

## THE ECONOMIC IMPACT OF QUEENSBOROUGH COMMUNITY COLLEGE

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Since its founding in 1958, the mission of Queensborough Community College has emphasized the educational responsibilities of the institution and the duty to provide faculty and support services for the students. Almost 12,000 students from over 130 countries are currently enrolled in Associate and Certificate programs. The college also has over 10,000 continuing education enrollments every year.

Additionally “the College functions as a community resource” and has commensurate responsibilities and offers a broad base of community oriented activities, such as the Queens Performing Arts Center, Holocaust Center, and the newly renovated Queensborough Art Gallery.

A college is also an economic entity that attracts, spends, and reallocates money, especially within its own community. In the short term, the allocation of resources is measured by cash flow in and out of the community. But in a longer view, the contribution of the college to the community is measured by the education received by the community residents whose lifetime earnings are increased as is their contribution to the community.

### **Short term Economic Impact.**

Short term economic impact refers to measurable contributions to cash flow through a local economy that are directly or indirectly allocable to the institution. How much does Queensborough Community College add to the local economy of Queens via the institution, its employees, and its students?

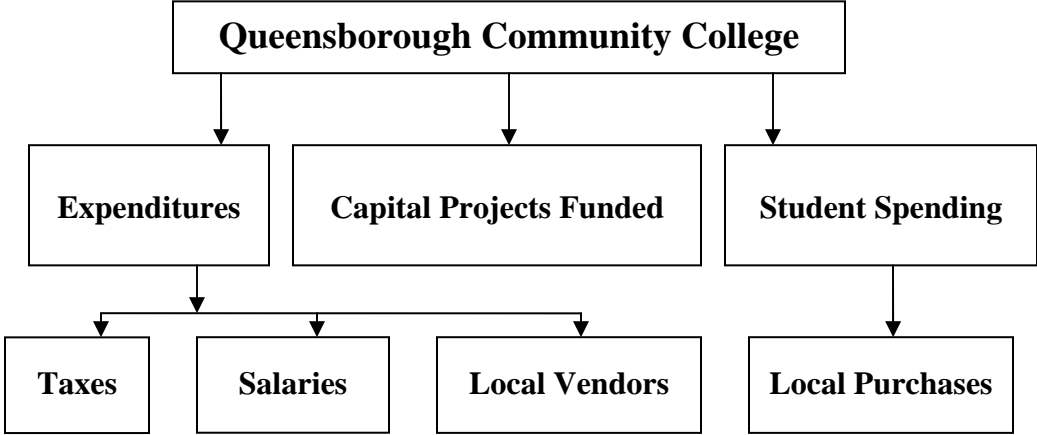
This study addresses the direct and indirect economic impact of Queensborough Community College.

### **Long term Economic Impact**

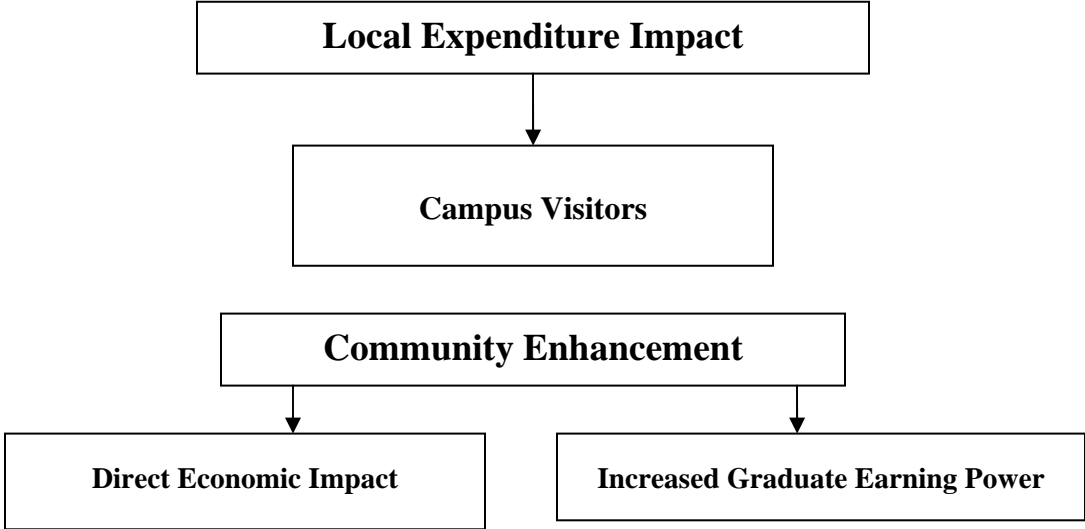
#### **Human Capital**

In the long run, the college adds to the Human Capital of the community. This is accomplished by increasing the stock of technical knowledge and skill embodied in the work force, resulting from formal education. This human capital increases the lifetime earnings of the community and adds to the greater welfare of the community

**DIRECT ECONOMIC IMPACT**

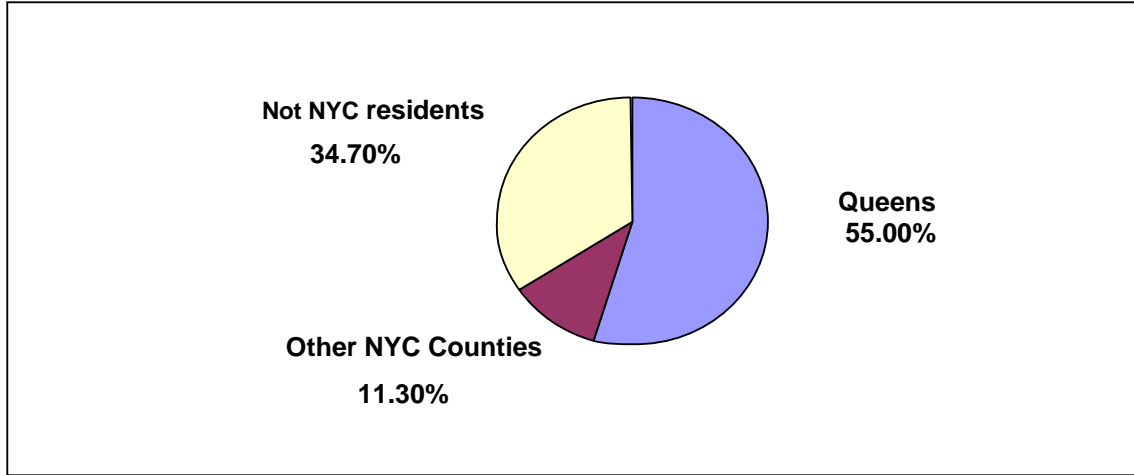


**INDUCED ECONOMIC IMPACT**



**Salaries and Taxes**

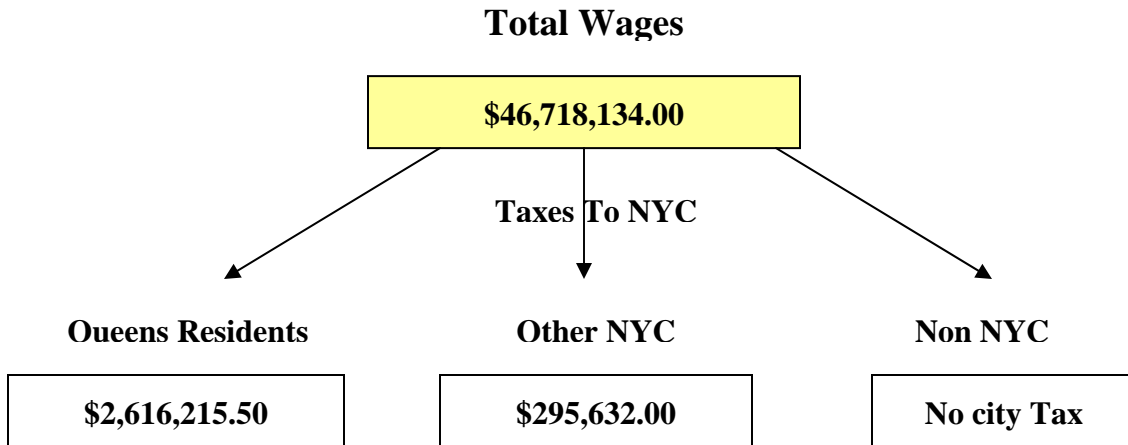
The College employed a total of 1625 people in FY04. Almost 50% were full time. 66.3% resided in New York City (55% in Queens) and paid both New York State and New York City tax.



Employees received over \$46,718,134.00 in gross, pre-tax wages during FY04.

Almost 40% of the gross wages went to taxes: FICA = 7.65%, Federal = 15-35%, 20% on average, NYS = 8%, NYC = 5.6%. Net after tax wages is estimated at \$28,030,880.00

Those employees who resided in Queens County pay an estimated 5.6% in taxes to New York City, a portion of which comes back to Queens to pay for essential services and education. This amounted to \$2,616,215.50 paid to NYC in taxes. Employees, who work in Queens but live outside the City, do not pay any taxes to New York City.



## **Student Spending**

The fall 2003 enrollment at Queensborough Community College was 12,470 students with 6,165 enrolled full-time, and 6,305 enrolled part-time. The QCC Financial Aid Office estimates average annual college-related expenses such as food, books, and transportation but excluding tuition, to be \$1,400 per semester per student or \$17,458,000.\*.

These figures of college related expenses provided by financial aid offices differ by type and location of college and type of community.

- \* this figure may be adjusted for part time students who have part-time expenses rather than assuming full time and part time students have the same expenses.
- \*\* not included are the 10,000 continuing education students who come to the campus during the year.

## **Multipliers**

As part of determining the economic impact of QCC on the local economy, i.e. Queens County, it is customary to include the effect of the local multiplier.

The multiplier captures the “ripple effect” that an institution’s expenditures has on a local economy as dollars spent are respent 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.

The concept of the multiplier is an important concept in determining economic impact. Approximately 35 cents of a dollar, according to Weiss and Gooding, 1966, (Caffrey and Isaacs, 1971, p44.) spent in local business establishments by community residents is returned to the spenders as income. This balance, approximately 65 cents, is spent by local business establishments for materials and supplies from other local enterprises (including taxes). But this is only the first round of transactions.

The income accruing to local residents from this initial first round is partially respent in the local business community. This recycling process continues with diminishing increments at each successive stage. Eventually income received by local residents from the initial dollar spent totals approximately 66 cents. The ratio of total income, 66 cents, to the initial income received, 35 cents, is almost two to one, 1.9:1.0

## Economic Impact of Queensborough Community College on Queens County

|  |                        |
|--|------------------------|
| Local Expenditures by the College  | \$1,115,809.00*        |
| Local Expenditures by the Employees:   |                        |
| 1.Product of (a) net income of employees living locally<br>(b) estimated non-housing expenditures, and (c) estimated<br>in-county expenditures | \$4,162,585.40         |
| 2.Product of (a) total number of full-time employees living<br>locally (b) percent of people who rent, (c) mean rent, (d)<br>twelve months     | \$2,175,716.40         |
| 3. Product of (a) total number of full-time employees living<br>outside Queens County and (b) \$2000.  | \$731,250.00           |
| Local Expenditures by the students   | \$17,458,000.00        |
| Subtotal   | \$25,643,360.00        |
| Multiplier   | x <u>1.9</u>           |
| Total Expenditures attributable to college   | <b>\$48,722,384.00</b> |

\* This figure does not include \$1,264,877.36 from Tax Levy Capital Projects which cannot be divided up to determine a figure for Queens alone.

## Community Outreach

**The Queensborough Performing Arts Center** is a hub for multi-cultural, multi-racial, multi-denominational and varied age groups. The center is a cultural destination featuring a professional performing arts series. Tickets are purchased by families throughout Queens and Nassau at the rate of over 6,000 tickets per year.

Additionally the center provides a service to the community by renting out the facility. The theater is utilized by local groups for graduations, dance recitals, music concerts, demonstrations and seminars. The rental component of the center brings over 50,000 individuals to the campus every year. The financial and cultural impact is considerable.

**The Holocaust Resource Center and Archives** is now in its 20<sup>th</sup> year of operation. The Center serves as the international office of the Association of Holocaust Organizations and houses an extensive and expanding collection of books, documents and audio-visual materials for use by students, teachers, scholars, and community groups.

In FY 03-04, there were over 500 visitors to the HRCA; another 450 attended the lecture series and 729 high school students visited the Center on class trips.

**The Art Gallery at Queensborough Community College** is a vital cultural resource for the College's 12,000 students, its faculty, community members and art-lovers throughout the metropolitan area.

The Gallery recently underwent a \$5.5 million renovation and re-opened in October 2004 with an outstanding and highly acclaimed exhibit, "An American Odyssey: 1945-1980 [Debating Modernism]." Its permanent collection of tribal African Art opened to the public early in 2005. Four other exhibits will be showcased through the 2004-2005 academic year.

### **Long Term Economic Impact**

Compared to individuals who have completed only a high school degree, those who earn an associate degree not only are more likely to be employed but also enjoy higher earnings.

Since Queensborough began conferring degrees in 1962, the impact on lifetime earnings of its students can be calculated. 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.

According to CUNY's report, *The Economic Impact of CUNY's Community Colleges on the Local and Regional Economy, 2004*, individuals who have completed an associate degree are about seven percentage points more likely to be employed than those who have completed only a high school diploma.

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**.

Since 1962, more than 45,000 degrees have been granted. Given the Census Bureau's estimates of the impact of a community college education on lifetime earnings, QCC's long-term economic impact can justifiably be described as immense.

The estimate of the long term economic impact of a Queensborough degree:

$$45,000 \text{ degrees} \times \$400,000.00 = \$1,800,000,000.00^*$$

\*This does not include the more than 50% of QCC graduates who go on to a four year college and the effect that has on their lifetime earnings and impact on the community.

According to the Queensborough Development Office, 65% of graduates reside in Queens and according to the July 2003 survey of QCC graduates, 50.6% work in Queens.

Based on these percents, if almost two billion dollars has been added to the economy because of degrees earned at Queensborough Community College, of this amount \$1,170,000,000 can be attributed to Queens County residents with a resultant effect on the local economy.

**Section on multiplier and its source:**

| <b>Variable</b>  | <b>Estimate</b> | <b>Source</b>   |
|--|-----------------|---|
| Estimate of non-housing expenditures for an average middle income family by county   | 0.72            | 2003 consumer expenditures survey                             |
| Estimate of the percent of residents in County who rent                              | 0.572           | 2002 consumer expenditure survey, BLS                         |
| Estimate of the median rent  | \$775.0         | 2002 consumer expenditure survey, BLS                         |
| Estimate of in county spending on Non housing items                                  | .75             | 1997 Economic Census, U.S. Census Bureau                      |
| Estimate of average annual college - related expenditures by full/part time students | 1400.0          | QCC Financial Aid Office                                      |
| Multiplier   | 1.9             | CUNY economic impact study (modified to fit local conditions) |

**Methodology**

The methodology used to calculate short-term economic impact is similar to that described in *Estimating the Impact of a College or University on the Local Economy*, Caffrey and Isaacs, 1971 and modified by the Ryan/New Jersey model that substituted estimated values from available data rather than the survey data used in the former model.

Review of other college economic impact studies, such as the College of Staten Island, Community College of Philadelphia, University of Delaware, and City University of New York also helped to structure this report.

**Sources**

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.

2002 Consumer Expenditure Survey, BLS (Bureau of Labor Statistics)

CUNY Economic Impact Study, 2004.