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# Anchor Economic Impacts

## Third District Summary

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## Introduction

### HOSPITALS AND HIGHER EDUCATION

**INSTITUTIONS** are known as anchors because they are tied to the places they are in through the large number of people they employ, the services they provide, and their educational and health-care missions.

Collectively, higher education and hospital anchor institutions contribute \$1.7 trillion in goods and services to the U.S. economy annually and directly or indirectly support 18 million jobs — 9 percent of U.S. employment. These impacts vary greatly across U.S. regions, presenting regions with different opportunities and challenges.

The Anchor Economy Initiative examines how hospitals and higher education institutions sustain jobs and shape

regional economies in the U.S. through the creation of the [Anchor Economy Dashboard](#). The dashboard, a new data tool from the Philadelphia Fed, displays metrics for anchor generated employment, income, and gross value added in the 524 regions that compose the U.S. In addition, the dashboard introduces a reliance index, which shows how dependent each region is on these sectors for total economic output.

This report focuses on the 24 metropolitan and nonmetropolitan regions that make up the Third District of the Federal Reserve System. Economic impact data for higher education institutions and hospitals in all 524 regions that compose the United States can be found at [www.philadelphiafed.org/anchoreconomy](http://www.philadelphiafed.org/anchoreconomy).

TABLE 1

## Anchor Institution Totals for Regions in the Third District, 2019

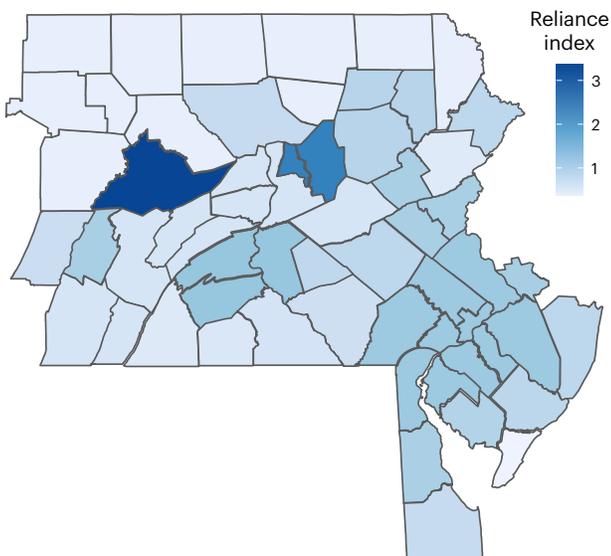
Regions	Population	Total Anchor Institutions	Higher Ed Institutions	Hospital Institutions
<b>United States</b>	<b>330,043,548</b>	<b>24,155</b>	<b>11,719</b>	<b>12,436</b>
<b>Third District regions</b>	<b>13,380,804</b>	<b>720</b>	<b>346</b>	<b>374</b>
Allentown-Bethlehem-Easton, PA-NJ	858,862	45	25	20
Altoona, PA	123,452	8	3	5
Atlantic City-Hammonton, NJ	274,737	7	2	5
Bloomsburg-Berwick, PA	83,161	19	3	16
Chambersburg-Waynesboro, PA	155,718	6	3	3
Dover, DE	180,025	12	8	4
East Stroudsburg, PA	168,341	7	4	3
Gettysburg, PA	103,828	3	2	1
Harrisburg-Carlisle, PA	587,291	30	14	16
Johnstown, PA	134,358	9	5	4
Lancaster, PA	551,566	20	12	8
Lebanon, PA	142,831	7	2	5
Northern Pennsylvania Nonmetropolitan Area	452,449	30	11	19
Ocean City, NJ	95,515	1	-	1
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	6,223,216	344	179	165
Reading, PA	427,698	15	7	8
Salisbury, MD-DE	412,924	26	9	17
Scranton-Wilkes-Barre-Hazleton, PA	567,500	42	25	17
Southern Pennsylvania Nonmetropolitan Area	568,100	35	12	23
State College, PA	159,039	5	2	3
Trenton, NJ	386,276	23	7	16
Vineland-Bridgeton, NJ	154,497	7	4	3
Williamsport, PA	114,481	7	2	5
York-Hanover, PA	454,939	12	5	7

Notes: Metro and nonmetro regions are multiple counties and defined by the Bureau of Labor Statistics (BLS). Please see the [BLS metropolitan statistical area definitions](#) for more information. Third District regions include regions where at least 50 percent of the metropolitan statistical area falls within the boundaries of the Third District. Institution counts are reported in the Quarterly Census of Employment and Wages (QCEW) under North American Industry Classification System (NAICS) codes 622, 6112, and 6113. It should be noted that the number of institutions may reflect higher education or hospital offices that report employment for the purposes of QCEW but do not represent student or patient facing facilities.

# Ten Regional Economies in the Third District Overindex on Eds and Meds

Ten of the 24 regions in the Third District have a higher reliance on higher education and hospitals for economic activity than the U.S. as a whole. In these regions, higher education institutions and hospitals contribute a larger share of total regional employment, income, and gross value added than in the U.S. overall. These eds and meds-reliant regions vary from the large metro region of Philadelphia, to the college town of State College, PA, to the smaller city of Bloomsburg, PA, home to Geisinger Health. Smaller metros such as East Stroudsburg, PA, Chambersburg, PA, and Gettysburg, PA; as well as Ocean City, NJ, which contains parts of the New Jersey shore; and rural regions are generally less reliant on eds and meds than the Third District and the U.S. as a whole.

**FIGURE 1** Reliance Index by MSA in the Third District, 2019



**TABLE 2**

**Reliance Index Values of Regions in the Third District, 2019**

Region	Reliance Index
<b>United States</b>	<b>1.00</b>
<b>Third District</b>	<b>1.22</b>
State College, PA	3.39
Bloomsburg-Berwick, PA	2.64
Harrisburg-Carlisle, PA	1.44
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.39
Trenton, NJ	1.25
Allentown-Bethlehem-Easton, PA-NJ	1.23
Altoona, PA	1.23
Dover, DE	1.21
Vineland-Bridgeton, NJ	1.11
Scranton-Wilkes-Barre-Hazleton, PA	1.06
Atlantic City-Hammonton, NJ	0.99
Reading, PA	0.98
Lebanon, PA	0.94
Salisbury, MD-DE	0.87
Williamsport, PA	0.87
Johnstown, PA	0.82
Lancaster, PA	0.77
York-Hanover, PA	0.69
Southern Pennsylvania Nonmetropolitan Area	0.67
Gettysburg, PA	0.62
Chambersburg-Waynesboro, PA	0.58
East Stroudsburg, PA	0.56
Northern Pennsylvania Nonmetropolitan Area	0.46
Ocean City, NJ	0.36

Note: Regions are those designated by the U.S. Bureau of Labor Statistics (BLS) for metropolitan and nonmetropolitan statistical areas. The reliance index is calculated by dividing each region's employment, income, and GVA impact from anchor institutions by its total regional employment, income, and GVA from all sectors in the regional economy. Each of these ratios is then divided by the equivalent ratio calculated for the U.S. economy as a whole, yielding a separate location quotient for employment, income, and GVA. The location quotients are then averaged together to yield the reliance index.

# Anchor-Related Employment in the Third District Is Highly Variable by Region

The Third District includes a diverse range of regional economies, from the tourist-heavy shore towns of New Jersey, to the major metro of Philadelphia, to rural regions in northern and southern PA. This diversity is also reflected in regional anchor-related employment, or the number of direct, indirect, and induced jobs supported by anchor institutions. For example, the shore destination of Ocean City, NJ, has as few as 2,229 anchor-related jobs, whereas the eds and meds-heavy Philadelphia metro has nearly half a million. Even among regions of similar population size, the number of higher ed- and hospital-related jobs varies widely. For Third District regions with populations under 250,000 (half the regions in the District), anchor-dependent employment is as low as 2,229 in Ocean City, NJ, and as high as 35,653 in State College, PA. Even for larger regions of between 500,000 and 1 million, the jobs impact from higher education institutions and hospitals varies by 340 percent, with the Allentown region at 56,614 anchor-related jobs and the southern Pennsylvania nonmetropolitan region at 16,626 anchor-related jobs.



TABLE 3

Anchor Institution Employment Impacts for Regions in the Third District, 2019

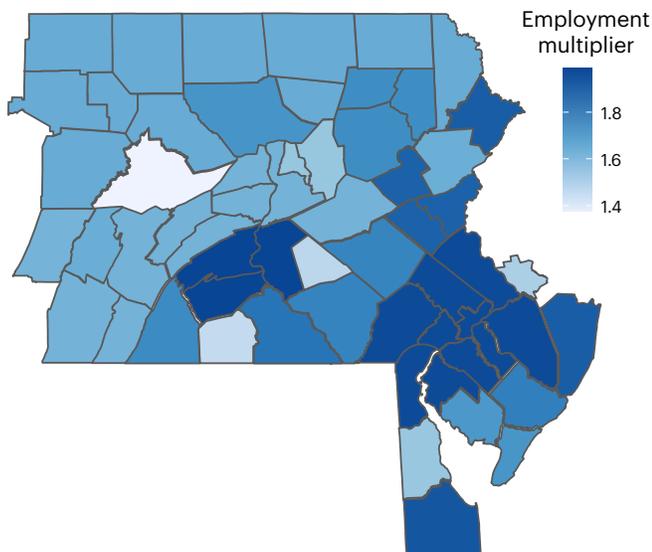
Region	Anchor-Related Employment
<b>United States</b>	<b>18,166,961</b>
<b>Third District</b>	<b>885,559</b>
<b>&gt;1 million pop.</b>	
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	495,735
<b>500,000–1 million pop.</b>	
Allentown-Bethlehem-Easton, PA-NJ	56,614
Harrisburg-Carlisle, PA	48,339
Scranton-Wilkes-Barre-Hazleton, PA	32,114
Lancaster, PA	23,888
Southern Pennsylvania Nonmetropolitan Area	16,626
<b>250,000–500,000 pop.</b>	
Trenton, NJ	32,716
Reading, PA	20,677
Salisbury, MD-DE	17,491
York-Hanover, PA	16,020
Atlantic City-Hammonton, NJ	13,596
Northern Pennsylvania Nonmetropolitan Area	9,537
<b>&lt;250,000 pop.</b>	
State College, PA	35,653
Bloomsburg-Berwick, PA	11,601
Dover, DE	10,209
Altoona, PA	7,827
Vineland-Bridgeton, NJ	6,883
Lebanon, PA	6,019
Williamsport, PA	5,289
Johnstown, PA	4,964
East Stroudsburg, PA	4,414
Chambersburg-Waynesboro, PA	4,030
Gettysburg, PA	3,087
Ocean City, NJ	2,229

Note: Regions are those designated by the U.S. Bureau of Labor Statistics (BLS) for metropolitan and nonmetropolitan statistical areas.

# Four Regions in the District See Nearly One Additional Job Generated for Every Job in Hospitals or Higher Education

Employment multipliers tell us how many jobs are supported in a region by higher education or hospital employment in addition to those directly in those sectors. Job multipliers can be an indication of the strength of a local supply chain for higher education institutions and hospitals. For example, if anchor institutions are using regional businesses for the goods and services they need to operate, then it will be reflected in higher job multipliers for those regions. Harrisburg, PA; Philadelphia; Salisbury, MD; and Allentown, PA, each show nearly one additional job in their regions for every direct higher education or hospital job. State College, PA, with the lowest job multiplier in the Third District, sees 23 percent of its workforce employed directly by higher education institutions and hospitals (26,000 people) but has proportionally fewer jobs than some other regions in those industries that support higher education and health care (indirect jobs).

**FIGURE 2** Employment Multiplier by MSA in the Third District, 2019



**TABLE 4**

**Employment Multipliers for Anchor Institutions in Regions in the Third District, 2019**

Region	Employment Multiplier
<b>United States</b>	<b>1.82</b>
<b>Third District</b>	<b>1.86</b>
Harrisburg-Carlisle, PA	1.99
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.98
Salisbury, MD-DE	1.95
Allentown-Bethlehem-Easton, PA-NJ	1.92
York-Hanover, PA	1.87
Atlantic City-Hammonton, NJ	1.84
Lancaster, PA	1.83
Reading, PA	1.83
Chambersburg-Waynesboro, PA	1.81
Scranton-Wilkes-Barre-Hazleton, PA	1.80
Williamsport, PA	1.77
Ocean City, NJ	1.77
Vineland-Bridgeton, NJ	1.76
Northern Pennsylvania Nonmetropolitan Area	1.69
Altoona, PA	1.68
East Stroudsburg, PA	1.68
Southern Pennsylvania Nonmetropolitan Area	1.67
Johnstown, PA	1.66
Bloomsburg-Berwick, PA	1.59
Dover, DE	1.59
Trenton, NJ	1.55
Lebanon, PA	1.50
Gettysburg, PA	1.48
State College, PA	1.37

Note: Regions are those designated by the U.S. Bureau of Labor Statistics (BLS) for metropolitan and nonmetropolitan statistical areas.