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Economic Impact of Pace University New York City

Economic Analysis

Prepared for
Pace University

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The Wilson Center for Social Entrepreneurship
Pace University

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NARRATIVE

For over a century, Pace University's New York City Campus has been an educational and economic asset to the greater New York area. The NYC campus enrolls over 9,000 students, employs nearly 3,000 people, and coordinates placement of students in thousands internships and clinical practice each year. In addition to our faculty, staff, and student community, Pace NYC activities and special events bring over 178,000 visitors to the area each year. As Lower Manhattan's only research university, 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 City and the region. Likewise, our students and visitors to our NYC campus spend on meals, entertainment, transportation and retail purchases, all of which has a tremendous impact on the local economy.

In total, Pace University NYC's impact on the regional economy amounts to \$681.9 million in increased output, \$220.7 million in earnings, and 5,861 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 NYC campus expenditures topped \$229.8 million, contributing \$85.1 million in salaries and benefits, \$4.8 million in sponsored research, \$105.8 million in scholarships, \$15.7 million in capital projects, and \$54.1 million in procurement, utilities and plant contracts. The multiplier effect, or secondary impact, of Pace NYC 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 \$473.8 million in increased economic output, \$165 million in earnings and 4,055 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 NYC students spent \$93.3 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 \$162.5 million increase in economic output, \$41.3 million in earnings and 1,325 jobs.
- **Visitor Spending:** In fiscal year 2018, over 178,000 people visited the NYC campus for theater and other performances, as well as conferences, camps and speaking engagements. Visitors spent \$23.9 million at restaurants, hotels, retail stores, and other community businesses. The secondary impact of visitor spending generates an estimated \$45.6 million in economic output, \$14.4 million in earnings and 480 full-time equivalent jobs.

Putting it all Together

Pace University's NYC has been an important neighbor to the Lower Manhattan community for over a decade – and indeed Pace is a strong economic vehicle generating nearly \$700 million in economic impact in the area.

METHODOLOGY

In order to define the economic impact of Pace University, New York City, 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 NYC 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 NYC 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 NYC Campus expenditure of \$229.8 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 \$33.9 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 \$54.9 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 and Cultural Affairs. These included non-Pace visitors who attended events, conferences, meetings, and other activities on our NYC campus 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 \$23.4 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

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

Actual Spending	Impact Measure	Total Impact
Pace University Expenditure		
\$229,814,585	Output	\$473,808,730
	Earnings	\$165,029,853
	Employment	4,055
Student Spending		
Off-Campus non-Housing		
\$38,368,356	Output	\$72,863,426
	Earnings	\$23,105,424
	Employment	768
Student Spending		
Off-Campus Housing		
\$54,934,118	Output	\$89,679,947
	Earnings	\$18,161,219
	Employment	557
Visitor Spending		
\$23,988,390	Output	\$45,555,152
	Earnings	\$14,445,809
	Employment	480
Overall Impact		
	Output	\$681,907,255
	Earnings	\$220,742,305
	Employment	5,861

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

STUDENT SPENDING - NYC Campus - 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	72	\$53,892	2,236	\$3,347,292	2,032	\$3,041,904	125	\$93,563	\$6,536,651
Graduate	9	\$6,737	49	\$73,353	32	\$47,904	5	\$3,743	\$131,736
Camps and Conf. (non Credit)	2,398	\$1,794,903	0	\$0	0	\$0	3,624	\$2,712,564	\$4,507,467
Total	2,479	\$1,855,532	2,285	\$3,420,645	2,064	\$3,089,808	3,754	\$2,809,869	\$11,175,854

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	2,565	\$9,033,692	2,484	\$8,750,241	10	\$17,610	\$17,801,544
Undergraduate FT (Independent)	0	\$0	737	\$792,348	735	\$789,639	48	\$25,800	\$1,607,786
Graduate FT (Dependent)	0	\$0	315	\$1,172,363	235	\$875,310	0	\$0	\$2,047,673
Graduate FT (Independent)	0	\$0	1,101	\$1,183,594	976	\$1,049,015	0	\$0	\$2,232,610
Undergraduate PT	960	\$154,800	862	\$277,995	669	\$215,753	1,141	\$183,986	\$832,534
Graduate PT	1,057	\$170,441	1,369	\$441,503	1,382	\$445,695	1,210	\$195,113	\$1,252,751
ELI Students (non Credit)	80	\$140,880	234	\$824,148	79	\$278,238	99	\$174,339	\$1,417,605
Total	2,097	\$466,121	7,183	\$13,725,643	6,560	\$12,403,891	2,508	\$596,848	\$27,192,502

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	737	\$6,764,805	735	\$6,741,678	48	\$220,272	\$13,726,755
Graduate FT (Independent)	0	\$0	1,101	\$10,325,347	976	\$9,151,316	0	\$0	\$19,476,663
Undergraduate PT	960	\$1,321,632	862	\$2,373,431	669	\$1,842,025	1,141	\$1,570,815	\$7,107,902
Graduate PT	1,057	\$1,486,882	1,369	\$3,851,545	1,382	\$3,888,119	1,210	\$1,702,107	\$10,928,652
ELI Students (non Credit)	80	\$367,120	234	\$2,147,652	79	\$725,062	99	\$454,311	\$3,694,145
Total	2,097	\$3,175,634	4,303	\$25,462,780	3,840	\$22,348,199	2,498	\$3,947,505	\$54,934,118

Overall Student Spending

Category	Total
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

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 \$18,356(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

ELI Student numbers include only non-matriculated; Average of spring and fall terms used; Winter included with Spring

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 - NYC Campus FY2018**

Type of Event	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

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

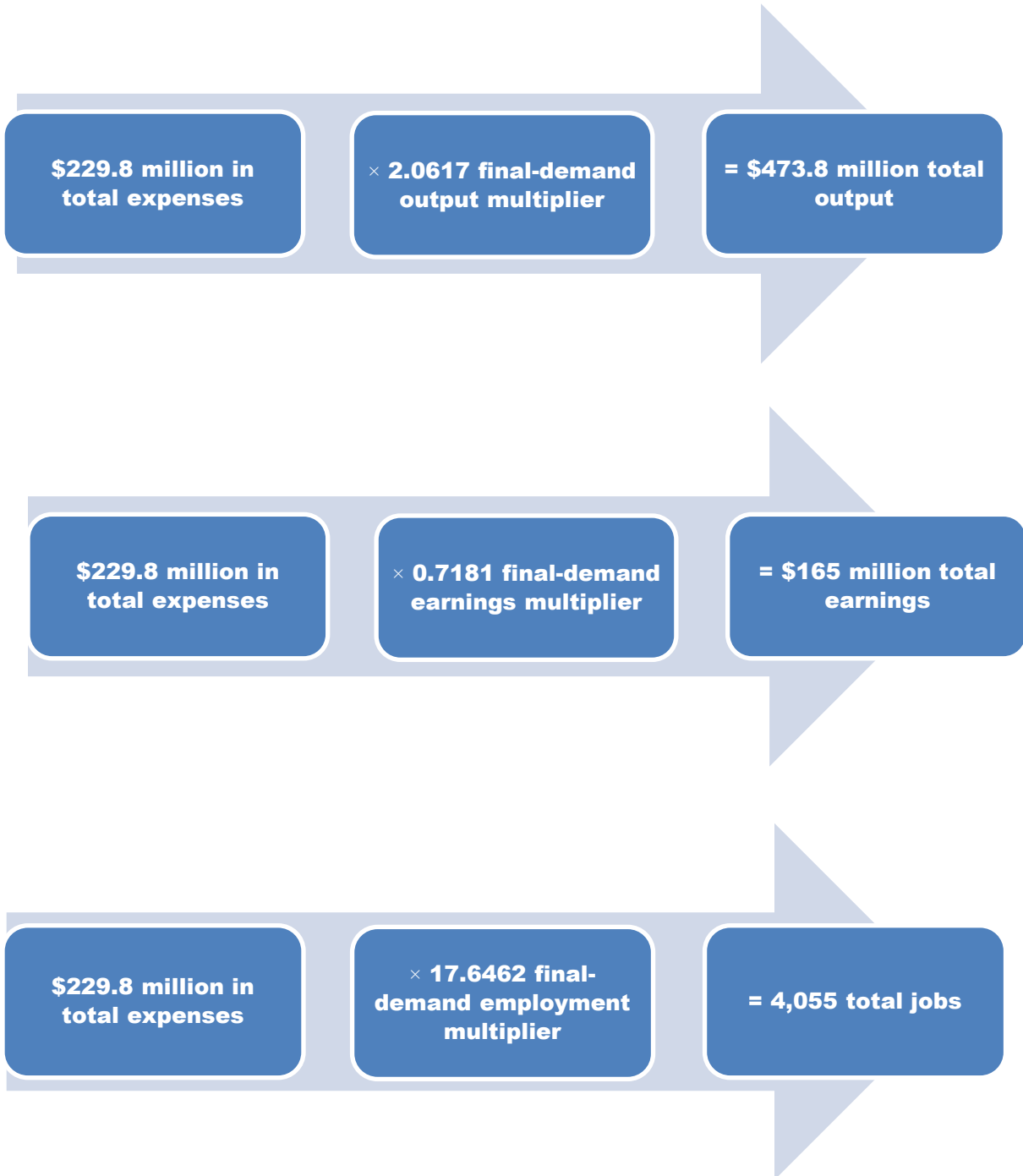
Average Spending Per Person: Daytrip \$76.00; Overnight \$364.00

Table 5

Calculating the Economic Impact of
Pace University New York City Campus

Overall Expenditure

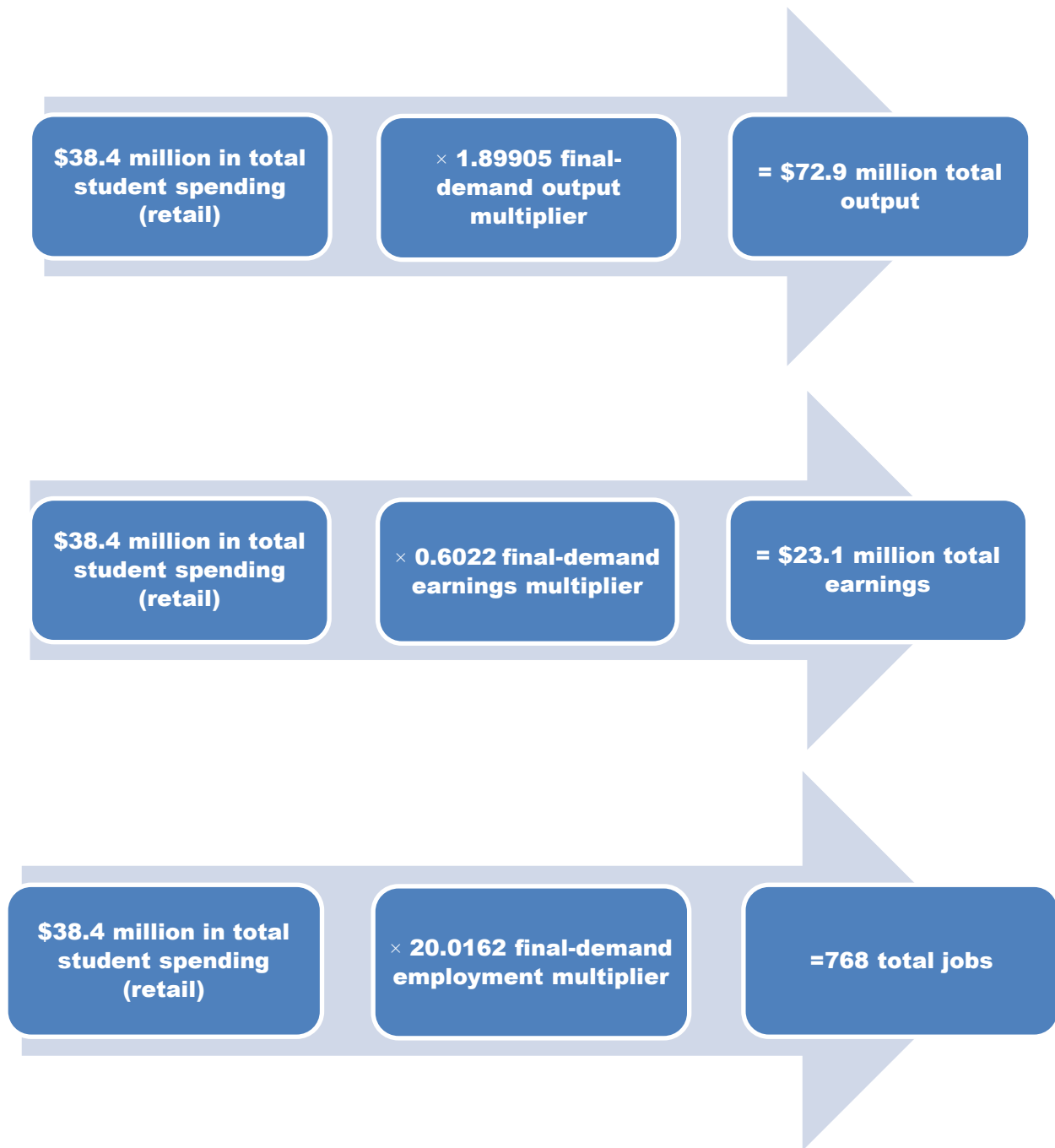
Using Type II Higher Education Industry Final-Demand Multipliers



*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

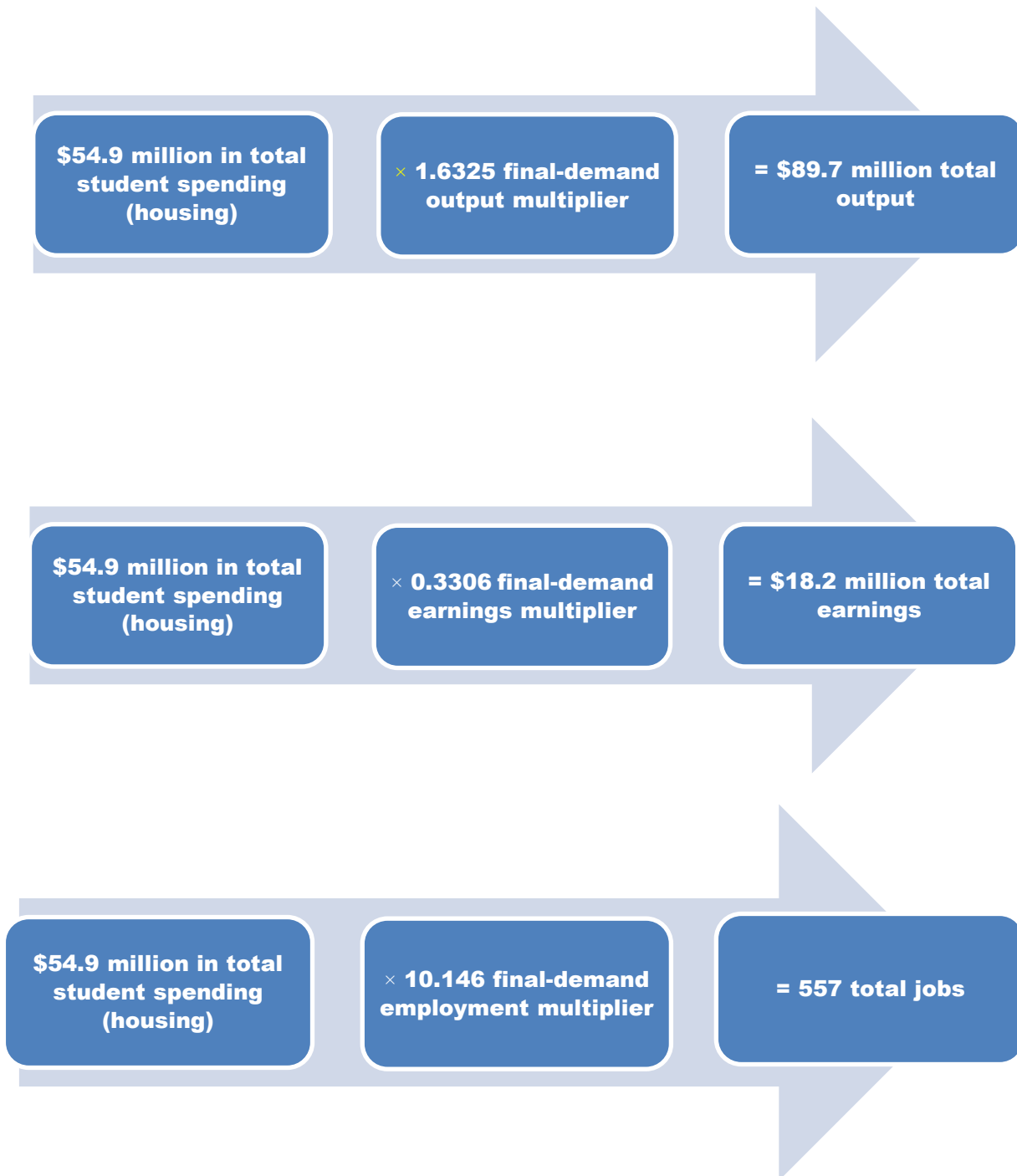
Calculating the Economic Impact of
Pace University New York City Campus
Student Spending – Retail Related
Using Type II Retail Trade Industry Final-Demand Multipliers



*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 New York City Campus
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 New York City Campus
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*).*