



TOPIC: USM Economic Impact Study

COMMITTEE: Economic Development and Technology Commercialization

DATE OF COMMITTEE MEETING: January 26, 2012

SUMMARY: At the previous Committee meeting, Mr. Richard Clinch from the University of Baltimore's Jacob France Institute presented the framework and anticipated outcomes from conducting an economic impact study for the USM. The Committee will decide whether to proceed with an economic impact study.

ALTERNATIVE(S): The alternative is to not proceed with an economic impact study.

FISCAL IMPACT: If an economic impact study is conducted, the fiscal impact is estimated at \$40K - \$50K.

CHANCELLOR'S RECOMMENDATION: The Chancellor recommends that the Committee consider proceeding with an economic impact study.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Joseph F. Vivona (301) 445-2783

Proposal for Assessing the Economic Impact of the University System of Maryland On the Maryland Economy

Overview

The Jacob France Institute at the University of Baltimore (JFI) proposes to update the 2002 *The Economic Impact of the University System of Maryland* report. This analysis will include an assessment of the economic, fiscal, economic development, and workforce development impacts of the University System of Maryland (USM) on the Maryland economy and will consist of as many as three major components described below as are requested by USM.

- 1) An economic and fiscal analysis of the impact of the USM on the State economy;
- 2) An analysis of the role of the University System in promoting economic development; and
- 3) An assessment of the impact of the University System's educational and training services on developing both a skilled workforce and comprehensive workforce training infrastructure in the State.

If all three research steps are chosen, the research JFI can complete the research in Spring/Summer 2012, as described in the timeline below. The total cost of all three proposed research steps will be \$51,305. The JFI will start work upon receipt of a signed contract with the draft report completed no later than August 2012. The JFI will be available to make two presentations on this report.

Part One: Economic and Fiscal Impact Analysis

The JFI will redesign and update the 2002 *The Economic Impact of the University System of Maryland: A Fiscal Perspective* report on the economic, employment, and fiscal impact of the University System on the State economy. JFI staff will update the human capital modeling approach used in 1998 by collecting more recent earnings data for the 1986 and 1989 cohorts of system graduates and work with USM to identify and add up to two new cohorts of graduates to the analysis. The JFI can also provide additional analyses of the placement or more recent cohorts of graduates in Maryland employment by sector, geography and establishment size. This analysis will require the approval of the Maryland Department of Labor, Licensing, and Regulation. JFI personnel will also work with University System staff to collect the information on USM non-resident student spending, non-local sources of incremental revenues, and the levels of State funding required for this analysis. Once the required data are collected the JFI will update the economic modeling conducted in the 2002 report to reflect the new earnings data and additional cohorts of graduates. The JFI will prepare a report describing the research methodology and results of the economic impact. The cost of the Economic and Fiscal Impact Analysis is \$26,947.

Part Two: Economic Development Impact Analysis

The JFI will conduct a review of and report on the available economics and policy literature on the role of universities in state economic development. JFI staff will work with the University System to survey member institutions and develop a list of key interactions with the business community of the 13 system institutions. Particular emphasis will be placed on the role of the University System in transferring technology to the private sector and supporting the creation of start-ups based on University technology. The cost of the Economic Development Impact Analysis is \$12,179.

Part Three: Workforce Development Impact

Universities are a major component of the state's workforce training infrastructure. Every study of economic development places the availability of skilled workers as one of the top five factors that influence economic development. The University System plays a vital role in providing a skilled and educated workforce, especially for the state's thriving high technology industry cluster. The JFI will use existing educational, survey, and occupational staffing information to highlight the need for the educational and training services provided by the University System. The role of the University System in supplying graduates in key academic areas will also be compared to private institutions of higher education. The JFI will also compare enrollments and graduation data in key programs to estimated occupational demand using federal and, where available, state data on occupational staffing and demand. The cost of the Workforce Development Impact Analysis is \$12,180.

Project Budget and Timeline

As demonstrated in the attached budget, if all three proposed research steps are chosen, the total cost of this project will be \$51,305. The timeline for this project would be as follows:

| <u>Month</u> | <u>Task</u> |
|----------------------|--------------------------------------|
| January 2012 | Project Initiation |
| January – March 2012 | Data Collection – Institution Survey |
| March – May 2012 | Research Analysis |
| June 2012 | Draft Report |
| July 2012 | Final Report |

One-third of contract amount, one-third is due on receipt of a draft report, and the final one-third is due on acceptance of the final draft. The JFI will provide ten copies of the final report to the University as well as all electronic files and a printer proof.

Final Budget
University System of Maryland Impact Study

| Item | Person | Task | Hours | Rate | Amount |
|--|----------------|-------------------------------|-------|-------|----------------|
| <u>Option 1: Economic and Human Capital Analysis</u> | | | | | |
| Program Manager | Richard Clinch | Modeling & Project Oversight | 144 | \$118 | \$16,992 |
| Database Manager | John Janak | Wage Record Matching and Runs | 80 | \$68 | \$5,440 |
| Purchase Model Data, Travel, Supplies and Printing | | | | | \$1,000 |
| Overhead (15%) | | | | | \$3,515 |
| Subtotal | | | | | \$26,947 |
| <u>Option 2: Economic Development Impact Analysis</u> | | | | | |
| Project Manager | Richard Clinch | Data Collection and Analysis | 80 | \$118 | \$9,440 |
| Graduate Assistant | | | 60 | \$15 | \$900 |
| Travel/Materials | | | | | \$250 |
| Overhead (15%) | | | | | <u>\$1,589</u> |
| Total Cost | | | | | \$12,179 |
| <u>Option 3: Workforce Development Impact</u> | | | | | |
| Project Manager | Richard Clinch | Data Collection and Analysis | 80 | \$118 | \$9,440 |
| Graduate Assistant | | | 60 | \$15 | \$900 |
| Travel/Materials | | | | | \$250 |
| Overhead (15%) | | | | | <u>\$1,590</u> |
| Total Cost | | | | | \$12,180 |
| Total Cost, All Three Options | | | | | \$51,305 |