



October 2, 2007

Role of Central Banking Functions in the Economy of Northeast Pennsylvania

Research reported in this brief was prepared by Penn State's Office for Economic and Workforce Development (OEWD), a unit in Penn State Outreach.

OEWD advances the economic well-being of Pennsylvania by serving as a catalyst, facilitator, and collaborator for using the resources, expertise, and intellectual assets of Penn State to help create and retain jobs in the Commonwealth and enhance the skills of its workforce (see <http://www.oewd.psu.edu/>).

Analysis of Pennsylvania economic and workforce opportunities and issues are conducted in OEWD by its Workforce Assessment Center in collaboration with the Institute for Research in Training and Development, a unit in Penn State's College of Education.

Contact Rose M. Baker, Program Manager of the Workforce Assessment Center, at rmb194@psu.edu, 814.865.9919 (voice), or 814.865.3589 (fax) for additional information about services available to help plan and evaluate economic and workforce development in the Commonwealth.



Central banking functions (technically, the monetary authorities and depository credit intermediation industry) are an important part of the history and economy of northeast Pennsylvania counties (includes Berks, Carbon, Lackawanna, Lehigh, Luzerne, Monroe, Northampton, Pike, and Wayne counties). The industry creates jobs and compensation for workers throughout these counties and influences tax revenues in the counties.

The impact of jobs in central banking functions in northeast Pennsylvania counties:

- *For every 100 jobs* — Due to the need to supply central banking functions, other industries in northeast Pennsylvania employ an additional 47 workers. Spending of income earned by employees performing central banking functions and by workers in northeast Pennsylvania industries that supply firms engaged in central banking functions on such items as housing, food, health care, and other retail goods and services creates an additional 50 jobs in northeast Pennsylvania. In short, every 100 jobs involved with northeast Pennsylvania central banking functions industry are associated with 197 total jobs in the nine-county region.
- *For every 100 jobs* — Central banking functions generate \$4 million compensation for their own northeast Pennsylvania employees and \$1.4 million compensation for employees whose jobs are created because their northeast Pennsylvania firms supply firms engaged in central banking functions in the region. Spending of income by employees engaged in central banking functions and workers in supplying industries generates an additional \$1.3 million compensation for other northeast Pennsylvania workers. In this way, central banking functions are responsible for generating \$6.7 million annual compensation for every 100 workers engaged in central banking functions employed in northeast Pennsylvania.
- *For every 100 jobs* — Business activity in central banking functions, the industry's impact on the northeast Pennsylvania industries that supply it, and the effect of spending by workers employed to perform central banking functions and firms that supply establishments performing these functions generate \$244,000 in property taxes that are paid annually by businesses and individuals in northeast Pennsylvania to local governments.

This Brief contains an analysis of activity of establishments primarily engaged in central banking functions in North American Industry Classification System codes 521 and 5221. Information provided in this Economic & Workforce Brief was calculated using IMPLAN, a macroeconomic model applied by Penn State's Office of Economic and Workforce Development to identify the impact of economic activity on Pennsylvania and its counties. For more information, contact Rose M. Baker (rmb194@psu.edu; 814.865.9919) or David L. Passmore (dlp+irtd@psu.edu; 814.863.2583). Dollar values are expressed as year 2002 dollars.