157	39,483	\$13,505,987	\$29,402,144
	514,892	244,116	239,447	\$18,801,483	43,557	\$14,778,990	\$33,580,473

Source: Pace University Departments of Special Events, Benchmark Hospitality, Cultural Affairs, Student Development and Campus Activities and Enrollment Management

Pace Attendees at "external" events estimated at 10% unless data otherwise available

Overnight visitors at "external" events assumed to be 10% of total unless data otherwise available

External Attendees at "internal" events estimated at 15%; 10% of these assumed overnight visitors

Average Spending Per Person NYC: Daytrip \$76.00; Overnight \$364.00

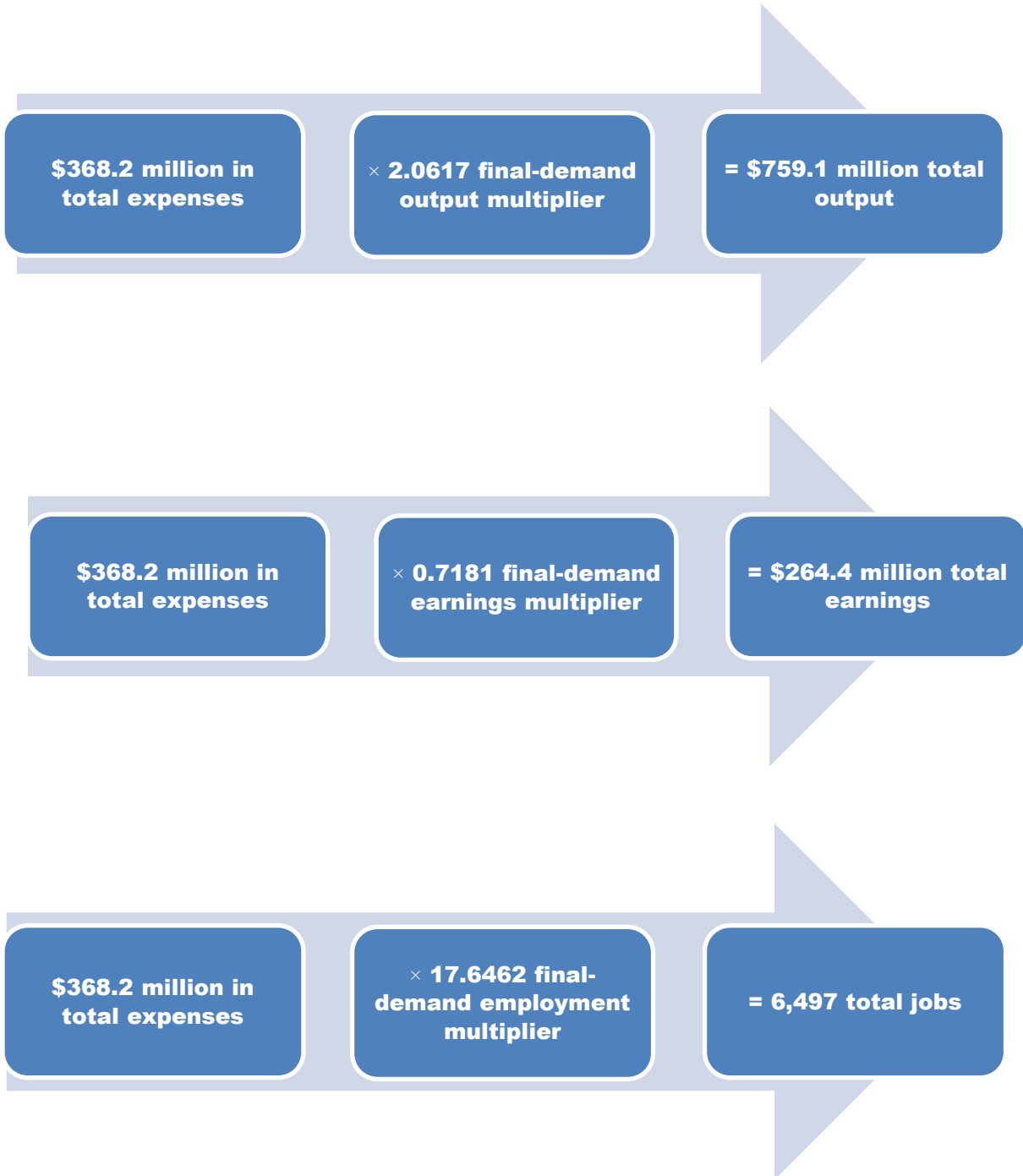
Average Spending Per Person PLV and Law: Daytrip \$83, Overnight \$252.50

Table 7

Calculating the Economic Impact of
Pace University

Overall Expenditure

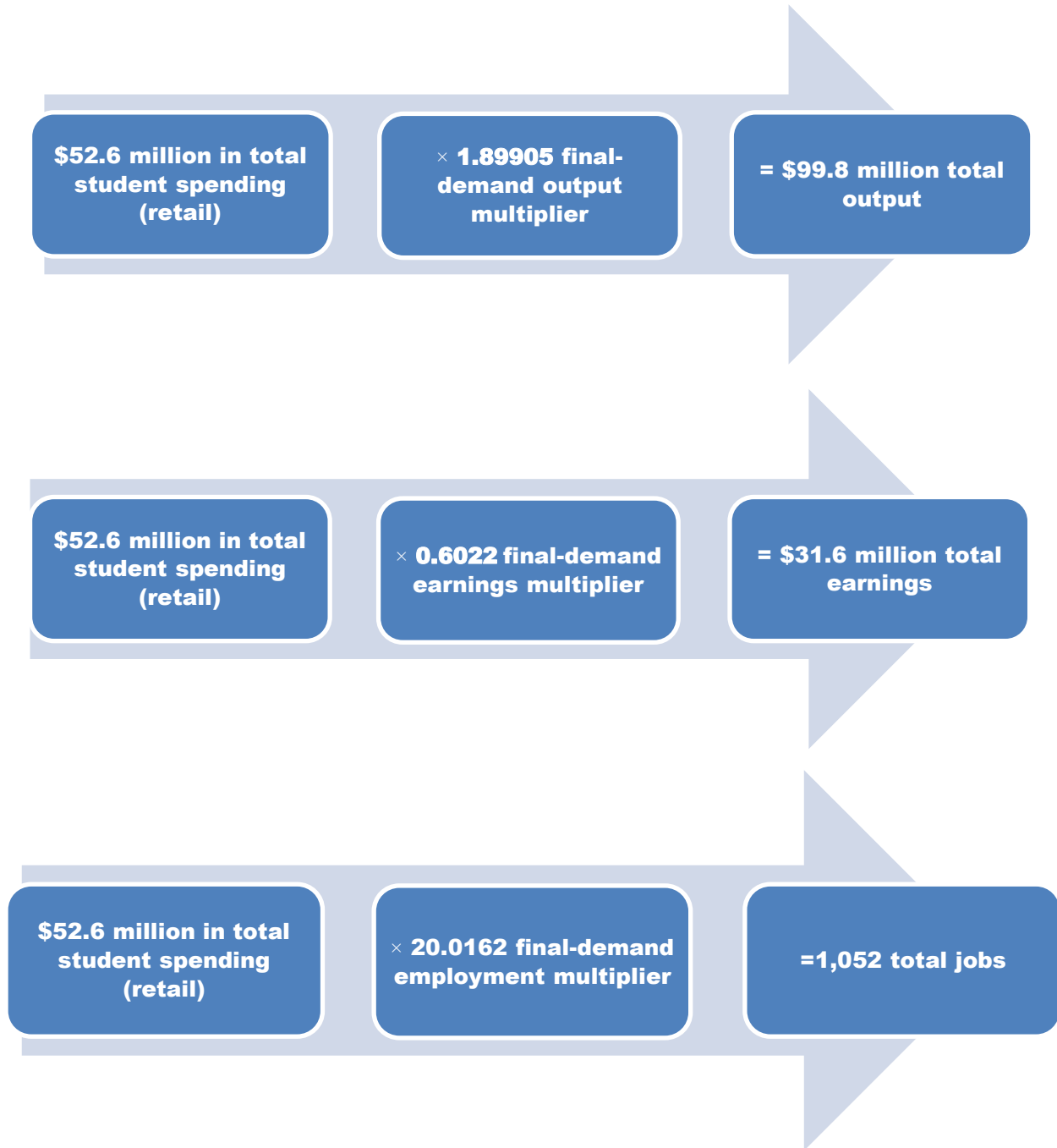
Using Type II Higher Education Industry Final-Demand Multipliers



Multipliers retrieved from the RIMS II Multipliers published by the Bureau for Economic Analysis. Related Industry codes were used, in accordance with comparable research (e.g., The Impact of Stony Brook University: Driving the Long Island Economy; John Carroll University: Economic Impact on Northeast Ohio).

Table 8

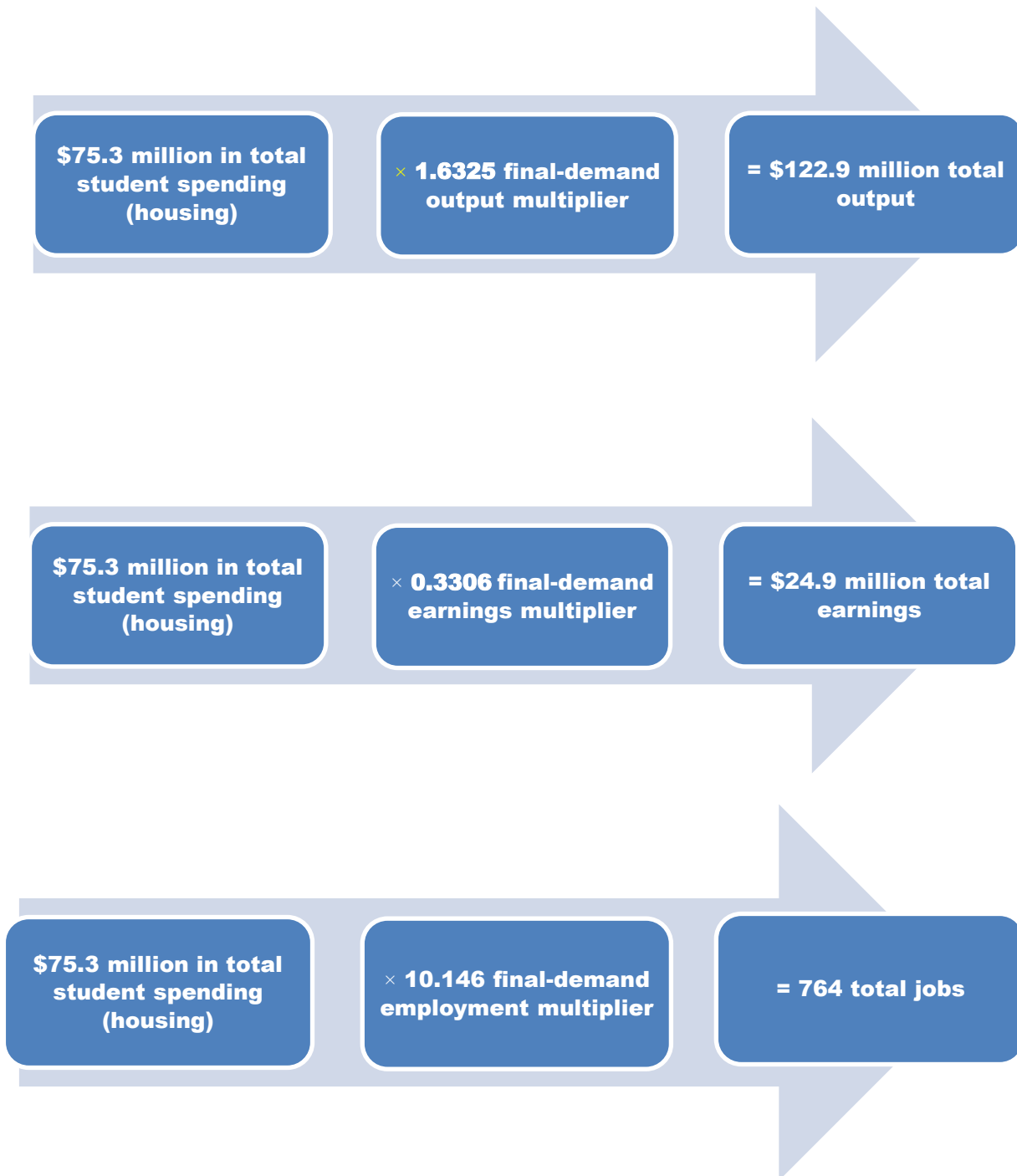
Calculating the Economic Impact of
Pace University
Student Spending – Retail Related
Using Type II Retail Trade Industry Final-Demand Multipliers



Multipliers retrieved from the RIMS II Multipliers published by the Bureau for Economic Analysis. Related Industry codes were used, in accordance with comparable research (e.g., The Impact of Stony Brook University: Driving the Long Island Economy; John Carroll University: Economic Impact on Northeast Ohio).

Table 9

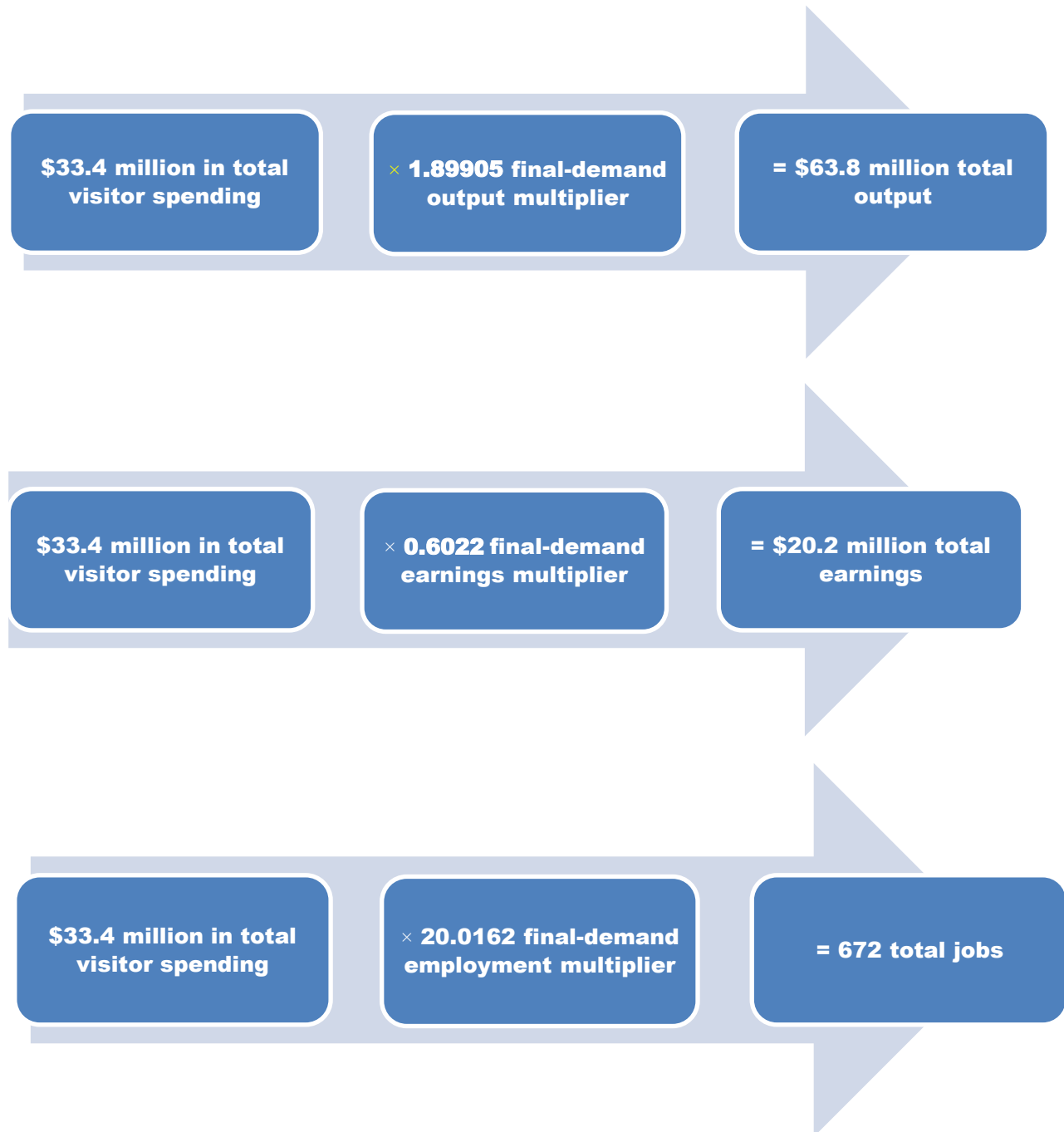
Calculating the Economic Impact of
Pace University
Student Spending – Housing Related
Using Type II Real Estate Industry Final-Demand Multipliers



Multipliers retrieved from the RIMS II Multipliers published by the Bureau for Economic Analysis. Related Industry codes were used, in accordance with comparable research (e.g., The Impact of Stony Brook University: Driving the Long Island Economy; John Carroll University: Economic Impact on Northeast Ohio).

Table 10

Calculating the Economic Impact of
Pace University
Visitor Spending
Using Type II Retail Trade Industry Final-Demand Multipliers



Multipliers retrieved from the RIMS II Multipliers published by the Bureau for Economic Analysis. Related Industry codes were used, in accordance with comparable research (e.g., The Impact of Stony Brook University: Driving the Long Island Economy; John Carroll University: Economic Impact on Northeast Ohio).