

ECONOMIC IMPACT REPORT 2004



ONE OF THE 1.3 BILLION DOLLARS CIRCULATED
IN WESTERN PENNSYLVANIA BECAUSE OF
THE PRESENCE OF THE UNIVERSITY OF PITTSBURGH



A MESSAGE FROM THE CHANCELLOR

The University of Pittsburgh's founder, Hugh Henry Brackenridge, shared twin visions for the Pittsburgh community. Pittsburgh "must be a place of great manufactory ... the greatest on the continent or in the world," he declared. He further asserted that "the situation in the town of Pittsburgh is greatly to be chosen for a seat of learning." More than 200 years later, the University of Pittsburgh sits at the heart of an education and knowledge sector that ranks seventh nationally and that has led the region in terms of new jobs created over the course of the past decade. And year after year, the University and its partners—particularly its principal partner, the University of Pittsburgh Medical Center—generate billions of dollars in economic activity in Allegheny County alone.

The University of Pittsburgh plays a major role in energizing and advancing regional development. Our ambitious building and facilities development plan has created jobs—both in the short term and the long term—even as it adds to the physical landscape of the community. As a national center for the development of new knowledge, we also consistently import substantial research funding—\$513 million during 2003 alone. We also attract the talent and expertise of world-class scientists, scholars, and students who believe that Pitt is the best place for them to advance their important work.

Pitt also continues to expand its technology transfer efforts to ensure that research translates into the "real stuff": new products, new companies, and new jobs. Our faculty, staff, students, and alumni are generating ideas and products that are being moved into the market. Dozens of small technology companies with Pitt connections have emerged—and, even as they grow, more will follow.

Of course, meeting the educational needs of our students remains the University's most fundamental responsibility. Through our nationally ranked educational programs, we are developing the next generation of leaders and professionals. One of our key goals is to continue paving the way for Western Pennsylvania's best and brightest young people to stay—and to prosper—in their home state. Another is to continue serving as a magnet for new talent from outside the region.

The University of Pittsburgh supports, through our diverse and far-reaching enterprises, the local businesses and governments of today—while it simultaneously builds and strengthens the "Knowledge Town" of tomorrow. In doing so, we never lose sight of our founder's early dream or his timeless observation that "the strength of a state greatly consists in the superior mental powers of its inhabitants."



Mark A. Nordenberg

Mark A. Nordenberg
Chancellor



SERVING AS
A VITAL ECONOMIC ENGINE
FOR THE REGION



The University of Pittsburgh's daily operations provide ongoing financial benefits to the economy of the Pittsburgh region. Though its primary missions are education, research, and service, an institution as vast as Pitt certainly affects the fiscal health and well-being of the larger community in which it operates. The University significantly impacts the Allegheny County economy through local expenditures, local government revenues, and employment and personal income of residents.

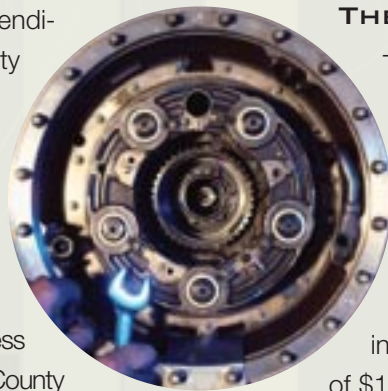
**SPENDING
SUPPORTS THE
LOCAL ECONOMY**

Local economy expenditures by the University and related constituencies totaled more than \$1.3 billion in FY 2003 (see Figure 1 on page 6). The University of Pittsburgh affected business volume in Allegheny County and the local region in two ways:

- ▶ Direct expenditures for goods and services by the University, its employees, students, and visitors. This supported local business, which in turn employed local individuals to sell the goods and provide the services that University constituencies needed.
- ▶ Induced or indirect spending within Allegheny County. The businesses and individuals that received direct expenditures re-spent this money within the local region thus creating the need for

even more jobs. Every dollar spent by the University community to buy goods and services is estimated to generate an additional 60 cents in spending within Allegheny County.

In all, Pitt and its constituencies spent \$815.5 million for the direct purchase of goods and services in the local economy in FY 2003. Induced expenditures totaled \$489.3 million, resulting in total expenditures of more than \$1.3 billion. Table 1 summarizes expenditures in the local economy by the University itself, employees, students, and visitors.



THE UNIVERSITY

The University directly spent approximately \$223 million at local businesses for goods and services during FY 2003. With additional induced expenditures of \$133.8 million, the total expenditures were \$356.8 million in the local region.

EMPLOYEES

Pitt employed 10,781 full- and part-time faculty and staff at its Pittsburgh campus during FY 2003. That payroll, excluding fringe benefits, was approximately \$532 million. The faculty and staff spent \$354.7 million in FY 2003 on local direct purchases for goods and services and rental payments. The addition of induced expenditures of \$212.8 million resulted in total expenditures of \$567.5 million.

STUDENTS

The fall enrollment at the Pittsburgh campus for FY 2003 was 27,190 students. These students spent nearly \$142.5 million for goods and services and more than \$54.2 million in rental payments for a total of \$196.7 million in direct expenditures in Allegheny County during FY 2003. Induced expenditures of \$118 million brought the total expenditures to \$314.7 million.

VISITORS

The University attracted thousands of visitors from outside Allegheny County in FY 2003 who infused the local economy with “new” money through their spending. Visitors came to the campus as prospective students, to see family and friends, for business or educational purposes, to attend athletic events (see Table 2), and to see theater performances and other cultural events. Visitor spending in direct expenditures in Allegheny County associated with all groups was \$41.1 million in FY 2003. Adding in induced expenditures of \$24.7 million, total expenditures came to \$65.8 million.



Pitt's visitor spending in Allegheny County, including athletic events featuring nationally ranked Panther teams, totaled nearly \$66 million in FY 2003.

STRENGTHENING LOCAL GOVERNMENT THROUGH TAX REVENUES

Local government revenues attributable to the presence of the University of Pittsburgh totaled \$205.3 million in FY 2003 (see Table 3). The county, municipal governments, and public school districts in Allegheny County all received tax revenues that were University-related.



Chancellor Mark A. Nordenberg with Pittsburgh Mayor Tom Murphy.

For example, University employees pay real estate taxes, as do the businesses that supply the University with goods and services. An overall rate of taxation can be estimated and attributed to the 6,350 University employees who are thought to be homeowners paying property taxes to Allegheny County.

The University also pays wage taxes on earned income to local governments and school districts. Further, taxes paid to the state and federal governments on sales, income, tobacco, and fuel were redistributed in part to municipal and county governmental units, frequently on a per capita basis.

Through its local spending and support of both direct and indirect jobs, the presence of the University stabilizes and strengthens the local tax base. Without Pitt, there would be fewer jobs and less spending in the area, thus eroding the regional tax base.

SUSTAINING EMPLOYMENT AND PERSONAL INCOME

Both directly and indirectly, the University of Pittsburgh supported 39,471 jobs in Allegheny County, generating \$1.25 billion in personal income (see Table 4). As previously noted, the University employed 10,781 full- and part-time faculty and staff at the Pittsburgh campus during FY 2003. Personal income for employees who were local residents totaled \$467.6 million.

Spending by members of the University community creates approximately 20 jobs for each \$1 million spent. With more than \$1.3 billion in direct and induced expenditures, 26,100 indirect local jobs were created, generating \$683.4 million in income for these workers.

The University also spent, based on a three-year average, approximately \$109.5 million in construction, generating 1,000 jobs and \$35.4 million in personal income from construction and related industries. University construction is ongoing, as illustrated by the \$40.5 million spent within Oakland residence halls, the \$22 million for a new student housing project, and the planned \$20 million addition to the Clapp/Langley/Crawford complex.

University projects like the \$35 million Sennott Square also provide a boost to the local retail community. The retail shops there employ about 85 individuals and are expected to generate \$5 million in sales revenue. Sennott Square also houses 80 new public parking spaces.



Pitt spent approximately \$109.5 million on construction in FY 2003, including the Biomedical Science Tower 3 (rendering above), now under construction.

Even more significant will be the impact of the \$188 million Biomedical Science Tower 3 now under construction. When complete in FY 2006, it will provide about 200 new professional jobs with \$10 million in salaries. It has the potential to generate more than \$50 million in additional research dollars, which will indirectly generate 1,400 support jobs.

The population of the University community, and the workers who support that community, also create a need for additional employees in governmental and community service facilities, such as schools and day-care facilities. Thus, 1,590 jobs in the local government and public schools can be attributed to the presence of the University. Personal income associated with these jobs totaled \$66.4 million.

FIGURE 1

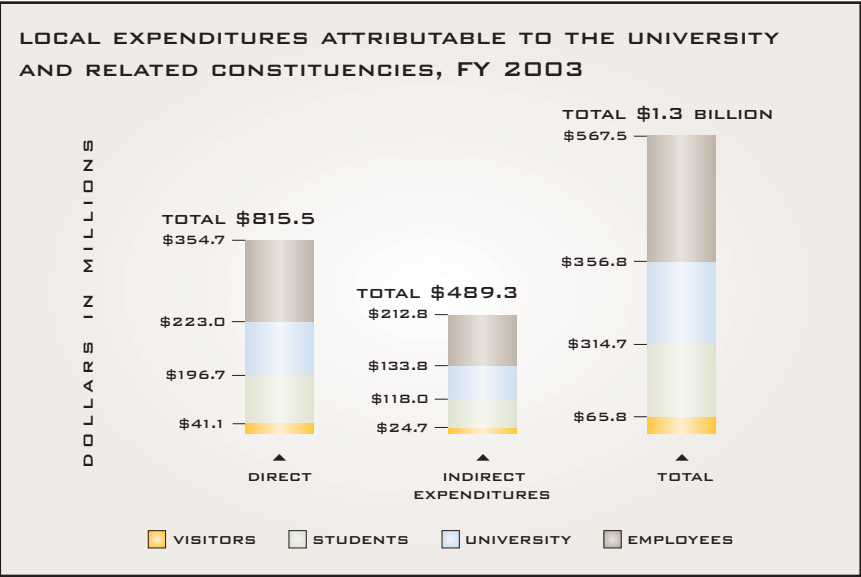


TABLE 1

UNIVERSITY-RELATED DIRECT AND INDIRECT EXPENDITURES FOR GOODS AND SERVICES AND RENTAL PAYMENTS IN ALLEGHENY COUNTY, FY 2003			
CATEGORY	DIRECT EXPENDITURES	INDIRECT EXPENDITURES	TOTAL EXPENDITURES
UNIVERSITY	\$223,000,000	\$133,800,000	\$356,800,000
EMPLOYEES	354,700,000	212,800,000	567,500,000
STUDENTS	196,700,000	118,000,000	314,700,000
VISITORS ¹	<u>41,100,000</u>	<u>24,700,000</u>	<u>65,800,000</u>
TOTAL	\$815,500,000	\$489,300,000	\$1,304,800,000

¹REFLECTS ALL VISITORS, INCLUDING THOSE DESCRIBED IN TABLE 2.

TABLE 2

ATTENDANCE AND ESTIMATED SPENDING AT UNIVERSITY ATHLETIC EVENTS, FY 2003			
ATTENDANCE FIGURES		ESTIMATED SPENDING	
SPORT	TOTAL ATTENDANCE	CATEGORY	SPENDING
FOOTBALL	310,971	CONCESSIONS	\$2,400,000
MEN'S BASKETBALL	189,474	RETAIL SALES	800,000
WOMEN'S BASKETBALL	24,353	PARKING	400,000
GYMNASTICS	2,378	PRE/POST GAME	1,100,000
WRESTLING	3,176	LODGING	900,000
WOMEN'S VOLLEYBALL	<u>2,276</u>	TICKETS	<u>7,000,000</u>
TOTAL	532,628	TOTAL	\$12,600,000

TABLE 3

REVENUE COLLECTED BY LOCAL GOVERNMENTS ATTRIBUTABLE TO THE PRESENCE OF THE UNIVERSITY IN ALLEGHENY COUNTY AND THE CITY OF PITTSBURGH, FY 2003	
TAX SOURCES	AMOUNT
REAL ESTATE TAXES*	\$137,500,000
SALES TAXES	8,900,000
PUBLIC SCHOOL/PER CAPITA TAXES	38,000,000
WAGE AND OCCUPATIONAL TAXES	19,400,000
MISCELLANEOUS FEES AND TAXES	<u>1,500,000</u>
TOTAL	\$205,300,000

*NOTE: PRIOR TO 2001, THE ASSESSED VALUE OF REAL PROPERTY IN ALLEGHENY COUNTY WAS 25 PERCENT OF MARKET VALUE. BEGINNING IN 2001, THE ASSESSED VALUE EQUALED 100 PERCENT OF MARKET VALUE. CONSEQUENTLY, THERE IS A MARKED INCREASE IN THE ESTIMATED REAL ESTATE TAXES ATTRIBUTABLE TO THE PRESENCE OF THE UNIVERSITY.

TABLE 4

NUMBER OF JOBS AND PERSONAL INCOME ATTRIBUTABLE TO THE PRESENCE OF THE UNIVERSITY IN ALLEGHENY COUNTY, FY 2003		
EMPLOYMENT SOURCE	JOBS	PERSONAL INCOME
UNIVERSITY DIRECT EMPLOYMENT	10,781	\$467,600,000
UNIVERSITY-SUPPORTED EMPLOYMENT:		
▶ UNIVERSITY CONSUMER EXPENDITURES	26,100	683,400,000
▶ UNIVERSITY CONSTRUCTION EXPENDITURES	1,000	35,400,000
▶ LOCAL GOV/PUBLIC SCHOOL EMPLOYMENT*	<u>1,590</u>	<u>66,400,000</u>
TOTAL	39,471	\$1,252,800,000

*THE PRESENCE OF THE UNIVERSITY EMPLOYEES AND STUDENTS AND THE WORKFORCE NEEDED TO PROVIDE THE UNIVERSITY POPULATION WITH GOODS AND SERVICES ALSO PROVIDED JOBS FOR OTHER LOCAL RESIDENTS IN GOVERNMENTAL AND COMMUNITY SERVICE FACILITIES, SUCH AS SCHOOLS AND DAY-CARE FACILITIES.

▶ IN FY 2003, LOCAL ECONOMY EXPENDITURES BY THE UNIVERSITY AND RELATED CONSTITUENCIES TOTALED MORE THAN \$1.3 BILLION. ▶ EVERY DOLLAR SPENT BY THE UNIVERSITY COMMUNITY TO BUY GOODS AND SERVICES GENERATES AN ADDITIONAL 60 CENTS IN SPENDING WITHIN ALLEGHENY COUNTY. ▶ PITT DIRECTLY SPENT \$233 MILLION AT LOCAL BUSINESSES FOR GOODS AND SERVICES. TOTAL EXPENDITURES, WITH INDIRECT SPENDING, EQUALED \$356.8 MILLION. ▶ NEARLY 11,000 FULL- AND PART-TIME FACULTY AND STAFF ARE EMPLOYED AT THE PITTSBURGH CAMPUS. ▶ UNIVERSITY STUDENTS DIRECTLY SPENT \$196.7 MILLION FOR GOODS, SERVICES, AND RENTAL PAYMENTS. WITH INDIRECT SPENDING, TOTAL EXPENDITURES EQUALED \$314.7 MILLION. ▶ LOCAL GOVERNMENT REVENUES ATTRIBUTABLE TO PITT'S PRESENCE TOTALED \$205.3 MILLION. ▶ THE UNIVERSITY SUPPORTED MORE THAN 39,000 JOBS IN ALLEGHENY COUNTY, GENERATING \$1.25 BILLION IN PERSONAL INCOME. ▶ PITT SPENT APPROXIMATELY \$109.5 MILLION ON CONSTRUCTION, GENERATING 1,000 JOBS AND \$35.4 MILLION IN PERSONAL INCOME.





RESEARCH GENERATES FAR-REACHING ECONOMIC IMPACT

As a major center for research and development in the United States, the University of Pittsburgh annually brings hundreds of millions of dollars to the local area in government- and industry-sponsored research and projects. The University was awarded \$513 million in sponsored research funding in FY 2003, a 76 percent increase over FY 1999 (see Figure 2 on page 14). The breadth of Pitt's research mission is vast and impressive.

The University regularly ranks among the top 20 universities nationally in terms of total federal science and engineering grants. Faculty members in the School of Arts and Sciences, the School of Engineering, and in other schools consistently receive funding from both government and private sources. A substantial portion of Pitt's research funding comes through the schools of the health sciences, particularly the School of Medicine and the Graduate School of Public Health.

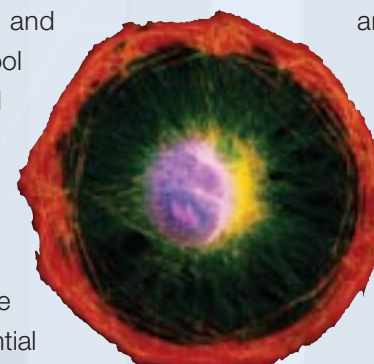
Academic medical centers conduct nearly one-third of all health-related research in the United States. Pitt's emergence as one of the country's most prominent medical research centers—and Western Pennsylvania's only academic medical center—is the result of a dedicated effort to recruit some of the world's leading scientists.

In FY 2003, the University of Pittsburgh and affiliated hospitals received \$349 million in National Institutes of Health funding, ranking seventh in the nation. Nationally, Pitt is the top-ranked institution for psychiatric research grants. The University and the medical center maintain high levels of biomedical expertise and research activity in gene therapy, psychiatry, imaging technology, assistive technologies, minimally invasive surgical procedures, bioengineering, medical robotics, drug development, and biomedical informatics.

In addition, the University's research operations make tangible and quantifiable economic contributions. Along with creating jobs for research staff and support personnel, Pitt scientists are contributing to new product development and technology commercialization. Knowledge and technology transfers have helped start commercial ventures that promote regional entrepreneurship, economic development, and job creation.

RESEARCH CREATES HIGH QUALITY JOBS

The immediate economic impact of research funding is jobs: 28.4 jobs are created in Pennsylvania for every \$1 million spent on academic research and development, according to a study by the Association of American Universities.



For example, in FY 2003, the University spent \$513 million for sponsored research and other sponsored programs, and supported about 14,600 jobs (see Figure 3). These jobs include direct employment of well-paid professionals such as research technicians, research associates, and research professors; indirect jobs such as supply and equipment vendors, construction workers, administrators, and managers who support the research infrastructure; and jobs in the community supported by the disposable income of the scientific workforce.



In 2000, as coprincipal investigator, Katherine M. Detre, Distinguished Professor of Epidemiology, began a monumental seven-year study to evaluate the best treatments for type 2 diabetics who have heart disease. The study, which will involve 2,800 participants, is funded by more than \$71.4 million in grants: \$52.2 million from the National Heart, Lung, and Blood Institute, one of the largest grants in the University's history; \$4.2 million from the National Institute of Diabetes and Digestive and Kidney Diseases; and \$15 million from GlaxoSmithKline.

University research expenditures grew by \$138 million in the last two years, a 37 percent increase, and by 18 percent, or \$80 million, last year. As a result, the University supported 3,900 more jobs in FY 2003 than in FY 2001 and 2,300 more jobs in FY 2003 than in FY

2002. With continued high levels of research funding and consequent expenditures, Pitt will continue to be a source of thousands of local jobs for years to come.

TECHNOLOGY TRANSFER BRINGS RESEARCH INTO REALITY

The Office of Technology Management (OTM) is aggressively and intelligently exploring opportunities for technology transfer that will increase University resources and stimulate regional economic activity. OTM seeks to license portions of the University's intellectual property to existing companies and also assists in forming new companies around platform technologies. The office guides outside companies in identifying and negotiating sponsored research agreements with University research collaborators.



Pitt was awarded \$513 million in sponsored research funding in FY 2003.

In FY 2002, the University finalized 91 invention disclosures, as compared to 85 in FY 2001. It executed 33 licenses and agreements in FY 2002, a 65 percent increase over the previous year. Ten were local, while three were overseas. Seven start-up companies licensed University technology in FY 2002, compared to four in FY 2001 (see Figure 4). Of the seven, four were in the local region.



During the past three years, Pitt has averaged more than 95 new invention disclosures and 25 licenses and agreements, and the creation of five new companies each year. In total, the University played a direct role in organizing or sponsoring 30 new companies since FY 1997. Many of these companies have operations in Western Pennsylvania and contribute to the growth of the region. These companies include:

“GREEN STEEL”

In response to heightened environmental sensibilities, a consortium of steel manufacturers and companies that machine steel parts approached the faculty experts at the University of Pittsburgh to design machinable, lead-free steel, also known as “green steel.” Two materials science and engineering professors discovered a way to extract thousands of tons of lead from the millions of tons of machinable steel produced every year worldwide. The Pitt professors examined lead-containing steel on an atomic level to determine how the lead improved machinability, and then determined how to use nontoxic tin in its place.

A seven-member international steel consortium, under the aegis of the University's Office of Technology Management, conducted the commercial development of this new steel. In 2002, the consortium was dissolved. The University was then able to license this technology to commercial steel companies in North America and Europe. The sales of “green steel” have increased steadily during 2003. The company with North American rights currently has 33 companies requesting this steel.

FLUOROUS TECHNOLOGIES INC.

Located at the University of Pittsburgh Applied Research Center, Fluorous Technologies Inc. was formed by the University and a corporate partner, Albany Molecular Research Inc. Developed by a Pitt chemistry professor, fluorous technologies show considerable potential in aiding chemical synthesis, separation and purification for pharmaceutical drug discovery, agrochemical product development, and environmentally friendly chemical manufacturing.



Materials Science and Engineering Professors C. Isaac Garcia (left) and Anthony DeArdo forged a steel revolution in developing lead-free, “green steel.” Now on the market, 33 North American companies request this steel, and sales have increased steadily.

Currently supporting 12 employees and with revenues of \$3 million, Fluorous Technologies anticipates that within four years it will have a staff of 200, sales of \$53 million, and profits of \$14 million. Pharmaceutical companies such as Merck, Pfizer, and Genentech are currently using these technologies in new drug development processes.



Bartholomew Nnaji is the William Kepler Whiteford Professor of Engineering and director of the Center for e-Design and Revitalization of Engineered Products and Systems—a National Science Foundation research center housed at the University of Pittsburgh in collaboration with the University of Massachusetts Amherst. The center will revolutionize IT-enabled design and manufacturing of prototypes utilizing real-time collaboration and sharing.

IMMUNETRICS INC.

Immunetrics Inc. was formed to market software developed by three University of Pittsburgh researchers to model deadly inflammations such as sepsis. Sepsis is an escalating cycle of infection and tissue damage that ranks among the top 10 causes of death in the United States and is the leading cause of death in intensive care units nationally. During the past 10 years, many companies have tried and failed to develop an effective sepsis drug. When the National Institutes of Health (NIH) announced

funding and requested proposals for projects that merged medical science and computer technology, the three Pitt researchers applied and were awarded more than \$1.5 million to develop aspects of a computer model that would re-create the sepsis-related immune response.

Ultimately, Pitt's Office of Technology Management helped patent and license the novel computer model by connecting the researchers with Pittsburgh-based LaunchCyte, a national biotech development and investment firm. After sponsoring expanded research on the model, LaunchCyte created Immunetrics to explore the commercial possibilities. Immunetrics intends to offer the software to pharmaceutical and biotech companies that are working to combat inflammatory diseases through new drugs and treatments.



For every \$1 million spent on academic research and development, 28.4 jobs are created in Pennsylvania.

PITTSBURGH LIFE SCIENCES GREENHOUSE

In addition to its individual research activities, the University is also a founding partner in the Pittsburgh Life Sciences Greenhouse (PLSG), a public/private partnership that includes Carnegie Mellon University

(CMU), University of Pittsburgh Medical Center (UPMC), and the Commonwealth of Pennsylvania. PLSG was founded with \$33.3 million in state funding and more than \$75 million in matching funds committed from the philanthropic community, industry, and federal government over a five-year period.

The plan commits this region to creating another 1,300 new jobs in the bioscience industries within five years, including 560 jobs in existing companies, 290 jobs at new start-ups, and 190 jobs with relocating companies. In addition, it foresees 250 or more new faculty and research jobs and an investment of \$270 million in new construction and equipment over the next 10 years.

PITTSBURGH DIGITAL GREENHOUSE

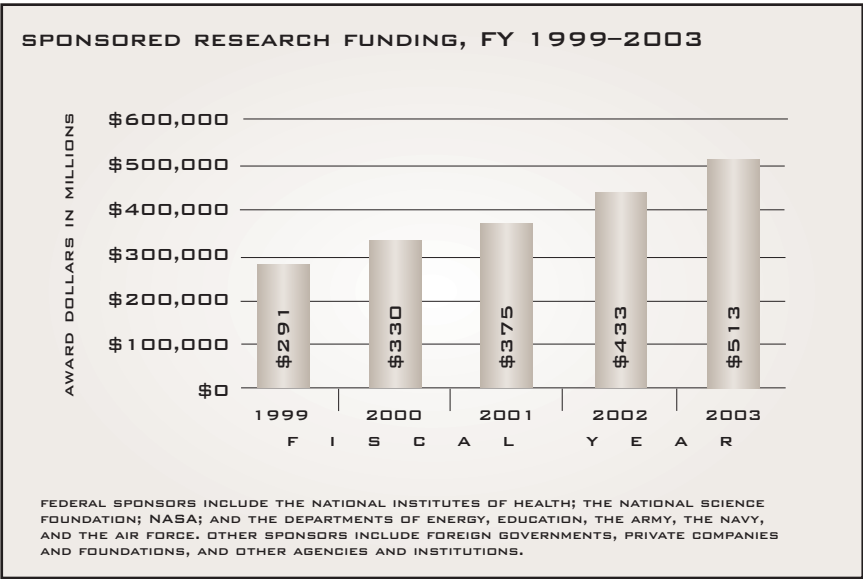
Pitt is also a partner in the Pittsburgh Digital Greenhouse (PDG), an economic development initiative sponsored by the Commonwealth of Pennsylvania. PDG was started in 1999 to build an industry cluster around the application of system-on-a-chip technology in the digital multimedia and digital networking markets. With the support of Pennsylvania's universities, private foundations, regional development organizations, state and local government, and private industry, PDG seeks to create jobs and build economic expansion by attracting new companies to the region, helping local members grow, and fostering start-ups.



As cochair and cofounder of the Pittsburgh Digital Greenhouse (PDG), Chancellor Mark A. Nordenberg provides a media update on its efforts. To date, PDG has awarded 64 project grants totaling \$11.4 million.

In addition to the university members (Pitt, CMU, and Pennsylvania State University), private industry members include Cisco Systems, IBM, Marconi, Sony, and TRS Technologies. To date, PDG has awarded 64 project grants at a total of \$11.4 million. Thirteen of these projects and \$4 million in funding are at the University of Pittsburgh. Between 2000 and 2003, PDG activities created 12 companies and 228 jobs. PDG expects those figures to grow to 26 companies and 988 jobs by 2006. 🌍

FIGURE 2



- ▶ PITT ANNUALLY BRINGS HUNDREDS OF MILLIONS OF DOLLARS TO THE LOCAL AREA IN GOVERNMENT- AND INDUSTRY-SPONSORED RESEARCH AND PROJECTS.
- ▶ FOR EVERY \$1 MILLION SPENT ON ACADEMIC RESEARCH AND DEVELOPMENT, 28.4 JOBS ARE CREATED IN PENNSYLVANIA.
- ▶ IN FY 2003, THE \$513 MILLION FOR SPONSORED RESEARCH AND OTHER SPONSORED PROGRAMS SUPPORTED 14,600 JOBS.

FIGURE 3

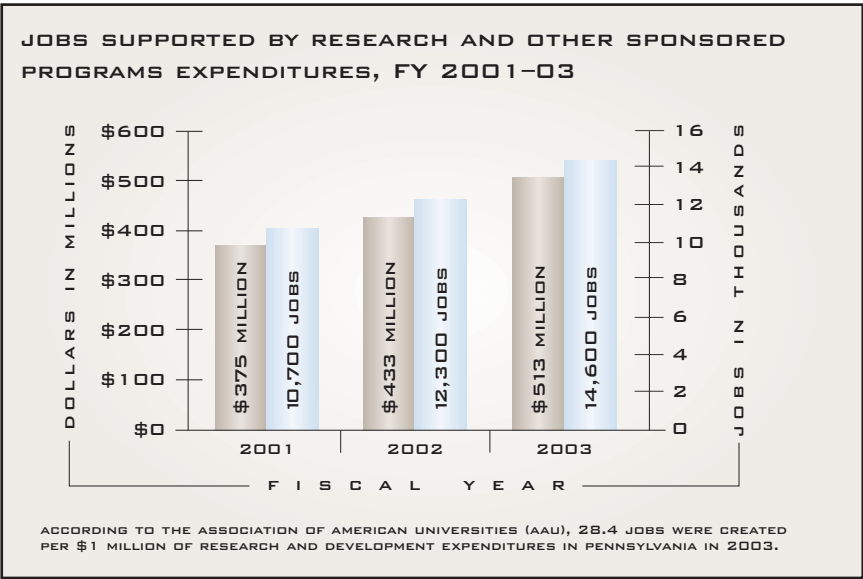
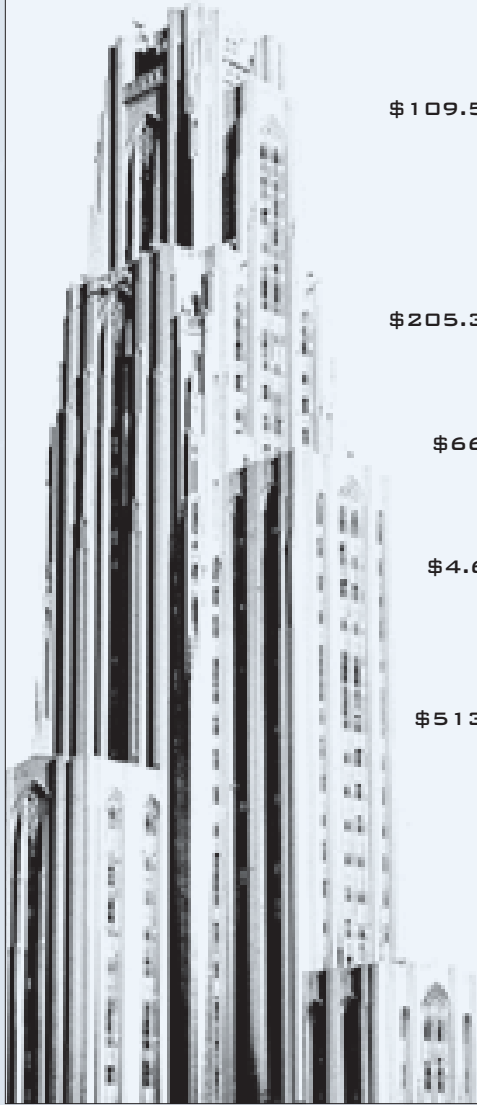
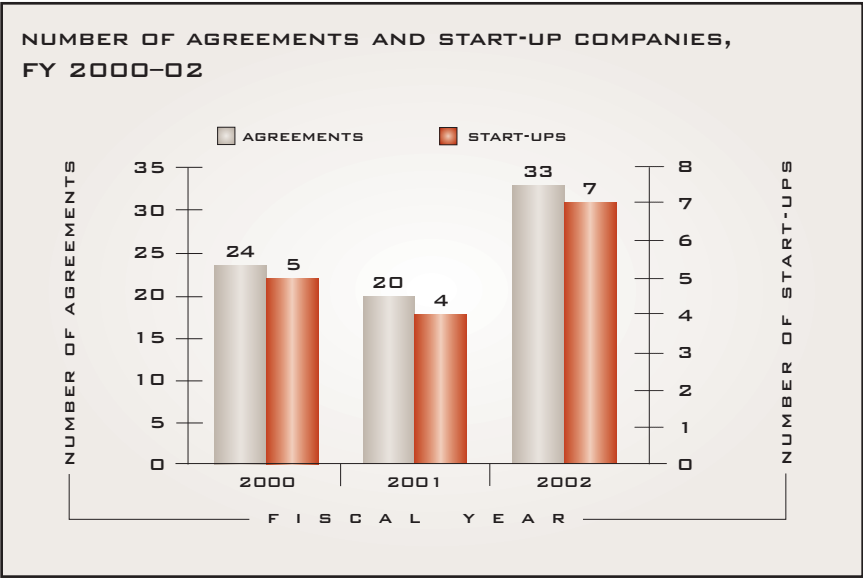


FIGURE 4



- \$1.3 BILLION IN TOTAL UNIVERSITY-RELATED SPENDING
- \$1.25 BILLION IN PERSONAL INCOME GENERATED FROM ALMOST 39,500 PITT-SUPPORTED JOBS
- \$109.5 MILLION AVERAGE ANNUAL INVESTMENT IN CONSTRUCTION LAST THREE YEARS—GENERATING 1,000 CONSTRUCTION AND RELATED-INDUSTRY JOBS
- \$205.3 MILLION TO COMMUNITY COFFERS—including sales, wage, and real estate taxes
- \$66 MILLION SPENT BY PEOPLE VISITING PITT AND VISITOR-RELATED EXPENDITURES
- \$4.6 BILLION IN EARNINGS BY ALMOST 66,000 PITT ALUMNI RESIDING IN ALLEGHENY COUNTY
- \$513 MILLION IN SPONSORED RESEARCH—CREATING 14,600 JOBS



OTHER KEY AREAS OF ECONOMIC IMPACT

FIRST AND FOREMOST: THE UNIVERSITY'S EDUCATIONAL MISSION

Meeting students' educational needs remains the University's most fundamental responsibility. Along with its many intellectual and cultural benefits, education is a key factor in the economic development of any region.

Most residents are aware that Pittsburgh's industrial base has significantly eroded over the past few decades. According to a report released by the Council on Competitiveness, the Pittsburgh metropolitan statistical area ranks as the country's 20th largest economy. However, on a national basis, the area's education and knowledge sector ranks as the seventh largest. And during the last decade, that sector—with the University of Pittsburgh at its heart—has led the region in job creation.

The Pittsburgh campus offers 299 degree programs: 101 baccalaureate degree programs, 120 master's degree programs, 73 doctoral programs, and five first professional degree programs through the Schools of Arts and Sciences, Education, Engineering, Law, Public and International Affairs, Social Work, Information Sciences, Dental Medicine, Nursing, Pharmacy, Public Health, Medicine, Health and

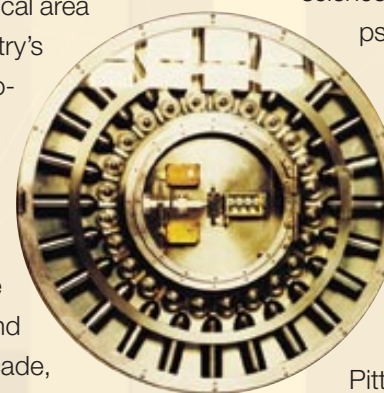
Rehabilitation Sciences, and the Joseph M. Katz Graduate School of Business/College of Business Administration.

Each year the Pittsburgh campus confers, on average, 6,000 degrees. In 2003, Pitt conferred 3,667 baccalaureate degrees, 1,861 master's degrees, 348 doctoral degrees, 251 law degrees, 76 dental medicine degrees, 89 pharmacy degrees, and 123 medical degrees. In addition to the professional programs, students graduate with degrees in such diverse areas as foreign languages, literature, philosophy, computer science, mathematics, biological sciences, chemistry, physics, psychology, and neuroscience.

On average, 70 percent of Pitt graduates live and work in Pennsylvania, 40 percent of whom are in the Pittsburgh area. Among the University's more than 225,000 alumni, more than 128,000 live in Pennsylvania and more than 66,500 live in Allegheny County.

UPMC: LEADING THE WAY TO REGIONAL HEALTH AND PROSPERITY

The University of Pittsburgh Medical Center (UPMC) is the area's leading integrated health delivery system and the University's principal partner. With 20 hospitals, more than 5,000 medical professionals, 40 cancer centers, more than 100 rehabilitation and behavioral health facilities,



insurance products, and diversified health services, UPMC also has a powerful effect on the region's economy.

UPMC, exclusive of the University of Pittsburgh, supports 32,560 jobs and has an estimated \$2.14 billion overall economic impact on the city of Pittsburgh. In Allegheny County, its economic contribution is \$3.58 billion with 57,950 jobs. It is the largest nongovernmental employer in Western Pennsylvania, making a greater financial impact than professional sports and regional arts companies combined.



Steven T. DeKosky, professor of neurology, psychiatry, neurobiology, and human genetics and neurology department chair, is widely regarded for his clinical expertise and research achievements in Alzheimer's disease. He is also director of the Alzheimer's Disease Research Center at UPMC.

More than \$1 billion of UPMC's financial influence is generated from outside of the state, by patients who live elsewhere. Like the University, UPMC expands the economic base of the region by attracting "new" dollars from outside the region.

Along with construction of new clinical and research facilities, UPMC fosters business development that is an offshoot of its core capabilities. These include a Marriott hotel built adjacent to the Hillman Cancer Center and technology/biotechnology start-ups like Askesis Development Group (behavioral health software), D3 (advanced radiation therapy services for community hospitals), and Stentor (remote readings of MRIs and CT and other radiology scans).



Beyond these direct economic impacts, UPMC is a major provider of clinical care to residents of the region. Across southwestern Pennsylvania, one in four patients relies on UPMC hospitals, while more than 45 percent of Allegheny County residents turn to UPMC for their care. UPMC serves those who are most vulnerable, including the uninsured and underinsured. Last year, UPMC provided more than \$195 million in uncompensated care, community services, and donations. 🌐



LIGHTING THE ROAD AHEAD

As an internationally renowned institution, the University of Pittsburgh plays a major role in many domains. In pursuing its academic mission, the University annually educates and graduates thousands of students in hundreds of degree programs. These students, and others in the University's training programs, will be the workers and leaders of the emerging 21st century economy.

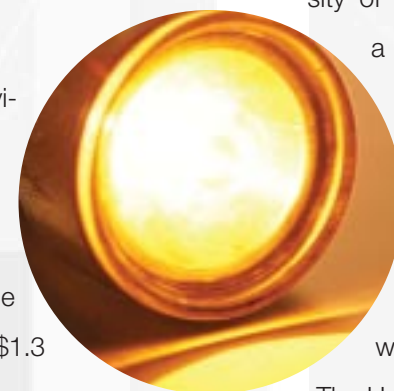
Fueled by its activities on many fronts, the University represents a significant economic engine through more than \$1.3 billion in local economy

spending. As a major employer and through its purchasing activities, Pitt supports local businesses and governments. As a prominent research organization, the University imports hundreds of millions of dollars in funding annually. Pitt researchers also cultivate the seeds of new technologies that will

ultimately help form new businesses and industries, and change the shape of medicine, science, and technology. The University's leadership role in developing and marketing new technologies will continue to stimulate broad-based economic opportunities in the region.

Essential to the region's economic vitality and well-being, the University of Pittsburgh serves as a dynamic partner in forming and strengthening the economic future of Pittsburgh, the region, and the Commonwealth of Pennsylvania.

The University shines a beacon of knowledge to educate and inspire future leaders. That beacon can illuminate the region's landscape, building a stronger community and helping to create a future of unlimited possibilities. 🌟





► THE UNIVERSITY OF PITTSBURGH ECONOMIC
IMPACT STUDY USES AN INSTITUTIONALLY MODIFIED
VERSION OF THE METHODOLOGY DEVELOPED BY
JOHN CAFFREY AND HERBERT H. ISAACS FOR THE
AMERICAN COUNCIL ON EDUCATION (ACE) AND
PUBLISHED AS *ESTIMATING THE IMPACT OF A
COLLEGE OR UNIVERSITY ON THE LOCAL ECONOMY*
(ACE, WASHINGTON, 1971). THE UNIVERSITY
RECALCULATES ALL THE RELEVANT ECONOMIC
MULTIPLIER DATA BASED ON THE MOST CURRENT
PAYROLL-TO-SALES RATIOS, AVERAGE WAGES BY
SIC (STANDARD INDUSTRIAL CLASSIFICATION)
CODE FOR THE PITTSBURGH REGION, AND OTHER
CURRENT REGIONAL ECONOMIC AND LABOR
STATISTICS.



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