Distributional Impact of University-Led Revitalization on the Neighborhood Economy: A Computable General Equilbrium Model of a Small Urban Area

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Abstract

This paper assesses the economic impact of Cornell University on Tompkins County, New York, focusing on the impact of the investment on the new mixed-used development in Collegetown revitalization project. This study is one of the first attempts to study the economic impact of a university using a Computable General Equilibrium (CGE) model, which is an extension of an input-output model. In general, Social Accounting Matrix (SAM) multiplier analysis—a method widely-used in an economic impact study—assumes exogenous prices, excess production capacity, and no substitution parameters or feed-back effects. Thus, the economic impacts from SAM are likely to be overestimated and always positive. In addition, the assumption of increasing-returns-to-scale is incorporated into the framework of a small-area CGE model. This extension of the model allows for a more realistic representation of the imperfect competition in the economic simulation, which can be used as one of planning support tools.

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