

Engines of Economic Growth

Harvard and seven other Greater Boston research universities took center stage this spring in their role as the area's special economic advantage: magnets for talent and investment that infuse more than \$7 billion into the regional economy each year. At a Greater Boston Chamber of Commerce breakfast, leaders from the universities joined more than 250 leaders in business, community, and local government to mark the release of a new collective economic study. They called for a renewed spirit of cooperation for the region and its world-class research institutions.

The report, an unprecedented collaboration among Boston College, Boston University, Brandeis University, Harvard University, Massachusetts Institute of Technology, Northeastern University, Tufts University, and the University of Massachusetts, Boston, chronicles the institutions' economic and social impact in 2000 and 2002.

"While the Midwest may produce cars and steel, and the South may produce textiles, paper, and citrus, we produce brains, new ideas, and new technologies," said Tufts President Lawrence S. Bacow, who spoke on behalf of the universities at the launch.

The report, commissioned by the institutions to help them better understand their role in the regional economy and how to remain viable, shows that the schools not only have a large direct financial impact but more importantly, they form much of the Greater Boston intellectual underpinning of the economy, producing human capital and new technologies that fuel economic growth.

In the year 2000 alone, the study found that the eight universities provided:

- A \$7.4 billion boost to the regional economy;
- Work for 48,750 university employees and 37,000 other workers in the region, who pay millions of dollars in federal, state, and local taxes;
- A talent pool of more than 31,900 graduates each year, many of whom stay in Boston;
- Innovative research that resulted in 264 patents, 280 commercial licenses of technology, and 41 start-up companies;
- Continuing education for 25,000 non-degree students;
- Numerous programs to help local K-12 schools and individual students;
- Many community cultural events, such as concerts, plays, and lectures;
- Community improvements through construction of housing and infrastructure, and increases in environmental benefits.

The annual economic impact of more than \$7 billion on the regional economy is like having the Olympic Games here in Boston every year. Seven billion dollars is what New York City experts estimated as the cumulative economic impact (from 2005 to 2012) of the construction and visitor spending for the 2012 Summer Olympic Games in New York.

Collectively the eight universities spend about \$3.9 billion in the Boston area on salaries, wages, and other payments such as the purchase of goods and services from area vendors and local construction projects, which help support more than 37,000 full-time employees. It is estimated that the eight research universities will spend \$850 million annually on construction over the next four years, sustaining 5,100 full-time construction jobs each year.

The report also showed that the eight institutions saw a 4 percent growth in employment from 2000 to 2002, during a time when employment in the area fell by nearly 3 percent. Despite the good news, Boston's research universities - its special advantage - are still vulnerable to reductions in federal research funding, fluctuations in the financial markets, and competition from other institutions for students and faculty.

"As we look to the future, in order to fulfill our role as a strong economic force in the region, we need three things," said Harvard President Lawrence H. Summers. "First, a strong national commitment to higher education through financial aid and research funds. Second, we need to support the goal of Boston's quality of life, an issue that affects any major industry, by offering strong higher education, addressing congestion, and maintaining first-rate public schools, and finally, we need to make sure our academic institutions can continue to flourish by finding ways to grow, while forging partnerships with our communities. The strength of Boston's higher education institutions must be recognized as part of the region's strength."