

Why Attract a Higher Education Institution?

“But even for these ‘global’ universities, the economic impact of their activities is skewed toward their local communities.”¹

ATTRACTOR: A Higher Education Institution (HEI) brings in outside resources to the local community

- **Human Capital:** Highly educated faculty and students represent an influx of knowledge and talent
- **Financial resources:** HEIs bring in money (often out-of-state) in the form of grants, federal aid, and private funding that then gets spent within the local economy.
- **Business:** Companies will choose to locate close to an HEI, especially when the focus of the institution complements their work
- **Visitors:** HEIs attract visitors regularly for events such as graduations and conferences who will invest in the local economy during their stay

GENERATOR: HEIs become economic generators of demand in the local economy

- **Demand for housing:** Students and faculty will look for housing in the local market
- **Demand for goods and services:** Business is generated to support the needs of the institution’s population (e.g.- retail, grocery, restaurants, dry cleaners, etc.)
- **Employment demand:** The HEI creates new direct jobs and produces new jobs for the local community (e.g.- construction jobs, maintenance and supply, goods and services)

Based on 2006 figures, of the approximately \$4.5 billion received by **Stanford**, about \$621 million was directly spent in **Palo Alto**, the city of its main campus. Of the money spent in the county almost half (46.5%) was spent in Palo Alto.

CONNECTER: Connections with the business community create a more robust & prosperous economy

- **Technology transfer:** Innovative outputs (e.g.- licenses and patents) by the institution are sold commercially, usually to businesses in the immediate vicinity of the HEI
- **HEI-Business connections:** Faculty and students will often work as consultants and/or collaborators will local businesses to provide industry skills and expertise.
- **Public forum:** HEIs provide the space to create a continuing dialogue between the research within the institution and its application to business and society. This space often produces the greatest benefit to the local economy.²

¹ Richard K. Lester. “Universities, Innovation, and the Competitiveness of Local Economies.” Local Innovation Systems Project. 13 Dec 2005. Massachusetts Institute of Technology. 18 Sep 2012 <<http://web.mit.edu/lis/papers/LIS05-010.pdf>>.

² Lester 25.

STABILIZER: HEIs are pillars to a local community that help ensure long-term economic prosperity

- **Adaptation:** The knowledge and talent of an HEI can help the local business community stay relevant and adaptive to changing times, helping to contextualize outside ideas to the local market.³
- **Retention:** Students don't have to move when an HEI is in their community and graduates tend to stay and work locally after completing their studies

Stanford at a Glance (based on 2006 figures)⁴

Summary of Impact to Palo Alto:

Description	Amount (in Millions)
Local Spending by Stanford Employees	\$184
Direct Purchases of Goods and Services	\$258
Construction & Capital	\$129
Visitor and Student Spending	\$87
Property Tax from Stanford Lands	\$2
Sales Tax Generated	\$7
Utility Users Tax and Purchases by Stanford Research Park & Stanford Shopping Center	\$48
Transient Occupancy Tax Paid by Hotels	\$2
Total	\$717
Total in County	\$1,541
Percent of County Total Spent in Palo Alto	46.5%

UC San Diego Highlights (based on FY 2006-7)⁵

- Nearly one-third of UCSD alumni currently reside in San Diego County.
- The impact of spending by UC San Diego in the City of San Diego was \$2.275 billion in total spending, 20,790 jobs, and \$1.228 billion in personal income.
- UC San Diego Extension offers 2,000 continuing education courses to working professionals and other adult residents in the region.
- UC San Diego faculty and alumni have started hundreds of successful companies in San Diego, California, and around the world.
- An estimated \$1.710 billion in salaries and wages, goods and services, and construction were spent by UC San Diego in the County of San Diego.
- The 1.431 million visitors to UC San Diego spent \$6.266 million in San Diego County in FY 2006-07.

³ Lester 3.

⁴ Frederick Biedenweg and Catherine Gardner. "Stanford University: Economic Impact Study 2008." Stanford University Office of Public Affairs. Summer 2008. Stanford University. 18 Sep 2012 <<http://www.stanford.edu/dept/govcr/documents/economic-impact-study.pdf>>.

⁵ Amy L. Herman, Courtney Rash and Justin Bain. "A Study of the Economic Impact and Benefits of UC San Diego." CBRE Consulting, Inc. 7 Jul 2008. .University of California San Diego. 18 Sep 2012 <<http://ucsdnews.ucsd.edu/economicimpact/>>.