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THE ECONOMIC IMPACT OF THE  
COLLEGE OF STATEN ISLAND ON  
RICHMOND COUNTY, NEW YORK

Publication Date

March, 2004



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# THE ECONOMIC IMPACT OF THE COLLEGE OF STATEN ISLAND ON RICHMOND COUNTY, NEW YORK

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March 19, 2004

This study was conducted under the auspices of the Institutional Effectiveness Subcommittee of the CSI College Assessment Committee. Members of the Economic Impact Study Working Group included: Vijendra Agarwal, Assistant Provost; James Clark, Chief Financial Officer; David Jacobs, Assistant Chief Financial Officer; Lillian McGinn, Chief Facilities Officer; Vasilios Petratos, Associate Professor of Economics and Chairperson, Department of Political Science, Economics, and Philosophy; Ivan Smodlaka, Professor and Director of Testing; Patricia Wallendjack, Director of Annual Giving and CSI Foundation/Corporate Relations; and Mary Lin-Hua Wu, Special Assistant to the President. Finally, we acknowledge the following individuals not on the working group who provided data needed to measure the College's impact on Staten Island's economy: Gloria Cortopassi, Director of Payroll; Marianne McLaughlin, CSI Association; Marie Miller, Director of Grants and Research; and Ira Persky and staff of CSI Auxiliary Services Corporation.

## HIGHLIGHTS

### **A. Short-Term Economic Impact of the College on Richmond County**

- Total expenditures on Staten Island attributable to the College amounted to over \$57.4 million in fiscal year 2003.
- Total local jobs attributable to the College numbered 4,240.

College, employee, and student spending accounted for 2,009 jobs on Staten Island, while an additional 2,231 people were directly employed by the College, the CSI Auxiliary Corporation, and the CSI Association.

### **B. Trends in Short-Term Economic Impact**

- Total local expenditures attributable to the College rose 33% in seven years.

The 1997 economic impact study reported total local expenditures of \$43.3 million, versus \$57.4 million in the current study. This growth was led by a 45% increase in local College spending, and a 40% increase in student expenditures locally. Local spending by employees rose 26% over this period.

- Total local jobs attributable to the College rose nearly 10% in seven years.

In the 1997 economic impact study, a total of 3,864 jobs could be attributed to the College's presence in the borough, while in the 2004 the number rose to 4,240. This increase occurred despite an overall reduction in the workforce at the College, Auxiliary Services, and Association.

### **C. Long-Term Economic Impact of the College on Richmond County**

- There is a powerful relationship between educational attainment and economic success.

U.S. Census Bureau data collected in 2003 show that the average annual earnings of people with associate's degrees are 22% higher than the annual earnings of high school graduates, and that people with bachelor's degrees earn 49% more than those holding associate's degrees.

The 2003 Census Bureau survey also shows the powerful role of educational attainment related to earnings. Specifically, the data indicate the association between the lack of educational attainment and being “without earnings.” Nearly 62% of people with only an elementary school education reported no earnings in the survey, compared to roughly 34% of high school graduates, and 20% of college graduates.

U.S. Census Bureau projections suggest that these disparities continue over a person’s work-life. Compared to the lifetime earnings of a high school graduate, associate’s degree holders earn an additional \$400,000, bachelor’s degree holders earn an additional \$900,000, and master’s degree holders earn an additional \$1.3 million.

- Thousands of Staten Island residents have higher annual and lifetime earnings because of the College of Staten Island.

From 1959 to 2003, the College of Staten Island, Richmond College, and Staten Island Community College awarded 60,492 degrees. Of these, nearly 25,000 were associate’s degrees or one-year certificates, over 25,000 were bachelor’s degrees, and more than 10,000 were master’s degrees or post-master’s advanced certificates. Most degrees went to Staten Island residents.

Given the Census Bureau’s estimates of the impact of a college education on lifetime earnings, CSI’s long-term economic impact on Staten Island can justifiably be described as immense.

# THE ECONOMIC IMPACT OF THE COLLEGE OF STATEN ISLAND ON RICHMOND COUNTY, NEW YORK

It is widely understood that teaching, learning, and research “come first” on college and university campuses. Teaching and learning are core activities that prepare students to lead fulfilling and productive lives, while faculty members engaged in research, scholarship, and/or creative expression provide the content of what is taught and assimilated. Often, however, these activities consume so much time and attention that faculty and students (and those who support their activities) lose sight of the world around them. This leads to the perception that academia is isolated from the real world, and alone in its own “ivory tower.” But this is a false perception. In reality, colleges and universities are integral parts of the socio-economic environments in which they are found.

Colleges and universities are not isolated from the communities that surround them. They affect their communities, as well as the wider society, in innumerable ways. One dimension of impact is related to the effects, both short- and long-term, that institutions have on their regional economies. Short-term economic impact is measured by examining the magnitude of the direct and indirect contributions, allocable to the institution, that are being made to cash flow through a local economy. Long-term economic impact is measured by examining the relationship between education and economic success. This long-range view of an institution’s contribution to the economy is focused on human resource development, or the preparation and graduation of students who will lead productive lives within an exceedingly complex and rapidly changing world.

In 1997, members of the College of Staten Island (CSI) Assessment Review conducted a study to determine the College’s short-term impact on the regional economy. The current study, sponsored by the Institutional Effectiveness Subcommittee of the College Assessment Committee, updates this original research.

## The College and its Community

The College of Staten Island, a senior college of The City University of New York (CUNY), is the sole public higher education institution located in Richmond County, New York.<sup>1</sup> CSI was founded in 1976 through the union of two existing colleges, Staten Island Community College and Richmond College. Currently, CSI offers programs of study leading to associate degrees, bachelor’s degrees, master’s degrees, and six-year professional certificates. In addition, CSI participates with the CUNY Graduate Center in programs of study leading to doctoral degrees in selected disciplines.

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<sup>1</sup> Richmond County is coterminous with New York City’s Borough of Staten Island.

Since its founding in 1976, opening fall enrollments at the College of Staten Island have been between 10,000 and 13,000 students. Over this same period, CSI awarded 42,559 degrees. Richmond College and Staten Island Community College awarded 8,630 and 9,303 degrees, respectively, prior to the merger, for a grand total of 60,492 degrees.

In fall 2003, nearly three-quarters of the College's more than 12,000 students, and over two-thirds of its approximately 2,200 employees, resided within Richmond County. While the College serves students from all five of the City's boroughs, from 17 of New York's 62 counties, from 10 states, and from over 60 foreign countries, clearly, Richmond County represents the College's primary service region.

The Borough of Staten Island is a dynamic community in the midst of rapid change. Between 1990 and 2000, Richmond County's population increased 17.1%, from 378,977 to 443,728, making it the fastest growing county in New York State. Rapid population growth is expected to continue for decades, with current projections estimating that Richmond County will have 630,683 residents by 2030.<sup>2</sup>

### The Short-Term Economic Impact of the College of Staten Island

As noted above, short-term economic impact refers to measurable contributions to cash flow through a local economy that are directly or indirectly allocable to the institution. In the case of colleges and universities, these measurable contributions come from three sources: the institution, its employees, and its students.

During fiscal year 2003, the College of Staten Island and the CSI Auxiliary Services Corporation paid \$1,601,000 to Staten Island vendors for various goods and services.<sup>3</sup> The CSI Association spent an additional \$151,000 on goods and services related to student activities. Direct, local expenditures allocable to the institution totaled **\$1,752,000**.

The College, CSI Auxiliary Services, and the CSI Association employed a total of 2,231 people in FY03. Of these, 774 worked full-time and 1,457 worked part-time. Sixty-one percent of full-time employees, and 74% of part-time employees, lived on Staten Island. Overall, 69% of the 2,231 employees were borough residents.

Employees received over \$60 million in gross, pre-tax wages during FY03, while their net, disposable earnings amounted to nearly \$33 million. Full-time employees earned

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<sup>2</sup> Source: New York Statistical Information System (NYSIS), Cornell University.

<sup>3</sup> It should be noted that the College has limited latitude in choosing its vendors since it is required to follow State purchasing regulations. In addition, while utilities represent a major expenditure at most other colleges and universities, utility expenditures are handled centrally within CUNY. Consequently, the direct expenditures described here exclude utilities.

approximately \$23.5 million in net wages, while part-time employees netted roughly \$9.5 million.

Three values were summed to calculate total local expenditures by employees: (1) the disposable income of all locally residing employees spent on non-housing items (\$13 million),<sup>4</sup> (2) rental expenditures by full-time employees residing locally (\$1.4 million),<sup>5</sup> and (3) expenditures of non-local, full-time employees in the local area on non-housing items (\$604,000).<sup>6</sup> Direct, local expenditures allocable to employees totaled **\$14,973, 913**.

The fall 2003 enrollment at CSI was 12,422 students, with 7,359 students enrolled full-time, and 5,063 enrolled part-time. The CSI Financial Aid Office estimated average annual college-related expenses for a full-time student to be \$1,337 (or \$9.8 million), while the estimate of expenses for a part-time student was \$423 (or \$2.1 million). Direct, local expenditures allocable to students totaled **\$11,980,632**.

While direct expenditures on Staten Island by the College, its employees, and its students totaled \$28,706,545, this figure underestimates the College's true short-term economic impact on Richmond County. To accurately measure short-term economic impact, it is necessary to apply a multiplier to this direct spending figure.<sup>7</sup> For this study, a multiplier of 2.0 is being used.<sup>8</sup> When the multiplier is applied to direct spending, CSI's total short-term economic impact on Richmond County becomes **\$57,413,090**.

Spending also translates into jobs. Direct expenditures of \$28,706,545 yield 2,009 jobs that can be attributed to spending by the College, its employees, and its students.<sup>9</sup> When added to the number of people employed by the College, Auxiliary Services, and the Association, the total number of Staten Island jobs attributable to the College becomes **4,240**. The table on the following page summarizes CSI's short-term economic impact on Richmond County (Staten Island).

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<sup>4</sup> A product of: (a) total net income of employees, (b) percent of employees living locally, (c) estimated non-housing expenditures, and (d) estimated in-county expenditures. See methodological note, below.

<sup>5</sup> A product of: (a) total number of full-time employees living locally, (b) percent of people who rent, (c) mean rent, and (d) 12 (months). See methodological note, below.

<sup>6</sup> A product of: (a) total number of full-time employees living outside Richmond County, and (b) \$2,000. See methodological note, below.

<sup>7</sup> The multiplier is used to capture the "ripple effect" that an institution's expenditures have on a local economy as dollars spent are re-spent or reinvested by local businesses. Multipliers generally vary between 1.0 and 3.0, with low multipliers signifying that dollars spent locally are being re-spent elsewhere, and high multipliers indicating that dollars spent locally are being re-spent locally.

<sup>8</sup> The 1997 CSI economic impact study used a multiplier of 2.0 after a review of economic impact studies from across the country. Recent economic impact studies conducted in New York City have relied on similar multipliers. The Commission on Independent Colleges and Universities used a multiplier of 2.5, while CUNY used a multiplier of 1.9.

<sup>9</sup> A coefficient of 0.00007 is applied to direct expenditures to yield an estimate of jobs created.

<b>ECONOMIC IMPACT OF THE COLLEGE OF STATEN ISLAND ON RICHMOND COUNTY, NY</b>	
Local Expenditures by the College	\$1,752,000
Local Expenditures by Employees	\$14,973,913
Local Expenditures by Students	<u>\$11,980,632</u>
Subtotal (Direct Expenditures)	\$28,706,545
Multiplier	<u>x 2.0</u>
<b>Total Expenditures Attributable to College</b>	<b>\$57,413,090</b>
Number of College Employees	2,231
Number of Jobs Created by College Spending	<u>2,009</u>
<b>Total Jobs Attributable to the College</b>	<b>4,240</b>

The estimate of \$57.4 million in economic impact, based upon reasonable and conservative assumptions, may actually underestimate the College's total short-term economic impact by excluding certain measures that other institutions have included in their studies. For example, some institutions, particularly those with Division I sports teams, build estimates of visitor spending into their models of economic impact. While the College of Staten Island may not draw thousands of non-borough residents to sporting events, smaller numbers of visitors do come to the campus for these and other events, including performances at the CSI Center for the Arts. It is estimated that a typical performance at the Center for the Arts draws from 2% to 5% of its audience from areas other than Staten Island, which adds thousands of dollars to the local economy over a year's time.

Some colleges and universities also include out-of-county or out-of-state revenues in their economic impact models. These are revenues that flow into the county or state only because the college is located there. The revenues cited can include operating budgets, financial aid dollars, and federal or private grants earned by faculty and staff. During FY03, College faculty earned approximately \$7.5 million in grants from the Research Foundation, nearly 75% of which was expended on personnel services. Although 25% of the grant money went towards other-than-personnel services (OTPS), relatively little of the OTPS spending went to Staten Island vendors since most was for highly specialized research equipment, accessories, and supplies purchased out-of-state.

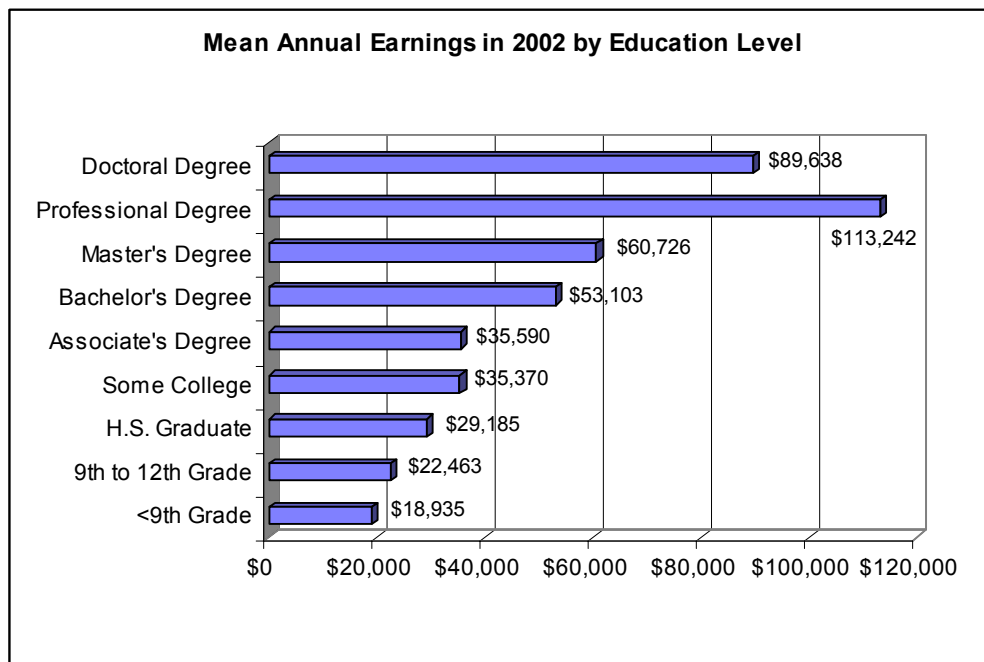
#### Tracking Short-Term Economic Impact Over Time, 1997 to 2004

In seven years, CSI's overall estimated impact on the Richmond County economy rose 33%, from \$43,294,376 in 1997 to \$57,413,090 in 2004. This growth was led by a 45% increase in College expenditures, and a 40% rise in student expenditures. Employee expenditures rose 26% over the seven-year period. CSI's contribution to the Richmond County labor market also grew over the seven-year period by nearly 10%, from 3,864 in 1997 to 4,240 in 2004.

<b>ECONOMIC IMPACT OF THE COLLEGE OF STATEN ISLAND ON RICHMOND COUNTY, NY: 1997 TO 2004</b>		
	1997 Report	2004 Report
Local Expenditures by the College	\$1,209,022	\$1,752,000
Local Expenditures by Employees	\$11,877,766	\$14,973,913
Local Expenditures by Students	<u>\$8,560,400</u>	<u>\$11,980,632</u>
Subtotal (Direct Expenditures)	\$21,647,188	\$28,706,545
Multiplier	<u>x 2.0</u>	<u>x 2.0</u>
<b>Total Expenditures Attributable to College</b>	<b>\$43,294,376</b>	<b>\$57,413,090</b>
Number of College Employees	2,349	2,231
Number of Jobs Created by College Spending	<u>1,515</u>	<u>2,009</u>
<b>Total Jobs Attributable to the College</b>	<b>3,864</b>	<b>4,240</b>

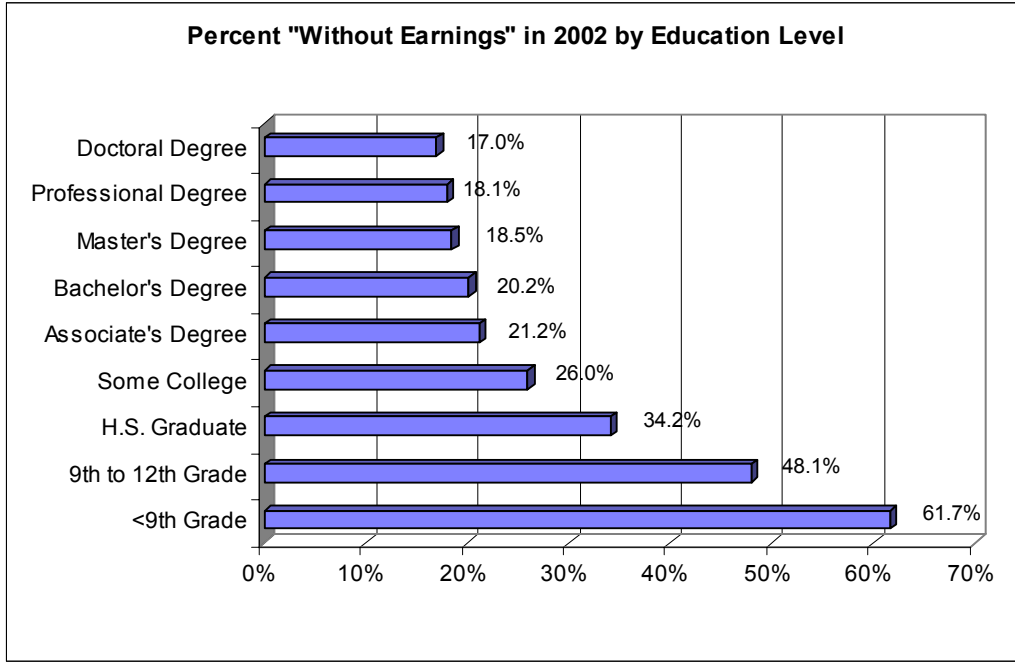
### The Long-Term Economic Impact of the College of Staten Island

Data from the U.S. Census Bureau clearly demonstrate that a powerful relationship exists between educational attainment and economic success as measured by annual earnings.<sup>10</sup>

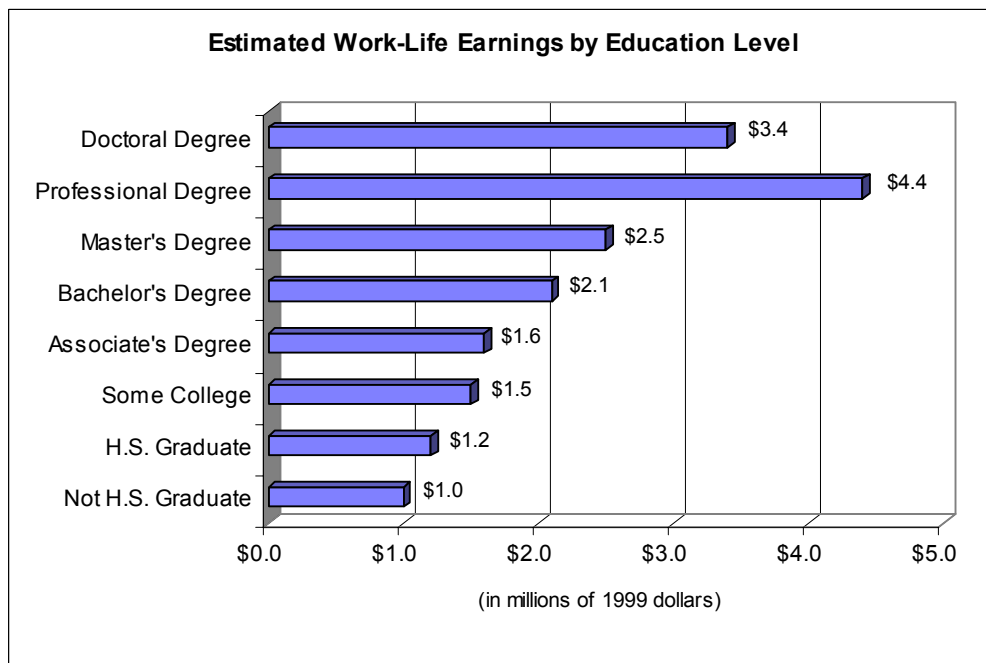


<sup>10</sup> U.S. Census Bureau, Current Population Survey, 2003 Annual Social and Economic Supplement. Table PINC-03, "Educational Attainment—People 25 Years Old and Over, by Total Money Earnings in 2002, Work Experience in 2002, Age, Race, Hispanic Origin, and Sex."

Students who earn associate's degrees have annual earnings 22% higher than the earnings of high school graduates, and bachelor's degree recipients earn 49% more than those holding associate's degrees. Also, as educational attainment rises, fewer people are "without earnings." Over 34% of high school graduates reported no earnings versus 20% for college graduates.



Over time, disparities in annual earnings mount up, resulting in quite significant differences in lifetime earnings.



The U.S. Census Bureau projects that the work-life earnings of associate's degree earners will exceed the total earnings of high school graduates by approximately \$400,000, and that bachelor's degree earners can expect to make about \$500,000 more than those holding associate's degree over their lifetimes.<sup>11</sup>

These data clearly show that a college degree translates into higher earnings and lower unemployment. Over a lifetime, college graduates are likely to spend more, invest more, and pay more in taxes than their peers who do not have college degrees. With respect to taxes, alone, a CUNY study estimated that each year, New York State and New York City derived approximately \$646 million more in taxes from CUNY's 1970-1995 graduates than if these taxpayers had not received a college education.<sup>12</sup>

Between 1959 and 2003, the College of Staten Island and its predecessors awarded 24,726 associate's degrees and one-year certificates, 25,160 bachelor's degrees, and 10,606 master's degrees and advanced certificates. A total of 60,492 degrees were awarded, with most going to Staten Island residents. Given Census Bureau findings, it is likely that many of these degree recipients earned more over their working lives than had they not earned a CSI degree.

### Conclusion

The College of Staten Island has had, and continues to have, an immense impact on the Richmond County economy. In the past year, the short-term economic impact was measured at \$57,413,090 and 4,240 jobs allocable to the College. The long-term impact has been even greater. By educating tens of thousands of borough residents, and awarding over 60,000 post-secondary degrees, the College has boosted the earnings power of Staten Island residents by many millions of dollars.

### A Note on Methodology

The methodology used to calculate short-term economic impact is identical to that used for the 1997 study. This model, sometimes referred to as the Ryan/New Jersey model, represents a modified form of the "classic" economic impact model developed by Caffrey and Isaacs for the American Council on Education.<sup>13</sup> A number of institutions have relied on the

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<sup>11</sup> U.S. Census Bureau, 2002, *The Big Payoff: Educational Attainment and Synthetic Estimates of Work-Life Earnings*, Washington, D.C.

<sup>12</sup> The City University of New York, 1995, *Return to New York: The CUNY Investment, A Report on the Economic Impact of The City University of New York*.

<sup>13</sup> John Caffrey and Herbert H. Isaacs, 1971, *Estimating the Impact of a College or University on the Local Economy*, Washington, D.C.: American Council on Education.

Ryan/New Jersey model over the past two decades, and it has gone through several modifications.<sup>14</sup>

The major difference between the Caffrey and Isaacs and Ryan/New Jersey models is that the latter substitutes estimated values derived from available data for information collected from surveys of faculty, staff, and students. Many institutions found they needed to make this substitution because survey response rates were often very low due to the sensitive nature of the information being requested.

The calculation variables substituted for survey data are: (1) an estimate of non-housing expenditures for an average middle-income family, by county; (2) an estimate of in-county expenditures for employees and students; (3) an estimate of the percent of residents in a county who rent; (4) an estimate of the median rent, by county; (5) an estimate of in-county spending on non-housing items by non-local, full-time employees; (6) an estimate of average annual college-related expenditures by full-time students; (7) an estimate of average annual college-related expenditures by part-time students; (8) the coefficient for estimating jobs attributable to College expenditures; and (9) the “multiplier.” The table on the following page presents the calculation variables used in this study, and their sources.

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<sup>14</sup> Research and Planning Committee, 1983, *Handbook for Conducting a Study of the Economic Impact of a Community College*, Lincroft, NJ: Council of County Colleges of New Jersey. G. Jeremiah Ryan, 1985, “A Shortcut to Estimating Economic Impact,” *Community/Junior College Quarterly* 9:197-214. College Outcomes Evaluation Program, 1989, *Procedures Manual for the Assessment of Community/Society Impact at New Jersey Institutions of Higher Education*, Trenton, NJ: New Jersey Department of Higher Education. College Outcomes Evaluation Program, 1990, *Handbook for Calculating Short-Term Economic Impact at New Jersey’s Institutions of Higher Education*, Trenton, NJ: New Jersey Department of Higher Education. G. Jeremiah Ryan and Patricia Malgieri, 1992, *Economic Impact Studies in Community Colleges: The Short Cut Method, Second Edition*, Resource Paper No. 48, National Council for Resource Development.

**CALCULATION VARIABLES USED IN 2004 ECONOMIC IMPACT STUDY**

Variable	Estimate	Source
Estimate of non-housing expenditures for an average middle-income family, by county.	0.76	2002 Consumer Expenditures Survey, Bureau of Labor Statistics, U.S. Dept. of Labor
Estimate of in-county expenditures for employees and students.	0.75	1997 Economic Census, U.S. Census Bureau
Estimate of the percent of residents in a county who rent.	0.30	2002 American Community Survey, U.S. Census Bureau
Estimate of the median rent, by county.	\$831	2002 American Community Survey, U.S. Census Bureau
Estimate of in-county spending on non-housing items by non-local, full-time employees.	\$2,000	CUNY economic impact study (modified to fit local conditions)
Estimate of average annual college-related expenditures by full-time students.	\$1,337	2003-04, CSI Office of Financial Aid
Estimate of average annual college-related expenditures by part-time students.	\$423	2003-04, CSI Office of Financial Aid
Coefficient for estimating jobs attributable to expenditures.	0.00007	Caffrey and Isaacs
Multiplier.	2.0	CUNY economic impact study (modified to fit local conditions)