

The University of Pennsylvania is one of the world's leading research and teaching universities and health systems with internationally renowned faculty and outstanding students across 12 schools in one beautiful urban campus. It is also a dominant economic driver for Philadelphia and the Commonwealth of Pennsylvania, generating jobs, spending and tax revenues, supporting entrepreneurship and business formation and investing in its campus and community. Since 1992 the Office of the Executive Vice President has regularly commissioned an independent economic impact study to evaluate Penn's operations and broadly communicate the financial and fiscal benefits that it generates. This executive summary is from a comprehensive research report conducted by Econsult of Philadelphia using financial information from Fiscal Year 2010.

FY 2010 Economic Impact Report

Powerful Economic Engine

As America's first university and a member of the Ivy League, Penn's academic, research and health care prowess are recognized worldwide. Less well known, perhaps, is that Penn is also a dominant economic driver for its home city of Philadelphia and the Commonwealth of Pennsylvania, generating jobs, spending and tax revenues, supporting entrepreneurship and business formation and investing in its campus and community.

Penn's overall IMPACT:

City

- \$9.5 billion in total expenditures
- supporting 57,200 jobs
- generating \$4.0 billion in salaries and wages
- and \$172 million in local taxes

Commonwealth

- \$14.0 billion in total expenditures
- supporting 145,500 jobs
- generating \$6.1 billion in salaries and wages
- and \$382 million in taxes

Selected comparative data from last report (fiscal 2005)

- 45.0% growth in economic impact to City (7.7% compound annual growth rate)
- 46.5% growth in economic impact to Commonwealth (7.9% compound annual growth rate)

Penn has helped to buffer Philadelphia and Pennsylvania from the global economic recession. By proceeding with major capital projects, Penn bolstered the construction industry during a significant downturn. Penn also remained a major employer and purchaser through a national economic downturn and actually increased its spending close to five percent in fiscal 2010, while making essential adjustments to boost efficiency and productivity.

Employment

With an annual payroll of \$2.3 billion, Penn is the largest private employer in Philadelphia and the second largest in Pennsylvania. Besides the more than 31,000 who work directly for the University and the Health System, Penn generates tens of thousands of jobs and billions in salaries and wages every year through its campus and community investments, operations and the ancillary spending of its students, staff, faculty and visitors.

Penn's IMPACT on jobs and earnings:

From capital investment

- City: 2,900 jobs; \$113 million in earnings
- Commonwealth: 9,600 jobs; \$362 million in earnings
- 35% of construction jobs to minority and women

From operating expenditures

(University + University of Pennsylvania Health System)

- City: 51,900 jobs; \$3.8 billion in earnings
- Commonwealth: 129,500 jobs; \$5.5 billion in earnings

A significant subset of Penn's operations expenditures is from research

- City: 5,400 jobs; \$240 million in earnings
- Commonwealth: 15,500 jobs; \$650 million in earnings

From ancillary spending

- City: 2,000 jobs; \$42 million in earnings
- Commonwealth: 4,100 jobs; \$100 million in earnings

From local Penn alumni's extra earning power

- City: 400 jobs, \$18 million in earnings
- Commonwealth: 2,300 jobs; \$98 million in earnings

Even at a time of high unemployment, Penn's activities in fiscal 2010 spawned 57,200 jobs in Philadelphia and 145,500 in Pennsylvania. Construction workers, real estate and leasing agents, architects, hospitality workers, store clerks, truckers, assembly line workers and many more were all kept working due to the ripple effect of Penn's economic power.

Research and Entrepreneurship

As a preeminent research institution, Penn draws \$1.0 billion dollars annually in grants from federal and other sources and consistently ranks as a top recipient of medical research awards from the US National Institutes of Health.

Penn is firmly committed to leveraging its research dollars by supporting commercialization and entrepreneurial activity. Over the last five years, the University increased staffing and resources at its Center for Technology Transfer by more than 30 percent. With its increased capacity for business formation, the Center has formed agreements with 31 startup firms, with additional early-stage ventures currently being incubated in conjunction with local agencies funded by the Commonwealth and with the University City Science Center.

From FY 06 to FY 10, Penn's Center for Technology Transfer:

- Was issued 262 US patents
- Generated 1,637 invention disclosures
- Completed 322 commercialization agreements
- Formed agreements with 31 startup companies
- Generated \$46 million in licensing agreements

The IMPACT of Penn Research:

City

- \$1.3 billion in total expenditures
- supporting 5,400 jobs
- generating \$240 million in salaries and wages
- and \$11 million in taxes

Commonwealth

- \$1.9 billion in total expenditures
- supporting 15,500 jobs
- generating \$650 million in salaries and wages
- and \$42 million in taxes

Penn was one of the largest non-governmental recipients of federal funds from the American Recovery and Reinvestment Act of 2009. As of August 2010, ARRA "stimulus" funds totaled \$186 million, a one-time infusion that boosted Penn's overall research awards to more than \$1.0 billion and is supporting more than \$155 million in research at the School of Medicine and other valuable work throughout the University, stimulating job creation and spending in the local economy.



Building the 21st Century Campus

Penn Connects, Penn's bold land use and urban design plan, continues to shape the campus and its surroundings. New on- and off-campus buildings, civic and green spaces and infrastructure are advancing Penn as a premier urban research university, furthering environmental sustainability, enhancing connectivity between West Philadelphia and Center City and leveraging significant private development.

Penn's own capital spending, in the form of new buildings, large-scale renovations and infrastructure projects proceeded during a precipitous decline in construction. This activity stimulated job creation and spending in the local economy. Penn's ongoing commitment to diversity was reflected in its 2010 construction practices: 35% of all on-campus construction jobs go to minorities and women and 26% of all contracts go to minority- and women-owned businesses.

The IMPACT of Penn's Capital Investments:

City

- Penn's direct expenditures: \$457 million
- Indirect expenditures: \$226 million
- Total expenditures: \$683 million

Commonwealth

- Penn's direct expenditures: \$463 million
- Indirect expenditures: \$653 million
- Total expenditures: \$1.1 billion

These *Penn Connects* projects represent only a sampling of the work that is transforming the campus and infusing hundreds of millions into the local economy:

- Music Building, School of Arts & Sciences (completed 2010) \$15.9 million
- Morris Arboretum Horticulture Center, Phase 1 (completed 2010) \$11 million
- Weiss Pavilion, Recreation & Intercollegiate Athletics (completed 2010) \$27.7 million
- Roberts Proton Therapy Center (completed 2009) \$140 million
- Annenberg Public Policy Center (completed 2009) \$34.5 million
- Perelman Center for Advanced Medicine (completed 2008) \$302 million
- Translational Research Center (2011 completion) \$374.6 million
- Golkin Hall, Law School (2011 completion) \$33.6 million
- Penn Park, Recreation & Intercollegiate Athletics (2011 completion) \$46 million
- Krishna P. Singh Nanotechnology Center, School of Engineering & Applied Science/School of Arts & Sciences (2013 completion) \$80 million



Above: Morris Arboretum Horticultural Center Phase One was completed in 2010 as one of the significant capital projects from FY 2010.

Right: The Morris Arboretum Garden Railway exhibition has long been a major draw at the Arboretum attracting visitors from around the region.

Since 1997, Penn has invested \$149 million in commercial development that has yielded \$489 million in private investment, including these recent projects in University City that flow significant dollars into the local economy:

- Cira Garage (completed 2010) \$100 million
- The Radian, mixed-use student housing (completed 2008) \$70 million
- Domus, mixed-use (completed 2007) \$100 million
- The Hub, mixed-use student housing (completed 2006) \$23 million

Generating Commerce

To maintain its wide-ranging operations, Penn is a large-scale employer and purchaser of goods and services from vendors in Philadelphia and Pennsylvania, directly infusing billions into the local economy. Every payroll dollar creates a ripple effect as Penn's own employees spend their earnings in Philadelphia and Pennsylvania. Similarly, Penn's vendors meet this new demand through supplies and workers, who in turn spend their earnings. Together, these direct and indirect expenditures mean billions every year to the city and state.

Students, patients and visitors to Penn spend millions more on everything from books and supplies to restaurants, hotels and off-campus housing. A primary benefactor of this ancillary spending is the successful retail district that Penn has been instrumental in developing on campus and throughout University City.

The IMPACT of Penn Spending:

Penn's operating expenditures (University + UPHS)

City

- Direct expenditures: \$5.1 billion
- Indirect expenditures: \$3.3 billion
- Total expenditures: \$8.4 billion

Commonwealth

- Direct expenditures: \$5.2 billion
- Indirect expenditures: \$7.0 billion
- Total expenditures: \$12.2 billion

Ancillary spending

City

- Direct expenditures: \$223 million
- Indirect expenditures: \$102 million
- Total expenditures: \$325 million

Commonwealth

- Direct expenditures: \$233 million
- Indirect expenditures: \$204 million
- Total expenditures: \$437 million

Spending by Penn students

- City: \$200 million
- Commonwealth: \$209 million

- Spending by visitors to Penn students, \$7 million
- Spending by attendees to Penn events, \$11 million
- Spending by visitors to Health System patients, \$6 million

Penn Retail

• Penn is landlord to 67 retail, service and restaurant businesses totaling 467,000 square feet of fully leased commercial space.



The Penn Relays, basketball and football games, educational and business conferences and cultural events at the Annenberg Center, Morris Arboretum, the University Museum, World Café Live, Institute of Contemporary Art and Kelly Writer's House drew 618,000 visitors and generated \$11 million in spending in fiscal 2010.

Engaging Locally

University City, the area of West Philadelphia hosting Penn's campus, is a neighborhood of choice for families, students, faculty, staff and visitors and a thriving location for retailers, restaurateurs, hotels, office-based businesses and others. Penn's strategic neighborhood investments and community partnerships are a recognized national and global model for urban campuses.

The IMPACT of Penn's community initiatives:

With \$1.9 million in dues, Penn is the largest contributor to the University City District, which provides supplemental safety, cleaning and streetscape improvements to the neighborhood.

- Penn contributes nearly \$700,000 annually, along with Graduate School of Education student teacher hours, to the Penn Alexander School, a top-ranked public elementary school in University City.

- Penn provided \$12 million in student aid in 2009 to Philadelphia residents enrolled at Penn, including \$850,000 to students from West Philadelphia.

- Penn's \$1 million annual investment in the Netter Center for Community Partnerships enables an array of local initiatives including tutoring public school students and providing health and nutrition programs.

- Penn purchased \$100 million in products and services from businesses in West and Southwest Philadelphia in fiscal 2010.

- Housing prices in University City appreciated 89% from 2000-2010.

Understanding that homeownership is a pillar of neighborhood stability, \$5.5 million of forgivable loans by Penn to its employees since 1998 have led to 799 home purchases and renovations.



Above: The Penn Alexander School serves a diverse catchment area in West Philadelphia, where families represent dozens of countries. Children have an enriched academic program through Penn's financial assistance.

At right, top: The Netter Center's Agatston Urban Nutrition Initiative's (AUNI) after-school cooking club at the Drew Elementary School and Iron Chef Jose Garces created healthy meals for students. The recipes for the healthy school lunch were recently submitted to the First Lady's Let's Move School Lunch Menu Contest.

At right, bottom: The AUNI-Drew/UCHS garden provides a learning laboratory. AUNI builds and maintains school gardens to increase familiarity with healthy foods and as a food systems link to the science curriculum. Several of the gardens also help increase access to healthy foods through connections with local farmers markets.

Exporting Knowledge, Importing Dollars

In the broadest sense, Penn is a major importer/exporter, selling its "core businesses"—educating students, providing health care and conducting research—to the rest of the world and bringing home funds to stimulate the city and state economy.

As a world-class academic, medical and research hub, Penn draws students, faculty, researchers and health care professionals from around the country and globe, bringing millions to the local economy.

Upon graduation, Penn alumni continue to contribute to the local economy by donating millions in alumni gifts. And the more than 72,000 Penn alumni who live in Pennsylvania enjoy the enhanced earnings potential that higher education affords, generating additional millions in spending and tax revenues.

The 21st-century knowledge-based economy, built on investments in human capital, demands a highly educated and skilled labor force, insuring the long-term contribution of a Penn education and degree to the economic future of Philadelphia and Pennsylvania.

The IMPACT of Penn alumni:

Local Penn alumni's extra earning power:

City

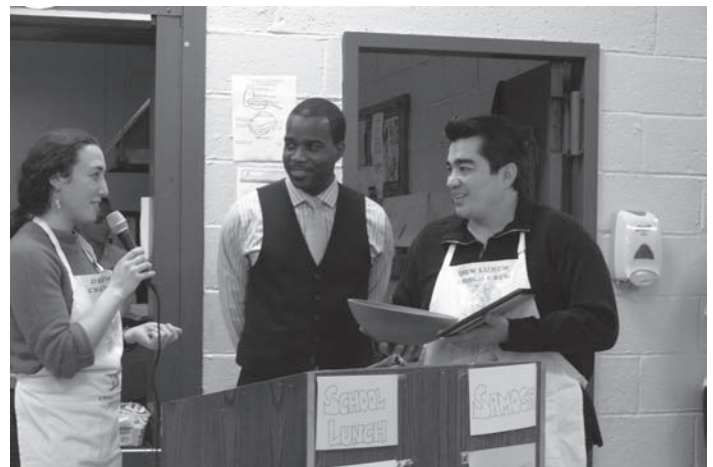
- Direct expenditures: \$63 million
- Indirect expenditures: \$37 million
- Total expenditures: \$100 million

Commonwealth

- Direct expenditures: \$126 million
- Indirect expenditures: \$161 million
- Total expenditures: \$287 million

Alumni giving in fiscal 2010:

- \$92 million (80%) originated outside the Philadelphia region
- \$85 million (74%) came from outside Pennsylvania
- \$5 million (4%) came from outside the US



How the University of Pennsylvania Impacted the City of Philadelphia's Economy in Fiscal Year 2010

University of Pennsylvania's total economic and fiscal impact on Philadelphia: \$9.5 billion

Growth in economic impact to City since fiscal 2005: 45.0% (7.7% compound annual growth rate)

Jobs: 57,200 jobs, Wages and Salaries, \$4.0 billion

City Taxes Generated: \$172 million

Wage and earnings tax: \$144 million

Sales tax: \$9 million

Business privilege tax: \$19 million

Growth in city taxes generated since fiscal 2005: 26.4% (4.8% compound annual growth rate)

Penn's Capital Investments: \$683 million

Direct expenditures: \$457 million

Indirect expenditures: \$226 million

Penn's Spending (University and University of Pennsylvania Health System combined): \$8.4 billion

Direct expenditures: \$5.1 billion

Indirect expenditures: \$3.3 billion

Spending by students and visitors, including visitors to Health System patients: \$325 million

How the University of Pennsylvania Impacted the Commonwealth of Pennsylvania's Economy in Fiscal Year 2010

University of Pennsylvania's total economic impact on Pennsylvania: \$14.0 billion

Growth in economic impact to Commonwealth since fiscal 2005: 46.5% (7.9% compound annual growth rate)

Jobs: 145,500 jobs, Wages and salaries, \$6.1 billion

The fiscal impact on Pennsylvania:

State taxes generated: \$382 million

Personal income tax: \$186 million

Sales and use tax: \$153 million

Corporate net income tax: \$43 million

Growth in state taxes generated since fiscal 2005: 61.4% (10% compound annual growth rate)

Penn's Capital Investments: \$1.1 billion

Direct expenditures: \$463 million

Indirect expenditures: \$653 million

Penn's Operations Spending (University and University of Pennsylvania Health System combined): \$12.2 billion

Direct expenditures: \$5.2 billion

Indirect expenditures: \$7.0 billion

Spending by students and visitors, including visitors to Health System patients: \$437 million

Direct expenditures: \$233 million

Indirect expenditures: \$204 million



Penn's senior leadership at the November 2009 groundbreaking of Penn Park, a 24 acre open space and recreational facility replacing a surface parking lot of the United States Post Office. Penn Park is scheduled to open in September 2011.

The Bottom Line

Penn is an economic powerhouse. Its capital projects, expenditures, research awards, drawing power, community investments and more translate into jobs, earnings, business formation and tax revenues that profit University City, the City of Philadelphia and the Commonwealth of Pennsylvania.

- Penn's total economic impact on the City of Philadelphia in fiscal year 2010 = \$9.5 billion
- Penn's total economic impact on the Commonwealth of Pennsylvania in fiscal year 2010 = \$14.0 billion
- Penn's total economic activity brings \$38.4 million to Pennsylvania and \$26.0 million to Philadelphia, every day.

Components of Penn's Fiscal 2010 Economic and Fiscal Impact

	Economic Impact, City	Economic Impact, Commonwealth	Employment, City	Employment, Commonwealth	Fiscal Impact, City	Fiscal Impact, Commonwealth
Capital Investments	\$683M	\$1.1B	2,900	9,600	\$7M	\$25M
Operating Expenditures, University only	\$3.8B	\$5.3B	25,500	61,400	\$74M	\$153M
Operating Expenditures, Health System only	\$4.6B	\$6.9B	26,400	68,100	\$87M	\$187M
Human Capital Investments	\$100M	\$287M	400	2,300	\$1M	\$6M
Ancillary Spending	\$325M	\$437M	2,000	4,100	\$3M	\$11M
TOTAL	\$9.5B	\$14.0B	57,200	145,500	\$172M	\$382M