

The Economic Impact of on the Central New York Regional Economy



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Table of Contents

Direct Expenditures	4
College Employee Expenditures	4
Student Expenditures	6
Visitor's spending	8
Impact of Direct Expenditures	8
Conclusion	10

List of Figures and Tables

Figure 1: Map of Regional Area Studied	3
Figure 2: Employee Spending by Category	5
Figure 3: Off-Campus Student Spending During Academic Year	7
Figure 4: On-Campus Student Spending During Academic Year	7
Figure 5: SUNY Cortland Direct Spending	10
Table 1: Employee's Average Monthly Expenditures	5
Table 2: Student's Average Monthly Expenditures	6
Table 3: Visitor's Expenditures by Group	8
Table 4: Aggregate Annual Average Expenditures	9

Executive Summary

- During 2007-08, SUNY Cortland generated nearly \$278 million dollars in regional economic activity (Cortland, Broome, Cayuga, Onondaga and Tompkins Counties). This activity is a result of \$150 million in direct spending by the College, its employees and students.
- Student's expenditures account for 35% of the economic impact of the College. They contribute \$52.5 million in direct spending which generates an impact of \$97 million in the local economy.
- The employee's of SUNY Cortland inject over \$45 million directly into the regional economy. This expenditure leads to an economic impact of \$83 million, 30% of the Colleges overall impact.
- Visitors to the employees and students of SUNY Cortland account for approximately 2% of the total impact of the College, \$6.5 million as a result of their \$3.5 million in direct spending.
- The purchases of the College, the Auxiliary Services Corporation (ASC) and the Student Government Association (SGA) account for 11% of SUNY Cortland's economic impact on the Central New York economy. Together their approximately \$16 million in purchases inject \$30 million into the regional economy.
- The College's expenditure of \$8 million on critical maintenance construction accounts for 5% of the economic impact of the College injecting nearly \$15 million back into our regional area.
- Expenditures on utilities by the College account for 4% of SUNY Cortland's impact. The College spends \$5.6 million in utilities, thus creating an impact of over \$10 million.

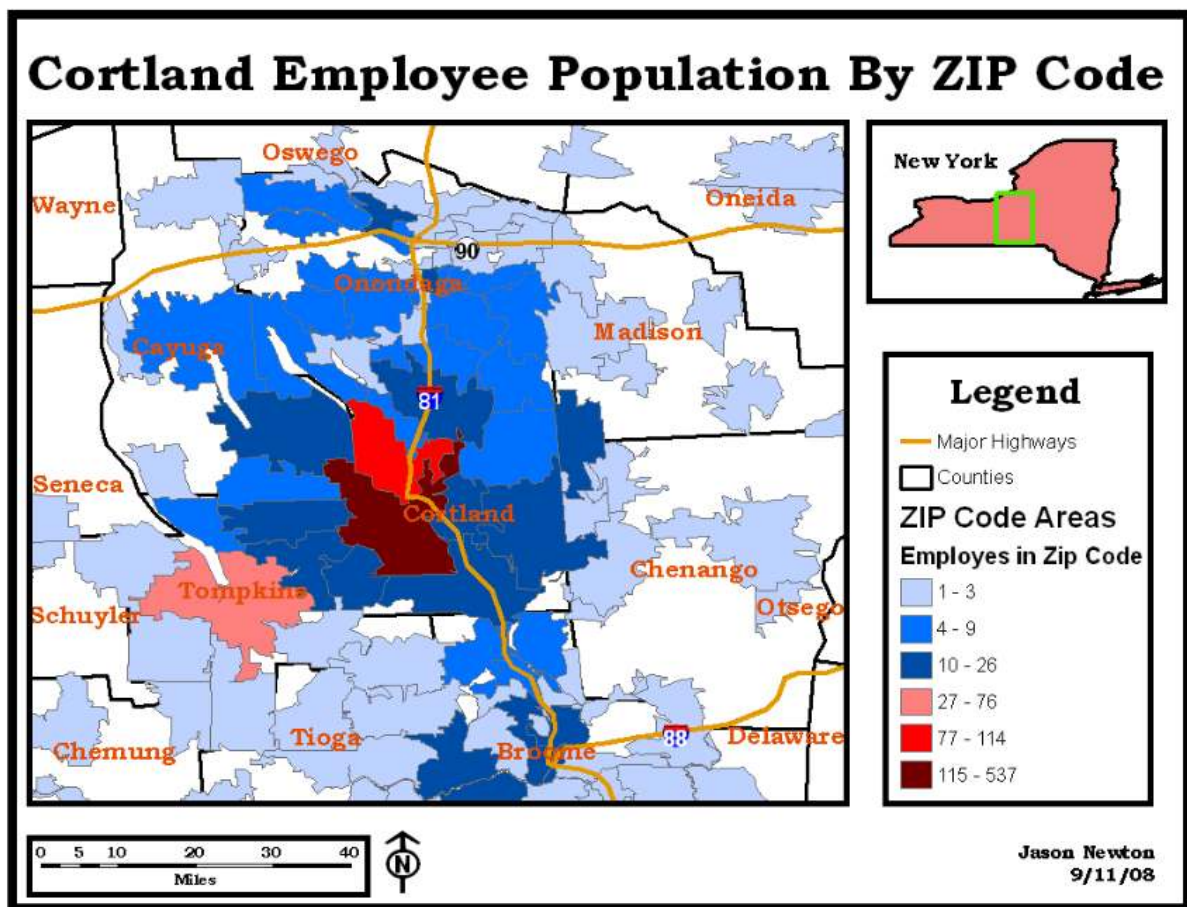
Acknowledgements

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Overview

This study estimates the impact the State University of New York College at Cortland has on the Central New York regional economy. SUNY Cortland contributes to the regional economy by bringing money into the area that would not otherwise be spent here. The local regional economy considered in this work includes Cortland County, Tompkins County, Broome County, and Onondaga County. The majority of the contributions come not only from the students who choose to attend SUNY Cortland for their college education but the faculty and staff who work at the College as well. As displayed in Figure 1 below, an overwhelming majority of the College's employees live within the regional area. As will be discussed later, many of the individuals who are employed at the College would not live in this region if not for the existence of SUNY Cortland.

Figure 1: Map of Regional Area Studied



Source: Jason Newton, SUNY Cortland GIS Lab

Methodology

The total value method will be used in order to calculate the impact the College has on the economy.¹ This method entails first calculating the total direct expenditures for SUNY Cortland including that of its employees and students and then using a reliable multiplier to determine the impact of these expenditures. The multiplier for this study was generated by RIMS II. RIMS II multipliers are generated from input-output analysis for a particular region and are obtained through the Bureau of Economic Analysis (for more information see www.BEA.gov). Recall, that the economic region for this study consists of Cortland, Cayuga, Onondaga, Broome and Tompkins counties.

In order to determine the direct expenditures, two surveys were conducted. One survey was designed for SUNY Cortland students. These student surveys were distributed in randomly selected courses that statistically represented the entire student body. An online survey was conducted to obtain information from employees of the College. Of the approximately 1000 employees on campus, 245 surveys were completed online for a response rate of approximately 25%. Both the student and employee surveys were designed to acquire information concerning expenditures in various categories, including their own purchases of goods and services as well as the expenditures of their visitors.

Direct Expenditures

The responses to the individual surveys were used to calculate point estimates of the direct spending for the College's employees and students. This expenditure is a weighted average, that is, the average expenditure for each group is calculated from the survey data and is then multiplied by the total number of individuals in that group to obtain the total expenditure.

College Employee Expenditures

The College's employees were asked to provide expenditure information regarding their rent or mortgage, taxes and utilities, food, transportation, entertainment, services and other miscellaneous expenditures. The employees were categorized as faculty, professional staff, classified staff and Auxiliary Services Corporation (ASC) workers. Table 1 below displays the College employee's average monthly expenditures and the associated standard deviations within these categories. Overall, the faculty had the highest total monthly expenditures (\$4,827), followed closely by the professional staff (\$4,576). The classified staff had monthly expenditures of \$3,142, while the ASC workers had the lowest monthly expenditures (\$1,905).

¹ For a detailed discussion of methodological choices see Choudhury, Sharmila and Mark Prus (1995). "The Economic Impact of State University of New York College at Cortland on the Central New York Regional Economy."

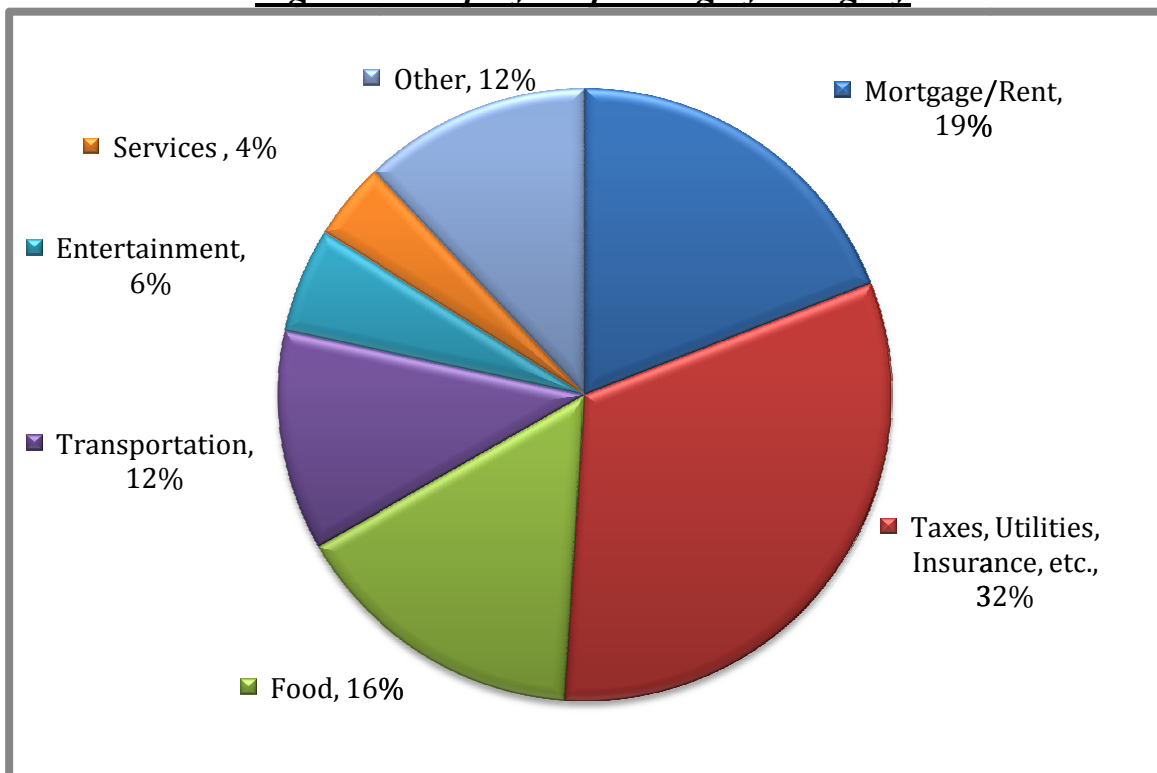
Table 1: Employee's Average Monthly Expenditures

	ASC	Classified Staff	Faculty	Professional Staff
Rent/ Mortgage	\$450	\$506	\$967	\$877
	±\$0	±\$318	±\$791	±\$1,257
Taxes, Utilities, etc.	\$525	\$1,165	\$1,643	\$1,146
	±\$0	±\$1,882	±\$4,327	±\$2,162
Food	\$305	\$518	\$681	\$787
	±\$0	±\$731	±\$1,272	±\$1,429
Transportation	\$225	\$426	\$442	\$610
	±\$92	±\$893	±\$929	±\$1,205
Entertainment	\$90	\$160	\$196	\$389
	±\$141	±\$157	±\$241	±\$801
Services	\$110	\$122	\$151	\$236
	±\$35	±\$157	±\$202	±\$518
Other	\$200	\$245	\$747	\$531
	±\$0	±\$571	±\$1,003	±\$753

Source: Survey of the Employees, Spring 2008

The percent of monthly expenditures by all college employees in each category presented in Figure 2 below, indicate that for employees taxes and utilities constitute the highest expenditures (32%) followed by rent or mortgage payments (19%) then food expenditures (16%).

Figure 2: Employee Spending by Category



Student Expenditures

Table 2 displays the average monthly expenditures for both on and off-campus students, as well as the associated standard deviations. Student expenditures were categorized similarly to the college employee expenditures. The categories include expenditures on rent, food, utilities, transportation, entertainment, socializing, services, and other miscellaneous expenditures. As would be expected, off-campus students spend significantly more on *food*, *rent* and *utilities*. Furthermore, off-campus students spend significantly more on *socializing* than the on-campus students. Expenditures on *entertainment* and *services* are not statistically different between on and off campus students. Surprisingly, on-campus students spend significantly more on *textbooks* than off-campus students.

Table 2: Student's Average Monthly Expenditures

	ALL STUDENTS	On- Campus	Off- Campus
Rent	\$505	-	\$505
	±\$14		±\$14
Utilities	\$118	-	\$118
	±\$15		±\$15
Food	\$142	\$83	\$201
	±\$6	±\$5	±\$7
Transportation	\$93	\$81	\$104
	±\$6	±\$6	±\$6
Entertainment	\$32	\$33	\$31
	±\$3	±\$3	±\$2
Socializing	\$77	\$65	\$89
	±\$5	±\$5	±\$6
Services	\$28	\$27	\$29
	±\$2	±\$2	±\$3
Books	\$88	\$94	\$83
	±\$3	±\$3	±\$2
Other	\$67	\$63	\$72
	±\$5	±\$6	±\$5
Source: Survey of Students, Spring2008			

Figures 3 and 4 depict the percent of total expenditures spent in each category by off- and on-campus students respectively. Over 67 percent of off-campus student's money is allocated towards rent, food, and other utilities. The largest share of spending for on-campus students is interestingly spent on books (21%) followed by expenditures on food (19%).

Figure 3: Off-Campus Student Spending During Academic Year

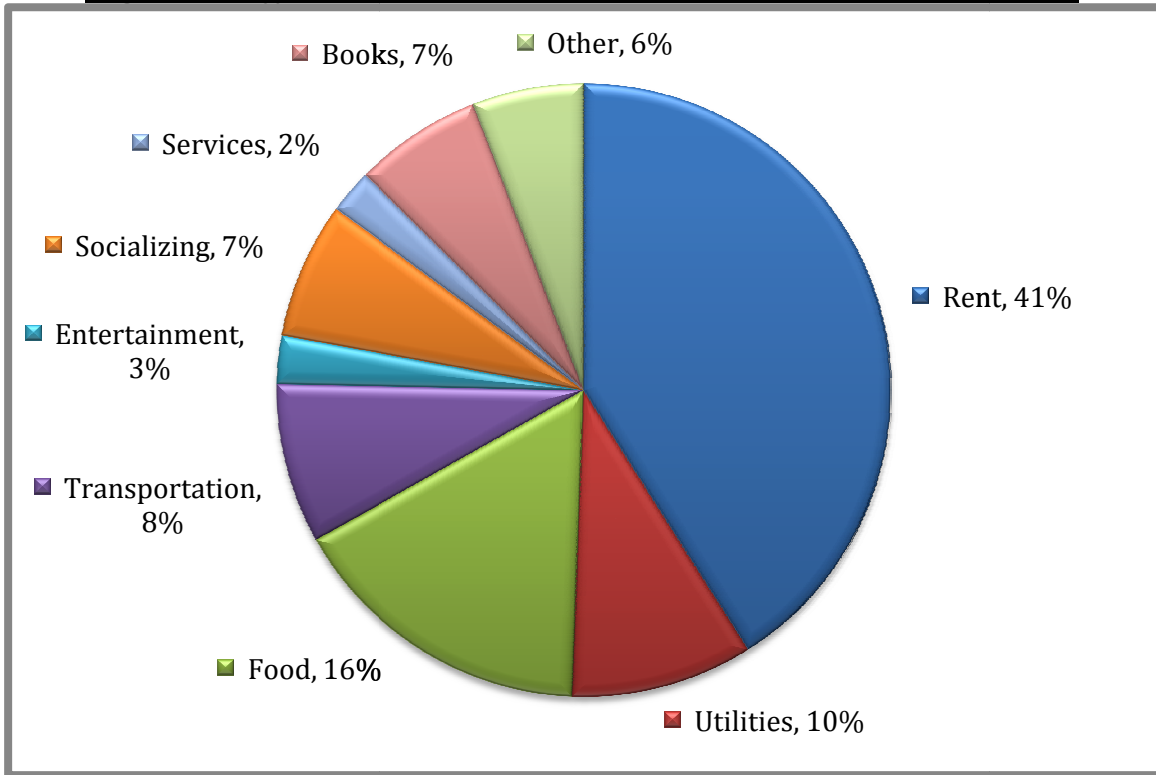
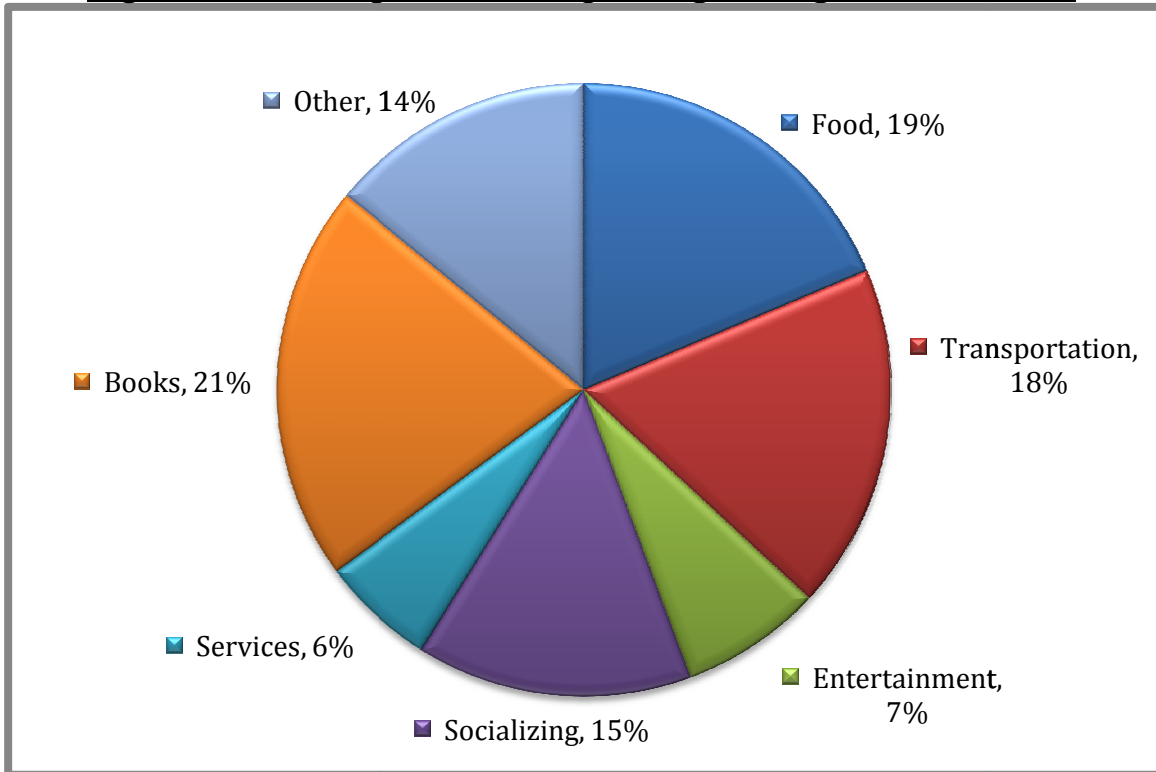


Figure 4: On-Campus Student Spending During Academic Year



Visitor's spending

Visitors of the College's employees and students inject over \$3.5 million into the local economy. This money would never have been spent here without the presence of the College. This expenditure is disaggregated by visitors to each group of the College's employees as well as to students in Table 3 below. Visitors to the students bring over 2.3 million to the area annually.

Table 3: Visitor's Expenditures by Group

Group	Yearly Expenditure
Students	\$2,340,623.71
ASC	\$275,625.00
Classified	\$222,719.83
Faculty	\$436,342.10
Professional	\$283,709.93
SOURCE: Survey of Employees 2008 and Survey of Students, 2008	

Impact of Direct Expenditures

The direct spending that the faculty, staff and students contribute as well as the College's spending also has an indirect effect. This effect stems from the re-expenditure of the income generated in the local community from the initial spending of the College, its employees and students. That is, for every dollar expended by the College, that dollar has a reoccurring impact on the economy due to its re-expenditure within the local community. This impact is called the multiplier effect. The size of the multiplier is dependent upon the economic region. The multiplier used in this study, generated by RIMS II through the Bureau of Economic Analysis, is 1.8509.

The economic impact of SUNY Cortland on the regional community during the 2007-08 academic year is over \$277 million dollars, as is indicated in Table 4 below. This impact stems from the over \$150 million in direct spending by SUNY Cortland.

Over \$187 million in economic impact is attributable to the students, employees and their visitors. The students at SUNY Cortland contribute the largest share with an impact of over \$97 million stemming from direct spending of \$52.5 million. The College's employees direct spending of \$45.2 million, contributes nearly \$84 million the economic impact. The visitors to the College's students and employees contribute \$3.5 million directly into our regional economy with a resulting impact of these direct expenditures is over \$6 million.

The Colleges expenditures, on items other than personnel, constitute over \$18.9 million annually creating an impact in our regional community of over \$35 million. The direct expenditures of the Auxiliary Services Corporation (ASC) and the Student Government Association (SGA), over \$16 million combined, generate \$30 million for the regional economy. Furthermore, the campuses \$8 million in critical maintenance construction injects over \$14.8 million back into our regional area. Finally, the College spends \$5.6 million in utilities, thus creating an impact of nearly \$10 million.

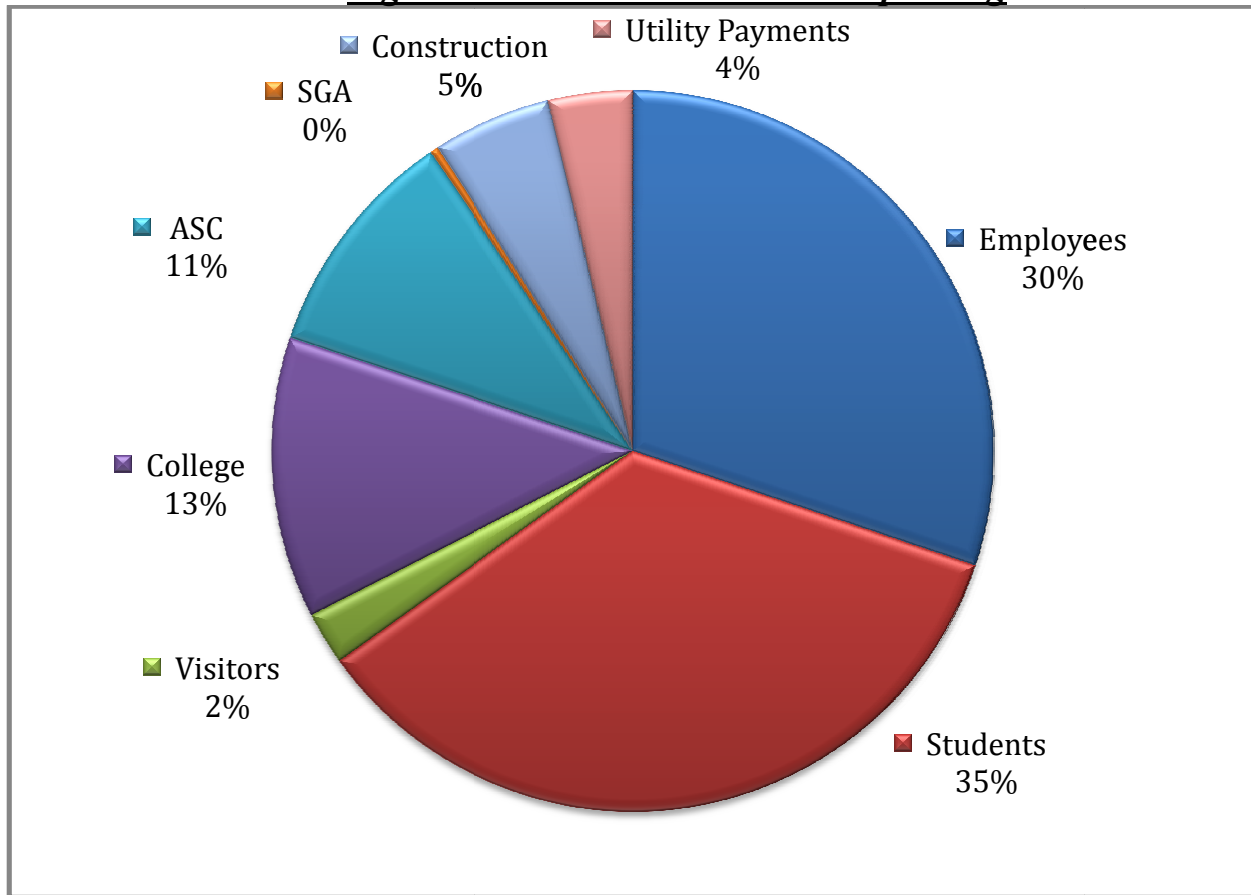
It is important to note that 57 percent of the College’s employees state that they would ***not live in the area*** if they did not work at SUNY Cortland. Thus, if SUNY Cortland did not exist, the Central New York regional economy would stand to **lose over \$198 million annually**.

***Table 4: Aggregate Annual Average Expenditures
and its Impact on the Regional Economy***

Source	Direct Spending	Total Impact
Employee Expenditure	\$45,262,415	\$83,776,203
Student Expenditure	\$52,514,292	\$97,198,703
Visitors' Expenditures	\$3,559,021	\$6,587,391
College	\$18,934,283	\$35,045,464
ASC	\$15,702,256	\$29,063,306
SGA	\$536,643	\$993,273
Construction	\$8,000,000	\$14,807,200
Utility Payments	\$5,656,235	\$10,469,125
TOTAL	\$150,165,144	\$277,940,666

The percentage of direct spending by expenditure category is displayed in Figure 5. Students and employees of SUNY Cortland account for 84% of the College’s impact on the regional economy. ASC, the SGA and the College’s local purchases of goods and services generate 8% of the impact. SUNY Cortland’s utility payments make up 3% of the College’s impact on the regional economy.

Figure 5: SUNY Cortland Direct Spending



Conclusion

In this study, the direct spending of SUNY Cortland, its students and employees is estimated. From this direct spending, the economic impact of the College is then calculated using the multiplier for the Central New York region including the Cortland, Broome, Onondaga and Tompkins Counties.

During the 2007-2008 academic year, SUNY Cortland spent over \$150 million within our regional community. This expenditure leads to an economic impact of nearly \$278 million in the Central New York regional economy. Sixty-five percent of this impact stems from the expenditures of the College's students (35%) and employees (30%). To further emphasize the importance of the college, if not for the presence of SUNY Cortland the local economy would not only lose the expenditure of the students but part of the employee's expenditures as well. Fifty-seven percent of the College's employees state that they would not live in the area if they did not work at SUNY Cortland. More specifically, over \$50 million injected yearly in the regional economy would be lost from employees and their visitors. Overall, the Central New York regional economy would stand to lose over \$198 million annually if SUNY Cortland did not exist.