

Media contact Julie McWilliams 215-898-1422 juliemcw@pobox.upenn.edu

University of Pennsylvania's Statewide Economic Impact Is \$9.6 Billion a Year, Report Reveals

April 18, 2006

PHILADELPHIA -- The University of Pennsylvania, including its Health System, contributes \$9.6 billion annually to the state economy through its salaries, purchases, research, construction projects, taxes and indirect and induced expenditures, according to an independent economic and fiscal impact report issued this week by Econsult Corp. of Philadelphia.

This figure, which translates roughly to \$25 million daily, underscores that Penn is not only a premier international institution of higher education but is a powerful economic engine as well.

"In addition to the salaries and benefits paid to our employees and day-to-day operational and capital spending, Penn and private developers have invested \$500 million during the past decade in neighborhood retail and residential construction projects," said Penn President Amy Gutmann. "A hallmark of our activity is economic inclusion of West Philadelphia businesses. Our expenditures also are responsible for generating more than 100,000 jobs statewide in addition to our workforce of 24,750."

"Dollars spent here continue to circulate throughout the community, inducing even more hiring and business investment," Dr. Gutmann said.

The report indicates that \$6.5 billion worth of the City of Philadelphia's economic activity can be attributed to the University. Penn contributes more than \$372 million in state and local tax revenue each year.

The 11-county area that includes several adjacent New Jersey and Delaware counties also benefit from Penn presence in the region.

The nature of a university educating a continuing stream of students and offering sporting and arts events, museums and symposiums -- invites visitors, who also feed economic activity through hotel stays, dining out and other spending. This economic factor is amplified by the presence of the Hospital of the University of Pennsylvania, a nationally recognized teaching hospital that attracts patients, family members and friends who spend money while they're here. The report estimates that Penn visitors spend some \$14.5 million in the region each year.

As one of the top research institutions in the country, Penn has enjoyed continually escalating research funding. The report found that Penn received \$750 million in sponsored research awards in 2005, compared to 10 years ago when research funding stood at \$327 million. This represents an annual growth rate of nearly 9 percent and last year resulted in more than \$700 million in research and development expenditures.

Econsult Corporation used standard industry multipliers to show the ripple effect of Penn's direct dollars spent to create what the report calls indirect and induced expenditures. The report notes that for every \$4 the University spends another \$2.50 is generated in the city and \$5.60 in the state in indirect or induced expenditures.

The report also concludes that:

- Penn economic impact makes up nearly 2 percent of the Pennsylvania economy each year and 3 percent of the annual Philadelphia economy, putting its impact on par with the Philadelphia International Airport at \$14.4 billion and the region tourism and hospitality industry at \$11.2 billion.
- Penn contributes over \$372 million in state and local tax revenue each year.
- In 2005, Penn purchased nearly \$3.5 billion in goods and services from Pennsylvania suppliers.
- Penn capital investments, on average, total nearly \$314 million per year.
- Penn facilitated the launch of 56 new companies in 2000-2005.
- With more than 70,000 alumni residing in Pennsylvania, the University is estimated to have contributed nearly \$485 million to the statewide economy through the increased productivity of Penn degrees.

(Editor's note: The full report is available [here](#) in PDF format.)