



## Summary of the Estimated Impact of the Renovation of the Newnan Hospital Facility

This summary is intended to provide a basis for evaluating the impact of the Old Newnan Hospital building for use as classroom, laboratory, office space and support space for the University of West Georgia. Different re-development scenarios were obtained from the University of West Georgia Old Newnan Hospital Property Reuse feasibility study (hence forth referred to as “the feasibility study”). As requested, the impacts are estimated for Coweta County alone and not for surrounding counties nor for the Atlanta Metropolitan Area.

### Impact of the Re-Construction Phase

#### **Renovation Expenditures:**

Multiple construction phase scenarios are outlined in the feasibility study ranging from about \$10 million to \$25 million in cost. Provided here is the estimated impact of two construction scenarios, \$10 million and \$16 million in cost.

Each worker employed in the construction process will create an additional 0.39 more jobs in Coweta. A dollar of labor income in the construction of the renovated facility will result in \$0.38 more in income in Coweta. Every dollar spent on the construction (re-construction) of the downtown Newnan facility will create an additional \$0.34 in output within the county. These impacts are broken down into the direct impacts that are generated from the initial expenditures, the indirect impacts that are the result of economic activity created within the supply chain, and the induced impacts that are generated from the added income of households in the county. The total impact is obtained by adding all three of these impacts together. All together, the renovation project described in Scenario #3 would create a total of 110 jobs, \$4.1 million in labor income and total output of \$13.4 million in total economic output within Coweta County.

**Table 1: Scenario #3, \$10 Million Renovation**

<b>Impact Type</b>	<b>Employment</b>	<b>Labor Income</b>	<b>Output</b>
Direct Effect	78.6	\$2,981,396	\$10,000,000
Indirect Effect	15.5	\$631,220	\$1,693,887
Induced Effect	15.6	\$508,559	\$1,707,651
<b>Total Effect</b>	<b>109.8</b>	<b>\$4,121,174</b>	<b>\$13,401,539</b>

Table 2 provides details related to Scenario #4. The \$16 million renovation will generate a total of 176 jobs, \$6.6 million in labor income and a total of \$21.4 million in total output within Coweta County. It should be noted that the construction phase provides a one-time injection into the economy of Coweta County and that the impacts are estimated as single-year expenditures. If the renovation project extends into multiple years, these impacts will be the same in total, but will be likewise spread across the construction phase.

**Table 2: Scenario #4, \$16 Million Renovation**

<b>Impact Type</b>	<b>Employment</b>	<b>Labor Income</b>	<b>Output</b>
Direct Effect	125.8	\$4,770,233	\$16,000,000
Indirect Effect	24.8	\$1,009,952	\$2,710,219
Induced Effect	25.0	\$813,694	\$2,732,242
<b>Total Effect</b>	<b>175.6</b>	<b>\$6,593,879</b>	<b>\$21,442,461</b>

The Impact of the Newnan Center’s Continued Operation on Coweta

The economic impact of student enrollment and faculty positions at the Newnan Campus depends, to a great extent, on the assumptions of the impact model constructed. To obtain detailed information about the expenditures made inside Coweta County, an extensive survey of the Newnan Center’s student and faculty population is required. Resources and time constraints, however, make such a survey infeasible. Without a survey, simplifying assumptions are made with regard to which purchases or activities can be attributed to Coweta, versus other counties. The impact of the Newnan Center is estimated as the impact of University of West Georgia instructional activities in the Coweta County, and the expenditure impact of students who are residents of Coweta, as well as non-county residents.

The most direct method to measure the overall economic impact of UWG operations would be to estimate the impact of the operating budget of Newnan Center along with the incidental expenses students incur as a result of being students (i.e., books, school commutes, etc.), less tuition. The reason tuition is not included in student spending is that it would be counted twice, once as student spending within the county, and again as expenditures by the Newnan Center (assuming that at least some of the Newnan Center’s operating expenses are derived from those students’ tuition dollars).

**Operational Expenditures:**

The Newnan Center budget for 2012 is \$426,029. The Center’s Operating Supplies and Expenses are \$85,315. Personal Services account for \$323,171. Travel expenses are an additional \$17,500. **Assuming the operating expenses and personal services are local expenses (\$408,529), the Newnan Campus generates \$240,569 in additional output in Coweta County, and 1.5 additional full and part time jobs locally, which leads to an additional \$64,500 in labor income within the county. For every dollar in operating expenses spent locally, another \$0.70 is generated within the county economy.**

**Student Expenditures (Coweta residents):**

There are several available sources that estimate the expenditures of a typical college student. According to a University of Georgia study, an average Georgia student spends \$6,360 for fall and spring semesters, and \$3,816 for summer semester, not including tuition expenses. According to Collegeboard.com, an average college student attending a 4-year public institution will spend around \$13,200 on housing, books, supplies, transportation and other expenses. Based on an article at Stateuniversity.com, an average student spends

\$13,000 per year and has a monthly income of \$757, and parents contribute another \$157 per month. These national-level sources are roughly consistent with the estimated expenses from the UGA study<sup>1</sup>.

If it is assumed that students of the Newnan Center who are residents of Coweta would continue to live in the county and commute to another county for their degree program, the impact of the Newnan Center would be based on the additional education-related spending alone. This would include typical expenses such as books, supplies, transportation (given the nature of the Newnan Center campus), and other incidental expenses, but not include housing, which would be purchased regardless of student status. In fall of 2011, there were 490 undergraduate students attending classes at the Newnan Campus. Of those students, 40% were residents of Coweta County and 60% were from elsewhere. **Based on the assumptions above, expenditures by Newnan Center students living in Coweta County would be approximately \$850,000 per year.** If, on the other hand, it's assumed that students attending the Newnan Center and residing inside Coweta would move outside the county to attend classes elsewhere, the impact is both the expenditures listed above, along with any living expenses associated with a typical student, including housing. Using conservative estimates from the expenditure data referenced above, we assume that each undergraduate student residing in Coweta County spends \$13,000 into the county economy each year, the lowest of the estimates provided by sources listed above. **Based on these alternate assumptions, expenditures by Newnan Center students living in Coweta County would be approximately \$2.5 million per year.**

#### **Student Expenditures (Non-Residents):**

Non-Coweta resident students would have lower expenditures inside Coweta. If we assume an average fuel cost of \$3.25 per gallon, 25 MPG, and 15,000 miles driven per year, fuel costs amount to about \$2,000 per year. If half of student commuters' fuel is purchased in Coweta County, the annual expenditure on fuel would be \$1,000 per commuting student, or another \$288,000 in Coweta purchases, not including local purchases of food or other incidentals. **If books and supplies are bought in Coweta County, non-resident student expenditures on transportation, books and supplies would total approximately \$0.5 million annually.**

Given the above information, the range of Coweta total spending by Newnan Center students (both residents of Coweta and non-residents) is likely to be between \$1.35 million (or a local margin of \$865,000) and \$3 million (or a local margin of \$2.5 million) per year. However, because a large share of the expenditures by students is in the retail sector, only the local retail margins in parentheses are considered for local impacts. **The total impact of student expenditures is expected to be between \$1.16 million and \$3.15 million for the county per year, resulting in an expenditure multiplier of about 1.3. The impact on local employment is estimated to be between a low of 18.6 and a high of 33 sustained jobs within the county.**

**In total, the operational activities and students of the University of West Georgia are estimated to generate between \$1.4 million and \$3.4 million in economic activity per year within Coweta County.**

<sup>1</sup> [http://trends.collegeboard.org/college\\_pricing/report\\_findings/indicator/883](http://trends.collegeboard.org/college_pricing/report_findings/indicator/883) & <http://www.stateuniversity.com/blog/permalink/The-Spending-Habits-of-College-Students.html>

## Caveats

These impact estimates are not directly comparable with those provided by University System of Georgia. The study conducted by the University of Georgia measures the impact for each university within the university system using a much broader geographic market area. For example, the impact of the University of West Georgia is estimated for the Atlanta Metropolitan area, a 20+ county region, not only for the counties that contain UWG Facilities. This summary focuses on the county that contains the Newnan Center campus ONLY.

Information regarding expenditures made in Coweta by faculty, staff or students was not available. Time and resource limitation led to best-guess estimates of within-county expenditures by the student, faculty and staff population. No estimates are provided for the graduate population. Income and spending patterns of these students are likely to be substantially different than that of the typical undergraduate; however, the addition of graduate students to the analysis would increase the size of the Newnan Center's Impact on the county.

These estimates are based on industry-standard input-output analysis using IMPLAN 3.0, and the best information available at the time of its submission; however, more accurate or more detailed data may result in substantial differences in the estimated impacts.

This brief is provided courtesy of the University of West Georgia Center for Business and Economic Research and may not be re-published, re-printed, or re-distributed without permission © (2012).