



The Economic Contribution of the University Research Park

**Dennis K. Winters
Vice President & Director of Research**



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Introduction

The University Research Park (URP) is a manifestation of the combined presence of the UW-Madison and the Wisconsin Alumni Research Foundation (WARF). Combining the research that takes place on the UW-Madison campus with the financial, legal, management and support expertise of WARF has made URP a center of innovative high-tech product development. This concentration of people and capital is one reason Madison and Dane County continues to attract talent and income.

URP asked NorthStar Economics, Inc (NorthStar) to estimate the economic impact the activities in the Park make to the local economy. Using data collected from companies in the Park and an economic impact model, NorthStar calculated the economic contribution URP makes to the Dane County and Wisconsin economies, the number of jobs supported by activities in URP and the tax revenue generated due to the existence of the companies in URP.

The estimated contribution URP makes to the local economy is presented in this report.

About URP

The University Research Park was established in 1984 as a non-profit technology park designed to foster the growth in technology transfer and new start up companies in Wisconsin. Located in Madison, the 255 acre park offers business incubator space and land parcels for building construction. The incubator building, the MGE Innovation Center, consists of 113,000 square feet of office and laboratory space, conference facilities and common areas. URP has also expanded on the east side of Madison into the Metro Innovation Center on East Washington Avenue. Metro consists of 6,000 square feet of space designed for high-technology entrepreneurs and students desiring a downtown location. In addition to the incubator facilities, URP leases land for companies that wish to expand within the Park and offers build to suit and multi-tenant buildings for lease. The Park now has 37 buildings housing 126 companies.

URP Physical Statistics

2010

Acreage	255
Buildings	37
Square Footage	1,800,000
Companies	126

Companies located in the Park represent a wide spectrum of business and industry. Biotechnology firms dominate the URP landscape, but also residing within the Park are a business bank, two venture capital firms, an economic consulting firm, an on-line learning company, and two childcare facilities. Most of the high-tech start-up companies in the Park are off shoots of research conducted at the UW-Madison and supported by WARF.

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URP accepts no state or local funding and, in fact, paid over \$3.6 million in property taxes in 2009. All URP assets and net income are for the benefit of the UW-Madison to continue the research that will create more high-tech start up companies in the future.

Economic Contribution

The economic contribution URP makes to the community is greater than just the activity that occurs within the Park. The business activity of the firms in URP has a greater economic impact on the surrounding community through the ripple effect of dollars spent by URP companies and employees. For example, for every dollar spent on computers by a company in URP, there are a number of people and businesses in the greater Dane County community that sell and service the computers for the URP companies. These providers in turn spend the income they receive from URP company business on other goods and services in the community, such as food, clothing, and shelter. Expansion of the direct economic activity of firms within the Park out to the greater Dane County community is known as the multiplier effect. The multiplier effect affects commerce dollar flows through the community, job activity, and tax revenue generation.

Direct Impacts

There are 126 companies employing over 3,400 people in the University Research Park in 2010. URP firms' employees are highly educated with 75% having at least a bachelor's degree and almost 33% having advanced degrees. URP firms' employees earn over \$64,000 on average. This is substantially above the state average earnings of \$39,156 and the average Dane County earnings of \$43,908.

URP Company Employee Statistics

2010

Number of Companies	126
Number of Employees in URP	3,419
Percentage with BS degree	74.6
Percentage with Advanced Degree	32.9
Average Annual Earnings per Employee	\$64,310

URP firms have a total gross payroll of almost \$220 million dollars with annual average earnings of over \$64,000. Of this \$220 million in payroll, about 25 percent leaves the local area for federal taxes and other deductions. Another roughly 20 percent leaves the area due to personal spending outside Dane County.

URP Company Employee Payroll

2010

Gross Payroll	\$ 219,859,164
Net Payroll	\$ 164,894,373
Dane County Spending	\$ 132,294,755

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URP firms also spend almost \$450 million on non-payroll goods and services, such as computers, lab equipment, tables and chairs, accounting services and the like. About 45 percent of that spending occurs within the Wisconsin economy, \$200 million, with \$106 million staying within Dane County.

URP Company Non-Payroll Spending
2010

URP Company Non-Payroll Spending	\$ 447,615,482
URP Company In-state Spending	\$ 200,435,227
URP Company Dane County Spending	\$ 106,035,666

All the employees in the Park pay income tax to the state, over \$7 million. They also pay sales taxes on purchased goods, \$4.5 million, and property taxes to the local communities, almost \$9 million. The Park itself pays over \$3.6 million dollars in local property taxes.

URP Economic Statistics
2010

Total URP Non-Payroll Spending	\$ 447,615,482
URP Companies' In-state Spending	\$ 200,435,227
URP Companies' in Dane County Spending	\$ 106,035,666
URP Property Tax	\$ 3,641,263
URP Companies' Employee Income Tax	\$ 7,123,877
URP Companies' Employee Sales Tax	\$ 4,528,659
URP Companies' Employee Property Tax	\$ 8,965,197
Total Direct URP Tax Revenue Generated	\$ 24,258,996

Total Economic Impact

The total economic impact of URP is expanded using economic multiplier coefficients applied to the direct economic activity of URP companies. Multipliers are applied to payroll spending, non-payroll spending, and to employment levels.

The multiplied economic expansion brings the total economic contribution URP makes to the Dane County economy to almost \$588 million. Payroll spending accounts for \$320 million of the total. Non-payroll spending accounts for \$268 million.

Total employment in the area also expands due to URP activity. Employment is affected by non-payroll spending and by the employees of URP companies. Non-payroll spending by URP companies creates 2,529 jobs in the local communities. The existence of URP companies' employees creates 1,193 more jobs.

The total number of jobs created in Dane County by activities at URP is 7,141.

With the additional jobs comes additional tax revenue. For the 3,722 of new jobs created by URP companies and their employees, there is another \$10.4 million in tax revenue generated. This consists

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of \$3.5 million in income tax revenue, \$2.3 million in sales tax revenue, and \$4.5 million in local property tax revenue.

URP Company and Employee Tax Revenue

2010

URP Companies' Employees	3,419
Indirect Jobs Created	3,722
Total Tax Revenue of Indirect Jobs	\$ 10,414,770

The total economic contribution to the Dane County economy due to the presence of the University Research Park is large, \$588 million. The Park's presence is also responsible for 7,141 workers in Dane County and over \$31 million in tax revenue.

URP Total Economic Contribution in Dane County

2010

	<u>URP</u>	<u>Indirect</u>	<u>Total</u>
Economic Contribution	\$ 319,687,047	\$ 268,151,579	\$ 587,838,626
Jobs Created	3,419	3,722	7,141
Tax Revenue Generated	\$ 24,258,996	\$10,414,770	\$ 34,673,766

State Incremental and Total Economic Contribution

The economic activity conducted at URP is not contained within Dane County. URP business activity washes across the state and this incremental contribution is not insignificant. Non-payroll spending outside Dane County, but within Wisconsin, adds another \$94 million in direct spending. This commerce expands to almost \$239 million as it cycles or multiplies through the state economy.

URP activity outside Dane County generates another 2,150 jobs in Wisconsin and an additional \$84 million in payroll. The incremental state activity also generates another \$7.9 million in state and local tax revenue.

In total, URP activity generates over \$826 million in economic activity in Dane County and Wisconsin, creates 9,300 jobs, and generates almost \$43 million in state and local tax revenue.

URP Total Economic Contribution in Dane County and Wisconsin

2010

	<u>Dane County</u>	<u>Wisconsin Increment</u>	<u>Total Contribution</u>
Economic Contribution	\$ 587,838,626	\$ 238,725,253	\$ 826,563,879
Jobs Created	7,141	2,147	9,288
Tax Revenue Generated	\$ 34,673,766	\$ 7,883,042	\$ 42,556,808