

The Economic Impact of Columbus State University's RiverPark Campus

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Prepared by

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Executive Summary

The development of Columbus State University’s RiverPark campus began in the early 1990s as an innovative vision of a public-private partnership to revitalize a deteriorating downtown Columbus. The purpose of this analysis is to quantify the economic benefits that this development has had on the community since its inception through present day.

We consider three main categories of spending which generate economic activity—spending by the University to finance the day-to-day operations at the RiverPark campus including personnel and non-personnel expenditures, spending by students housed at the RiverPark campus, and spending on capital improvements made by the University and its partners. Each of these direct expenditures generate additional economic activity indirectly through the purchases of intermediate goods and services by local businesses. In addition, as employees and business owners earn income as a result of this economic activity, they will spend a portion of their income locally which induces another series of economic chain reactions through the Columbus economy. The total economic impact is the sum of these effects and can be expressed in terms of changes in total output, value added, labor income, and employment. Our findings are summarized below.

Expenditures on construction occurred during four main phases. The economic impacts associated with these expenditures are transitory, i.e., they only last during the period of construction.

| Construction Impacts | | | |
|----------------------|---------------------------|--|----------------|
| Time Period | Expenditures (nominal \$) | Total Economic Impact Over Time Period (2014 \$) | |
| 1995-1996 | \$5.5 Million | Employment | 98.1 |
| | | Labor Income | \$6.0 Million |
| | | Value Added | \$7.6 Million |
| | | Output | \$15.0 Million |
| 1998-2002 | \$8 Million | Employment | 189.3 |
| | | Labor Income | \$8.1 Million |
| | | Value Added | \$10.3 Million |
| | | Output | \$20.3 Million |
| 2004-2007 | \$43.6 Million | Employment | 782.3 |
| | | Labor Income | \$33.7 Million |
| | | Value Added | \$42.6 Million |
| | | Output | \$83.8 Million |
| 2011-2014 | \$6.1 Million | Employment | 105.8 |
| | | Labor Income | \$3.8 Million |
| | | Value Added | \$4.9 Million |
| | | Output | \$9.8 Million |

The recurring personnel and non-personnel expenditures by the University and the expenditures by students that are housed at the RiverPark campus generate on-going economic impacts. In 2014, these expenditures totaled over \$16.5 million. The table below describes the impacts of these recurring expenditures.

| Economic Impacts of Current Expenditures | |
|--|-------------------------|
| Employment | 227 jobs annually |
| Labor Income | \$11.2 million annually |
| Value Added | \$15.6 million annually |
| Output | \$21.5 million annually |



Introductionⁱ

The development of Columbus State University's RiverPark campus began in the early 1990s as an innovative vision of a public-private partnership to revitalize a deteriorating downtown Columbus. A group of four community leaders; architect Rozier Dedwylder, W. C. Bradley Co. CEO Bill Turner, Columbus Mayor Frank Martin, and the president of CSU Frank Brown formed a core group of key supporters that brought the vision to fruition.

The main impetus leading to the relocation of CSU programs downtown were the plans to construct a state of the art performance hall. The performance hall was envisioned to be a "beehive of activity" and not sit vacant between shows. The most obvious way to accomplish this was for the performance hall to be a key component of CSU's music school which lacked top-quality performance facilities. In late 1994, then President Frank Brown made the decision to relocate the University's arts programs downtown. In 1995 the Board of Regents of the University System of Georgia approved the movement of the music department to the RiverPark area. This began nearly two decades of development that continues to this day.

The purpose of this analysis is to quantify the economic benefits that the Columbus State University RiverPark Campus has had on the community since its inception through present day.

Measuring Economic Impact

Associated with the RiverPark campus are three main categories of spending which generate economic activity. First are the "day-to-day" expenditures by the University. These include salaries and fringe benefits associated with the faculty and staff and expenditures on operations and maintenance. Second are the "transitory" expenditures made from time-to-time by the University and its partners for capital improvements on the campus, e.g., remodeling of existing structures to better support student residential life. The third main spending component includes the personal expenditures of students, faculty, and staff associated with their activities at the RiverPark campus.

Each of these *direct* expenditures will generate *additional* economic activity *indirectly* through the purchases of intermediate goods and services by local businesses from other local businesses along the supply chain. In addition, as employees and business owners earn income as a result of this economic activity, they will spend a portion of their income locally which *induces* another series of economic chain reactions through the Columbus economy. The economic impact analysis quantifies each of these economic impacts. The total economic impact is the sum of these effects and can be expressed in terms of changes in total output, value added, labor income, and employment.

Total output is a measure of gross sales that occur in a region. The output measure results in the largest measure of economic impact, however it often double counts some economic activity since it includes the value of inputs produced along the supply chain. The other three measures of economic activity more accurately reflect the true economic impacts in a region.

Value added is a measure output that subtracts the value of intermediate inputs and closely reflects the value of production occurring in a region. As a result it is often referred to as gross regional product, the regional counterpart to the national economy's gross domestic product, GDP. Labor income includes all income arising from employment – wages, salaries, and proprietors' income – but does not include non-wage compensation such as pension benefits, health insurance, government transfer payments, dividends, interest, or rent. Employment includes all wage and salary employees and self-employed individuals. Employment impacts are expressed as the annual average number of jobs which includes both part-time and full-time employment and does not represent the number of full-time-equivalent jobs.

Collecting the Data

Data for the project including building acquisition dates, timing of construction and remodeling expenditures, personnel salaries and benefits, and non-personnel operating costs were collected from Columbus State University offices of the Vice President for Business and Finance, University Relations, and Foundation Properties.

In order to capture the impacts generated by student spending, we estimated student expenditures using a spending profile created by the University of Georgia for their annual economic impact analysis of the University System of Georgia. This profile includes expenditures on food, shelter, books, and entertainment. To avoid double counting, tuition costs which support the university's operations are not included in the student's profile but are included instead as part of the university's expenditures. Since we are focusing on the RiverPark campus we only include students who reside in the RiverPark dormitories and we add additional students as more beds become available over time. Student expenditures are adjusted for inflation each year; in 2014 the expenditures were estimated to be \$6,450 for Fall and Spring semesters and \$3,870 for the Summer term.

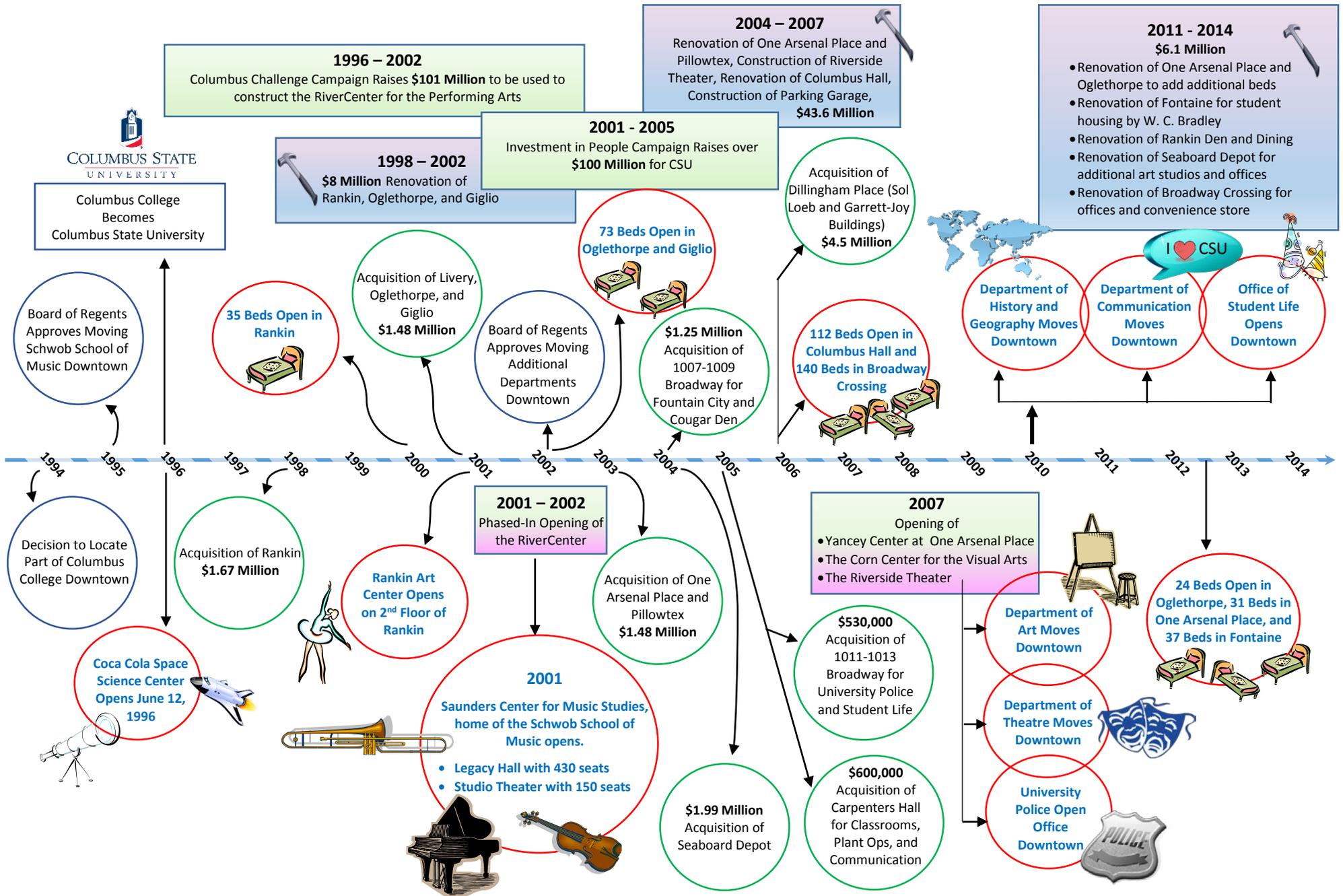
A Timeline of RiverPark Campus Development

Figure 1 illustrates the development of the RiverPark campus over time. The process began in 1994 with a decision to locate part of Columbus College downtown. In 1996, Columbus College became Columbus State University and that same year the Coca Cola Space Science Center opened as CSU's first footprint downtown. Further development of the RiverPark campus was fueled by two major capital campaigns, the community's *Columbus Challenge Campaign* from 1996-2002 which raised \$101 million for the construction of the RiverCenter for the Performing Arts and the university's *Investment in People Campaign* from 2001-2005 which raised over \$100 million for CSU.

From 1998 through 2014, CSU has acquired, and renovated several downtown buildings for use as student housing, classrooms, art studios, performance halls and theatre facilities. Currently, the RiverPark campus houses over 450 students in historic buildings such as the Rankin, Oglethorpe, Giglio, Broadway Crossing, One Arsenal Place and Fontaine. In addition, the campus is now home to the Schwob School of Music, The Rankin Art Center, the Departments of Theatre, Art, History and Geography, and Communication.

Figure 1.

RiverPark Campus Development Timeline



Economic Impact Analysis

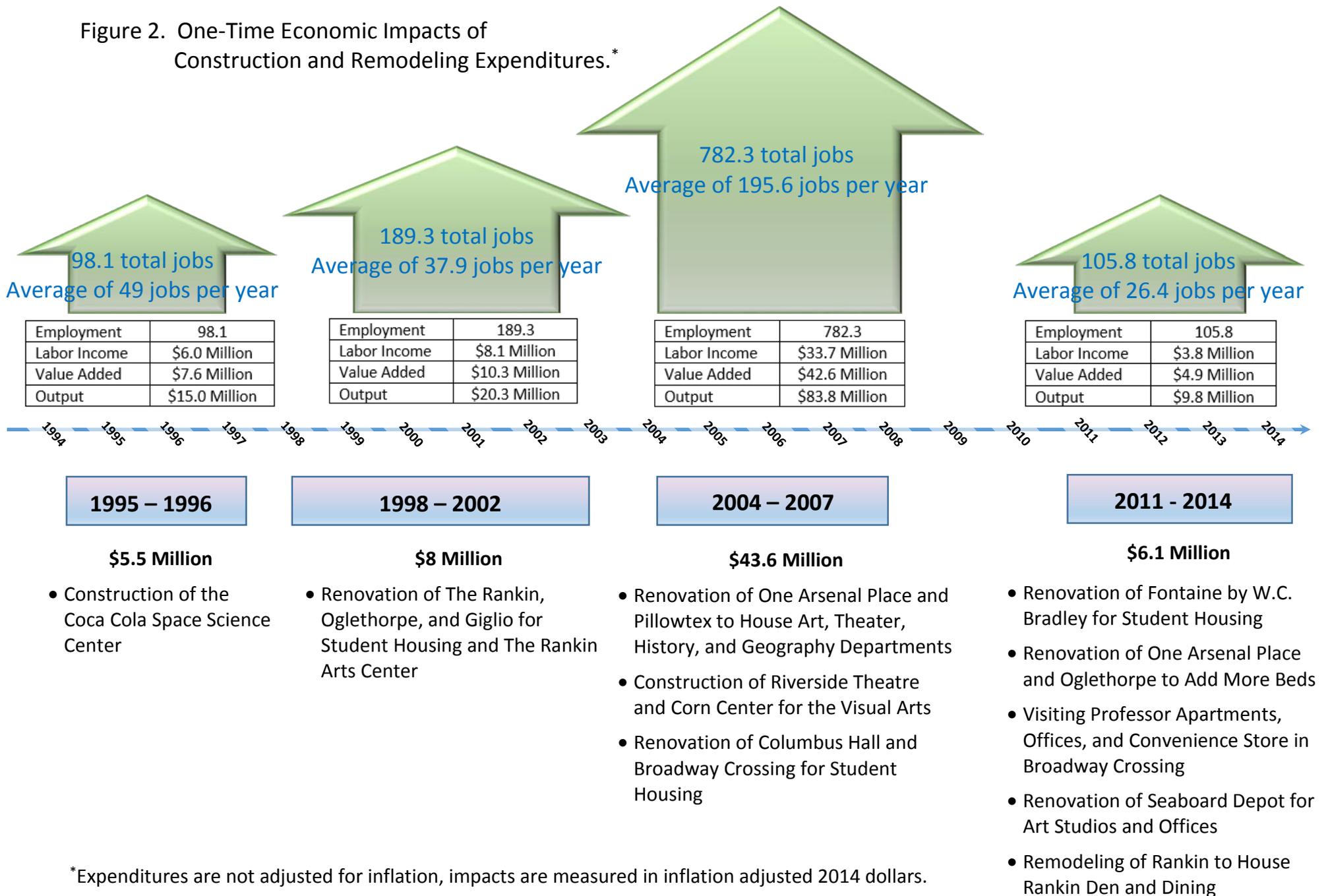
The main purpose of this study is to estimate the economic impact associated with the development and operations of CSU's RiverPark campus. We focus on the economic impacts associated with three types of spending—the “day-to-day” expenditures by the University on wages, salaries, operations and maintenance at the RiverPark campus; the personal expenditures of students housed in RiverPark dormitories, and the expenditures made by and on behalf of the University for capital improvements on the campus, including remodeling of existing structures to better support student academic and residential life downtown.

Before we present our results, we note that our analysis excludes consideration of some factors that undoubtedly lead to additional economic impacts. While CSU sponsors numerous lectures, concerts, and performances throughout the year at the RiverPark campus, no records are kept of who attends, where they are from, and how much they are likely to spend downtown. As a result, these economic impacts are not included in our study. Neither does our analysis capture the economic impact associated with the change in atmosphere resulting from CSU's presence downtown. Anecdotal evidence suggests that the RiverPark area is now a “safer” area to be at night which likely leads to more spending at restaurants and shops in the area. These impacts, however, are not readily quantifiable.

Figure 2 illustrates the economic impacts of the construction and remodeling expenditures associated with the RiverPark campus. These investments in infrastructure occurred during four main phases. During 1995 and 1996, \$5.5 million was spent on construction of the Coca Cola Space Science Center. Including the indirect and induced economic impacts, these direct expenditures supported nearly 50 jobs a year for two years and increased labor income by \$6.0 million (2014\$). In the second construction phase, \$8 million was spent from 1998-2002 to renovate the Rankin, Oglethorpe and Giglio buildings for student housing and the Rankin Arts Center. These expenditures supported nearly 38 jobs on average each year over the 5 year period. The largest expenditures, \$43.6 million, were made in the third phase which lasted from 2004-2007. This funded the Construction of the Riverside Theatre the Corn Center for the Visual Arts, and renovation of One Arsenal Place, Pillowtex, Columbus Hall, and Broadway Crossing. These expenditures supported nearly 200 jobs each year during the time period and increased total economic output by nearly \$84 million (2014 \$).

The current construction phase that is now almost complete began in 2011. Over \$6 million has been spent by CSU and W.C. Bradley on renovation and remodeling of Fontaine for student housing, One Arsenal Place and Oglethorpe to add additional housing space, visiting professor apartments, offices, and a convenience store in Broadway Crossing. Seaboard Depot has been renovated to serve as art studio space and offices. When finished these expenditures will have supported an average of over 26 jobs per year and increased labor incomes by nearly \$4 million (2014 \$).

Figure 2. One-Time Economic Impacts of Construction and Remodeling Expenditures.*



*Expenditures are not adjusted for inflation, impacts are measured in inflation adjusted 2014 dollars.

Recurring economic impacts arise from CSU's continued presence at the RiverPark campus – the day to day personnel expenditures associated with faculty and staff, non-personnel expenditures on maintenance and operations, as well as the spending of students who live in the RiverPark dorms. Estimates of these expenditures are described in Figure 3. Measured in inflation adjusted (2014) dollars, spending at the RiverPark campus has increased over 30-fold from \$526,000 in 1996 to over 16.5 million in 2014.

Figures 4-7 illustrate how CSU's expanding presence at the RiverPark campus has been instrumental in driving economic development over time. As of 2014, the day to day expenditures associated with CSU, support 227 recurring jobs and generated nearly \$21.5 million in total output or total sales. Value-added, the portion of total sales that stay in the region in the form of local business profits, salaries, and wages increased by nearly \$15.6 million. Almost \$11.2 million of this flowed directly to employees in the form of labor income.

While the previous figures attempt to illustrate how the stages of development at the RiverPark campus have led to ever-increasing impacts, the growth of these economic impacts is perhaps more clearly illustrated in Figures 8-11. Since 1996, the number of jobs supported by CSUs presence has grown from 12 to 227, the amount of total sales generated has grown \$850,000 to nearly \$21.5 million. Value added has increased by nearly \$15 million and the amount of labor income generated has experienced a 20-fold increase.



Figure 3. Annual Non-Construction Expenditures Associated with the RiverPark Campus (2014 \$)

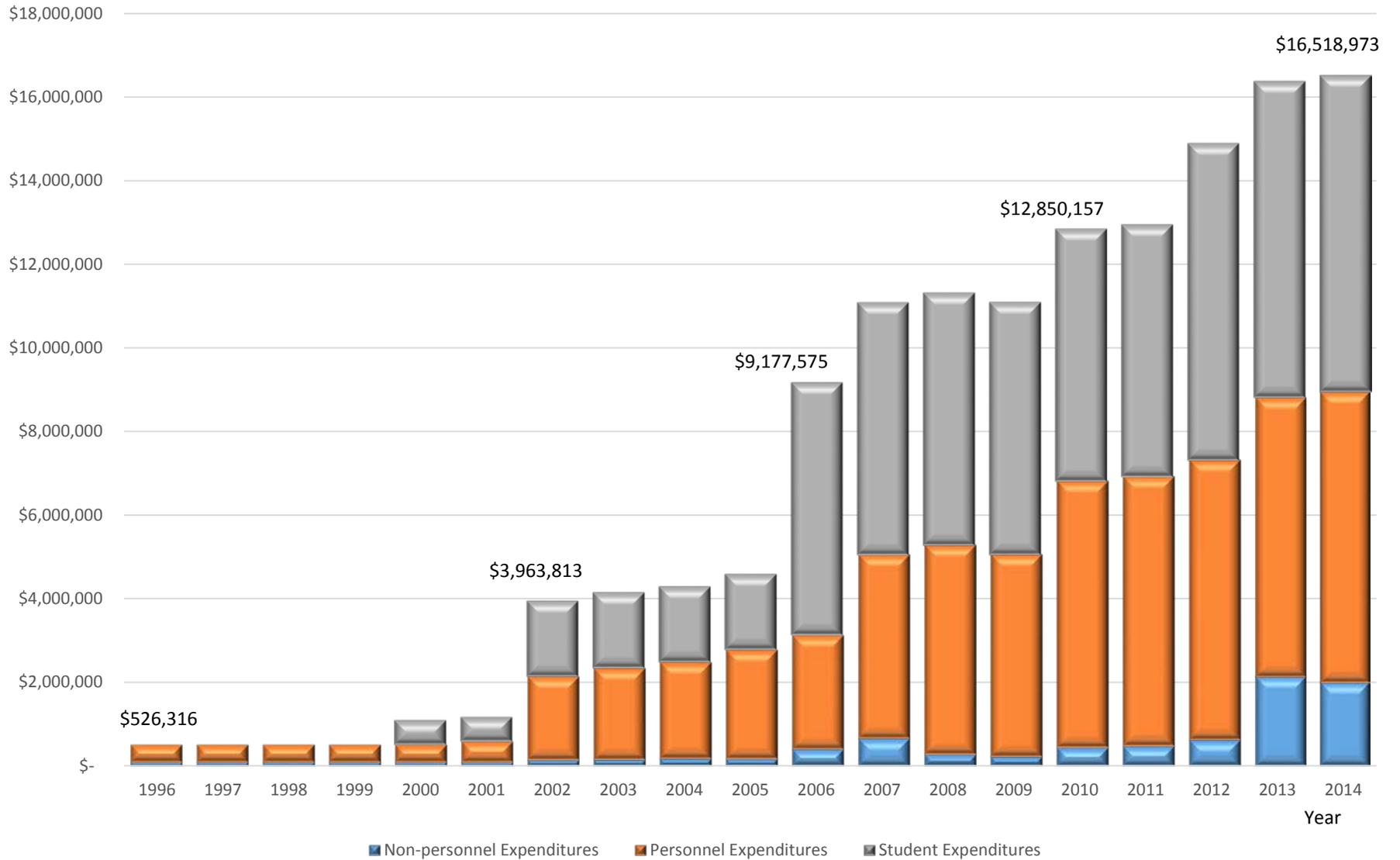


Figure 4. Number of Jobs Supported by Expenditures at the RiverPark Campus

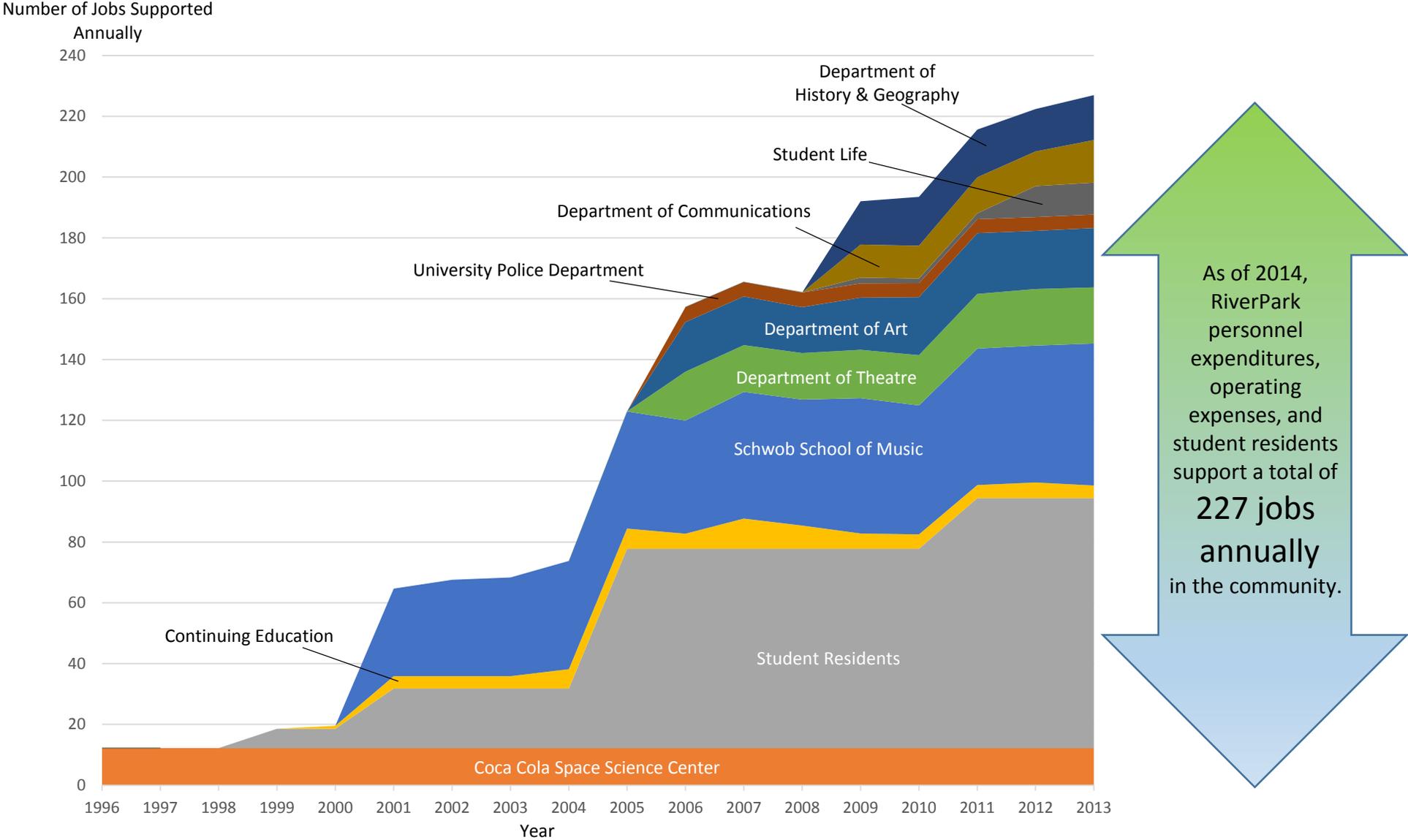


Figure 5. Total Output (Gross Sales) Generated by Expenditures at the RiverPark Campus (2014 \$)

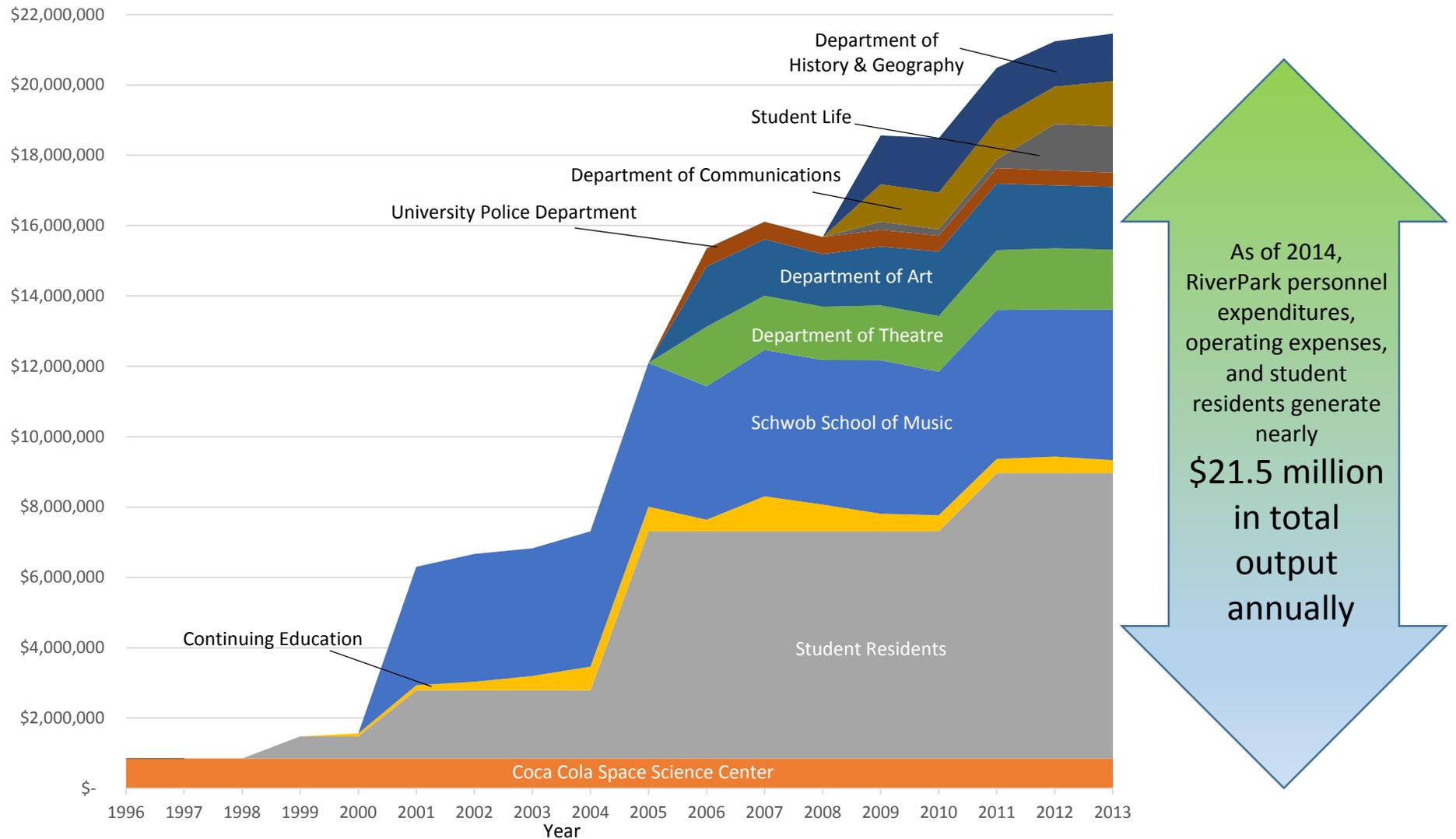
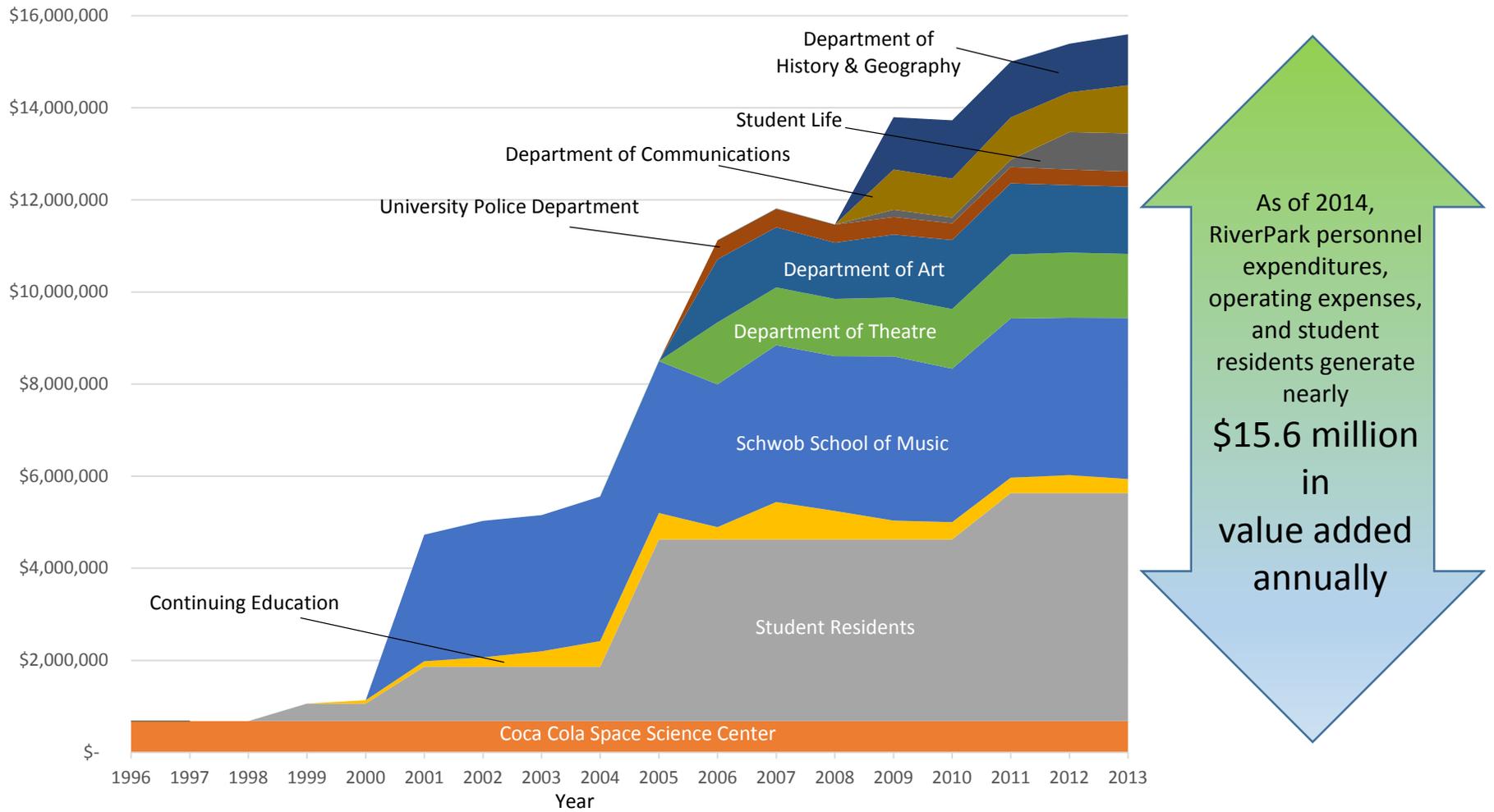


Figure 6. Value Added Generated by Expenditures at the RiverPark Campus (2014 \$)



As of 2014,
RiverPark personnel
expenditures,
operating expenses,
and student
residents generate
nearly
\$15.6 million
in
value added
annually

Figure 7. Labor Income Generated by Expenditures at the RiverPark Campus (2014 \$)

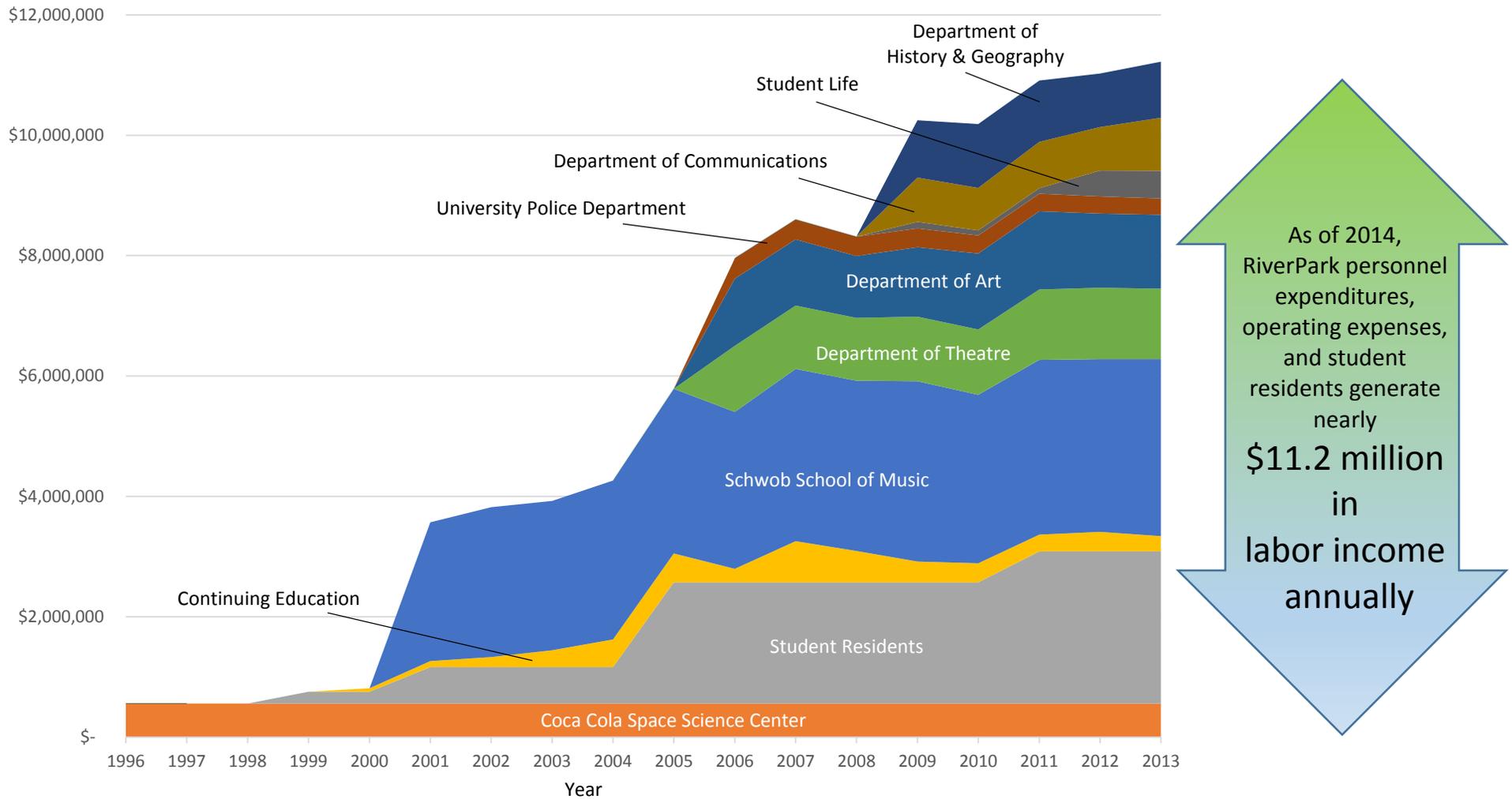


Figure 8. Number of Jobs Supported Each Year by Expenditures at the RiverPark Campus (2014 \$)

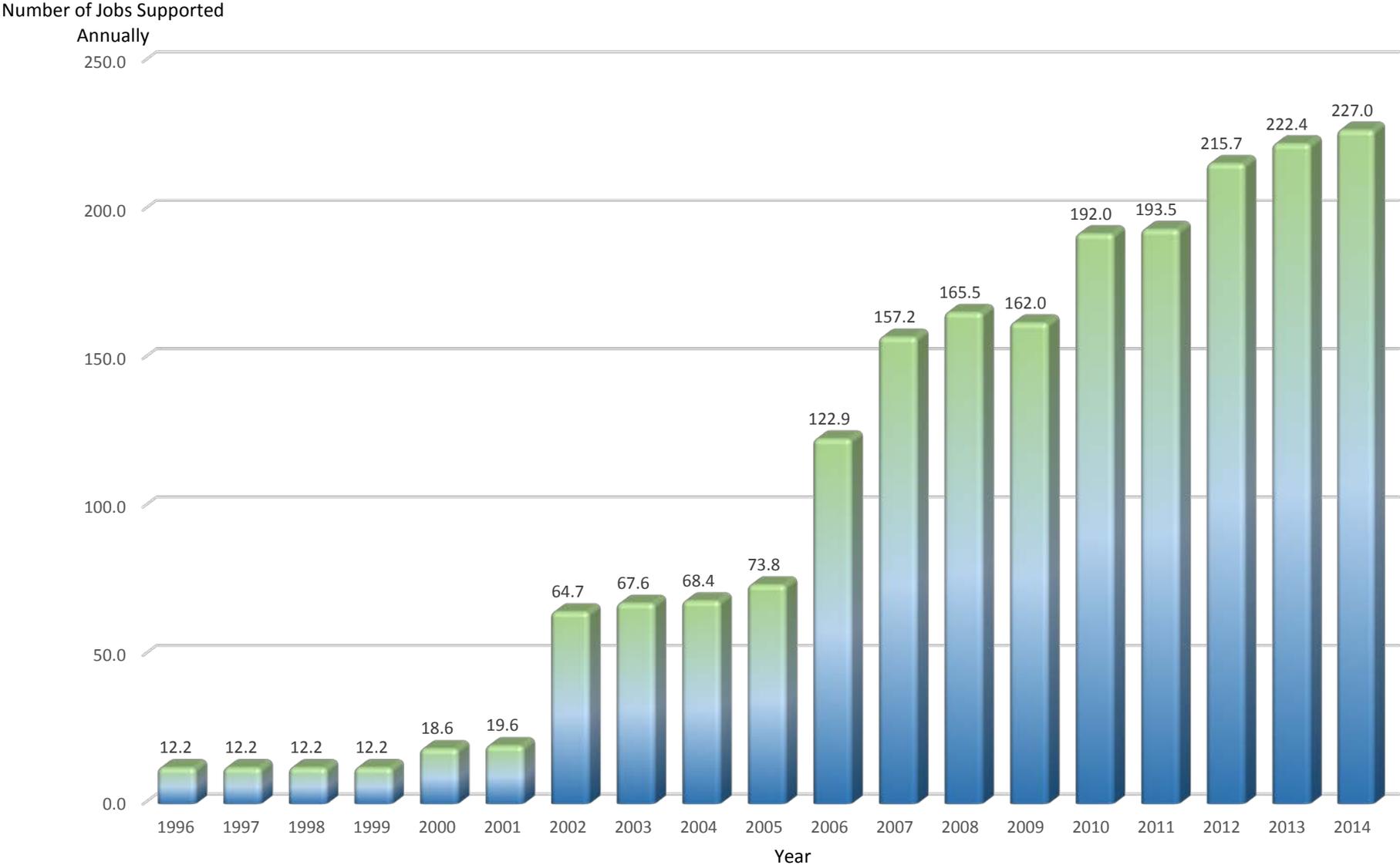


Figure 9. Total Output (Gross Sales) Generated Each Year by Expenditures at the RiverPark Campus (2014 \$)

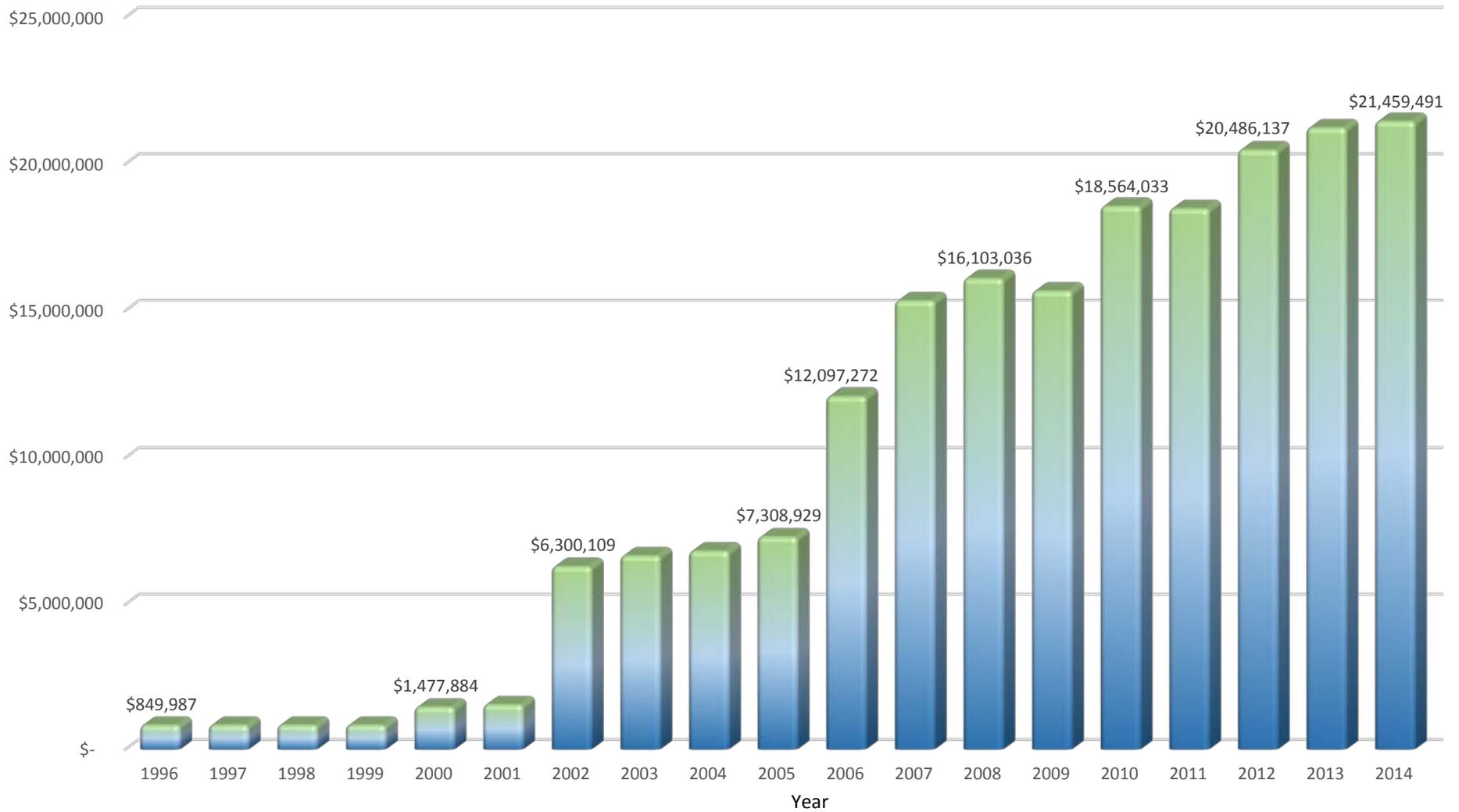


Figure 10. Value Added Generated Each Year by Expenditures at the RiverPark Campus (2014 \$)

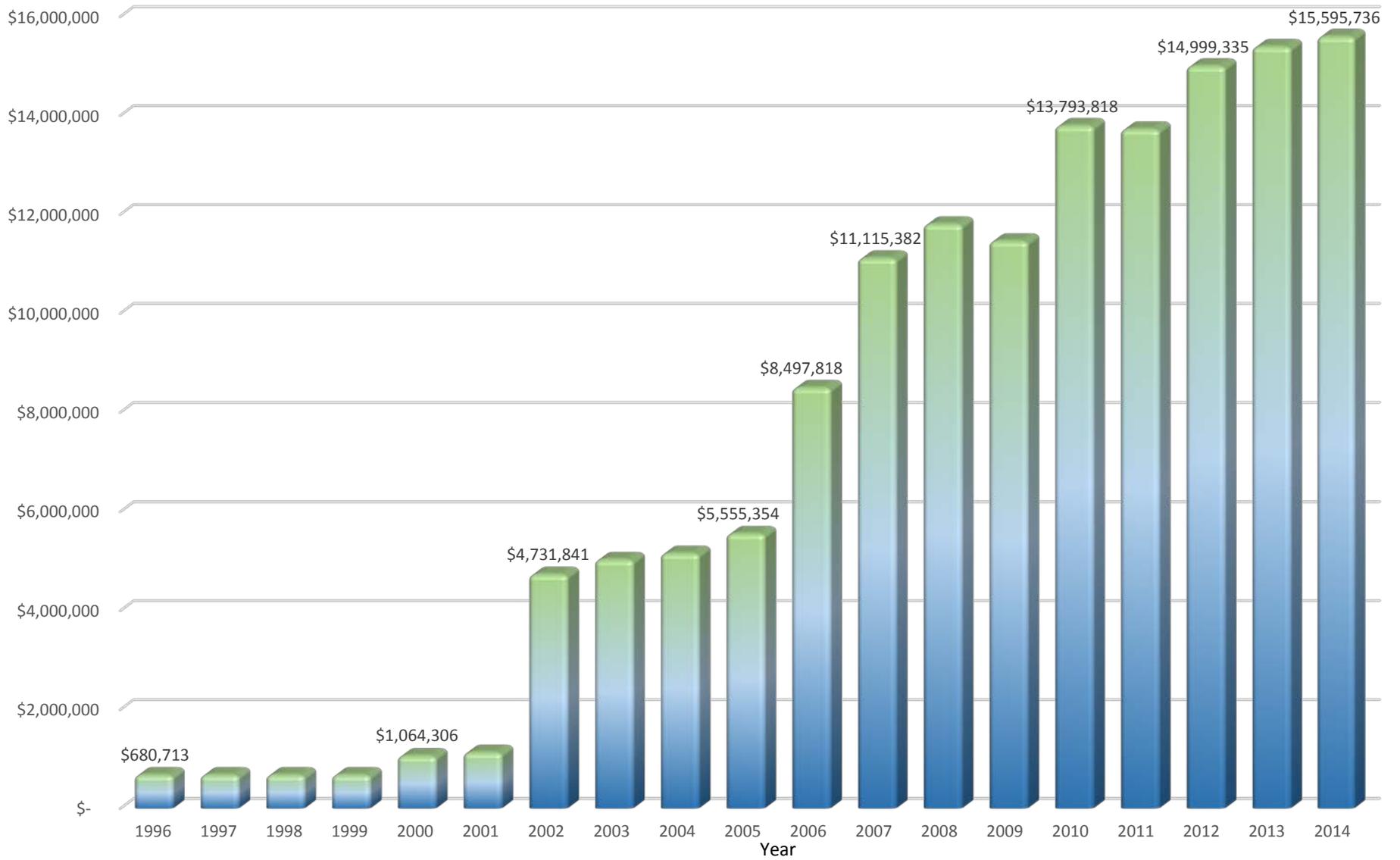
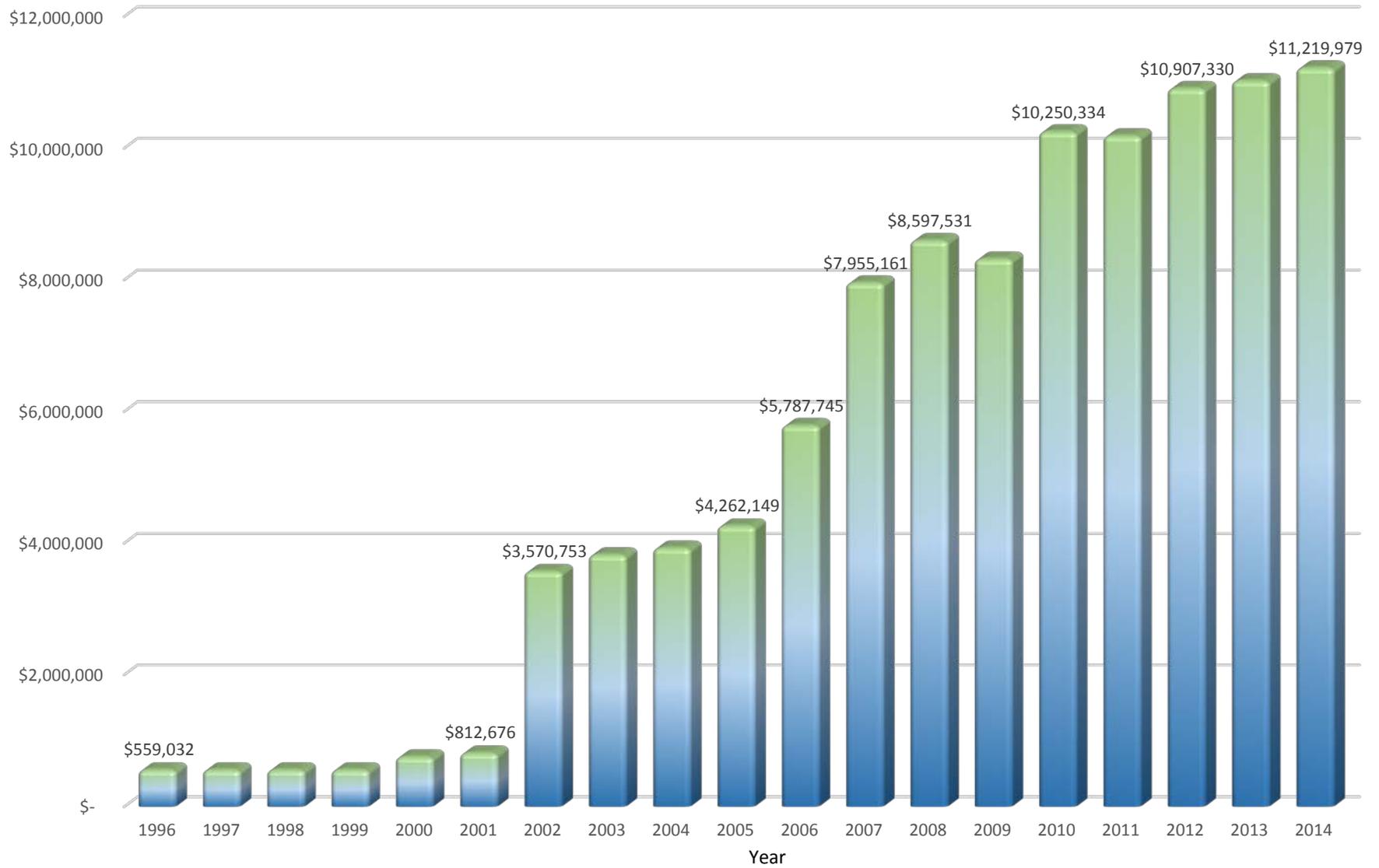


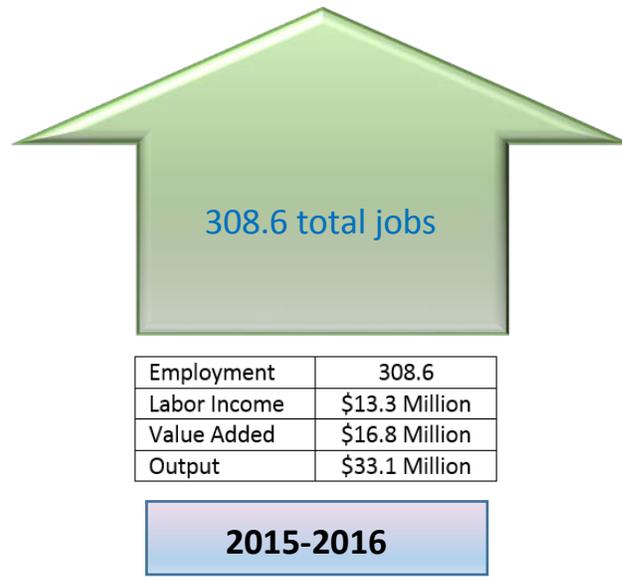
Figure 11. Labor Income Generated Each Year by Expenditures at the RiverPark Campus (2014 \$)



Looking Forward

Plans to continue the expansion of the RiverPark campus are well underway. The Board of Regents has recently approved the purchase of the Ledger-Enquirer building at the corner of 12th Street and Broadway which will be renovated to house the College of Education and Health Professions (COEHP). The \$21.5 million demolition/construction/remodeling phase has already begun and is expected to be complete by the end of 2016. During this phase these expenditures will support nearly 310 jobs in the region and generate \$13.3 million in labor income. These economic impacts are illustrated below in Figure 12 below.

Figure 12. One-Time Economic Impacts of the Demolition/Construction/Remodeling Phase in Preparation of the COEHP Move to the RiverPark Campus

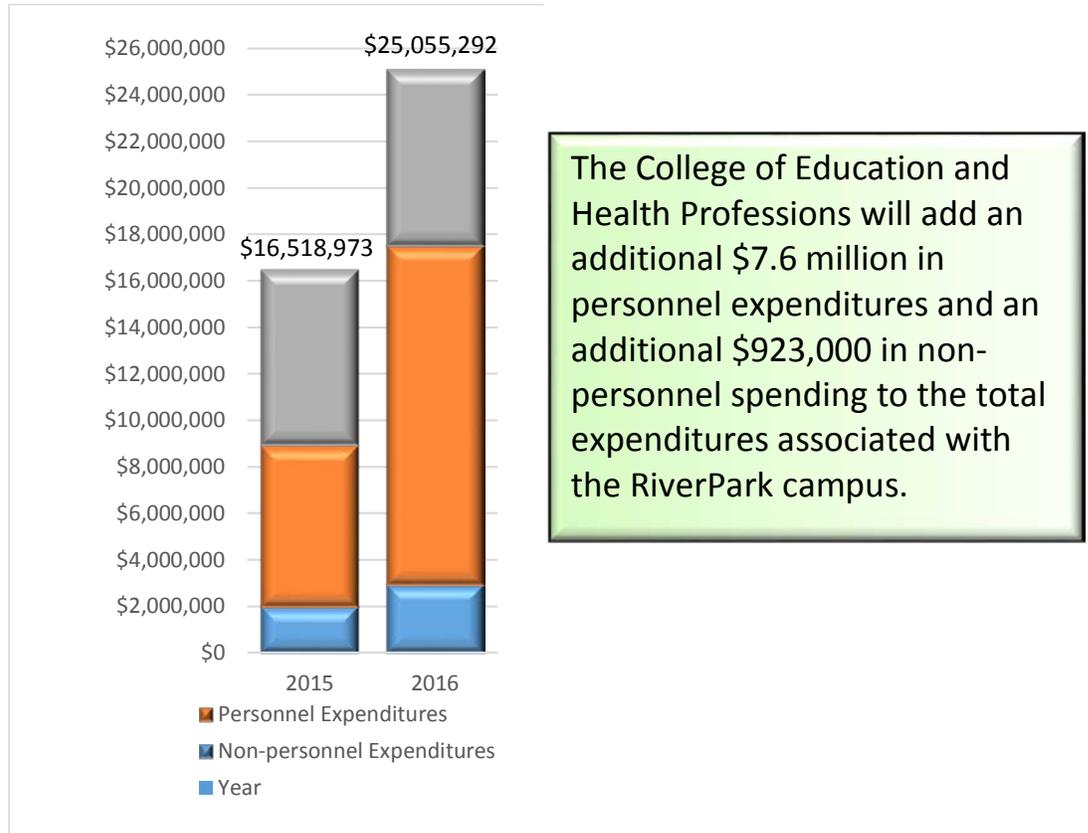


\$21.5 Million

- Demolition/Renovation/Construction of the Ledger-Enquirer property to become the new home of the College of Education and Health Professions.

Recurring economic impacts from the COEHP’s continued presence at the RiverPark campus will arise from the day to day personnel expenditures associated with faculty and staff and the non-personnel expenditures on maintenance and operation. Figure 13 illustrates how the university’s estimated expenditures at the RiverPark campus will change once the relocation of the COEHP is complete in 2016.

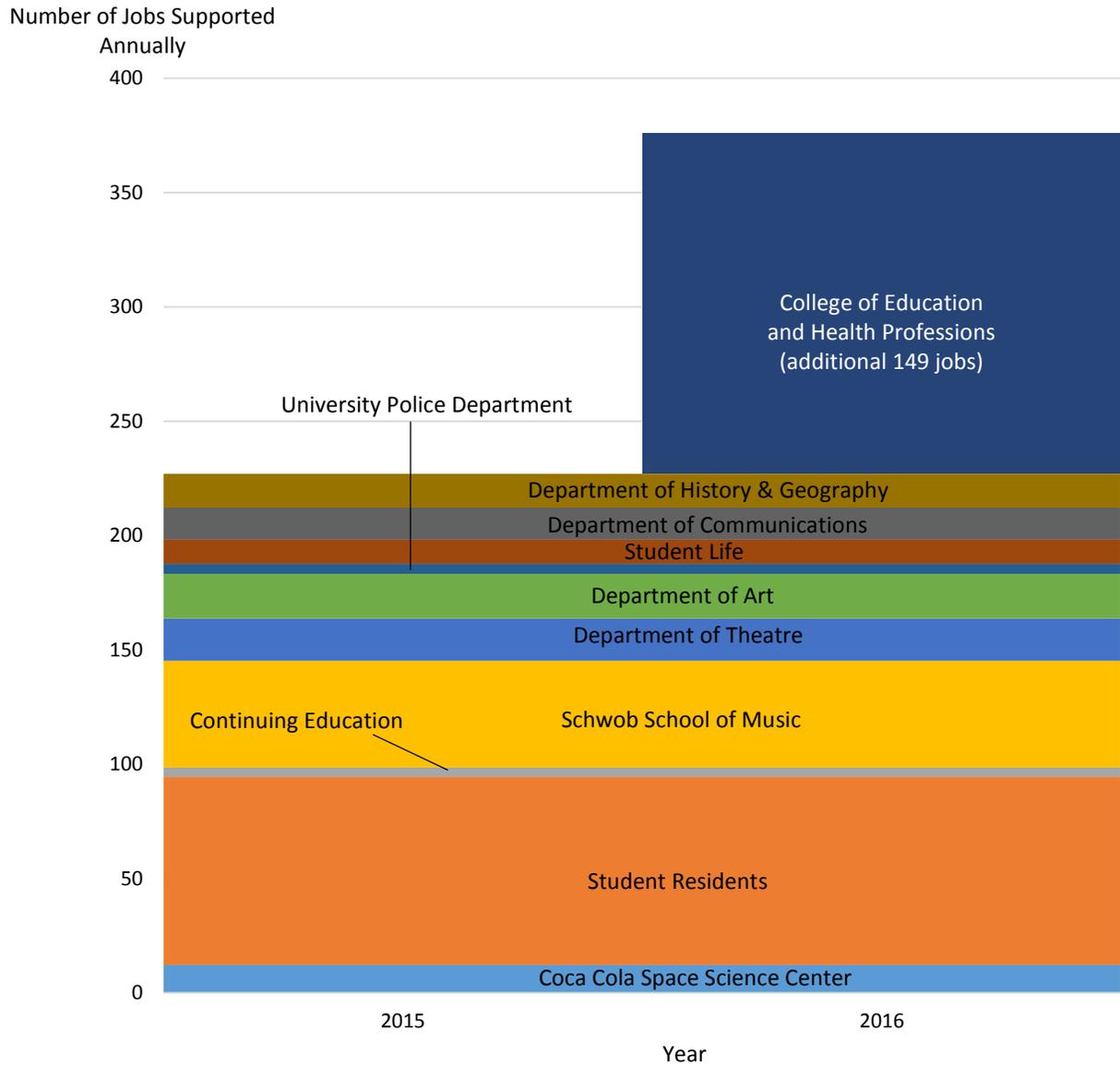
Figure 13. Annual Non-Construction Expenditures Associated with the Current and Expanded RiverPark Campus (2014 \$)



Figures 14-17 illustrate how this most recent expansion of CSU’s presence at the RiverPark campus will lead to continued economic development. After relocation of the COEHP, the day to day expenditures associated with the RiverPark campus will support an additional 149 jobs annually and generate over \$14 million in total sales. Value added will increase by nearly \$11.5 million, over \$9.5 million of this will flow directly to employees in the form of labor income.

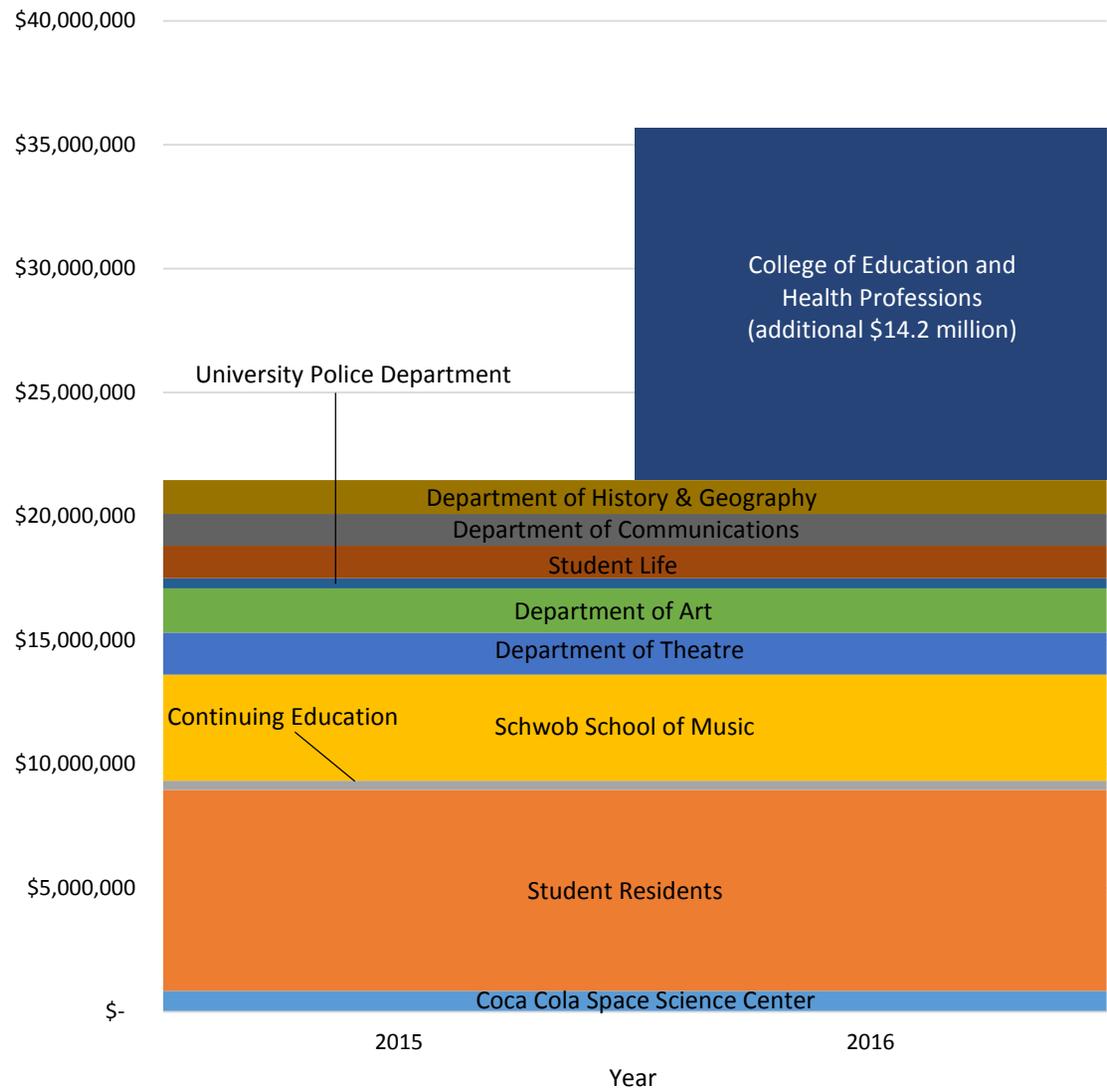


Figure 14. Number of Jobs Supported by Expenditures at the RiverPark Campus After the Addition of the COEHP



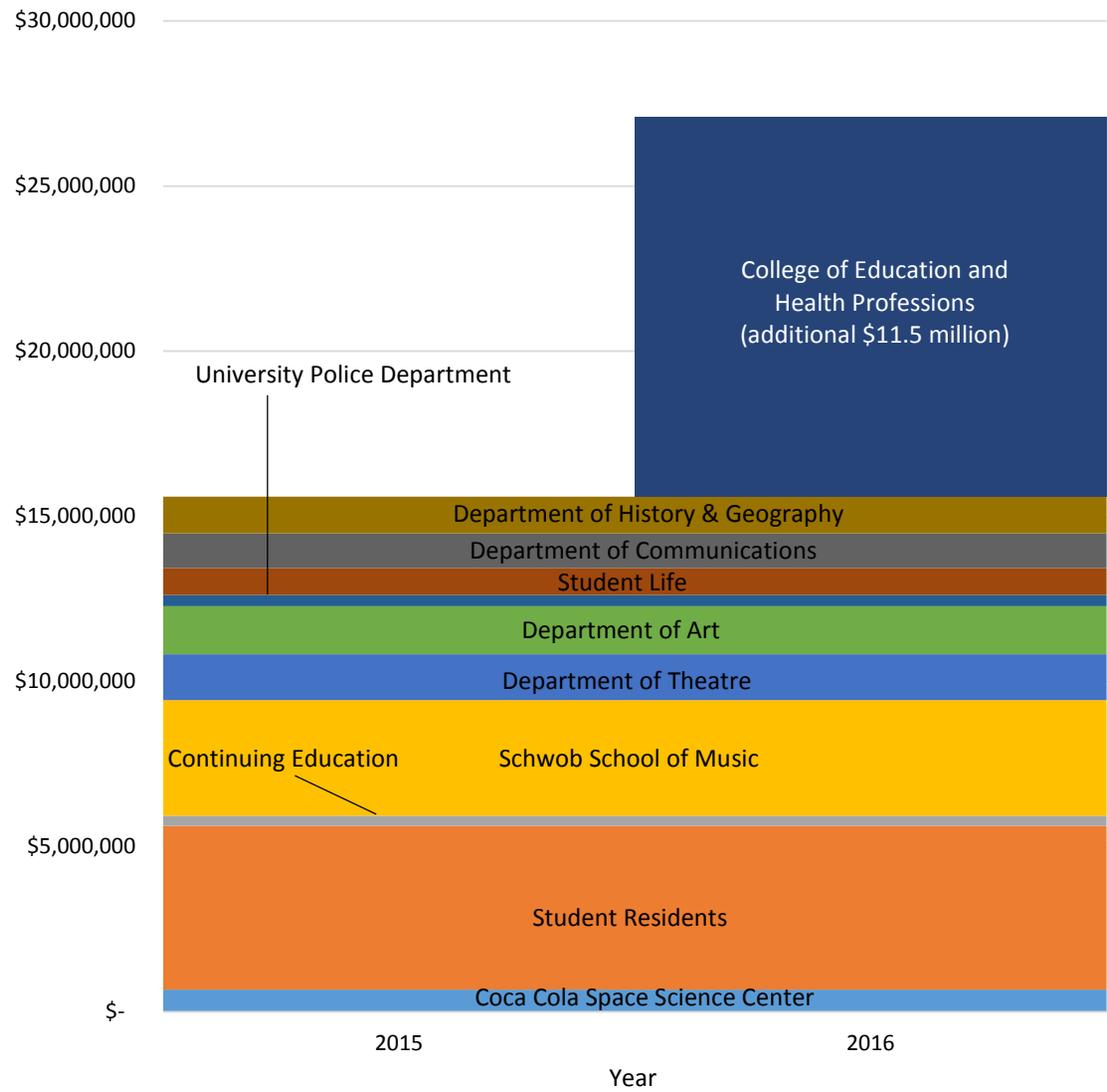
With the inclusion of the COEHP at the RiverPark campus, total RiverPark personnel expenditures, operating expenses, and student residents will support nearly **376 jobs annually** in the community.

Figure 15. Total Output (Gross Sales) Generated by Expenditures at the RiverPark Campus After the Addition of the COEHP



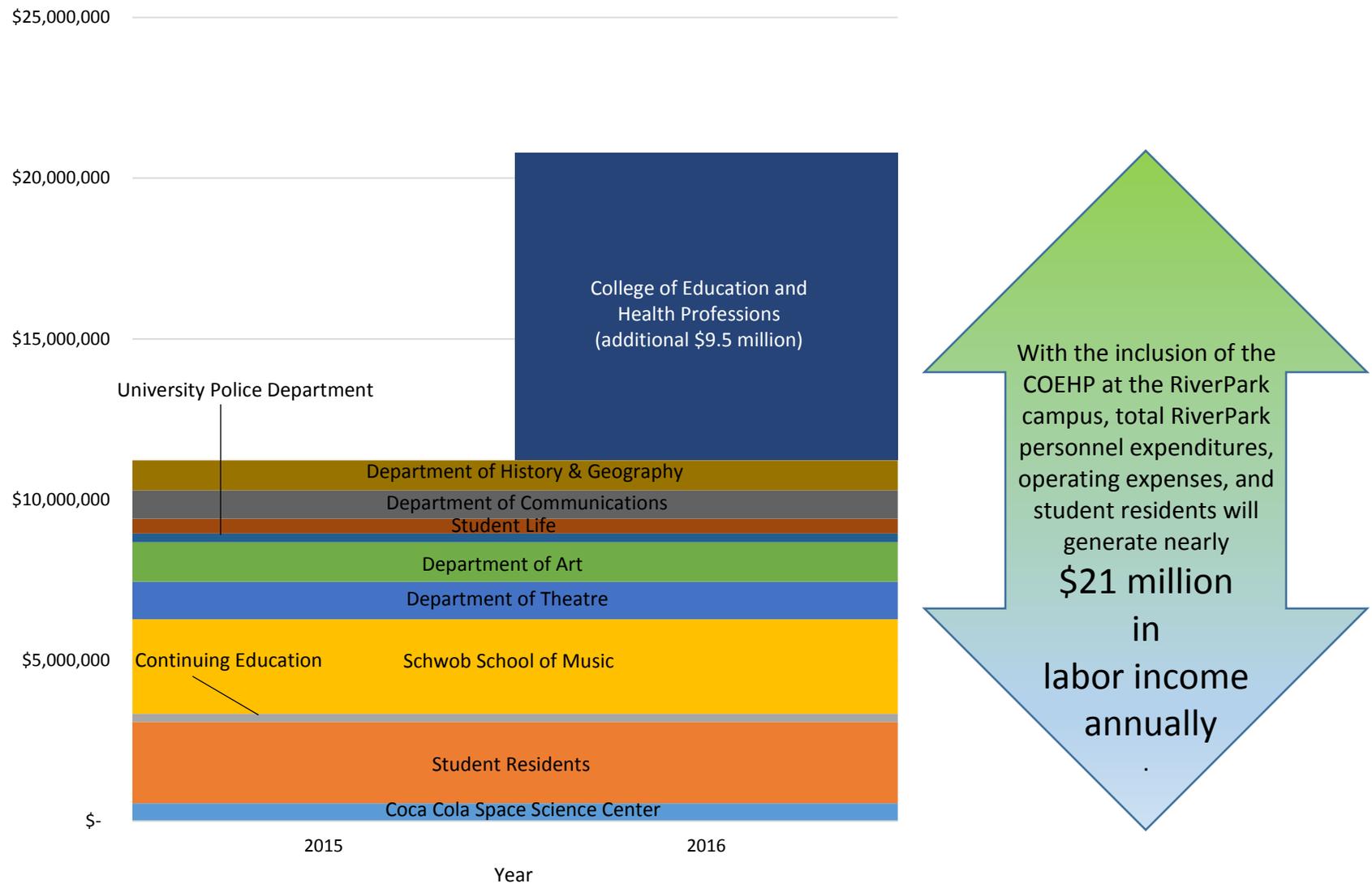
With the inclusion of the COEHP at the RiverPark campus, total RiverPark personnel expenditures, operating expenses, and student residents will generate over **\$35.5 million** in total output annually

Figure 16. Value Added Generated by Expenditures at the RiverPark Campus After the Addition of the COEHP



With the inclusion of the COEHP at the RiverPark campus, total RiverPark personnel expenditures, operating expenses, and student residents will generate over **\$27 million** in value added annually

Figure 17. Labor Income Generated by Expenditures at the RiverPark Campus After the Addition of the COEHP



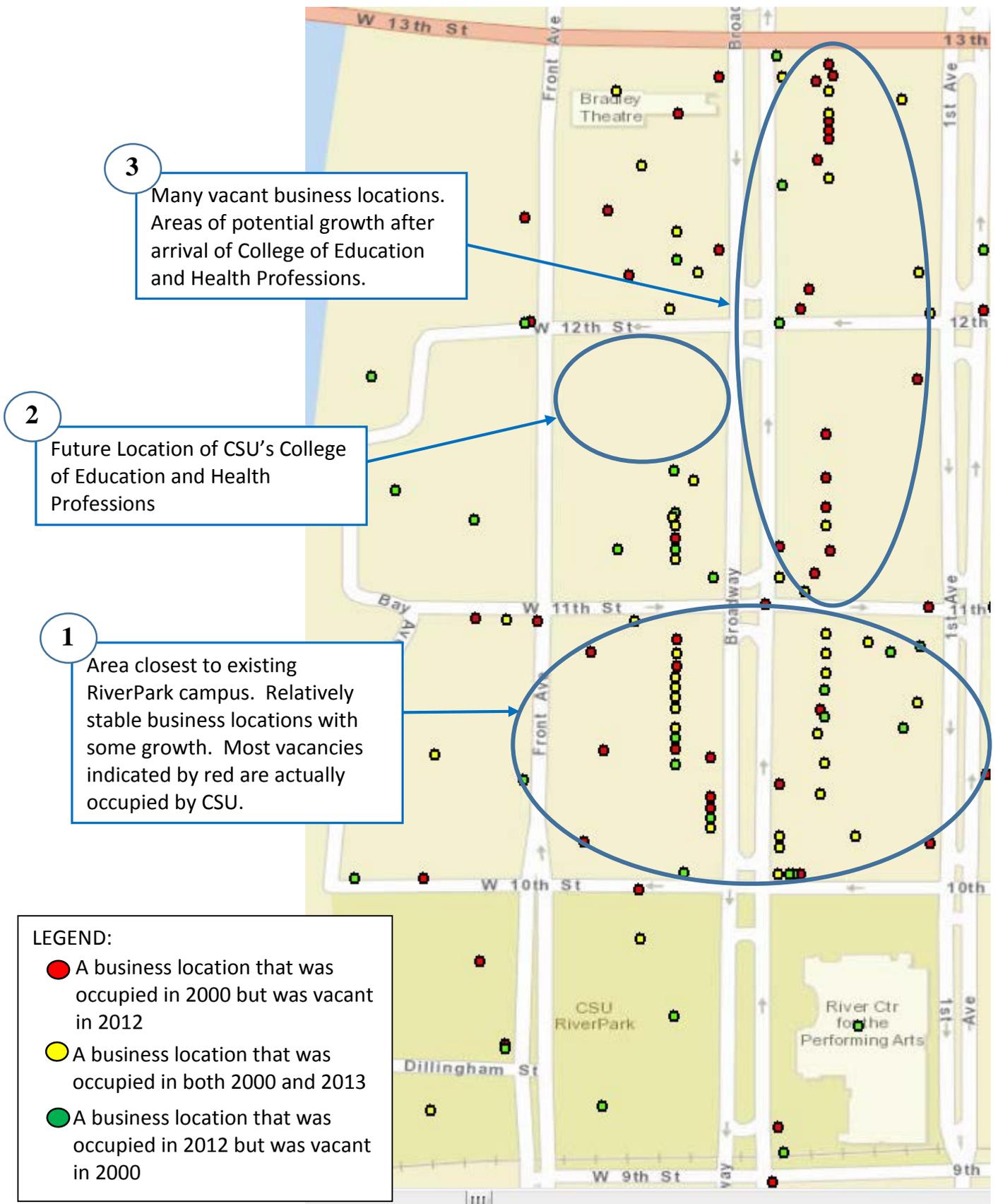
Another way to view the impact of future RiverPark development is to examine how the current development has affected businesses in the area. Figure 18 illustrates business locations closest to the RiverPark campus.³³ The red dots indicate business locations that were occupied in 2000, prior to the opening of the Schwob School, but vacant in 2012. The yellow dots indicate business locations that were occupied both in 2000 and in 2012, not necessarily the same *business*, but the same *location*. Finally, a green dot describes a business location that was vacant in 2000 but occupied in 2012. Using this map we can make several inferences regarding the impact of campus development on local businesses.

First note that the area closest to the existing campus, area “1”, is described by a majority of yellow dots indicating relatively stable business locations. Businesses may come and go, but the locations themselves do not remain vacant for long. The area also includes several green dots which indicate businesses moving into the area and occupying previously vacant space. While the red dots in this area would normally indicate vacant properties, most of these locations are occupied by CSU and some have been replaced with a parking garage.

The proposed expansion of the RiverPark campus will take place in the area marked by “2” on the map. Note that the majority of the neighboring business locations in area “3” are described by red dots, i.e., properties that were occupied in 2000 but are now vacant. If development follows the same pattern as it did around the existing campus, this is the area where business growth will occur as the CSU footprint expands. We would expect to see the vacant properties along Broadway between 11th and 13th Streets to become active places of business, increasing local employment, and improving local incomes.



Figure 18. A Look Ahead at Future Development.



Endnotes

ⁱ Information included in the introduction was taken from an article by Otis White in the March 2011 edition of Georgia Trend magazine entitled “Urban Revival”, <http://www.georgiatrend.com/March-2011/Urban-Revival/>

ⁱⁱ Business location data was obtained from *Infogroup*. While not perfect, it provides the most complete record of historical business locations that is readily available.