



# THE NEW ECONOMY AND THE UNIVERSITY OF WISCONSIN–MADISON



April 16, 2003

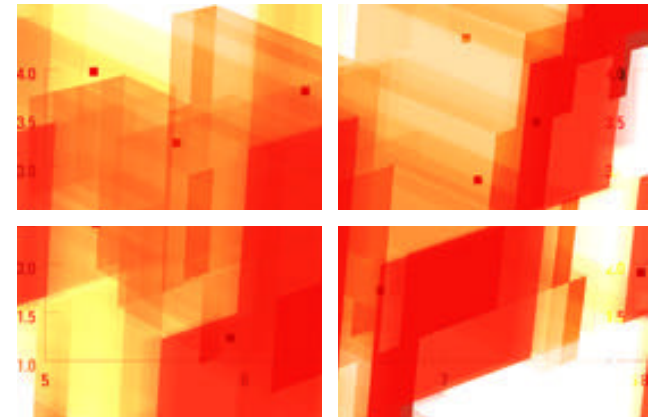
# ● WISCONSIN AND THE NEW ECONOMY

## KEY TRENDS, DRIVERS, AND INDICATORS



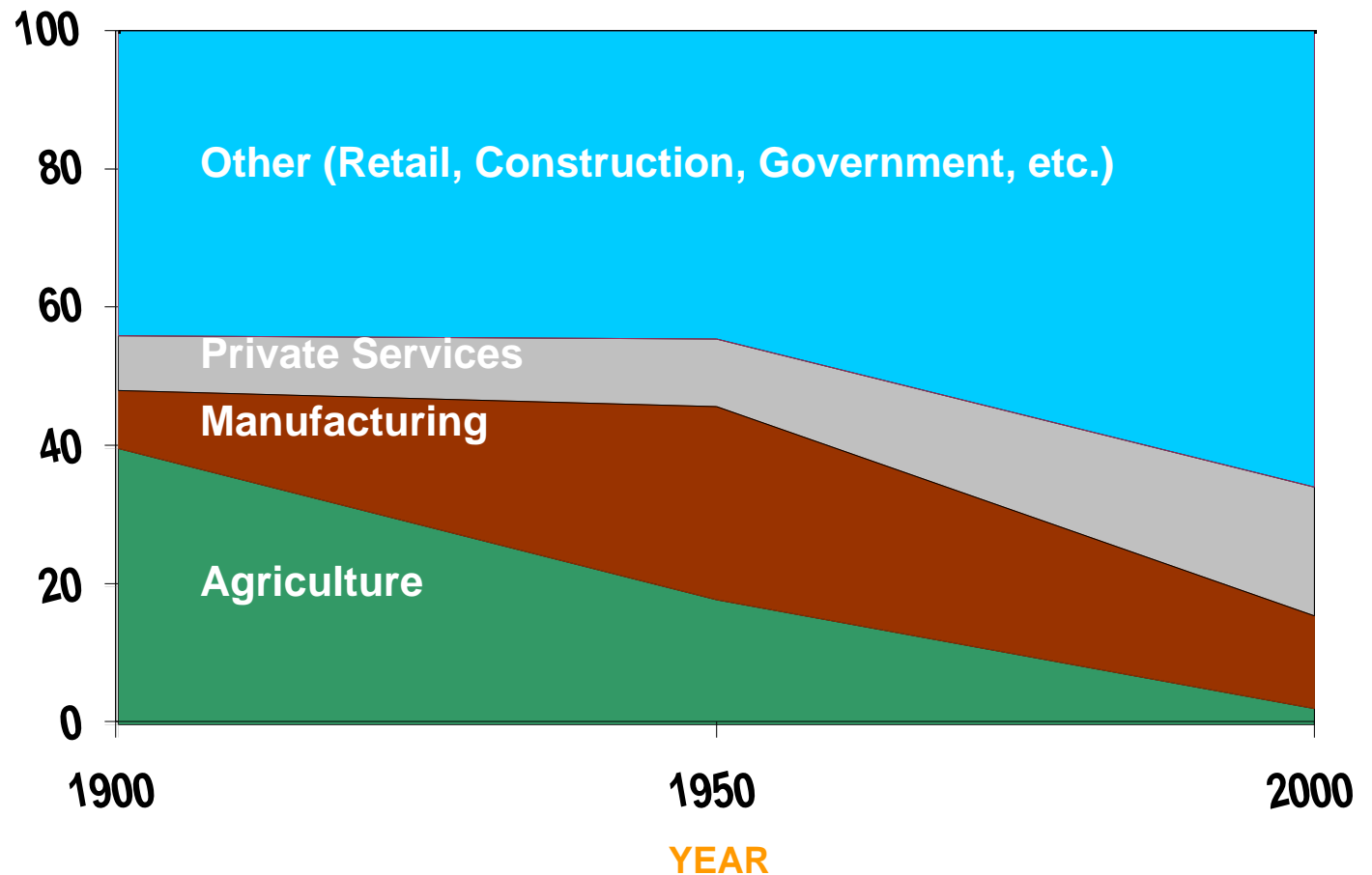
## WHY IT IS IMPORTANT TO KNOW?

- We need a better understanding of our present resources.
- We need to identify opportunities for improvement.
- We need a shared vision of the future Wisconsin economy.



## U.S. SECTOR EMPLOYMENT TRENDS

(% SHARE)



THE UNIVERSITY  
of  
**WISCONSIN**  
MADISON

## CHANGES IN THE 30 DOW INDUSTRIALS NOVEMBER 1999

### Stocks In

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- Intel
- Microsoft
- SBC (SWBell)
- Home Depot

### Stocks Out

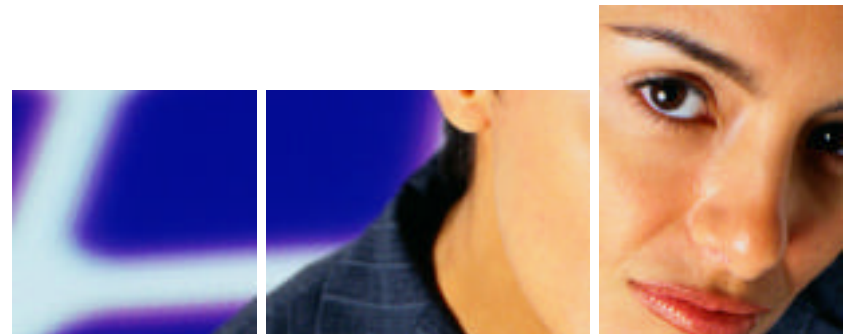
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- Sears Roebuck
- Union Carbide
- Chevron
- Goodyear

# THE NEW ECONOMIC EQUATION IN A KNOWLEDGE-BASED ECONOMY

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**BRAIN  
POWER = EARNING  
POWER**



## THE EARNINGS GAP HAS WIDENED IN REAL \$ TERMS

Education	Income (Dollars)		Difference (High School vs. Other Degree)	
	1981	2001	1981	2001
High School	\$23,006	\$26,176	n/a	n/a
Bachelor's	\$36,724	\$50,325	\$13,718	\$24,150
Master's	\$48,830	\$63,461	\$25,824	\$37,285



THE UNIVERSITY  
of  
**WISCONSIN**  
MADISON

— = 2001 Dollars  
Source: US Census Bureau

# ● WISCONSIN AND THE NEW ECONOMY

## SELECTED BENCHMARKS





## POPULATION WITH 4-YEAR DEGREE AGE 25 OR OLDER

	State Rank	Workforce %
<b>Minnesota</b>	7	31.2
<b>Illinois</b>	17	27.1
<b>U.S. Average</b>	n/a	26.0
<b>Iowa</b>	23	25.5
<b>Wisconsin</b>	31	23.8

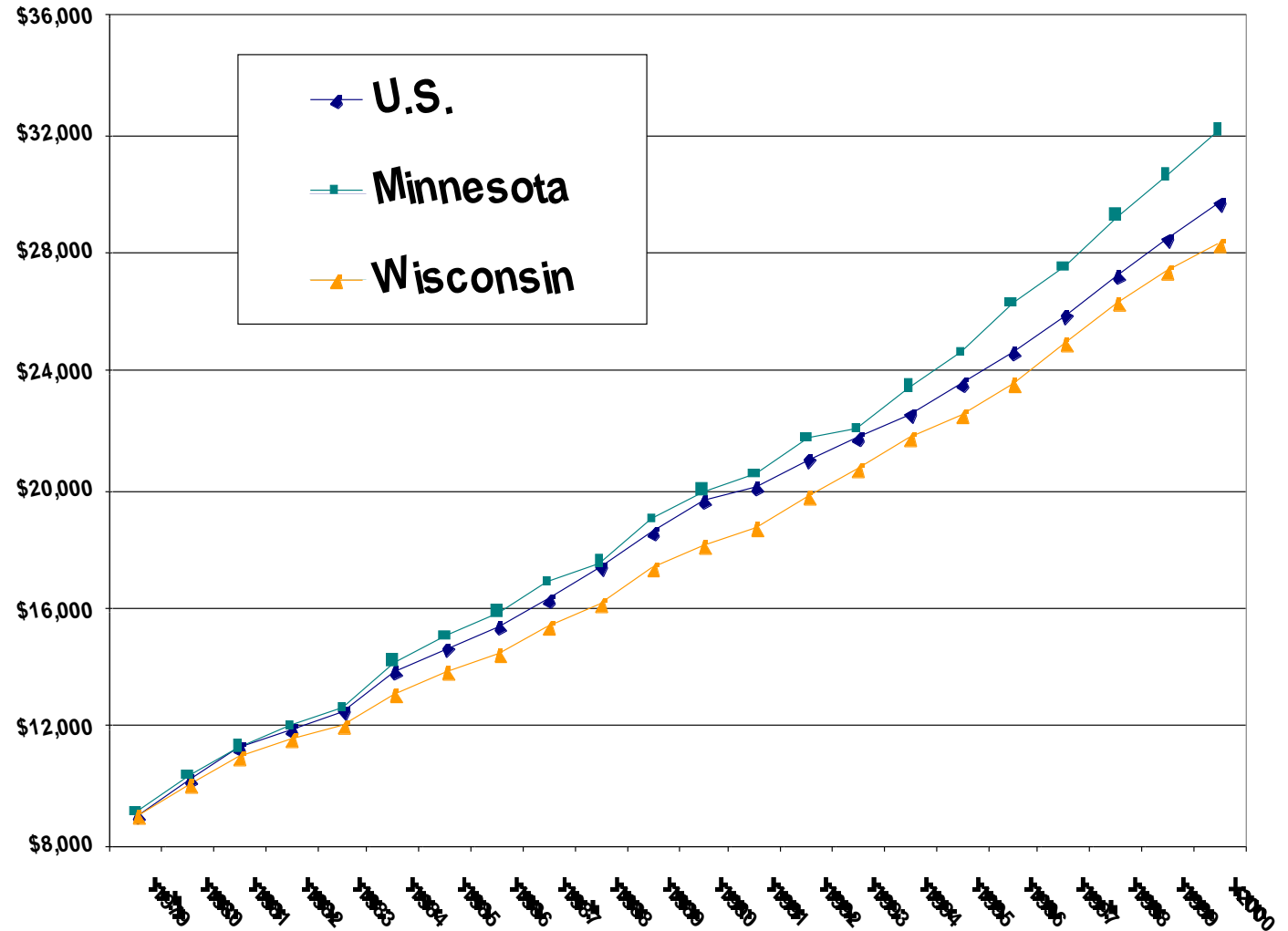


## PER CAPITA INCOME

<b>2001</b>	<b>Income</b>	<b>Rank</b>
<b>Minnesota</b>	\$ 33,101	9
<b>Illinois</b>	\$ 33,023	10
<b>U.S. Average</b>	\$ 30,472	n/a
<b>Wisconsin</b>	\$ 29,270	21
<b>Iowa</b>	\$ 27,331	34



# PERSONAL INCOME PER CAPITA OF THE U.S., MINNESOTA, AND WISCONSIN



## PAST AND FUTURE INCOME GROWTH

	Annual Average Growth	
	1973 – 1998 (Actual)	1999 – 2024 (Forecast)
<b>U.S. Average</b>	2.8%	2.3%
<b>Wisconsin</b>	2.3%	1.8%



## STATES AT 83% OR LESS OF U.S PER CAPITA INCOME

- Idaho
- Kentucky
- Oklahoma
- Alabama
- Utah
- Louisiana
- Montana
- Arkansas
- New Mexico
- West Virginia
- Mississippi



## COULD IT HAPPEN TO WISCONSIN?

	Per Capita Income Rank	
	1965	2000
Indiana	17	33
Iowa	19	34



— Source: Indiana Fiscal Policy Institute

## ENCOURAGE BIG THINKING

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**TO RAISE PER CAPITA INCOME  
TO THE NATIONAL AVERAGE  
WE NEED TO CREATE 140,000  
HIGH PAYING\* JOBS.**

— \* \$50,000+ annual salary



## TAX IMPACTS @ 6% MARGINAL TAX RATE IF WISCONSIN HAD:

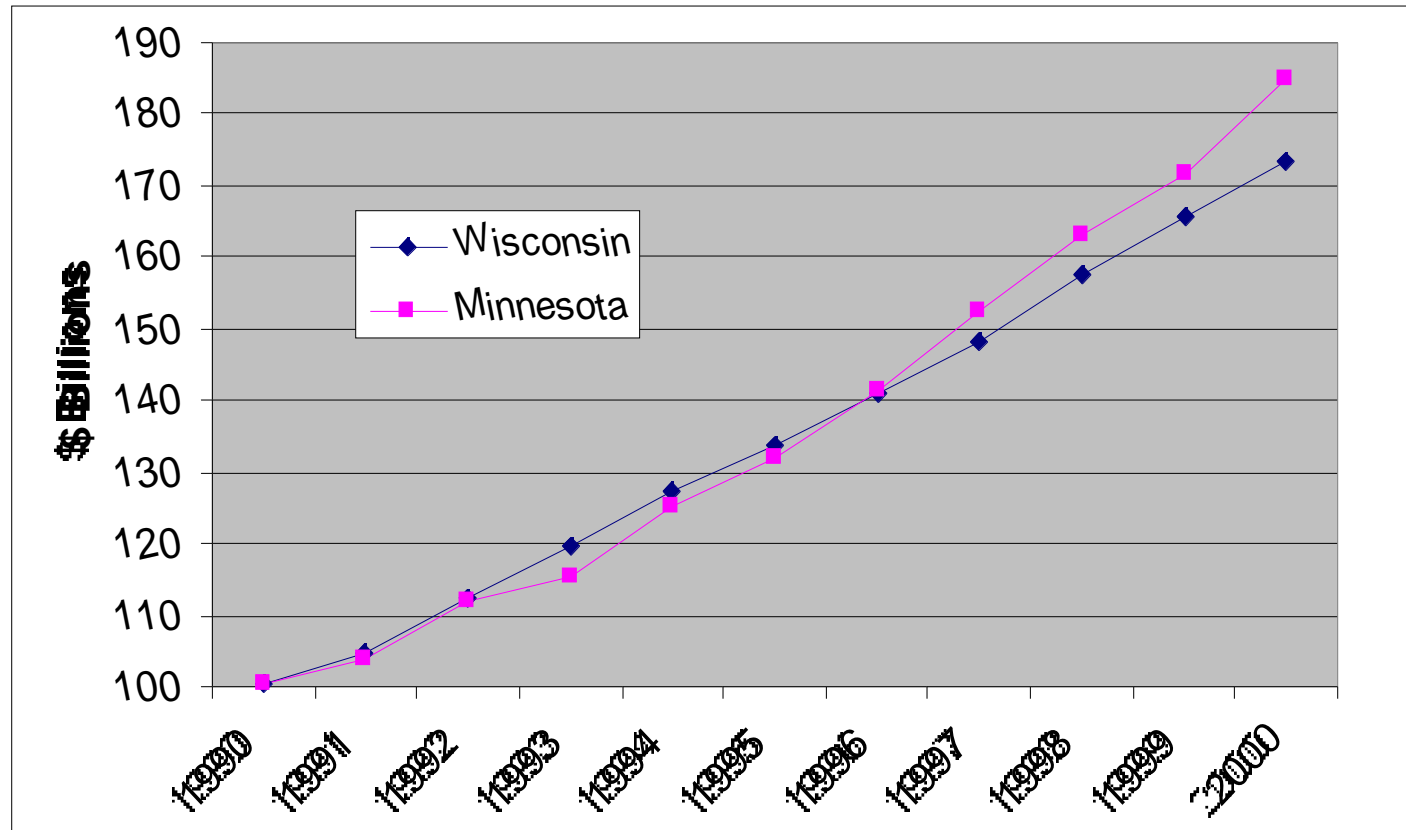
Level	Income (\$B)	Tax Revenue (\$M)	% of Total
= US Income Per Capita	7.74	460	9.0
= MN Income Per Capita	20.75	1,245	24.1





# GROSS STATE PRODUCT GROWTH MINNESOTA VS. WISCONSIN

## Gross State Product



Source: Bureau of Economic Analysis

## HERE IS THE PROBLEM:

**WISCONSIN HAS A MATURE,  
SLOW-GROWTH ECONOMY.**

**WE NEED A HIGH-GROWTH  
ECONOMIC STRATEGY.**



## NEED A HIGH-GROWTH STRATEGY

**HIGH-GROWTH ECONOMIES  
ARE BUILT ON BRAIN POWER,  
NEW IDEAS, RESEARCH, AND  
NEW TECHNOLOGY.**



## ONE OF THE COMPONENTS

**HIGH-GROWTH STATES  
DEPEND UPON WORLD-CLASS  
RESEARCH UNIVERSITIES.**





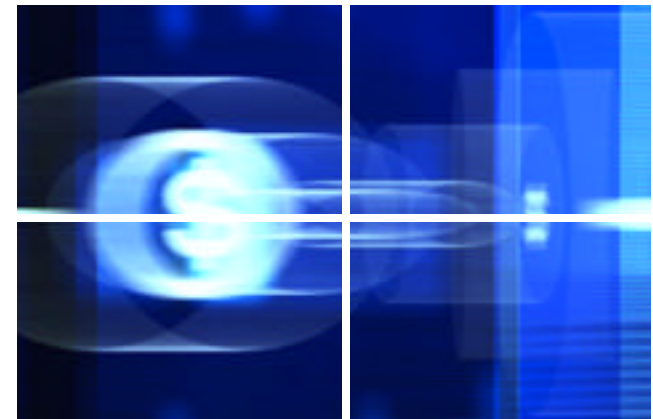
# THE ECONOMIC CONTRIBUTION OF THE UNIVERSITY OF WISCONSIN-MADISON



# ECONOMIC IMPACT STUDY

## PURPOSE

**To calculate the total regional and statewide economic contribution made by the University of Wisconsin–Madison**



# SCOPE OF THE 2003 STUDY

## DANE COUNTY AND WISCONSIN

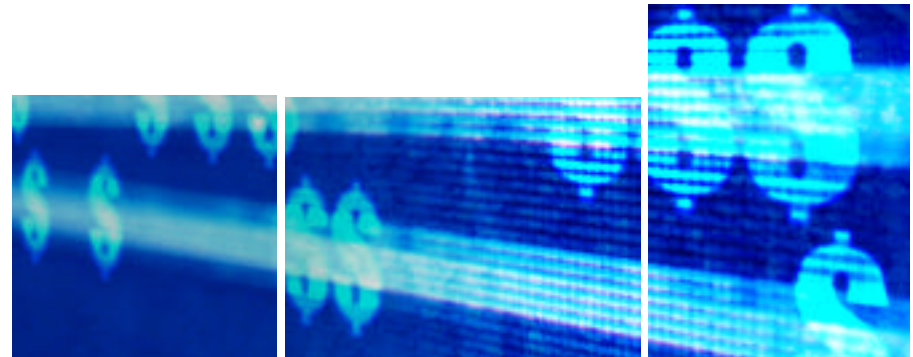
- **Economic Contribution**
- **Jobs**
- **Tax Revenue\***
- **Return on Investment**

\* Dane County Income, Sales and Property Taxes  
Only Income and Sales Taxes for State



# ECONOMIC IMPACT TOTAL

**Statewide Economic Impact:  
\$4,665,983,462**





# ECONOMIC IMPACT

## JOBS

- **Total Wisconsin Jobs:**  
**70,593**

- Includes Direct and Indirect Jobs



# ECONOMIC IMPACT TAX REVENUE

- **Statewide Tax Revenue:**  
**\$338,839,774**

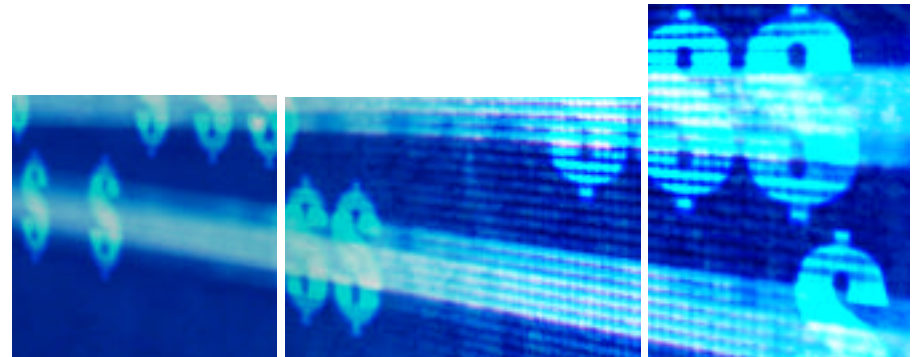
- Includes Income, Sales and Property Tax



# ECONOMIC IMPACT

## RETURN ON INVESTMENT

- **Return to State: 5.5%**
- **Return to Graduate 29.7%**  
vs. High School Diploma



# PERSPECTIVE ECONOMIC CONTRIBUTION

**UW–Madison's  
\$4.7 Billion  
annual  
economic contribution represents**

**2.7% of Wisconsin Gross State Product.**



# PERSPECTIVE

## JOBS

**The University of Wisconsin–Madison creates**

**almost 71,000 jobs,**

**which represents**

**2.7% of total Wisconsin employment.**



## PERSPECTIVE TAXES

The University of Wisconsin–Madison generates

**\$339 Million in State tax revenue,**

which is more than

**85%**

of the funding it receives from the State.



## PERSPECTIVE

### RETURN ON INVESTMENT

#### UW–Madison BS degree holders:

- Earn a **30%** return on their education investment beyond high school
- Get a payback of their investment in higher education in less than **3** years
- Earn almost **\$1** Million more than a high school graduate, twice that amount for a doctorate or professional degree



# PERSPECTIVE

## ADDITIONAL ECONOMIC IMPACTS

- **Enhanced Quality of Life**
- **Tax Revenues from Graduates**
- **Economic Development Contributions**
- **University - Related Entities**
- **Research and Development Expertise**





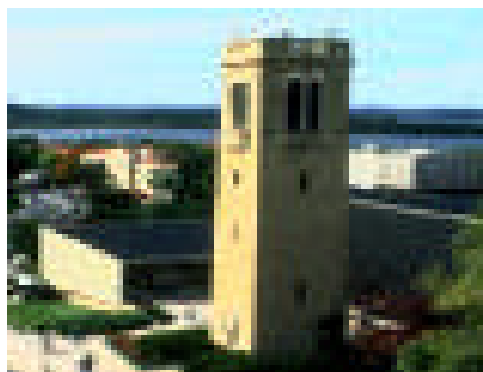
# IMPACTS REAL

**THE UNIVERSITY'S REAL IMPACT  
IS THE ECONOMIC BENEFITS FROM  
NEW IDEAS AND RESEARCH.**

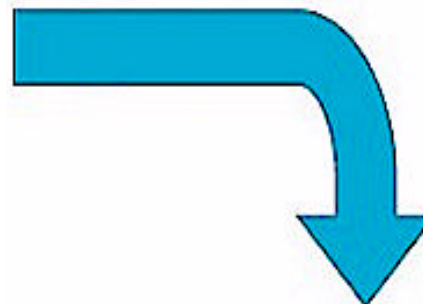
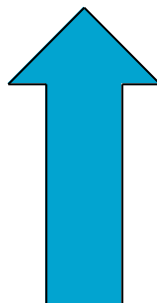
**NEW IDEAS AND RESEARCH CREATE  
HIGH-GROWTH BUSINESS CLUSTERS  
THAT WILL DRIVE  
ECONOMIC PROSPERITY IN  
THE 21<sup>ST</sup> CENTURY.**



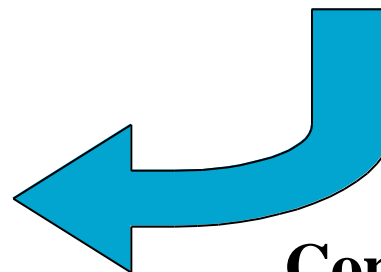
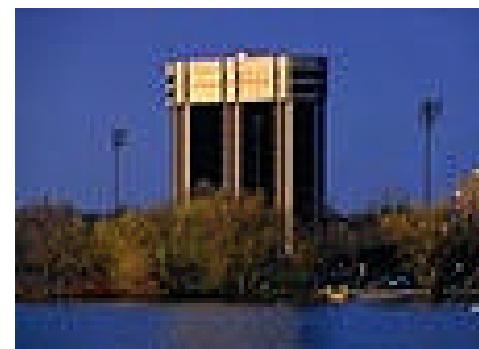
# CRITICAL PARTNERSHIP



**Research  
Funding**



**Technology  
Transfer**



**Commercialization**



# ADDITIONAL ECONOMIC IMPACTS

## WISCONSIN ALUMNI RESEARCH FOUNDATION

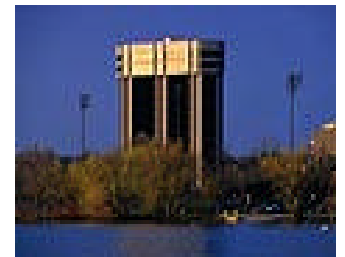
- \$44 Million in Grants and Gifts to the UW–Madison
- 25 Firms Formed Through WARF's Assistance
- \$61.6 Million Total Revenue
- 51.6 Full-Time Employees
- \$3.4 Million Gross Payroll
- \$220,000 State Taxes

Includes WiCell subsidiary



**WARF**

A Leader In Technology Transfer Since 1925



# WISCONSIN ALUMNI RESEARCH FOUNDATION REAL VALUE

- Even more important in the long run than the dollar flows to the UW–Madison,
- Is the applied expertise to spin off UW research into new companies that will transfer technology to the marketplace.



**WARF**

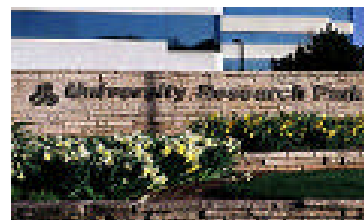
A Leader In Technology Transfer Since 1925



## **ADDITIONAL ECONOMIC IMPACTS**

### **UNIVERSITY RESEARCH PARK**

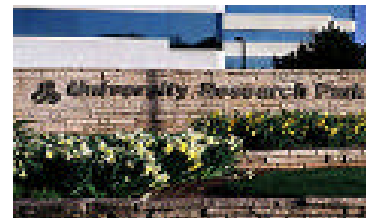
- **34 Buildings on 255 acres**
- **107 Companies Employing 3,058 people**
- **Combined Annual Payroll of \$184 million**
- **Average Annual Earnings of \$60,083,  
almost twice Wisconsin Average**
- **40% with BS degrees, 49% with Advanced Degrees**
- **\$516 million Total Economic Contribution**
- **7,313 jobs generated**
- **\$36 million in income, sales and  
property tax revenue**



# UNIVERSITY RESEARCH PARK

## REAL VALUE

- Even more important in the long run than the new jobs created in the URP,
  - Is the creation of a high-technology products cluster that will be an economic engine for the entire state.

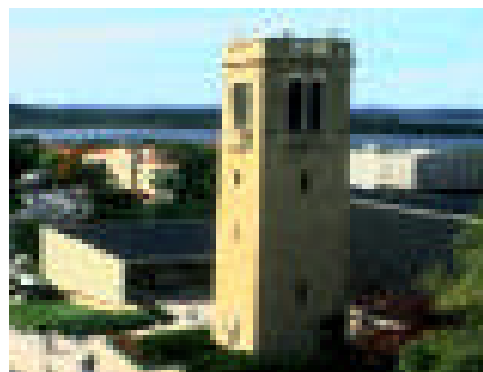


# EVOLUTION OF ECONOMIC PROSPERITY

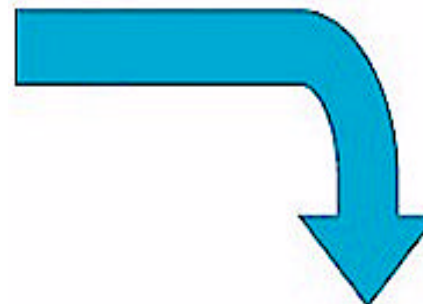
- **19<sup>th</sup> Century –**
  - **Bigger and Better Farms**
- **20<sup>th</sup> Century –**
  - **Bigger and Better Factories**
- **21<sup>st</sup> Century –**
  - **Bigger and Better Ideas**



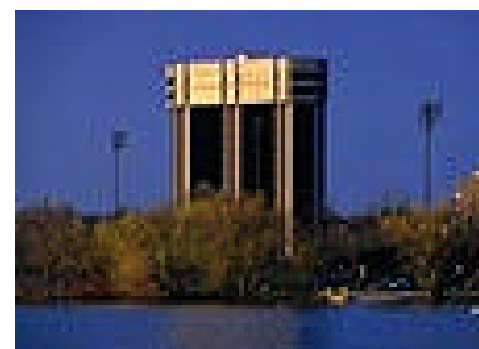
## 21<sup>st</sup> CENTURY NEW ECONOMY



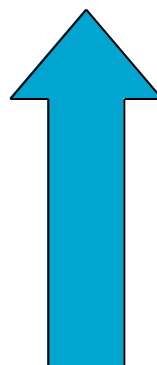
**Ideas**



**Technology  
Transfer**



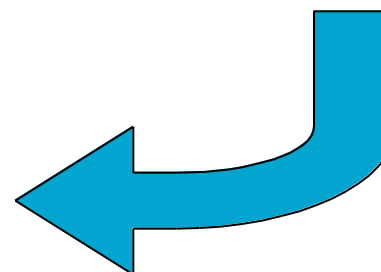
**Research  
Funding**



**Products  
& Profits**



**Patents**



**Commercialization**



THE UNIVERSITY  
of  
**WISCONSIN**  
MADISON





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