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Fall 12-5-2019

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Recommended Citation

Tekula PhD, Rebecca and Rivero, Adrian, "Economic Impact of Pace University's School of Performing Arts" (2019). *Wilson Center for Social Entrepreneurship*. 42.

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Economic Impact of Pace University's School of Performing Arts

Economic Analysis

Prepared for
Pace University

December 5, 2018
The Wilson Center for Social Entrepreneurship
Pace University
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NARRATIVE

As Manhattan's first performing arts school in nearly 50 years, Pace University's School of Performing Arts has quickly proven to be an educational and economic asset to the Lower Manhattan area. Performing Arts at Pace enrolls over 1,000 students, with all programs based in the school's home at 140 William Street. In addition to our faculty, staff, and student community, Pace Performing Arts activities and special events bring over 8,500 visitors to the area each year. As the only school for performing arts in Lower Manhattan, the program is an important academic presence with an economic impact throughout the area.

Economic Impact

The School of Performing Arts spending on payroll, procurement and other expenses has a significant impact, generating many of millions of dollars of economic activity for the neighborhood and the region. Likewise, our students and visitors to Pace Performing Arts programs spend on meals, entertainment, transportation and retail purchases, all of which has a large impact on the local economy.

In total, Pace University School of Performing Arts' impact on the regional economy amounts to \$40.5 million in increased output, \$12.7 million in earnings, and 349 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 performing arts expenditures topped \$10.9 million, contributing \$4.7 million in salaries and benefits, \$13.5 million in scholarships, and over half a million dollars in procurement. The multiplier effect, or secondary impact, of Pace Performing Arts 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 \$22.6 million in increased economic output, \$7.9 million in earnings and 194 additional jobs.
- **Student Spending:** Off-campus student spending also generates economic activity in the region. In fiscal year 2018, our Pace Performing Arts students spent \$9.2 million for off-campus housing, food, entertainment, housing, transportation, books, and other personal

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.

expenses. This spending supports employment, economic output and earnings in industries such as retail trade, real estate, food services, among others thereby generating \$16.3 million increase in economic output, \$1.9 million in earnings and 59 jobs.

- **Visitor Spending:** In fiscal year 2018, over 8,500 people visited performing arts programs including theater and other performances. Visitors spent nearly \$1 million at restaurants, hotels, retail stores, and other community businesses. The secondary impact of visitor spending generates an estimated \$1.6 million in economic output, \$506,627 in earnings and 15 full-time equivalent jobs.

Putting it all Together

Pace University School of Performing Arts has become an important neighbor to the Lower Manhattan community over the last several years – and indeed has proven to be a strong economic vehicle generating over \$40.5 million in economic impact in the area.

METHODOLOGY

In order to define the economic impact of Pace University School of Performing Arts, 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 Performing Arts 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 Performing Arts expenditure 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 performing arts expenditure of \$10.9 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 Pace Performing Arts 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 \$4.9 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 \$4.3 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 NYC, 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, Cultural Affairs and Performing Arts. These included non-Pace visitors who attended performances and other events at the School of Performing Arts 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: \$76.00
- Overnight: \$364.00

Total visitor spending was estimated to be \$754,246. Multipliers for ***Performing Arts, Spectator Sports, and Related Activities Retail Trade-Industry Code 59*** were applied to the direct visitors spending to determine economic impact.

² US General Services Administration

Table 1**Overall Economic Impact of Pace University School of Performing Arts Expenditure and Visitors**

Actual Spending	Impact Measure	Total Impact
Pace University Expenditure		
\$10,967,301	Output	\$22,611,285
	Earnings	\$7,875,619
	Employment	194
Student Spending Off-Campus non-Housing		
\$4,853,283	Output	\$9,216,627
	Earnings	\$2,922,647
	Employment	97
Student Spending Off-Campus Housing		
\$4,330,654	Output	\$7,069,793
	Earnings	\$1,431,714
	Employment	44
Visitor Spending		
\$754,246	Output	\$1,645,688
	Earnings	\$506,627
	Employment	15
Overall Impact		
	Output	\$40,543,393
	Earnings	\$12,736,607
	Employment	349

Table 2

UNIVERSITY EXPENDITURE - School of Performing Arts - FY2017

Total Expenditure Pace Performing Arts Program	\$10,967,301
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Categories	Total
Scholarships	\$13,472,693
Employee Wages & Salaries	\$3,700,648
Benefits	\$1,027,759
Utilities and Plant Contracts	\$813
Procurement- Supplies and Services	\$639,774
Allocated Space Cost	\$2,260,339
Overhead Allocation (CHS)	\$3,018,160

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

Table 3

STUDENT SPENDING - Performing Arts Program - FY2018

In-Residence Students - spending off campus

	# of Students Summer II 2017	Summer II spending	# of Students Fall 2017	Fall Spending	# of Students Spring 2018	Spring Spending	# of Students Summer I 2018	Summer I Spending	Total Student Spending
Undergraduate	7	\$5,240	284	\$425,148	274	\$410,178	14	\$10,479	\$851,045
Graduate	0	\$0	4	\$5,988	3	\$4,491	0	\$0	\$10,479
Total	7	\$5,240	288	\$431,136	277	\$414,669	14	\$10,479	\$861,524

Non-Residence Students - spending off campus for retail-related

	# of Students Summer II 2017	Summer II spending	# of Students Fall 2017	Fall Spending	# of Students Spring 2018	Spring Spending	# of Students Summer I 2018	Summer I Spending	Total Student Spending
Undergraduate FT (Dependent)	0	\$0	486	\$1,712,626	459	\$1,617,395	0	\$0	\$3,330,021
Undergraduate FT (Independent)	0	\$0	140	\$150,215	136	\$145,957	0	\$0	\$296,172
Graduate FT (Dependent)	0	\$0	23	\$85,278	20	\$73,003	0	\$0	\$158,281
Graduate FT (Independent)	0	\$0	80	\$86,095	81	\$87,490	0	\$0	\$173,585
Undergraduate PT	58	\$9,353	17	\$5,483	23	\$7,418	71	\$11,449	\$33,701
Graduate PT	0	\$0	0	\$0	0	\$0	0	\$0	\$0
Total	58	\$9,353	746	\$2,039,696	719	\$1,931,262	71	\$11,449	\$3,991,759

Non-Residence Students - spending off campus for housing-related

	# of Students Summer II 2017	Summer II spending	# of Students Fall 2017	Fall Spending	# of Students Spring 2018	Spring Spending	# of Students Summer I 2018	Summer I Spending	Total Student Spending
Undergraduate FT (Independent)	0	\$0	140	\$1,282,486	136	\$1,246,132	0	\$0	\$2,528,618
Graduate FT (Independent)	0	\$0	80	\$751,067	81	\$763,239	0	\$0	\$1,514,306
Undergraduate PT	58	\$79,849	17	\$46,808	23	\$63,328	71	\$97,746	\$287,730
Graduate PT	0	\$0	0	\$0	0	\$0	0	\$0	\$0
Total	58	\$79,849	237	\$2,080,361	240	\$2,072,699	71	\$97,746	\$4,330,654

Overall Student Spending

Category	Total
In-Residence (retail only)	\$861,524
Non-Residence (retail)	\$3,991,759
Non-Residence (housing)	\$4,330,654
Retail Total	\$4,853,283
Housing Total	\$4,330,654
Total Student Spending	\$9,183,937

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 values for all NYC students; non-FAFSA filing ratio of Dependent/Independent assumed to be the same as FAFSA filing.

Independent and Part Time students COA includes \$18,356(UG) or \$18,756(G) for a housing-related Independent Student Living Allowance.

Summer student spending estimated at 25% of COA.

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

In-Residence Cost of Attendance (COA) provided by Financial Aid (Total \$2,994: Books \$800; Transportation \$600; Personal Expenses \$1,594)

Dependent Cost of Attendance (COA) provided by Financial Aid (Total \$7,044UG/\$7,244G: Books \$800; Transportation \$1350; Personal Expenses \$1,594; Meals & Home Maintenance \$3,300UG/\$3500G)

Independent Cost of Attendance (COA) provided by Financial Aid (Retail \$2,150: Books \$800; Transportation \$1,350; Housing: Independent Student Living Allowance \$18,356)

Table 4**VISITOR SPENDING - School of Performing Arts - FY2018**

Type of Event	Total Attendees	# Pace Attendees	# Daytrip Visitors	Daytrip Spending	# Overnight Visitors	Overnight Spending	Total Visitor Spending
"Internal" Special Events	610	519	82	\$6,259	9	\$3,331	\$9,589
"External" Special Events	7,895	790	6,395	\$486,016	711	\$258,640	\$744,656
	8,505	1,308	6,477	\$492,275	720	\$261,971	\$754,246

Source: Pace University Departments of Special Events, Athletics 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

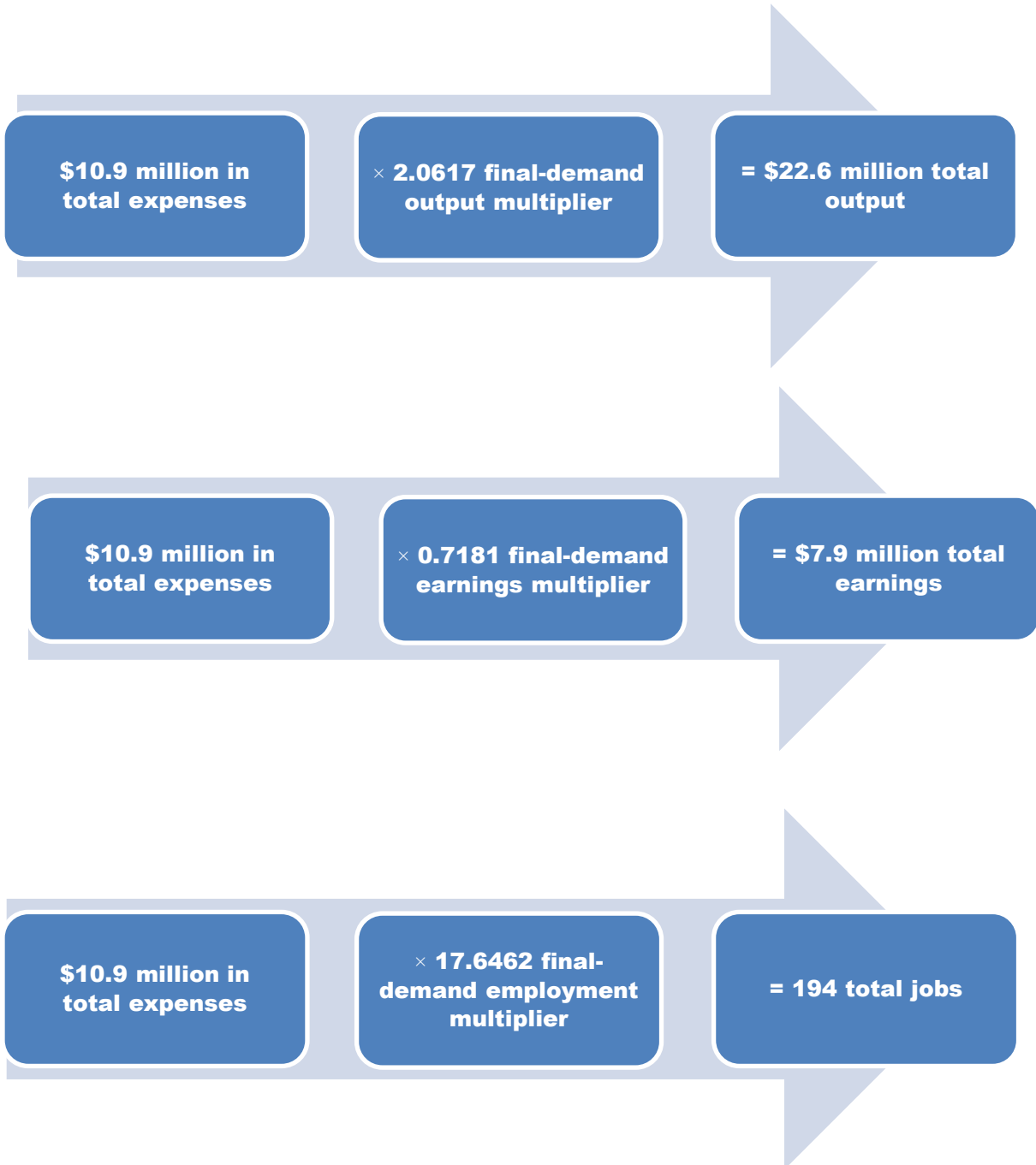
External Attendees at "internal" events estimated at 15%; 10% of these assumed overnight visitors

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

Table 5

Calculating the Economic Impact of
Pace University School of Performing Arts
Overall Expenditure

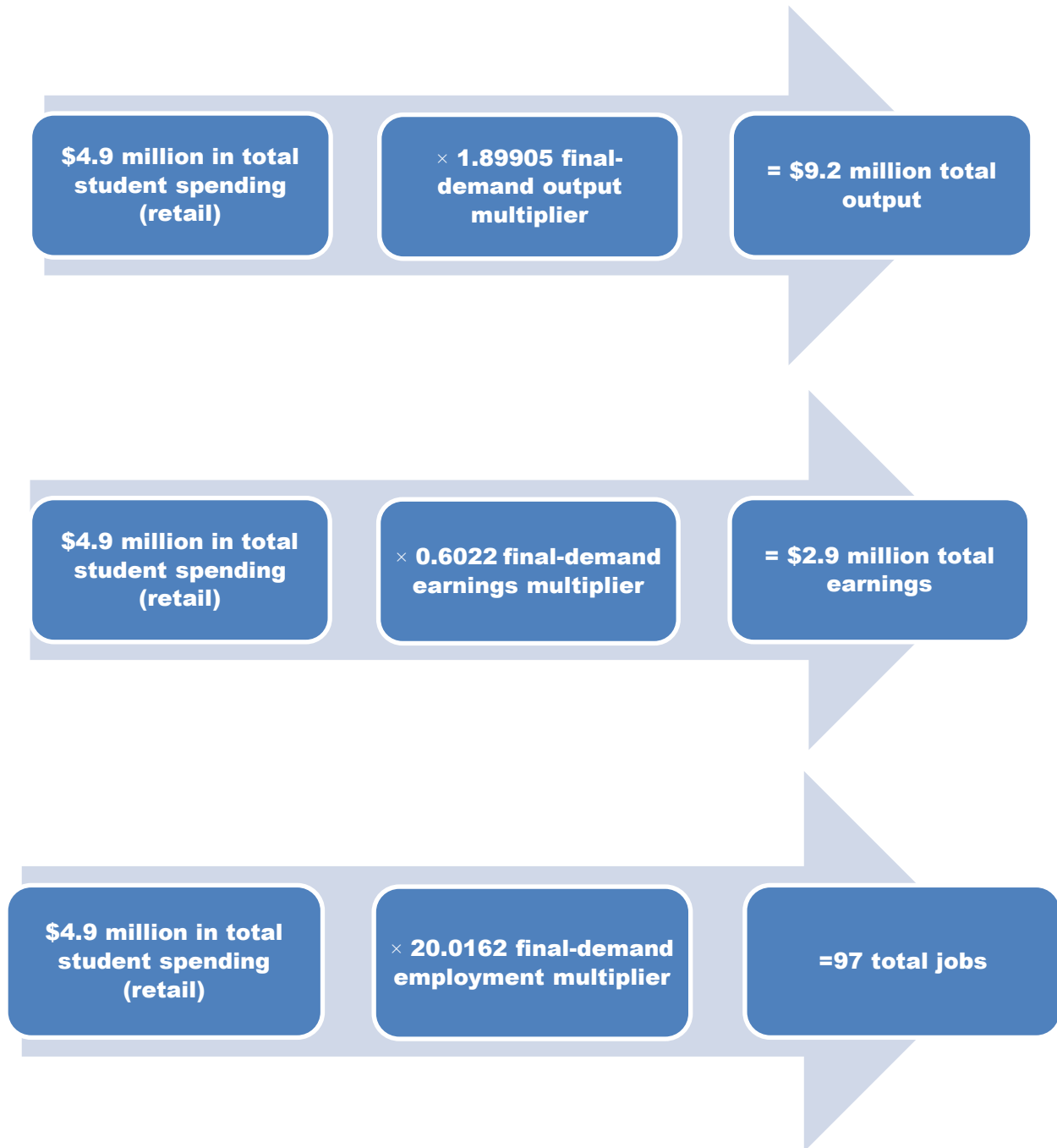
Using Type II Higher Education Industry Final-Demand Multipliers



*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 6

Calculating the Economic Impact of
Pace University School of Performing Arts
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 7

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



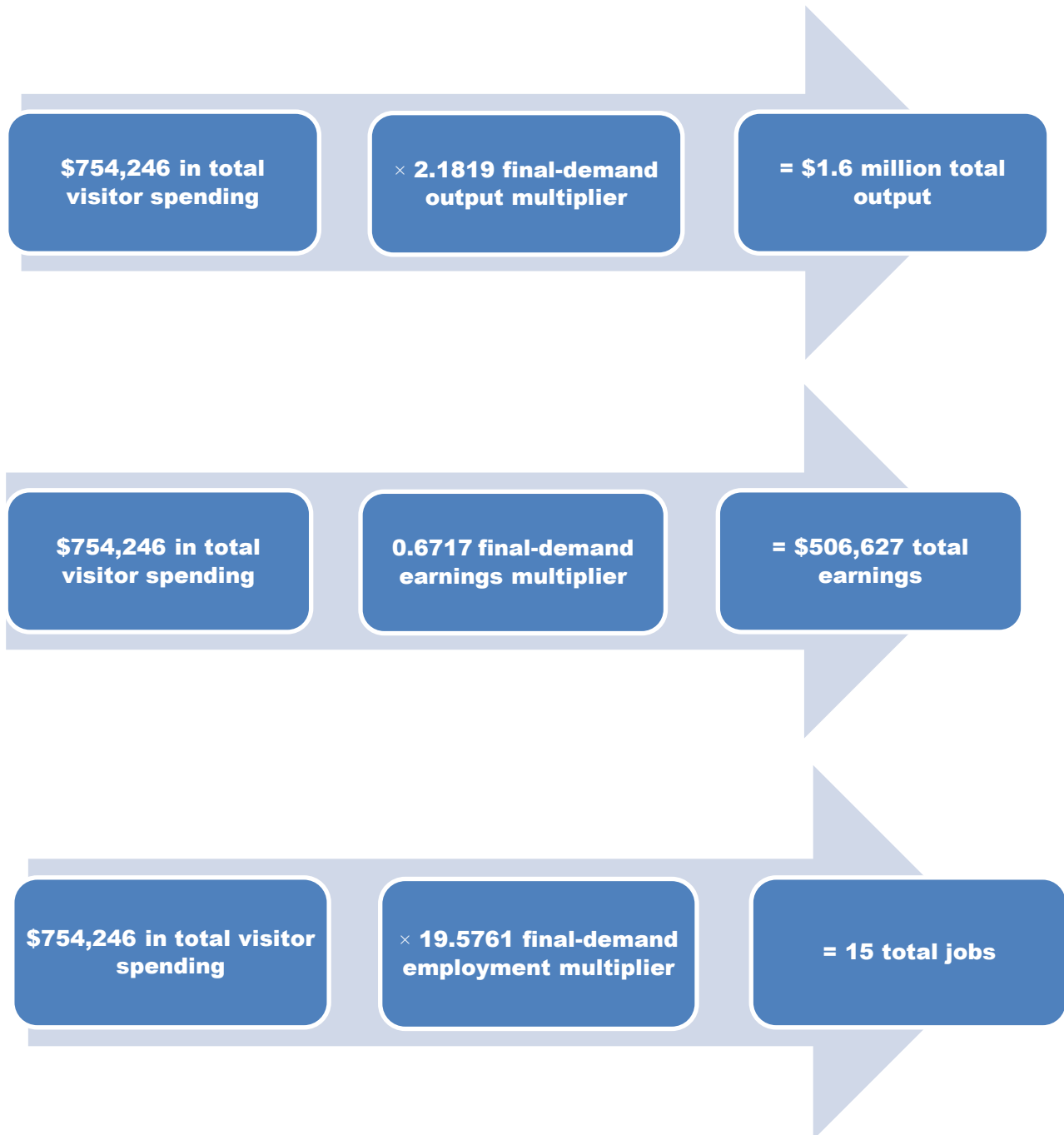
Multipliers retrieved from the RIMS II Multipliers published by the Bureau for Economic Analysis. Related Industry codes were used, in accordance with comparable research (e.g., The Impact of Stony Brook University: Driving the Long Island Economy; John Carroll University: Economic Impact on Northeast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

Table 8

Calculating the Economic Impact of
Pace University School of Performing Arts

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).