



The Economic Impact of the Center for Rehabilitation Education at The University of Scranton

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By

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Executive Summary

Construction and Engineering Expenses

From 2013 to 2015, the estimated impact on the Pennsylvania economy from Construction and Engineering Expenses is the following:

- Total estimated output or economic activity of \$87.7 million
- Total estimated labor income of \$36.1 million, which consists of \$29.7 million in estimated employee compensation and \$6.4 million in estimated proprietor income
- Total estimated value added of \$44.5 million
- Total estimated taxes of \$9.7 million, which consists of an estimated \$6.6 million in federal taxes and an estimated \$3.1 million in state and local taxes
- Total estimated employment of 322 jobs in 2013, 657 jobs in 2014 and 504 jobs in 2015. These jobs can be either full-time or part-time.

Note: Due to the changing value of the dollar from year to year, the amounts are presented in standardized dollars which are set to Year 2015.

Operation

During 2016, the estimated impact from operation on a regional economy that consists of Lackawanna, Luzerne, Monroe and Wyoming counties is the following:

- Total estimated output or economic activity of \$2.7 million
- Total estimated labor income of \$1.7 million, which consists of \$1.6 million in estimated employee compensation and \$70,000 in estimated proprietor income
- Total estimated value added of \$2.2 million
- Total estimated taxes of \$490,000, which consists of an estimated \$340,000 in federal taxes and an estimated \$150,000 in state and local taxes
- Total estimated employment of 29 jobs, which can be either full-time or part-time

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Economic Impact Modeling

The Northeastern Pennsylvania Alliance (NEPA) uses IMPLAN[®] for economic impact modeling services.¹ IMPLAN[®], or Impact Analysis for Planning, is a software package that was developed by the Department of Applied Economics at the University of Minnesota and the U.S. Forest Service Land Management Planning Unit in Fort Collins, Colorado. Estimated direct, indirect (supplier) and induced (household spending) impacts in terms of the number of jobs, personal income and output, or economic activity, are determined by the model.

The software that was used is Version 3, which is available from IMPLAN Group, LLC of Huntersville, North Carolina and is well-known in both the economic development professional and academic communities. The data, which are available at the national, state, county and zip code levels, are from 2012. IMPLAN has a feature where information can be used for current and future years.

The results include estimates of the direct, indirect and induced impacts from construction, operation and visitation. **Direct impacts** consist of permanent jobs, wages and output of the project company itself, construction or tourism. **Indirect impacts** are the jobs, wages and output created by businesses, which provide goods and services essential to the construction of the project or to the operation of the company. They are also referred to as “supplier” impacts. These businesses range from manufacturers (who make goods) to wholesalers (who deliver goods) to janitorial firms that clean buildings. **Induced impacts** are spending of wages and salaries by the direct and indirect employees on items such as food, housing, transportation and medical services. This spending creates induced employment in various sectors of the economy. Induced impacts are also commonly referred to as “consumer” impacts. The **total impact** is the sum of the **direct, indirect and induced impacts**.

Some measures of economic impact are output, employee compensation, proprietor income, indirect business taxes, total value added and employment. Employment can be either full-time or part-time jobs.

Labor Income is the sum of **Employee Compensation** and **Proprietor Income**. **Total Value Added** is the sum of **Labor Income**, **Other Property Type Income** and **Indirect Business Taxes**. **Output**, also referred to as sales or economic activity, relates to the gross receipts for goods and services generated by the company’s operations.

In regards to fiscal impact, taxes at the federal and state and local levels are presented. Unfortunately, the state and local tax impacts are combined and therefore, cannot be dissected. Some of the federal taxes are employee and employer contribution to social security, excise taxes, corporate profits taxes and personal income taxes. Some of the state and local taxes are dividends, employee and employer contribution to social security, sales taxes, property taxes, motor vehicle license fees, personal income taxes and fishing and hunting license fees.

¹ IMPLAN[®] is a registered trademark of IMPLAN Group, LLC.

Assumptions

- The construction, engineering and other expenses are a mix of actual amounts and estimates, which were provided by The University of Scranton. Estimates are used because of future expenses.
- The construction, engineering and other expenses are used in estimating the impact on the Pennsylvania economy because it is assumed that most materials are purchased from firms located outside Lackawanna County.
- Although the construction, engineering and other expenses occur in 2013, 2014 and 2015, the resulting dollar amounts are presented in standardized dollars, which are set to Year 2015. In order to avoid double-counting, the number of jobs is presented in the year of occurrence.
- The operation impact, which will occur in 2016, is based on the number of new jobs, along with their respective employee compensation, that will occur as a result of the Center for Rehabilitation Education. It does not include existing jobs that will be relocated to the Center.
- The operation impact is on the Lackawanna County economy. This assumption was made because of the high percentage of employees who reside in Lackawanna County and work at The University of Scranton.

The impacts indicated in this report are estimates and the actual numbers can be higher or lower than estimated.

Construction, Engineering and Other Expenses

The impact region for Construction, Engineering and Other Expenses during 2013, 2014 and 2015 is Pennsylvania. The following data were used in the analysis.

Table 1. Data Used in Estimating the Impact from Construction, Engineering and Other Expenses during 2013, 2014 and 2015 on the Pennsylvania Economy

	2013 Cost	2014 Cost	2015 Cost
Pre-Construction			
Relocate Heating and Cooling Lines	\$513,939	\$241,818	
Verizon Relocation	\$17,932		
Hazardous Materials Abatement	\$15,000		
Demolition and Shoring	\$407,000	\$578,239	
Contingency Spent	\$16,116	\$23,413	
Fibertel Connection		\$6,000	
Services Fee	\$85,673		
Construction			
Estimated Construction Cost	\$334,407	\$23,286,437	\$15,366,542
Building Commissioning	\$5,500	\$33,095	\$51,605
Miscellaneous Soft Costs	\$50,000	\$169,000	\$31,000
Engineering-Related Fees			
Hazardous Materials Survey	\$5,000		
Subsurface Investigation	\$25,995		
General Survey	\$12,900		
Civil Engineering Soft Cost	\$68,875	\$1,825	\$1,800
Architectural and Engineering Fees Not Including Reimbursables	\$1,567,090	\$730,265	\$522,874
Furniture, Fixtures and Equipment Interior Consultant		\$35,000	\$10,000
Engineering/CM Fee	\$60,000		
Other Items			
Moving Costs			\$60,000
Landscaping			\$256,807
Furniture and Furnishings			\$600,000
Network			\$600,000
Audio Visual			\$1,100,000
Donor Information and Plaques			\$50,000
Signs and Building Adornment			\$5,000
Custodial and Maintenance Equipment			\$40,000
Surveillance Equipment			\$35,000
Total	\$3,185,427	\$25,105,092	\$18,730,628

Source: The University of Scranton

Table 2. Number of Direct Jobs Used in Estimating the Impact from Construction, Engineering and Other Expenses during 2013, 2014 and 2015 on the Pennsylvania Economy

	2013	2014	2015
Construction	200	450	350
Architectural, Engineering and Related Services	100	50	20
Relocation of Items			20
Landscaping			10
Total	300	500	400

Source: The University of Scranton

Note: Due to the changing value of the dollar from year to year, the amounts in Tables 3 and 4 are presented in standardized dollars which are set to Year 2015.

Table 3. Estimated Impact on the Pennsylvania Economy from Construction, Engineering and Other Expenses from 2013 to 2015 (Standardized Dollars)

	Direct	+Indirect	+Induced	=Total
Employee Compensation	\$16,317,467	\$6,314,765	\$7,088,470	\$29,720,702
+Proprietor Income	\$4,297,297	\$1,061,283	\$1,030,272	\$6,388,852
=Labor Income	\$20,614,764	\$7,376,048	\$8,118,742	\$36,109,554
+Other Property Type Income	(\$1,439,258)	\$2,606,419	\$5,048,304	\$6,215,465
+Indirect Business Taxes	\$346,647	\$655,490	\$1,160,295	\$2,162,432
=Total Value Added	\$19,522,153	\$10,637,957	\$14,327,341	\$44,487,451
Output	\$45,484,365	\$19,422,614	\$22,751,755	\$87,658,734
Employment - 2013	300.0	8.3	13.7	322.0
Employment - 2014	500.0	63.9	92.7	656.6
Employment - 2015	401.9	41.6	60.7	504.2

Source: IMPLAN®

Table 4. Total Estimated Tax Impact from Construction, Engineering and Other Expenses from 2013 to 2015 (Standardized Dollars)

		Employee Compensation	Proprietor Income	Indirect Business Tax	Households	Corporations	Total
Federal Tax Impact	Social Ins Tax – Employee Contribution	\$1,416,109	\$233,792				\$1,649,901
	Social Ins Tax – Employer Contribution	\$1,845,678					\$1,845,678
	Indirect Bus Tax: Excise Taxes			\$150,983			\$150,983
	Indirect Bus Tax: Custom Duty			\$59,857			\$59,857
	Indirect Bus Tax: Fed Non-Taxes			\$17,153			\$17,153
	Corporate Profits Tax					\$408,994	\$408,994
	Personal Tax: Income Tax				\$2,528,548		\$2,528,548
	Total Federal Tax	\$3,261,787	\$233,792	\$227,993	\$2,528,548	\$408,994	\$6,661,114
State and Local Tax Impact	Dividends					\$2,292	\$2,292
	Social Ins Tax – Employee Contribution	\$14,451	\$0				\$14,451
	Social Ins Tax – Employer Contribution	\$28,413					\$28,413
	Indirect Bus Tax: Sales Tax			\$932,405			\$932,405
	Indirect Bus Tax: Property Tax			\$825,740			\$825,740
	Indirect Bus Tax: Motor Vehicle			\$16,936			\$16,936
	Indirect Bus Tax: Severance Tax			\$0			\$0
	Indirect Bus Tax: Other Taxes			\$150,908			\$150,908
	Indirect Bus Tax: S/L Non-Taxes			\$8,449			\$8,449
	Corporate Profits Tax					\$78,062	\$78,062
	Personal Tax: Income Tax				\$810,876		\$810,876
	Personal Tax: Non-Taxes (Fines – Fees)				\$131,386		\$131,386
	Personal Tax: Motor Vehicle License				\$32,629		\$32,629
	Personal Tax: Property Taxes				\$14,906		\$14,906
	Personal Tax: Other Tax (Fish/Hunt)				\$18,101		\$18,101
	Total State and Local Tax	\$42,864	\$0	\$1,934,438	\$1,007,898	\$80,354	\$3,065,554
Grand Total		\$3,304,651	\$233,792	\$2,162,431	\$3,536,446	\$489,348	\$9,726,668

Source: IMPLAN®

Operation

The impact region for operation during 2016 is Lackawanna County. This impact is based on 18 new employees at the center with a total employee compensation of \$1,282,408.

Table 5. Estimated Impact on the Lackawanna County Economy from Operation during 2016 (2016 Dollars)

	Direct	+Indirect	+Induced	=Total
Employee Compensation	\$1,282,048	\$86,367	\$283,661	\$1,652,076
+Proprietor Income	\$11,276	\$14,941	\$41,841	\$68,058
=Labor Income	\$1,293,324	\$101,308	\$325,502	\$1,720,134
+Other Property Type Income	\$11,798	\$106,677	\$229,199	\$347,674
+Indirect Business Taxes	\$35,443	\$18,570	\$52,850	\$106,863
=Total Value Added	\$1,340,565	\$226,555	\$607,551	\$2,174,671
Output	\$1,403,476	\$369,733	\$949,829	\$2,723,038
Employment	18.0	2.6	8.1	28.7

Source: IMPLAN[®]

Table 6. Total Estimated Tax Impact from Operation during 2016 (2016 Dollars)

		Employee Compensation	Proprietor Income	Indirect Business Tax	Households	Corporations	Total
Federal Tax Impact	Social Ins Tax – Employee Contribution	\$83,534	\$2,490				\$86,024
	Social Ins Tax – Employer Contribution	\$108,874					\$108,874
	Indirect Bus Tax: Excise Taxes			\$7,715			\$7,715
	Indirect Bus Tax: Custom Duty			\$3,059			\$3,059
	Indirect Bus Tax: Fed Non-Taxes			\$877			\$877
	Corporate Profits Tax					\$22,878	\$22,878
	Personal Tax: Income Tax				\$110,007		\$110,007
	Total Federal Tax	\$192,408	\$2,490	\$11,651	\$110,007	\$22,878	\$339,434
State and Local Tax Impact	Dividends					\$128	\$128
	Social Ins Tax – Employee Contribution	\$864	\$0				\$864
	Social Ins Tax – Employer Contribution	\$1,698					\$1,698
	Indirect Bus Tax: Sales Tax			\$45,893			\$45,893
	Indirect Bus Tax: Property Tax			\$40,643			\$40,643
	Indirect Bus Tax: Motor Vehicle			\$834			\$834
	Indirect Bus Tax: Severance Tax			\$0			\$0
	Indirect Bus Tax: Other Taxes			\$7,428			\$7,428
	Indirect Bus Tax: S/L Non-Taxes			\$416			\$416
	Corporate Profits Tax					\$4,367	\$4,367
	Personal Tax: Income Tax				\$35,278		\$35,278
	Personal Tax: Non-Taxes (Fines – Fees)				\$5,716		\$5,716
	Personal Tax: Motor Vehicle License				\$1,420		\$1,420
	Personal Tax: Property Taxes				\$648		\$648
	Personal Tax: Other Tax (Fish/Hunt)				\$787		\$787
	Total State and Local Tax	\$2,562	\$0	\$95,214	\$43,849	\$4,495	\$146,120
	Grand Total	\$194,970	\$2,490	\$106,865	\$153,856	\$27,373	\$485,554

Source: IMPLAN®

About The University of Scranton

The following is from The University of Scranton Website.

The University of Scranton was founded as Saint Thomas College by the Most Reverend William G. O'Hara, D.D., the first Bishop of Scranton, who had always hoped to provide an opportunity for higher education in the Lackawanna Valley. In August 1888, with few resources at hand, he blessed a single block of granite as a cornerstone for his new college, which would admit its first students four years later. The cornerstone of Old Main is preserved in the wall of St. Thomas Hall.

The college was staffed by diocesan priests and seminarians until 1896 and then, for one year, by the Xaverian Brothers. From 1897 until 1942, the school, which was renamed The University of Scranton in 1938, was administered for the Diocese by the Christian Brothers. In the late summer of 1942, at the invitation of Most Reverend William Hafey, D.D., 19 Jesuits, led by Rev. Coleman Nevils, S.J., the newly appointed president, arrived on campus to administer the University.

The Jesuits restructured and strengthened Scranton's traditional and pre-professional programs with an emphasis on the liberal arts, which are the foundation for every program at a Jesuit university. This emphasis is intended to give Scranton students an appreciation for all disciplines as they develop specific subject knowledge.

The University has flourished under the Jesuits, growing from a primarily commuter school with fewer than 1,000 students to a broadly regional, comprehensive university with a total enrollment of more than 6,000 students in undergraduate, graduate and nontraditional programs.

Plans are under way for a new 116,340 square-foot, eight-story center for rehabilitation education to provide a state-of-the-art facility for undergraduate and graduate programs in the Departments of Exercise Science, Occupational Therapy and Physical Therapy.

"The \$47.5 million project will provide an advanced, modern facility to match the exceptional reputations already established by our physical therapy, occupational therapy and exercise science programs and will help grow these important academic departments," said Kevin P. Quinn, S.J., president. "In approving this project, the Trustees recognized the strength and strategic importance of these programs for the University."

The center will be located on the southwest corner of Jefferson Avenue and Linden Street. The signature building will be designed to incorporate limestone, native stone and glass to complement the architecture of nearby buildings. The expected completion date for the project is summer 2015.

The center, which is designed and constructed in accordance with Leadership in Energy and Environmental Design (LEED) standards, will provide classroom, research, office, clinical and meeting space for the departments previously mentioned. It will also connect to and create a unified entrance for McGurkin Hall, which houses the remaining departments in Panuska College – nursing, education, human resources, counseling and health administration – in addition to the Leahy Community Health and Family Center.

About the Northeastern Pennsylvania Alliance

The Northeastern Pennsylvania Alliance (NEPA) is a regional multi-county economic development agency providing leadership, planning, expertise and services to regional and local governments, businesses, institutions and individuals through innovative and beneficial collaborations and partnerships to enhance the economic development and quality of life of the area.

NEPA was organized in 1964 by the private sector that saw the need for a regional approach to economic and community development issues within the region. NEPA is now a public/private sector partnership with representation from government and non-governmental private sector organizations. The goal of NEPA is to provide a quality menu of programs and valuable services that best match the needs of our partners and add value to our region.

NEPA carries out its mission within the counties of Carbon, Lackawanna, Luzerne, Monroe, Pike, Schuylkill and Wayne, which have a total population of 1,021,027 people (according to estimates provided by the U.S. Census Bureau, July 1, 2013) and covers 4,476 square miles.

NEPA is one of seven regional agencies called Local Development Districts (LDDs). LDDs help coordinate community and economic development activities in the Commonwealth of Pennsylvania.

NEPA is guided by a fifty (50) member Board of Directors, headed by Board Chairperson, Mary Beth Wood, of which forty-five (45) members have voting capabilities. Members of the Board of Directors represent industries, labor, governments, general businesses, professionals and citizens in each of the seven counties that NEPA serves.

Jeffrey K. Box, President & CEO of NEPA, provides executive leadership working with state and federal legislators to expand and explore opportunities that will be beneficial for Northeastern Pennsylvania.

Since August 2002, Steven N. Zaricki has been the Research & Information Manager at NEPA. He has a bachelor's degree in agricultural and resource economics, with an emphasis in agribusiness management, from the University of Maryland, and a master's degree in agricultural economics, with a concentration in rural economic development, from West Virginia University. His master's thesis topic was the economic impact of the, proposed at the time, Canaan Valley National Wildlife Refuge. He has completed additional graduate study beyond the master's degree in agricultural economics at the University of Kentucky. He has worked at the University of Virginia in its library system and in the Center for Economic and Policy Studies of its Weldon Cooper Center for Public Service. He has received training from Business Retention & Expansion International in its Certified Master Consultant Training Program and is a graduate of the South Carolina Economic Development Institute.

Our Mission

The Northeastern Pennsylvania Alliance (NEPA) is a regional multi-county economic development agency providing leadership, planning, expertise and services to regional and local governments, businesses, institutions and individuals through innovative and beneficial collaborations and partnerships to enhance the economic development and quality of life of the area.

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