PROJECT OVERVIEW

In December 2009, Tripp Umbach was retained by the University of Washington to measure the economic, employment and government revenue impacts of operations and research of all of its campuses and affiliates. The goals of the University of Washington economic impact study included the following:

- To calculate the business volume impacts of the UW’s operations on the state of Washington, Puget Sound Region including Seattle, Bothell and Tacoma.2
- To calculate the total employment impact (direct and indirect) of the UW’s operations.
- To quantify the government revenue impact of the UW’s operations and the return on investment for public funding.
- To determine the economic impact of out of state research funding including research commercialization, patents and licensing, business spinoffs and the impact of the Center for Commercialization (C4C).

METHODOLOGY EMPLOYED IN THE UW ECONOMIC IMPACT STUDY

This economic impact analysis measures the effect of both direct and indirect business volume and government revenue impacts for the three UW campuses, Seattle, Bothell and Tacoma.3 The methodology employed in the calculation of these impacts is derived from the standard set of impact research tools developed by the American Council on Education (ACE) for the measurement of college and university economic impact.4 The ACE-based methodology is well established, having been used in hundreds of impact studies throughout the United States. The ACE methodology employs linear cash-flow modeling to track the flow of institution-originated funds through a delineated spatial area.5 For the University of Washington impact analysis, computerized spreadsheet models were developed

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2 The Puget Sound Region includes: King County, Snohomish County, Pierce County and Kitsap County.
3 UW Seattle includes a separate analysis of UW Medicine.
5 The ACE methodology is highly adaptable to different geographic scales. It is suitable for measuring impact on neighborhoods, municipalities, counties, states, regions or nations.
for the University as a whole and for each of the campuses with a separate analysis of UW Medicine which is located on the Seattle Campus.  

Economic impact begins when an organization spends money. Economic impact studies measure the direct economic impact of an organization’s spending plus additional indirect spending in the economy as a result of direct spending. Economic impact has nothing to do with dollars collected by institutions.

Total economic impact measures the dollars that are generated within Washington State due to the presence of the University of Washington. This includes not only spending on goods and services with a variety of vendors within the state, and the spending of its staff and visitors, but also the business volume generated by businesses within Washington that benefit from UW’s spending. It is important to remember that not all dollars spent by a university remain in its home state. Dollars that “leak” out of the state in the form of purchases from out-of-state vendors are not included in the university’s economic impact on the state. The multipliers utilized in this study are standard multipliers for public research universities in the United States with the state multiplier being 2.3 for the statewide business volume impact and 2.5 for the employment impact.

In completing this report, Tripp Umbach used data supplied by the UW and from Tripp Umbach’s national databases developed over the years by conducting economic impact studies commissioned by a variety of prominent universities and medical schools throughout the country as a baseline. Key economic impact findings presented within the summary include the total current (FY 08-09) economic, employment, and state and local government revenue impact of the University of Washington’s operations.

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6 The components of UW Medicine are Harborview Medical Center, University of Washington Medical Center, Northwest Hospital & Medical Center, and a network of seven UW Medicine Neighborhood Clinics that provide primary care, the UW School of Medicine, UW Physicians -- the physician practice plan and Airlift Northwest. In addition to the primary entities, UW Medicine shares in the ownership and governance of Children’s University Medical Group and Seattle Cancer Care Alliance, and is closely affiliated with the Fred Hutchinson Cancer Research Center, Seattle Children’s Hospital and the Veterans Administration (all affiliates).

7 Typically, multipliers for the operations of an organization are in the 2.0 to 4.0 range. The multipliers utilized in this study are derived from the in-depth research about the complex business activities of public research universities from the ACE-based methodology.