

What does a non-profit add to a local economy?
Outcomes of a service learning course in economics



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Abstract

Athletic stadiums, factory expansions, office parks, live-work-play communities ... these are common examples of economic development activities that make news headlines. And, the firms being featured often have marketing staff to promote the financial and employment impacts calculated by quantitative analysts. What, though, about the social and religious organizations whose activities help bind communities but whose work does not generate profit? Is there a financial and employment benefit from these organizations?

A handful of students in Wingate University's Byrum School of Business asked those very questions. The path toward answers led students to wide-ranging learning experiences, from the University's operations and its connections with the community, to the business analytic apps Excel and IMPLAN, to the trusting teammates' to come through with key deliverables for a client.

The students' research estimates that Wingate University supported 1,293 jobs in Union County and contributed \$167.9 million to Union County's economy during 2019. The economic activity comes from ongoing operations, from student spending, from visitor spending and from the boost to having alumni remain in the area.

"This class is different from other classes in the curriculum because we are focused more on applying material we already know rather than read and memorize from a textbook. We are also dealing with real people outside of the classroom rather than simulations." -GW

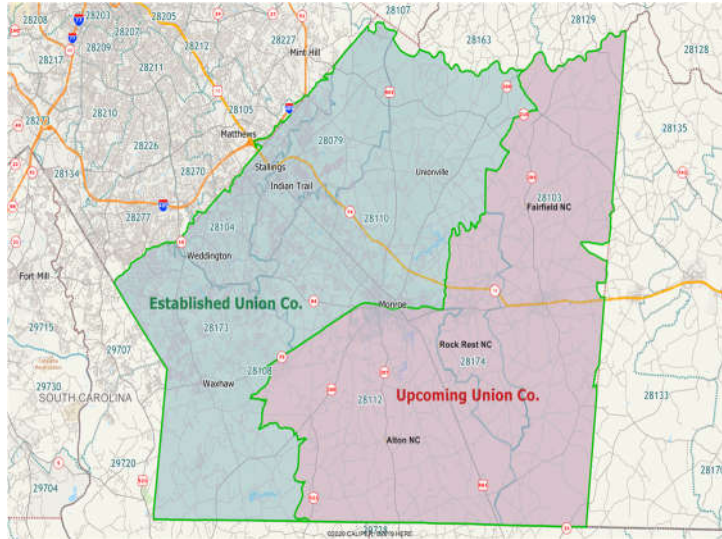
Background

While some non-profit organizations, like the University, charge fees for services, other non-profits charge no fee. Either way, fees collected rarely cover the full cost of providing services. Financial donations, government grants, and volunteer time make possible the service provision.

Appealing to donors for gifts of money and time is easier when donors can understand the full reach of the organization's work. Having an economic impact report to share can enable the organization to more fully answer donors' questions. The problem is time: as staff and volunteers focus on the core mission, there are not enough hours in the week to adequately research and prepare an economic impact study. In 2019, Wingate University administrators raised the question of how to measure the University's economic influence.

At the same time, the Collaborative for the Common Good (CCG) was looking to expand. The CCG facilitates partnerships that improve the economic, social and ecological fabric of eastern Union County (see Map 1).

Map 1. Union County's Economic Divide



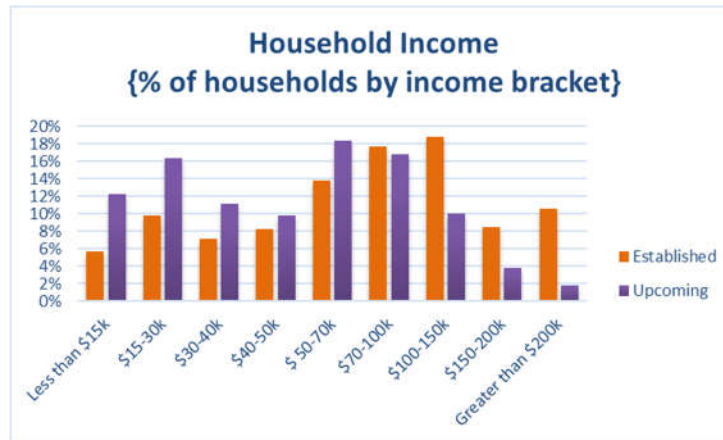
Created by M. Warren, 2020. Source: Maptitude. Note: The upcoming side includes the zip codes 28174, 28103 and 28112.

"I will have to do projects in professional settings in my graduate program next year. It will help me if I work on data science projects." –DC

Leigh and Blakely (2013) define economic development as doing three things: development as establishes a minimum standard of living for all people; development reduces inequality; development promotes and encourages sustainable resource use (p 42-43). There is a natural fit between the CCG and analysis of economic development.

Economic development has affected Union County residents differently, with a large gap between the eastern and western parts of the county. Upcoming Union County, which we define as the zip codes 28174, 28103 and 28112, has 15% of households with income above \$100,000. Established Union County has 37% of households with income above \$100,000. Wingate University is an economic anchor for the eastern side of the county.

Figure 1. Household income across Union County



Source: IMPLAN

In Spring 2020, with support from the CCG and University administration, the Byrum School of Business piloted the service-learning course *Economic Impact Analysis*. The active pedagogy promotes learning through experience. In service-learning, “students work with others through a process of applying what they are learning to community problems, and at the same time, reflecting upon their experience as they seek to achieve real objectives for the community and deeper understanding for themselves” (Eyler and Giles, 1999).

Eleven upperclassmen enrolled and worked with two community partners. The students learned technical aspects of economic research, from sound survey methods to data coding to the business analytic apps Excel, IMPLAN and Maptitude. Moreover, the students developed soft-skills in demand by many employers through group work, regular Zoom meetings, presentations for clients and the preparation of a professional report. The students divided into two teams, one analyzing Wingate University’s economic impact and one analyzing the potential economic impact of various land development scenarios for the town of Matthews, NC.

"One of the challenges this semester has been accepting the uncertainty in this class. I like having set schedules, but this is something that is useful because in 'real life' there won't be a set schedule." -JS

The University research team learned a life lesson in that the data needed for analysis is not readily available. Students worked with University staff to collect information such as attendance at campus events (to gauge visitor impact), spending in various budget areas (to gauge operational impact), commuting patterns for employees (to gauge salary impact), spending on construction, and more. Like many non-profits, the record keeping was incomplete. Students then learned to use online data sources to rationally estimate the values, then reason through the alternatives and defend their approaches.

Conclusion

Value added by the University, an indicator of GDP, totaled nearly \$104.6 million countywide. Alumni living in the region supported 202 jobs and created over \$25 million in economic activity. Spending by University students supported 96 jobs and created \$8.4 million in economic activity. Spending by visitors to Wingate University supported 61 jobs and contributed \$5.4 million in economic activity. \$14.6 million of construction spending supported nearly \$18.8 million in economic output and 137 jobs. In total, Wingate University generated \$168 million in economic activity and supported 1,293 jobs in Union County during 2019, summing direct, indirect and induced impacts.

"This class is different from other classes in the curriculum because it focuses on problems and solutions uncovered instead of pre-planned. It gives an opportunity to search and seek any answer instead of a singular correct answer." -ZE

The Byrum School of Business is planning to offer the "Economic Impact Analysis" course each spring. Do you know of a non-profit organization that would benefit from measuring its economic impact? Interested in partnering? Contact Dr. Cathy Wright with the Collaborative for the Common Good (c.wright@wingate.edu) or Dr. Kristin Stowe with the School of Business (kstowe@wingate.edu).

References

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Leigh, N.G. and Blakely, E.J. (2013) *Planning Local Economic Development*. Sage Publications.

Wingate University's Collaborative for the Common Good:
www.wingate.edu/around-campus/common-good

