An economic and community service impact study of Hobart and William Smith Colleges on the Geneva area was undertaken by the Department of Economics and the Center for Community Engagement and Service Learning during the spring semester of 2010. The study involved a random sample of the student population, another random sample of the Colleges employees, interviews with major offices on campus and references to previous impact studies of the Colleges and other academic and non-academic institutions. The purpose of the study was to identify the specific spending and employment impacts of the operation of the Colleges on the Geneva area economy. In addition, the study sought a specific measure of the contribution of students and employees to the Geneva area community.

The study was undertaken as a joint research effort of faculty, students and administrators. The following individuals contributed to the study.

Sean Breen, Hobart Class of 2012
Brittany Callaghan, William Smith Class of 2010
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A summary of the report ‘The Economic and Community Service Impact of Hobart and William Smith Colleges on the Geneva area” is provided below.

1. The Colleges budget for 2009-2010 was $83.3 million and it had 811 employees. The budget was spent “producing” education and educational services for 2011 students. The output, $83.3 million, and the jobs, 811, measured the direct economic impacts of the Colleges on the Geneva area (ZIP code 14456), an impact that would not have existed if the Colleges were not located in the city of Geneva.

2. The Colleges spent over $40.3 million of its budget on compensation to its 811 employees. These employees then spent their income or wages and salaries on purchasing goods and services or general living expenses. Some of the compensation was received by employees who were not located within the Geneva area: this income of the non-residents is called a leakage (of income and potential spending) out of the area. The amount spent within the Geneva area supports local businesses and this spending for their products and services creates a demand on local businesses. They in turn hire employees to produce goods and services to their customers and these employees also spend their income on local (and non-local) goods and services. These are measures of the indirect and induced (from income) impacts of Colleges spending. The indirect impacts of this spending and employment would not take place in the local economy if the Colleges were not an integral part of the Geneva area.

3. The Colleges also spends $43 million on non-compensation (all costs other than wages, salaries and benefits) spending supporting the educational mission of the institution e.g. housing, dining, building maintenance, heat, supplies etc. These expenditures are also direct spending and purchases are made primarily outside the Geneva area. It is estimated that $9.0 million is spent within the Geneva area in non-compensation expenditures.

4. The Colleges also spent $8.5 million during the 2009-2010 academic year on new construction. The project was the Caird Center for Sports and Recreation recently completed in the fall 2010. The Colleges have spent approximately $60 million on construction projects over the past 8 years. These projects are not part of the annual budget for the Colleges but appear in a separate capital account and are an addition to the economic impact on the Geneva area. Some of the $8.5 million was spent on local suppliers and employees but the majority was spent outside the Geneva area.

5. The 2011 students registered at the Colleges for the 2009-10 academic year have discretionary spending beyond the additional living expenses. All purchases made on campus for books, snacks, events etc. are measured within the Colleges budget. In addition students purchase goods and services from local merchants
and merchants outside the Geneva area. A student survey estimated that HWS students spent between $6.9 million on goods and services within the Geneva area. The amount included $1.1 million in rental payments.

6. The 811 employees of the Colleges spent a total of $8.1 million on local goods and services. This amount included an estimate of the amount spent in the Geneva area by employees who lived outside the Geneva area. 58.6% of all employees lived within the Geneva area. The employee survey estimated that employees imported 48% of all their goods and services from outside the Geneva area.

7. The total spending impact of the Colleges is estimated to be between $110.5 and $130.3 million. These estimates include the total budget of the Colleges, $83.3 million and a range of additional spending of $27.0 and $47.0 million dollars.

8. Total employment that is directly related to the operation of the Colleges is 811 jobs. In addition, the indirect and induced spending from the Colleges, its students and its employees is estimated to create an additional 300 to 995 jobs. The total jobs that come directly from the Colleges therefore range between 1,110 and 1,805. These jobs account for between 10.5% and 17.1% of all jobs in the Geneva area.

9. Employees of the Colleges who are residents of the City of Geneva own property in the city and pay property taxes. 67.8% of resident employees of the Colleges own their own home in Geneva and pay an estimate of $4,160 in property taxes per year compared to the average property tax payment of all city residents of $3,900. An estimate of the total property taxes paid by resident Colleges employees is $991,673.

10. The Colleges tax exempt property accounts for 12.2% of the total assessed value of property ($864.1 million) in the City of Geneva and 20.6% of all tax exempt property ($512.6 million). Geneva has 59.3% of its assessed value in tax exempt status. However, 4 of the top 5 employers are not for profit service oriented industries and the fifth largest employer is a manufacturing firm that received property tax concessions from the Geneva City and Ontario County Industrial Development Agency. The industries included in this group accounted for 49.3% of total jobs within the Geneva area (32.0% for Educational Services, Health Care and Social Services and 17.6 for Manufacturing).

11. Total visitors to the Colleges for the academic year are estimated to be 277,122.

12. The total community service contribution of students and employees or the Colleges to the Geneva area is estimated to be 190,419 hours. 42.6% of students gave 139,884 hours of community service and 39.4% of employees contributed 50,535 hours of community service.
13. Conclusions.
   a. Hobart and William Smith Colleges have a positive employment and spendings impact on the local economy of the Geneva area. The educational services industry is a stable industry for the local economy and has contributed to the long run stability of the Geneva area economy.
   b. The community service impact of the Colleges has had a significant and very beneficial impact on the Geneva area and on the Colleges community.
   c. The local employment impact of the Colleges must be considered in any discussion of the tax exempt status of the Colleges property. The City of Geneva does have a large percent of its property in a tax exempt status (ranked 5th highest percent for all of the 61 cities in New York State), however, the employment impact of the Colleges does counter balance the loss of property tax revenue given its tax exempt status. In addition, employees of the Colleges pay approximately $1 million in property taxes each year. Any increase in costs of operation to the Colleges will result in a decrease in local employment and a negative multiplier effect on the local economy.
   d. The large percent of tax exempt property in the City of Geneva does cause tax revenue problems for the City. However, these problems stem from a variety of economic issues within the local Geneva area including the amount of tax exempt property but there are other issues as well, e.g. economic development. Long term economic development issues must be addressed and no easy solutions exist, but this is a long run community problem and must elicit community proposals for solution.