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UR impact hits \$1.4 billion in payroll CGR study finds university has emerged as 'heart of the region's economy'

By JANICE B. PIETERSE

The University of Rochester is the heart of the region's economy, generating more than \$1 billion in payroll and tens of thousands of jobs, a new report shows. The report details for the first time the UR's economic impact.

A Center for Governmental Research Inc. study completed for UR in mid-July expands on data released this spring, showing UR contributes \$1.4 billion in payroll through direct and indirect employment of 31,000 people in Rochester area.

"UR, which recently became the region's largest employer, has long been regarded as a major player in the local economy,

UR total employees

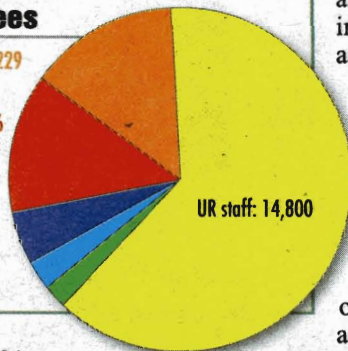
Faculty and adjunct faculty: 3,229

Highland Hospital and
Highland Senior Living: 3,026

Post-doctoral students,
fellow, residents: 1,269

Visiting Nurse Service
and VN Signature Care: 775

Strong Hospital staff: 497



but the full scope of its economic impact has not been known," the report states.

CGR gathered data from the university

and its medical center to assess the impact of its employees, students and visitors on the Rochester Metropolitan Statistical Area—Monroe, Wayne, Livingston, Ontario and Orleans counties.

The report shows UR employed 14,100 full-time equivalents in 2006. Other jobs, such as construction or hotel workers directly attributable to the school or its visitors, total 3,200. Activity at the university is accountable for roughly 13,500 spillover jobs in the community—other jobs that exist because of spending by those employees.

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UR IMPACT

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UR jobs and spending attributable to them account for nearly \$104 million in state and local sales tax and state personal income tax, the report states. UR, while a non-profit organization, paid almost \$800,000 in local property taxes.

"Our report also points out there are many ways in which the university contributes to the Rochester region that cannot be quantified," the report states. "While we do not list those contributions in any detail in this report, we cite examples in order to paint a fuller economic portrait of an institution that is now at the heart of the regional economy."

UR requested the report early this year. Pieces were released at a June event the school put on for Rochester-area donors—before the report was complete.

Peter Robinson, vice president and chief operating officer of University of Rochester Medical Center, said UR wanted an unbiased, thorough analysis of its impact. Such information could help the university make appeals to donors and funders, Robinson said. UR also finds itself increasingly fielding such questions from news organizations and others as its role in Rochester expands.

"One of the things we are often asked about is the economic impact of the things

to receive a \$40 million, multiyear award from the National Institutes of Health to focus on speeding up the process of translating medical discoveries to treatment.

The 19-page report provides a comprehensive baseline for the school as a whole, Robinson said.

"We've been estimating in a much less sophisticated way than CGR has studied it," Robinson said. "I think it does reflect that we've seen some growth, it's been steady. There are not a lot of surprises, but a level of comfort that the estimates we've been making about our impact are validated."

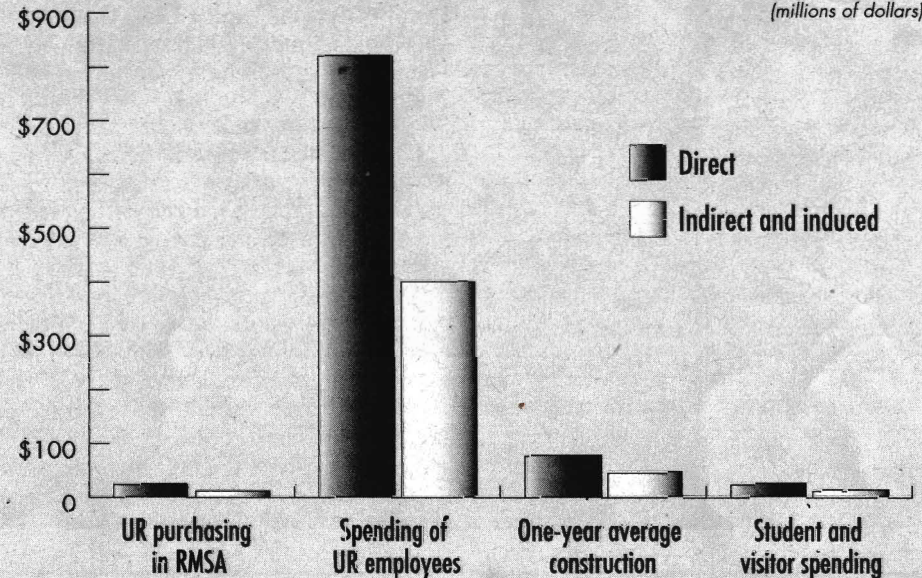
The school has hired roughly 600 people a year for the past three to four years, he said.

Rochelle Ruffer, associate director of economic analysis at CGR and the primary researcher on the UR report, said in assessing UR's impact, CGR discounted some data to reflect jobs or community spending that would be here even if UR were not. For

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UR labor income impact on Rochester MSA

(millions of dollars)

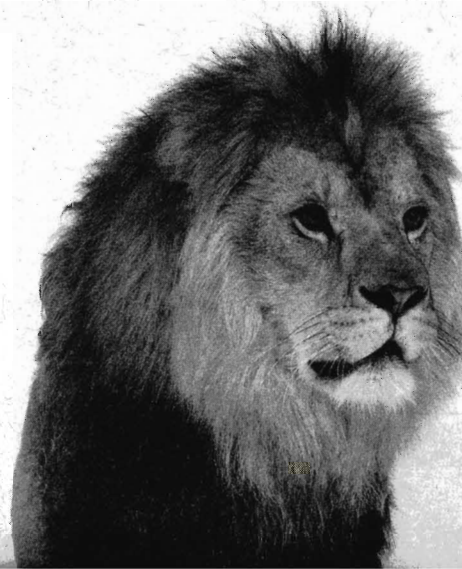


UR jobs and spending attributable to them account for nearly \$104 million in state taxes.

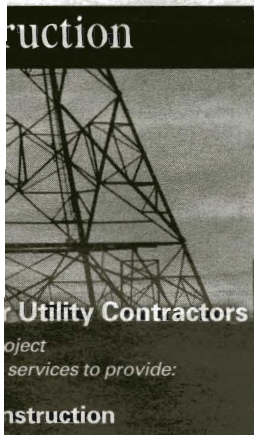
we're going to be doing," Robinson said. "We really needed to have a good baseline in order to be able to measure the incremental impact of projects, proposals, initiatives we were undertaking."

UR has received reports from CGR on individual projects, such as the economic impact of a planned building for clinical and translational research. Last fall, UR was among the first dozen medical centers

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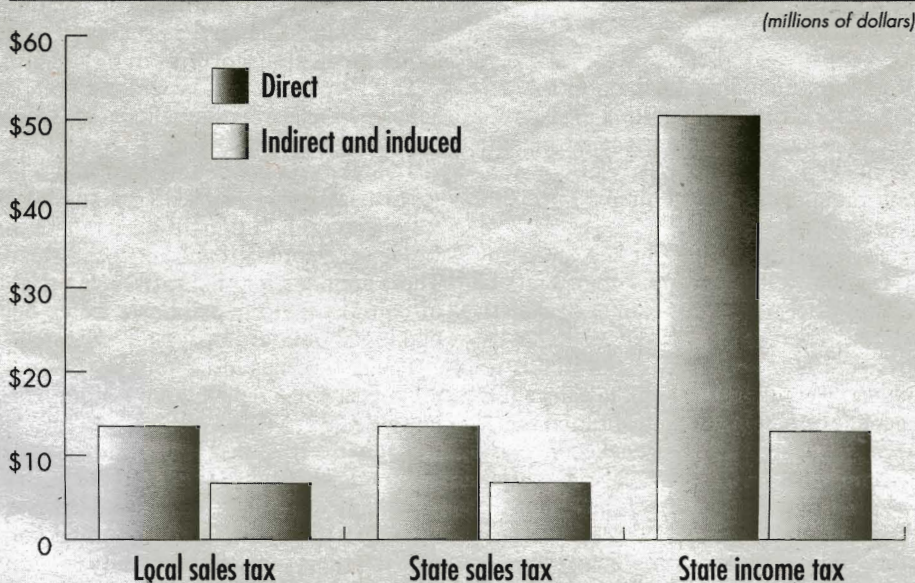
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UR fiscal tax impact



UR IMPACT

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instance, certain routine medical services likely would be provided by other agencies if Strong Memorial or Highland hospitals were not here, she explained.

But—for example—Strong’s reputable and extensive liver transplant program is unusual and attracts patients from outside the region, the report states. CGR included revenue derived from such highly specialized services in its analysis.

“We’re looking at what would happen if UR were to go away tomorrow,” Ruffer said. “We feel strongly that we have to discount pieces of the hospital that would have to stay around. (UR) accepted that analysis. They wanted a true and accurate picture of the situation.

“I think if anything we were a bit conservative,” Ruffer added. “There are some aspects that are probably underestimated.”

The report estimates local income directly derived from UR at \$936 million, including \$821 million for UR employees, \$77.4 million for construction workers, \$24.2 million for people employed by companies serving UR, and \$13.8 million for jobs that exist in the community because of student and visitor spending.

In addition, CGR estimates a spillover effect of \$468 million in local income that results from jobs created indirectly from UR.

“The University of Rochester is a complex academic institution which includes many top-ranked programs and research centers,” the report states. “There are many successful components of (UR) and each one, in its own way, helps contribute to the Rochester community. The reputation of University of Rochester also extends

beyond the local region and that global reputation brings substantial value to the Rochester economy,” the report states.

CGR examined more than 57,000 transactions of UR to determine that the university spent roughly \$423 million on goods and services in 2006. Approximately \$145 million of that was spent locally, and \$68 million of the local spending would not occur without UR because of its specialized programs, the report states.

“There is a lot of spending locally—restaurants, hotels, entertaining, putting people up,” Ruffer said.

Robinson said much of the spending outside Rochester is for specialized equipment used in research programs or the hospitals.

In the past five years, UR has spent roughly \$727 million on construction-related expenses, much of that locally, the report states.

CGR researchers were surprised to learn the extent of property taxes paid by the school. Most of those payments went to the city of Rochester.

Robinson said the tax payments were made through rent collected by taxpaying property owners for space the school leases.

Ruffer said CGR staff spent 370 hours total on the UR study.

Researchers were conservative when it came to estimating UR impact in a number of areas, such as jobs relating to spillover effect of visitor spending.

“We used the information we had and we didn’t want to play guessing games,” Ruffer said. “It’s hard to know exactly—when they come to visit the admission office, do they stay in Rochester? Do they make a weekend of it and bring their family and stay?”

“It was a huge project, with data from all aspects of the university.”

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