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A Call to Build the Capital City Partnership for Economic Growth

Report to the Providence City Council
from the Commission to Study Tax-Exempt Institutions

November 2010



Introduction

The City Council of Providence created this commission in 2009 to study the impact of tax-exempt institutions on the City's tax base and identify means to increase the contributions of tax-exempt institutions to the City. The City of Providence has explored the issue of contributions from tax-exempt institutions previously in 1989 and 2003 and the City has a signed memorandum of understanding with four independent colleges and universities stipulating voluntary payments from those institutions through 2023. What makes this issue relevant again in 2010 is the economic crisis and the large one time opportunity for new development created by the relocation of Interstate 195. Simultaneously, profound economic shifts raise a new question: ***With tax exempt institutions as growing anchors of the knowledge economy, how can cities tap into this economic engine through diverse revenue sources to support quality city services?***

While the tax on real estate and tangible property is the City of Providence's primary revenue source, major tax-exempt institutions now own 15% of the land within the city (23% of all non-public land). The fiscal challenges Providence faces are not unique; as cities face rising costs and stagnant tax revenues, many are seeking to redefine the relationship between the city and major tax-exempt institutions. This issue is embedded in larger economic, equity and municipal finance issues, yet the fact remains that the property-tax dependant funding model for city services is in crisis. The City is looking for ways to fund local services such as roads, snow removal, police, and fire protection that benefit city residents, students, commuters, and institutions alike.

Nowhere in the United States can cities tax tax-exempt institutions for property used wholly for their tax-exempt mission. The revenue options available to cities include levying fees for services, being vigilant about taxing non-exempt uses, and designing taxes that bring in revenues from commuters and visitors.

Broadening the conversation from city revenue to the health, safety, wellbeing, education, and economic growth potential

of Rhode Island's capital city, leads to a broader conversation about strengthening partnerships to increase the City's tax base and increase economic opportunity. Looking at other cities, we found that hospitals, colleges, and universities contribute more to their host cities when engaged as partners.

Tension about the level of contributions from universities and hospitals is a barrier to taking the next step to deepen City-institutional partnerships for economic development. The hospitals, colleges, and universities of Providence testified to the commission about their extensive community contributions and positive economic impacts. These major tax-exempt institutions have demonstrated their willingness to step up and contribute to the community in ways that are consistent with each institution's mission. The universities and colleges signed a 20-year deal with the City to make cash contributions and resist throwing that deal out after 8 years. It is in the State of Rhode Island's strategic interest to share revenue from the growth of higher education and hospitals with the City of Providence to better align economic development interests and strengthen the government-institutional-business partnership for economic development.

The commission considered the available data on city costs and institutional contributions and found that the major tax-exempt institutions are making contributions on par with costs incurred. Furthermore, the commission finds that given legal and institutional constraints, these institutions are able to make contributions of higher value to the city and its residents through in-kind partnerships that draw on the capabilities of each institution. Nevertheless, Providence's fiscal conditions demand collaborative action to increase the City's tax base and create greater economic opportunity for residents. We find that several other cities offer models for partnering with hospitals and universities to enable business expansion within the city and create jobs for residents. It is imperative that Providence pursue growth strategies. The City of Providence's best assets to grow jobs and tax-paying businesses are the hospitals, colleges, and universities.



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Parcel Mapping

Providence Plan



To the Honorable Members of the City Council:

On behalf of the Commission to Study Tax Exempt Institutions, we present this report as required by a resolution of the Providence City Council to review and provide recommendations related to the City's large tax-exempt institutions and their impact on the City's tax base. The report identifies the issues and provides specific recommendations. The Commission also identified areas of opportunity that could be realized through partnerships.

This report comes at a critical period of time, for the City of Providence has one of the highest unemployment rates of any urban city in the country and is faced with future budget challenges. The Commission feels strongly that all parties must realize that we're dependent upon each other and thoughtful leadership must prevail. The fortunes of the State of Rhode Island, and the tax-exempt institutions, will rise or fall on the financial strength of the capital city.

The Commission engaged in extensive research over a year that included testimony from the large tax-exempt institutions, the Greater Providence Chamber of Commerce, a public hearing in City Hall, Providence City government, and best practices research on the subject in cities in the Northeast region with similar challenges.

A significant finding in the course of our work is that despite collaborative projects that exist, there is an opportunity for greater alignment between the leadership of the Providence city government, the large tax-exempt institutions, and State government on economic development strategy and implementation. There presently exist differences of opinion between the tax-exempts and city government that do not auger well for the future. This must change, and the Commission's partnership recommendations go to the heart of that issue.

In that regard, critical to the planning going forward is a commitment to partnership. The financial health of the City of Providence is the linchpin of economic development planning for the State of Rhode Island in the future. The Commission recommends strongly that a true partnership be developed amongst the present disparate entities in order to maximize the economic activity that will create new development, broaden the tax base, and create much needed jobs. The city and state would both benefit from sharing incremental revenue from knowledge economy growth and invest much of that back into an economic development partnership to grow jobs and revenue to support quality city services.

In conclusion, the Commission submits this report with the hope that it will serve as a useful planning tool for the Providence City Council. We are prepared to meet with the Council to provide a presentation of our findings and recommendations at your call.

For the Commission:

A handwritten signature in dark ink, appearing to read "Michael S. Van Leesten".

Michael S. Van Leesten
Chair

A handwritten signature in dark ink, appearing to read "Camille Vella-Wilkinson".

Camille Vella-Wilkinson
Vice Chair

Preface

Providence is a densely populated, post-industrial city that faces a range of social challenges as it transitions from a manufacturing based economy to a service and knowledge based economy. As it has for almost 375 years, it continues to attract immigrants from around the world who enrich the city with their diverse culture, enterprise and industriousness. The City is also enriched by world-class institutions of higher education and healthcare, which serve not only the city population but all of southeastern New England and attract students from across the globe. These tax-exempt institutions have grown over time, especially in the last two decades, and now employ over 23,000, making higher education and health care two leading industries in the state.

This growth has not come without tensions, however. Many taxpayers of the City see the growth of tax-exempt institutions as placing a greater property tax burden on them. These institutions counter that their growth is necessary to stay competitive, to better serve their customers and indeed, to survive. The growth of these institutions has coincided with the loss of thousands of entry level manufacturing jobs as the economy has transformed over the past few decades. This change has been exacerbated by stagnant wages, high rates of poverty, and decreasing state aid to the City. The City is also burdened by high legacy costs for social and public safety services. Its unfunded pension liability is approaching \$1 billion and retiree health care costs are another major unfunded burden.

Charge of the Commission

- Detail costs associated with providing City services to tax-exempt institutions;
- Provide summary of financial and programmatic contributions made by tax-exempt institutions to municipalities in selected cities nationwide, including best practices in public-private partnerships;
- Develop standard methodology for valuing community partnerships made by tax-exempt institutions;
- Establish a standard level of financial and programmatic contributions to be met by all large-scale tax-exempts in Providence;
- Identify necessary City and State legislation; and
- Review any additional means to mitigate the impact of tax-exempt institutions on the City's tax base, and to establish a fair and equitable approach to generating revenue to support City services.

The City of Providence is facing rising costs and lower revenues. How did we get here? The Commission heard testimony about the history of tax-exempt institutions expanding in the wake of disinvestment by other sectors, not as a push factor outbidding for-profit businesses for real estate and not pushing other private sector jobs out of the city. The facts support out this interpretation. Manufacturing and financial service sectors continue to shed jobs. Since 2002, 13,000 new jobs have been created in education, healthcare, and social services sectors, while other private sectors shed 18,000 jobs. Today, Providence's ten largest private employers include seven tax-exempt institutions and three for-profit companies.

There are different frameworks in which to view the impact of tax-exempt institutions. In a static view, an acre of land consumed by the expansion of a tax-exempt institution is one less acre for future tax-paying development. A dynamic view recognizes the value of development on a particular acre of land is highly variable. University and hospital investments in new state-of-the-art facilities on one parcel encourages higher value development on adjoining parcels than would otherwise have occurred. The city may forgo direct revenue from the exempt parcel, but gain other revenue from adjoining development. So the simple question of does expansion by tax-exempt institutions remove value from the tax base, is not so simple. The context and timing matter.

The commission encountered difficulty establishing the extent of property removed from the tax roles by the expansion by tax-exempt institutions. Maps in the appendix document parcels owned by major tax exempt institutions in 1985 through through 2005. However, the maps do not document which of the expansion parcels had been purchased from other tax-exempt entities and which were removed from the

Changes in the Providence Economy

Jobs by Sector in the City of Providence

	2002	2009	Change 02-09
All payroll employment	116,197	107,107	-9,090
Construction	2,834	2,332	-502
Education, healthcare, & social services	23,410	36,538	13,128
Other private jobs	71,137	53,090	-18,047
Public sector	18,816	15,147	-3,669
Education, healthcare, & social services as a percent of jobs	20%	34%	+14%
Ed, healthcare, & social services as a percent of non-construction private jobs	33%	69%	+36%

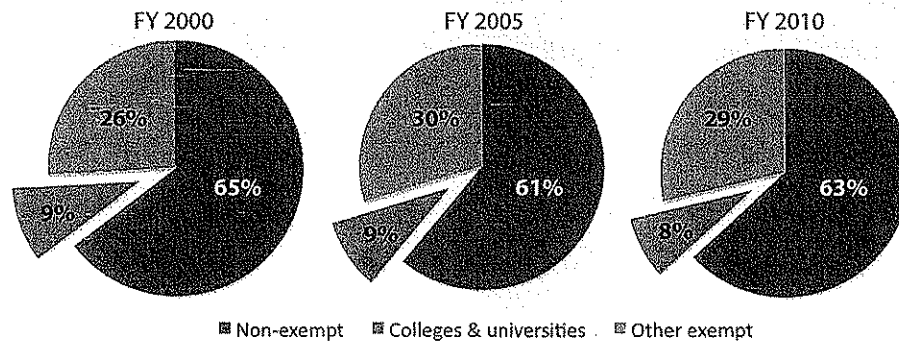
Source: RI Labor Market Information, BLS, QCEW annual data

tax roles. The charts on the following page provided by the Association of Independent Colleges and Universities of Rhode Island illustrates that colleges and university property declined as a share of assessed property value in Providence from 2000 through 2010.

Expansion of land in tax-exempt ownership may compete with other uses for space, but with collaborative planning new institutional investments can enhance Providence's potential to grow jobs in the knowledge economy.

The City of Providence has peers with similarly high fractions of tax-exempt property within city-limits. Among them Providence stands out for high unemployment among residents and a relatively low-wage mix of jobs beyond the educational and medical institutions. The charts on the following page compare city-wide statistics, but at the street-level view, the 2000 Census measured neighborhood unemployment rates in Downtown and Upper South Providence at 65-80% higher than the city average. In addition a high fraction of the Providence population is school-age children, and a remarkably low fraction is working-age adults. Together these demographic and economic factors mean the residents and business-base have less for the City to tax. It

Colleges and Universities are a Shrinking Piece of a Growing Pie in Providence



Over the last decade, the assessed value of college and university properties grew by 119%, while the assessed value of all property grew by 158%. Since the 2003 MOU, colleges and universities have taken only a single property off the tax roles.
Source: Association of Independent Colleges and Universities in Rhode Island.

means that while Providence is home to institutions employing world-class scholars, scientists, and healthcare specialists, there are whole communities in this majority-minority city who feel separated from the knowledge economy and its potential for economic growth.

There is mismatch between the City of Providence's property tax dependent revenue structure and its knowledge and destination economy. The City's employment base has shifted away from manufacturing and financial services toward education, healthcare, and tourism/convention services. The City of Providence has more limited options for raising revenue than many cities. It has no authority from the state to levy a meals tax, sales tax, income tax or wage tax – taxes that would raise revenue from visitors and commuters.

Tax-exempt institutions do generate tax revenue. However, nearly all the direct and the bulk of the indirect revenues

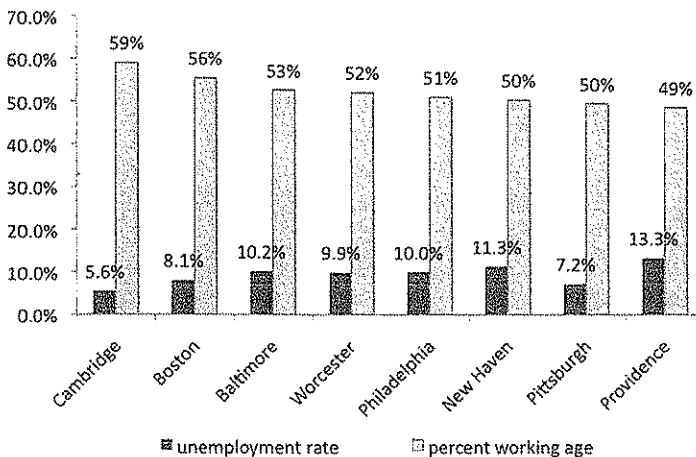
accrue to the State of Rhode Island. Directly they generate income tax from employees (\$50 million per year). Indirectly they generate property, sales, and business income tax on retail districts such as Thayer Street. They generate hotel and meal taxes. They support higher residential property taxes than the city would receive if hospitals and universities did not employ 24,700 people in the City with an annual payroll over \$1.3 billion.

Tax-exempt institutions also provide critical charitable services that alleviate burdens on government such as providing charity healthcare (see box) for Providence residents. In Rhode Island, higher education and healthcare for low-income patients are budget items for the State of Rhode Island, not the City of Providence.

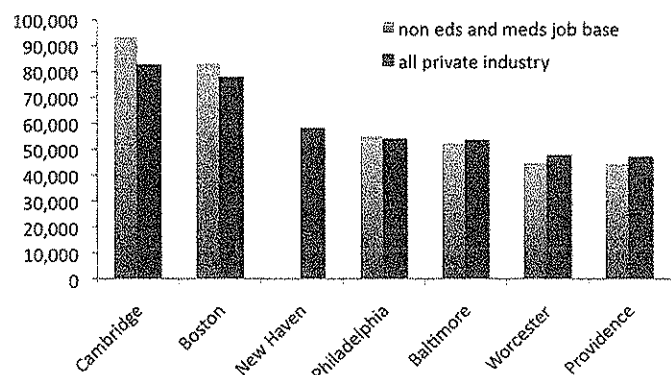
Addressing this mismatch was identified by the Rhode Island Economic Policy Council in 2008 as one of ten strategic

Economic Conditions - Comparison Cities

Residents Age and Unemployment



Annual Earnings, 2009



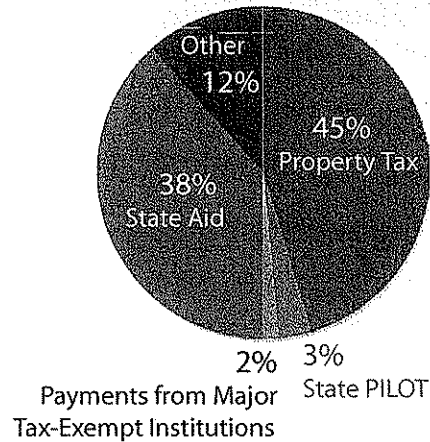
economic development projects for the state.

"There is a lack of alignment between state and local development efforts due to the fact that localities derive tax revenue from real estate development while the state derives tax revenue from economic development. Local communities benefit most from land development with high market value per square foot, while the state's costs and revenues are a function of wages and incomes.

For example, the growth of the property-tax exempt anchor institutions of the knowledge economy, higher education and healthcare, benefits the state but actually disadvantages localities. The solution is for the state to share with localities some of the incremental income tax benefits of the growth of the colleges and hospitals, enabling localities to make on the real estate what they would have made if the real estate were occupied by a non-exempt user." (Rhode Island Economic Policy Council. 2008. A Rhode Island Economic Strategy.)

These conditions reveal the need to align city and state interests around economic development and to find ways to expand economic opportunities for city residents, colleges, and universities. The historic opportunity for large scale new development on parcels from the relocation of Interstate 195 creates urgency around the issue.

City of Providence Revenue Sources



Charity Healthcare

Hospitals are obligated to provide full charity care to uninsured Rhode Islanders with incomes to 200% of FPL and discounted care to patients with incomes to 300% of FPL. The RI Department of Health defines true charity care as the cost of charity care net of government or private subsidies. Other care provided to patients who don't pay is classified as bad debt. Providence hospitals testified to providing \$36 million in charity care to Providence residents in 2009. However, net-charity figures are not available specifically for Providence residents.

Providence-based Hospitals, 2007

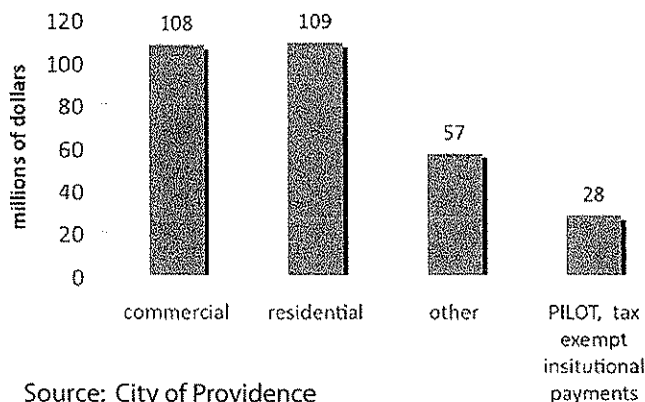
Charity Care Costs	\$40,541,000
Net Charity Care	\$23,774,000
Net Bad Debt	\$17,068,000

Source: RI Deptment of Health.

Rhode Island Uncompensated Hospital Care (2007).

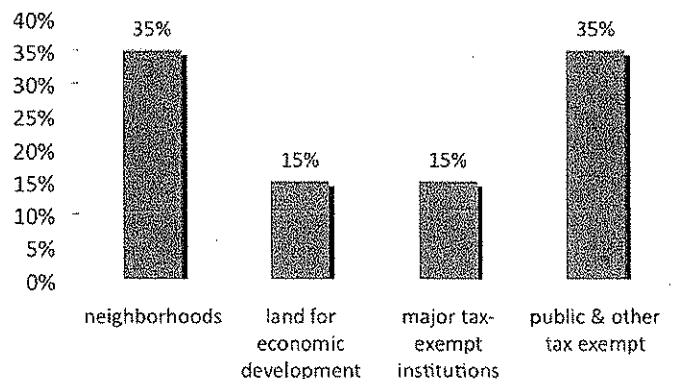
City of Providence

Property Tax Revenue by Source



Source: City of Providence

Land Distribution



Costs of City Services

There are different approaches that could be taken to quantify the "share" of City of Providence costs associated with providing services to tax-exempt institutions. The purpose of this math is to inform the discussion of whether these institutions and their continued growth are a net financial burden on the City of Providence. They provide an illustrative figure against which the benefits provided by these institutions can be compared.

One point of reference is to calculate the tax-bill if tax-exempt institutions paid taxes at going rate: \$83 million for major private tax-exempts. But that is not the marginal cost for providing city services to these properties, nor is it the opportunity cost of revenue the city would receive from hypothetical alternative taxable property owners.

Cost of Providence City Services Provided to Tax-Exempt Institutions

Tax exempt institutions, their employees, students, and patrons, use and benefit from non-excludable public goods such as city streets, public safety, and attractive neighborhoods. To approximate the costs imposed on the City of Providence by the tax-exempt institutions, the commission's looked at budget items where a.) the institutions, their employees, or students directly utilize the services or b.) the presence of the tax-exempt institutions increases the marginal cost of the items to the city. These direct city services meeting these criteria listed below are about 20-25% of the city budget. If fully funded at 27%, Rhode Island's state PILOT program would cover the cost of direct city services for tax-exempt institutions. There are

City Revenue & Expenditure Impacts of Tax-Exempt Institutions

	Benefits	Costs
Impact on City Revenue	Changes in local area property values relative to likely value in the absence of the tax-exempt institution <ul style="list-style-type: none"> - stability offered by anchor institution - prestige - competition to provide services to students and staff (landlords, cafes) 	Lost revenue stream from purchase of tax paying property by tax-exempt owner
	Human capital development: <ul style="list-style-type: none"> - better health, - higher future earnings for individuals through education and health, - higher earnings through local hiring and local worker training - aggregate economic growth through technology and ideas 	
Impact on Expenditures	Cost avoidance through services provided <ul style="list-style-type: none"> - security - public safety - maintenance of public spaces - workforce development - contributions to the quality of public schools 	Costs of providing public services to tax-exempt institutions <ul style="list-style-type: none"> - public safety, police, fire - public works - road maintenance and snow removal - planning

other City budget line items that are used minimally or not at all by tax-exempt institutions such as schools and libraries. (Remember that institutional employees living in Providence use these services, but they pay taxes the same as all residents).

Apportioning these costs to the major tax exempt institutions by land area (they occupy 23% of the non-public land) yields a city service cost estimate between \$28.4 million to \$35.5 million. Subtracting the \$29.3 million the city receives in property taxes, fees, voluntary contributions under the MOU, and PILOT payments from the state, that leaves a gap between zero and \$6.2 million.

Prior Tax Revenue Approach

Focusing on expansions of tax-exempt institutions on city revenues, the impact on the city can be estimated by the taxes paid on the property before it was acquired by a tax-exempt institution. This is the revenue lost when property is removed from the tax roles. The MOU between the institutions of higher education and the City addresses this issue for signatory institutions.

Assessed Value Figures from the City of Providence

Institution	Assessed value	Value x 26.99 mil tax rate
Brown University	996,784,100	26,903,203
Johnson & Wales University	261,763,100	7,064,986
RISD	219,267,320	5,918,025
Providence College	288,778,300	7,794,126
Women & Infants Hospital	140,947,600	3,804,176
Miriam Hospital	183,050,500	4,940,533
RI Hospital	748,183,873	20,193,483
Butler Hospital	118,688,100	3,203,392
Roger Williams Hospital	111,607,100	3,012,276
Total of above	3,069,069,993	82,834,199

* Data for exempt institutions are not as accurate as values used for tax purposes. Institutional buildings are rarely sold, making it hard for assessors to find sufficient comparable sales.

Cost of Direct City Service Calculation (2010 Budgeted)

Total city budget	\$617,902,720
Local property taxes	\$284,756,403
State PILOT to City	\$19,651,148
Tax exempt share of non-public land	23%
Direct payments from tax-exempts to the City	
Voluntary payments from colleges under the MOU	\$3,686,701
Property taxes paid by major tax-exempt institutions (4 institutions reporting)	\$4,476,976
Police, rescue reimbursement, and fees	\$1,544,043
Total city revenue from PILOT & exempt institutions	\$29,358,868
Calculation of costs for providing City services to private tax exempts	\$32,113,757
Highway	
Public Works Administration	
Traffic engineering	
Snow removal	
Commissioner of public safety	
Police	
Fire	
Emergency management	
Planning and urban development	
Forestry	
Estimate of debt service associated with services listed above	
Total direct services listed above are 23% of the city budget	\$139,625,032
23% of total direct services is attributable to tax-exempts based on area	\$32,113,757

Revenue Strategies in U.S. Municipalities that Host Major Tax-Exempt Institutions

The Legal basis for Tax-Exemption

All U.S. states grant tax exemption to charitable nonprofit colleges and hospitals although a number of proposals to limit this exemption have been put forward and defeated. In Rhode Island, this exemption predates the formation of the United States. Tax-exempt institutions make payments for any City services offered on a fee-for-service basis such as water, sewer, building permits, and certain emergency response calls.

Hospitals and universities contribute to their communities as taxpayers. The commission learned from four institutions that among them they pay \$4.5 million property tax to the City of Providence. However, the commission found no overarching policy in place to guide the determination of which properties owned by exempt institutions are subject to property tax in Rhode Island. Throughout the history of the U.S., nonprofit hospitals and universities have been exempt from taxes including local property taxes. However real estate dedicated to activities outside an exempt institution's core educational or research mission are taxable. The criteria are established by state law and jurisprudence, so there are differences from state to state. What makes this an interesting policy issue is that even within states, there is considerable variation from jurisdiction to jurisdiction in implementation. Municipal tax assessors who exert more scrutiny and who have the support of the city solicitor bring in greater tax payments from nonprofit institutions. It should be investigated whether Providence could more consistently collect property taxes on vacant property, property leased as faculty housing, as well as other operations outside an institution's core tax exempt mission.

In the areas we investigated - Connecticut, Massachusetts, New Hampshire, and Pennsylvania - considerable property of universities and hospitals not dedicated to the core mission of the owning tax-exempt institution is being billed by cities for property taxes. In Pennsylvania, the strategy of challenging the tax-exempt status of whole institutions ultimately garnered overwhelming resistance. In contrast, cities and towns bring in stable annual revenues through issuing tax bills to tax-exempt institutions for the portions of their property that is not actively

used to fulfill their core mission. For example, Pittsburgh's colleges and universities pay \$23 million annually in taxes to the city for payroll, parking, business privileges and any real estate not directly related to their educational missions. Total voluntary contributions from these institutions and hospitals did not exceed \$1.8 million in 2009. Yale paid \$3.5 million to New Haven in property taxes in 2007 compared to \$4.3 in voluntary payments. According to the Association of Independent Colleges and Universities in Massachusetts, Boston University pays Boston almost as much in property taxes as it does in voluntary payments. MIT is the largest taxpayer in Cambridge; Smith is the largest taxpayer in Northampton; Williams the largest in Williamstown. Every college in Worcester pays property taxes on properties that are not used as part of the school's core educational mission, with \$328,048 paid in FY 07 -- an amount that exceeds PILOT payments to the city.

Examples of Taxable Property in Connecticut

- retail:** the gift shop in a museum, college bookstore
- space leased to concessions:** coffee shop in a university or hospital building
- housing:** university owned housing leased to faculty
- leases:** offices leased to a medical practice
- vacant:** vacant property is not an exempt use
- leased personal property:** a CT scan leased by a hospital
- property owned by contractors:** cafeteria equipment

Examples of Fees Collected by Cities from Tax-Exempt Institutions

The following are some more extraordinary fees levied by cities that are paid by tax-exempt institutions or their employees.

Energy and Phone Line Assessments in Baltimore: Including its medical operations, Johns Hopkins paid the city \$10 million in 2009 between parking and license fees and energy and telecom taxes.

Street Light Assessments in Minnesota: Minnesota state statute enables cities to assess fees for the maintenance of streets and street lighting to all properties benefited. The fee will generate

\$155,000 from the 1,600 nongovernmental tax-exempt parcels in Minneapolis.

Impact Fees for Penn State's Innovation Park: Penn State, which does not participate in a PILOT agreement, pays an impact fee to the local municipality for law enforcement and roadways associated with Innovation Park, a 118 acre research park. The park includes a business incubator which pays property taxes and university offices that don't. The Research park is a venue for interaction between the university and the business community offering services that benefit entrepreneurs and researchers.

Pennsylvania Local Services Tax on Workers: Municipalities and school districts impose the tax on persons employed within their jurisdiction at a combined rate of no more than \$52 per year. Since this tax is on employees, college and hospital employees pay it the same as any other worker.

Taxing Parking in Pennsylvania and Maryland: The tax is levied on every person parking or storing a motor vehicle in or on a parking facility in the city. Philadelphia taxes parking at 20%. Pittsburgh taxes parking at 37.5% in 2009 and 35% in 2010. Baltimore taxes parking at 16% bringing in \$20 million and plans to raise it to 20% in FY2011 to bring in an additional \$5 million. The Baltimore Mayor's office points out that this tax is paid mostly by commuters into the city and it encourages the use of mass transit and carpools, reducing traffic congestion and air pollution.

Recent Proposals to Derive Revenue from Tax-Exempt Institutions

Essential Services Fee

Pennsylvania lawmakers are considering a proposal to amend the State's Purely Public Charities Act (Act 55 of 1997) to allow municipalities the option of imposing "Essential Services Fees" on real estate owned by charities.

Baltimore Exempt Property Bed Fee Proposal

As part of a FY2011 budget proposal to close a projected shortfall, Baltimore Mayor Rawlings-Blake has proposed to levy a fee of 97 cents per day for every bed in a college or hospital facility. The fee is projected to raise \$3.9 million to help fund core city services. According to the mayor's press release the proposal is designed to charge only the largest nonprofit entitled in the City, which include the 16 private colleges and hospitals.

Taxing Tuition

There are numerous instances of local government leaders proposing to tax tuition in Pittsburgh, Providence, and Boston, but no instances where such a tax has been enacted. Below are a several recent examples.

Payroll Tax

There are proposals being floated to extend the municipal earned income tax in Pennsylvania cities to employees at tax-exempt institutions.

Regional Sales Tax

Because the economic benefits of universities and medical centers have regional impact, there have been discussions of regional taxes as a way to compensate host municipalities. A recent report in Pennsylvania on tax-exempt property and municipal fiscal status suggested regional (county) sales taxes as an option. County Commissioners Association of Pennsylvania and the Governor endorsed the concept of a voluntary county sales tax.

Payments in Lieu of Taxes

Payments in Lieu of Taxes (PILOT) are negotiated or voluntary payments made to local government by tax-exempt organizations or governments. These payments are intended to cover some portion of the cost of core city services -- police, fire, and public works. Cities peg these municipal services at about 25-30% of the municipal operating budget.

State PILOT Statutes Compared

	Private Tax Exempt Institutions	State Hospitals	State Colleges & Universities	Correctional Facilities	Other
Connecticut	up to 77%	up to 65%	No	up to 100%	VA hospital up to 100%
Massachusetts	No	No	No	No	conservation land
Pennsylvania	No	No	No	No	conservation land & state offices in Harrisburg
Rhode Island	up to 27%	No	No	Yes	-
Wisconsin	No	Yes	Yes	Yes	all state property

Connecticut and Rhode Island have unique PILOT statutes wherein the state makes payments to local governments up to a fixed percentage of the forgone tax revenue from tax exempt colleges and universities. The payment is subject to annual appropriations by the state. Rhode Island General Law 45-13-5.1, "General assembly appropriations in lieu of property tax from certain exempt private and state properties," provides a mechanism for the state to pay municipalities 27% of all tax that would have been collected if that property were taxable. However, the state may appropriate less than this amount and prorate it between recipient municipalities. In FY 2011 the proposed budget reimburses cities and towns at 21.11% providing \$19 million to the City of Providence.

Connecticut Public Act 78-113 created the state PILOT for real property of nonprofit colleges and hospitals in 1978. The statute has undergone numerous revisions and the current 77% reimbursement rate is several times more generous than the Rhode Island PILOT. Like in Rhode Island, the legislature has not fully funded the PILOT in recent years and payments have dropped to 53% in 2010.

While the Rhode Island and Connecticut PILOT statutes are unique, it is more common for states to make payments to cities for hosting state properties. These statutes and programs, such as in New York, Delaware, Vermont, and Wisconsin acknowledge and quantify the costs of providing municipal services to tax exempt properties.

PILOT Agreements between Nonprofit Institutions and Municipalities

Municipalities solicit PILOT payments from major nonprofit institutions based on the cost of basic city services and often with the implicit threat of a new mandatory tax or fee. Many specific PILOT agreements are motivated in response to institutional plans to acquire tax revenue generating property for institutional expansion. The documentable revenue stream that that city stands to lose and the municipal approvals the institution must acquire motivate both parties. The term "services in lieu of taxes" (SILOTS), has also been used where a portion of the contribution is made through in kind services.

Conditions Present in Many PILOT / SILOT agreements

(Pamela Leland. 1999. "PILOTS: a comparative analysis." *Government Finance Review*.)

- Severe shortfall of city revenues to fund basic services
- City leadership willing to apply pressure for PILOT agreements

- A plausible threat that the municipality could seek mandatory payments through some legal means
- A perception that nonprofit institutions are "wealthy and elite" combined with public skepticism about the purely charitable nature of nonprofit institutions' activities.
- A perception that the nonprofit institutions both benefit from city services and have greater financial resources than the average municipal taxpayer who relies on city services.

The Boston Approach

Boston has one of the more institutionalized PILOT programs in that it has an internal system to initiate PILOT negotiations and a standard request of 25% of property taxes -- a value derived from the approximate proportion of the City budget supporting direct services that benefit exempt institutions. When an exempt institution files construction or expansion plans, the Boston Redevelopment Authority (BRA) notifies the Assessor's office. The City seeks a PILOT commitment when an institution intends to remove a property from the tax rolls or when an institution redevelops pre-existing property. Importantly, these agreements are indexed to inflation.

Some PILOT agreements allow up to a quarter of the PILOT payment to be in the form of community services that go above and beyond the institution's charitable mission. To get credit for service contributions, institutions must submit an annual list of community service programs to the Assessor's office for consideration. Despite being one of the most organized municipalities in pursuing PILOTS, Boston still is challenged by how to quantify some of the institutions' community services. Boston's Task Force looked to establish a "standard PILOT blueprint/equation" so each tax-exempt institution can contribute in a fair and consistent manner, since there are large discrepancies between PILOT contributions.

The Pennsylvania Story

In the 1990s Pennsylvania cities including Philadelphia and Pittsburgh pushed for PILOT agreements and pursued the tactic of legal challenges to the tax-exempt status of institutions. This playing field changed in 1997 with state legislation and a court decision clarifying the criteria for tax exempt status in Pennsylvania. Subsequently the level of PILOT payments dropped off. In 2009, the level of PILOT payments received by Philadelphia was a modest \$687,000, but Philadelphia's institutions contribute significantly through redevelopment partnerships and technology parks.

City - Institutional Partnerships

In 2010, university-hospital-city partnerships are at the forefront of innovation-based economic development efforts. Cities can be strengthened by stable contributions from tax-exempt institutions combined with results-oriented partnerships. The trend has been away from seeking institutional contributions to general city revenues in favor of substantial institutional contributions to partnerships. Partnerships with universities and hospitals offer more transformative potential to achieve full scale turnaround of urban districts, state economies, and public education. In each of the cities discussed here, colleges, universities, and or hospitals contribute significant funds and in kind resources to achieve mutual goals.

City of Providence

There is a long history of community partnerships with major Providence tax-exempt institutions. These partnerships evolved organically between institutions and the City of Providence and the State of Rhode Island. In education, colleges and universities came together in 2008 to inventory and examine college and university partnerships with PK-12 education. Through that effort the Governor's PK-16 Council has become a forum to "establish statewide priorities for partnerships between the state's colleges and universities and its PK-12 schools to ensure that the areas of greatest need receive the greatest attention" (www.RIpartnerships.org). The contributions of volunteers, expertise, grant writing, and director support help the Providence Schools deliver quality education while avoiding some costs for the City of Providence.

Rhode Island's colleges, universities, and hospitals have been key strategic partners in Rhode Island's economic development strategy contributing expertise and resources. Their involvement has been key in the Slater Technology Fund, the State Technology Advisory Council (STAC) and most recently, the Knowledge Economy Project. With the leadership and assistance of leaders from hospitals, universities, and colleges, Rhode Island has made progress in positioning its economy in

growing technology sectors aligned with its research strengths. The independent Milken Science and Technology Index tracks Rhode Island's performance from an undistinguished middle of the pack in 2002 to ranking 10th among the 50 States in 2008.

The Knowledge District Project created the Innovation Providence Implementation Council "charged with developing strategy, driving action, and measuring progress in growing Rhode Island's Knowledge Economy." The agenda seeks "to

make Providence the location of choice for new companies by developing the necessary infrastructure and environment to attract, grow and retain those companies."

The Rhode Island Center for Innovation and Entrepreneurship (RI-CIE) is a flagship program in the Knowledge District formed through a partnership between Brown University and the Rhode Island Economic Development Corporation. RI-CIE's mission

is to educate knowledge economy entrepreneurs. It offers expertise to college and university faculties, researchers, students, and entrepreneurs who want to launch companies in Rhode Island focused on technology, life sciences, design, and other knowledge economy fields. By providing a bridge between higher education and the community, RI-CIE works to multiply the economic impact of colleges, universities, and hospitals on the local economy. The Knowledge District does not yet emphasize economic opportunity specifically for underprivileged residents of Providence.

Each of the four independent colleges and universities contribute to business and entrepreneurship development. The Rhode Island Small Development Center at Johnson and Wales University provides no-cost counseling to small businesses in low and high-tech fields alike. The center has a partnership with Progresso Latino and serves Providence's diverse entrepreneurial community. The MBA program at Providence College provides consulting services to small businesses.

***University-hospital-city
partnerships are at the
forefront of innovation-
based economic
development efforts***

The hospitals are contributing to upward mobility for Providence residents through the Stepping Up partnership. Stepping Up is an innovative career ladders program providing training, education, career coaching, and support services for entry-level workers at Rhode Island Hospital and Women & Infants Hospital and for low-income Providence residents. It is a partnership including the City of Providence, unions, employers, community-based adult literacy programs, and the United Way. Stepping Up is creating a pipeline from the surrounding neighborhoods into health care jobs that enables neighborhood residents to access entry-level jobs and then to move up over time.

More direct examples of the avoidance of costs that the City would have incurred directly include RISD's agreement with the City Park's Department to maintain the Riverwalk adjoining campus. RISD also testified that its 15 public safety officers and EMT respond to incidents on public or private property near the RISD campus, and that it is willing to invest in transforming this into a sworn police department.

Individually, the hospitals, colleges, and universities make significant contributions toward cost avoidance for the City, increasing the City's capacity for revenue generation, increasing the quality of education, creating workforce training pathways for residents, and general community benefits. Institutional contribution summaries are included in the appendix.

University City District

University City District in West Philadelphia is credited with reducing serious crime in the District by 20 percent and helping to bring nearly \$4.5 billion in investment to West Philadelphia. The effort has been multi-dimensional – physical revitalization, improved commercial streetscapes, public safety, clean streets, and quality public education. The University of Pennsylvania contributes \$700,000 a year to a public elementary and middle school that it started in 2001 to attract families to a West Philadelphia neighborhood. The effort is led by a board with business, neighborhood, and institutional members. The district has 17 staff to support implementation (www.universitycity.org). Other examples of such well-organized partnerships include University Circle in Cleveland. The Colleges of Worcester Consortium sustains a close partnership with City leadership and has an aggressive work program to increase the economic, intellectual, educational, and cultural impact of the colleges on Worcester and the state.

Creating the Environment for Substantial Business Growth in the City

Baltimore Science + Technology Park at Johns Hopkins. Johns Hopkins has participated in substantial ways in the City's 88

acre, \$1.8 billion dollar New East Baltimore redevelopment project and Science + Technology Park adjacent to Hopkins Medical Center. The vision includes over a million square feet of space for science and technology jobs anchoring the revitalization of the adjoining mixed use urban neighborhood. The Science + Technology Park is planned to house 20 to 50 companies. The lab, office and incubator space will offer collaboration and networking opportunities with Hopkins 630 primary researchers, 2000 postdoctoral fellows and 800 graduate students. The neighborhood development vision includes up to 80,000 square feet of retail space, 800 units of affordable, moderate, and market-rate housing, parks, and a new school.

Leadership for the East Baltimore Development project is credited to Mayor O'Malley who envisioned a life sciences and technology park and a revitalized neighborhood. The Mayor worked to build the public-private partnership that ultimately included federal, state and city government, the Annie E. Casey Foundation, Johns Hopkins Institutions, and the Harry and Jeanette Weinberg Foundation. East Baltimore Development Inc. (EBDI) was created as a nonprofit public-private partnership to manage and direct the project. Forest City-New East Baltimore Partnership, LLC was chosen as the master developer. Hopkins has been involved in planning and in EBDI board of directors. Despite the name the Science + Technology Park at Johns Hopkins, Johns Hopkins has been an important partner, but not the project developer. The hospital invested financially, deeded over 100 area properties to EBDI, and will assist in attracting biotech companies to the project.

EBDI is investing significantly in job training programs and had 60 graduates and 25 new positions related to training in 2006. The 2006 Annual Report states "Of the 765 jobs generated, 437 went to Baltimore City residents – 120 to residents of the EBDI project area and 317 to residents other areas in the city." The documents and website of EBDI also consistently communicate the high priority the project places on building a community and making sure prior community residents share in the projects benefits - primarily through generous relocation assistance, affordable housing, and new amenities. Notably, Johns Hopkins president who started in September 2009 has "made strengthening ties between the university and the communities it touches one of his main goals." Examples include employing 250 youth through YouthWorks summer employment program in 2010 and "Johns Hopkins Takes Time for Schools" leave policy for volunteering in the Baltimore City public schools.

Technology Parks on a Smaller Scale. The 10-acre Bio Park at the University of Maryland Baltimore and 12-acre Gateway

Park in Worcester are smaller scale examples of projects creating significant new space for technology business growth in the city and simultaneously working to connect employment opportunities to residents. Bio Park is building an integrated educational pathway from the neighborhood high school to a Bachelors degree in medical technology.

Findings on Partnerships

Providence benefits from a negotiated MOU which provides contributions from its colleges and universities for a 20-year period through 2023. The hospitals and other tax-exempt institutions do not have MOUs with the city to make voluntary payments. Morand of Yale University's Office of New Haven and State Affairs observed that it is important to have a settled agreement about payments in order to move on to collaborate on additional projects. Respect and trust between the different interests is essential for a productive partnership. It is in City's interest to move beyond the issue of voluntary payment amounts and instead direct collaborative efforts toward achieving results on expansion of the municipal tax base, municipal cost avoidance, and expanding economic opportunity in a majority minority city. To do this effectively, the partnership needs a mechanism to ensure that that contributions are aligned with institutions' strategy and the City of Providence's priorities.

Cross sector collaboration has been recognized as one of Providence's strengths for over a decade. Building on this ethos, there is a pressing need to collaborate around addressing Providence's fiscal challenges. Worcester's Leary Report specifically looks to examples of metropolitan areas where cross-sector collaboration has "been the rule rather than the exception" and lists Austin, San Jose, North Carolina's Research Triangle, and Providence as examples that have accelerated economic growth through partnership.

The collaboration among Providence institutions in the Knowledge District project puts Providence ahead of the curve. This study helped uncover the areas of growth potential for the City of Providence and forged a partnership for economic development, which includes a standing Implementation Council. It does not yet have implementation resources at the scale of projects with similar goals. The low incomes of so many Providence residents in close proximity to these knowledge economy institutions demands an effort to expand economic opportunity for city residents. Within this larger effort, economic opportunity and workforce issues could get lost.

A few take home lessons from scanning other partnerships around the country:

- Multidimensional efforts are required for neighborhood transformation -- physical revitalization, improved commercial streetscapes, public safety, clean streets, and quality public education. However implementation resources need to match the scope of work.
- Don't force a choice between high tech growth or community development in low income neighborhoods -- the best partnerships integrate a neighborhood agenda and an innovation agenda.
- A pledge to work together is not enough. There needs to be an organizational infrastructure tasked with keeping the partnership's work moving forward and achieving results month after month, year after year. This doesn't happen without a staff coordinator who wakes up every morning knowing it is their one job to help partnership achieve results.
- The level of leadership and direct engagement by partner institutions is very important. There must be point persons for each institution, the city, and the business community tasked with achieving results.
- Voices from the community must be included, including neighborhood activists.
- Symbolism matters. Clark University made a powerful statement with a standing promise to waive tuition at Clark for any student from Worcester's Main South neighborhood. The highly visible act of opening the college to the low-income community was more powerful dollar for dollar than ordinary institutional aid because students can see that a scholarship to Clark is available and work toward it.
- The partnership must have specific measurement tools established to keep all eyes on the results. Having a single "report card" to quantify and chronicle partnership impacts is a powerful tool for keeping focus on results and making results visible.



Recommendations

1) Create the “Capital City Partnership for Economic Growth”

The most important economic growth opportunity for Providence and Rhode Island is to build on its research, educational, and creative assets to create new private sector jobs. To succeed the City of Providence must view colleges, universities, and hospitals as engines of economic growth and develop a well-resourced and staffed partnership dedicated to 1) growing the taxable business base in Providence, 2) increasing economic opportunities in our majority-minority city, and 3) continue existing and expand efforts to yield municipal savings and cost avoidance. Knowledge economy development is long term and important; the present unemployment situation in the City of Providence cries out for immediate action. The Partnership should define strategies that are mutually beneficial.

As it is important for the City to capture the potential of the tax-exempts for economic growth, equally important is for major tax-exempt institutions to acknowledge their roles as the “new” corporations and assume an expanded socio/economic corporate responsibility role related to creating job and business opportunities for city residents. Smaller tax-exempt institutions not individually mentioned in this report can and should be an integral part of this partnership.

- 1a). Call a “Leadership Summit” to formulate a partnership agreement. The Partnership will require leadership commitment from the City of Providence, the tax-exempt institutions, and the State of Rhode Island. The commission recommends strongly that a “Leadership Summit” be called to review the recommendations and formulate a partnership agreement.
- 1b). Dedicate resources to the Partnership commensurate with the task. Providence’s university-hospital-business-state partnership in the Knowledge District project has undertaken valuable collaborative strategic planning, but does not have the implementation capacity to achieve the results Rhode Island and Providence require in these three areas.
- 1c). Establish a Standing Task Force on Neighborhood Economic Opportunity. The group will identify ways for each institution to expand local economic opportunities using training, hiring, purchasing, and outreach. This group will function as a learning network among institutions and government. The tax-exempt institutions should voluntarily participate in Providence Connects to improve job placement for Providence residents. This standing task force will help to build Providence Connects into to a system in which employers will voluntarily participate as part of their social corporate responsibility, so as to make mandates unnecessary.
- 1d). Create an annual Report Card as management tool to keep the Partnership focused on delivering results. On an annual basis, the partnership can identify priorities for the coming year to help partner institutions align their efforts. The report card should include quantitative measures such as change in the value of commercial and industrial space on the tax roles and local minority hiring and purchasing by institutions. It should also include a qualitative assessment of accomplishments.

2) Give the City of Providence a Share of Knowledge Economy Revenue

The City of Providence should actively encourage the expansion of higher education, health-care, and research in the City, but for this to happen, the City of Providence needs to directly capture some of the economic benefits of institutional growth of tax-exempt institutions in the form of general revenue. The commission has identified two mechanisms to accomplish this. For each of them, the first step would be to conduct a fiscal impact analysis.

2a). Give the City of Providence a share of incremental revenues. In the Knowledge Economy, the City can't survive on property tax alone. The State of Rhode Island receives incremental income and sales tax revenue when universities, colleges, or hospitals add employment or construct new facilities. The City of Providence needs an equitable share of the incremental revenue in order to align city, state, and tax-exempt institutions' economic development interests.

2b). Tax by Use. Providence should have a defined tax by use policy similar to New Haven, Connecticut. For purposes of value, the City should assess all property irrespective of tax classification.

3) Achieve full funding of the State PILOT for the City of Providence.

The presence of tax-exempt institutions does not have a measurable impact on municipal finances except in cities that are highly reliant on the property tax and have a significant share of total property owned by tax-exempt institutions, like Providence. For this reason, the state funding of the PILOT for Providence is in a class by itself. The Partnership should work with the Providence representatives to the General Assembly and state leadership to achieve full funding of the PILOT at 27% for Providence.

4) Use MOUs to build trust, stability and predictability.

Building a partnership requires trust, stability, and predictability. The long-term MOU with the colleges and universities contributes to that trust by reaching agreement and setting aside the very contentious issue of contributions to the City. Parties should not attempt to reopen the existing MOU earlier than one year prior to its expiration in 2023, at which time the parties should negotiate the continuance of an MOU. The City should pursue MOUs with additional institutions to reach agreement about their contributions to the City of Providence.

5) Maximize the future revenue stream from the Interstate 195 parcels by seeking taxable developments, developments under a MOU, or developments with revenue sharing from the state.

As a statement of principle, the City of Providence should work to maximize the future revenue stream achieved through the redevelopment of the I-195 land. We recommend that the administration and City Council work to understand the full breadth of the opportunities for the City of Providence opened up through this historic opportunity.

Appendices

Providence Tax Exempt Property Growth Maps, 1985-2005

Testimony on Contributions to the City of Providence

Brown University

Johnson and Wales University

Providence College

Rhode Island School of Design

Hospital Association of Rhode Island

Women and Infants Hospital

Sources

Providence: Tax Exempt Property Growth



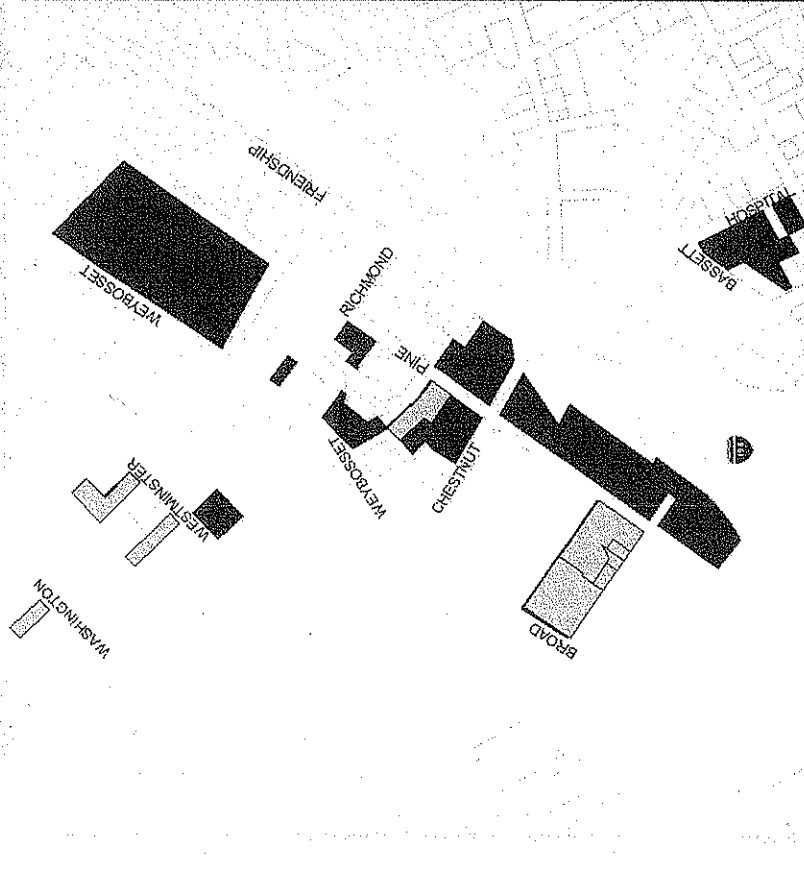
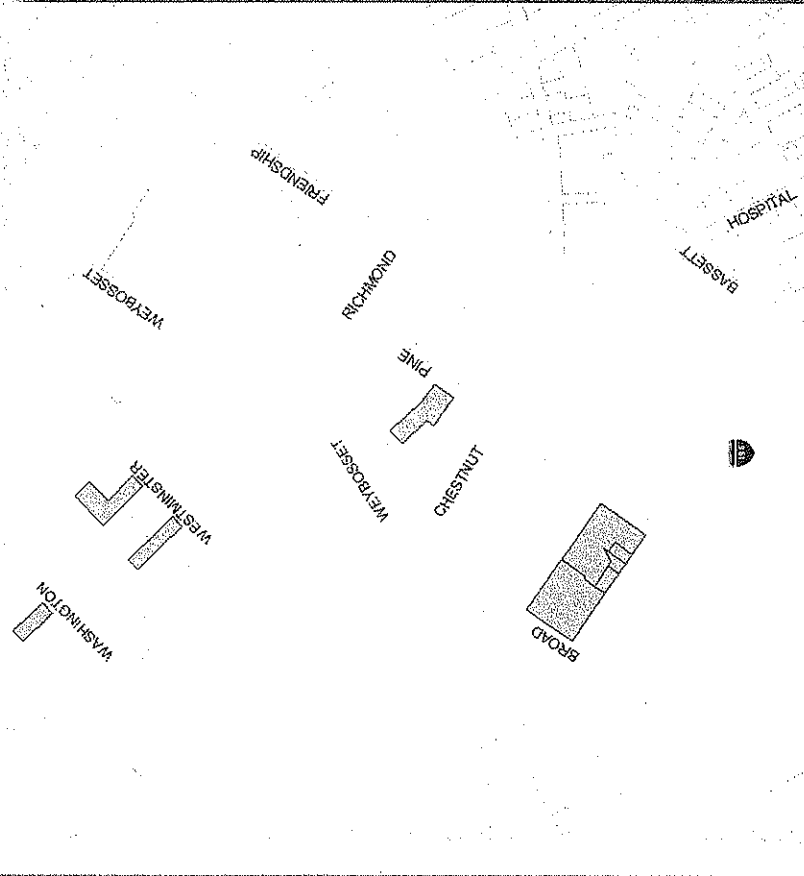
1985-2005

Johnson & Wales University-Downtown Campus



1985

1985+2005

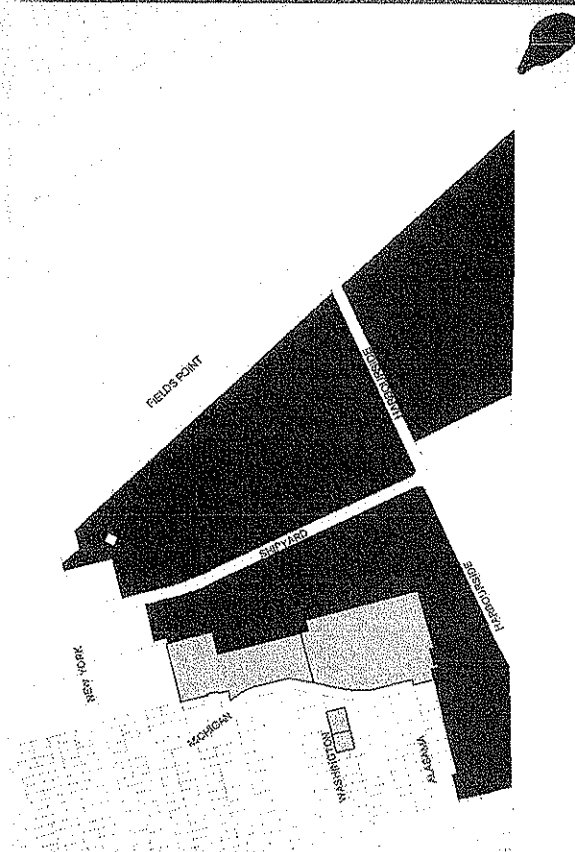
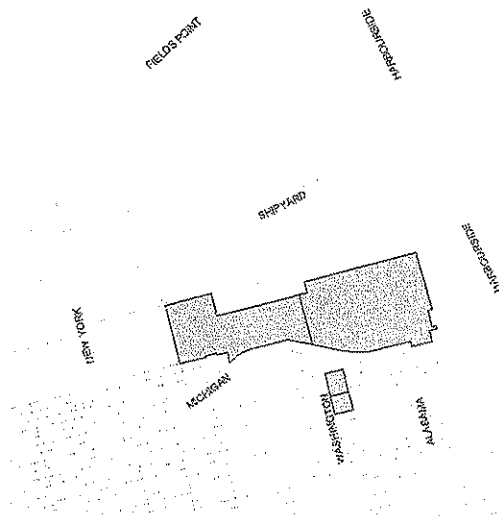


Johnson & Wales University-Harborside Campus



1985

1985 + 2005

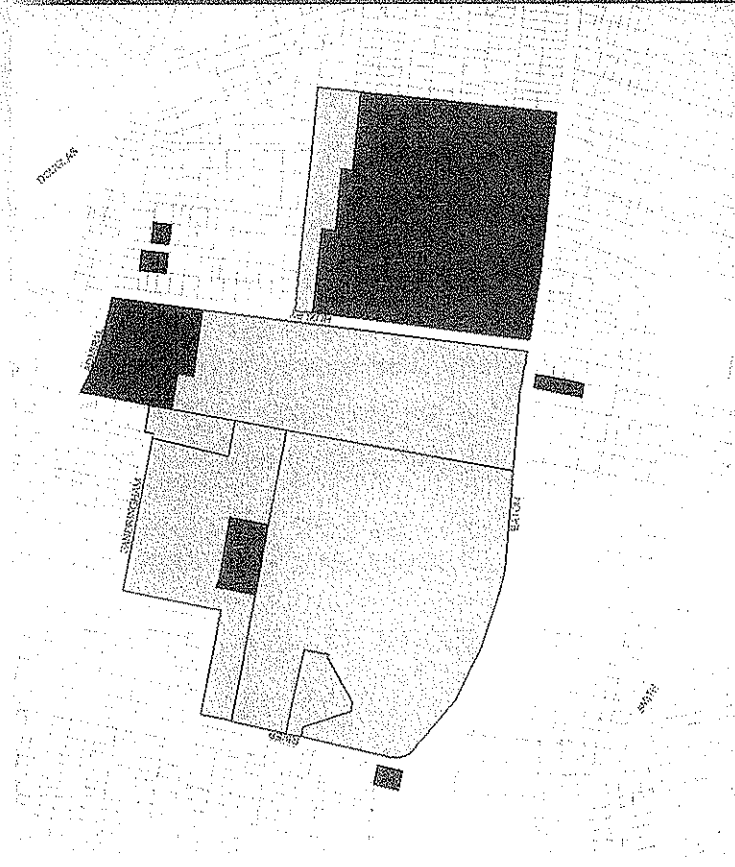
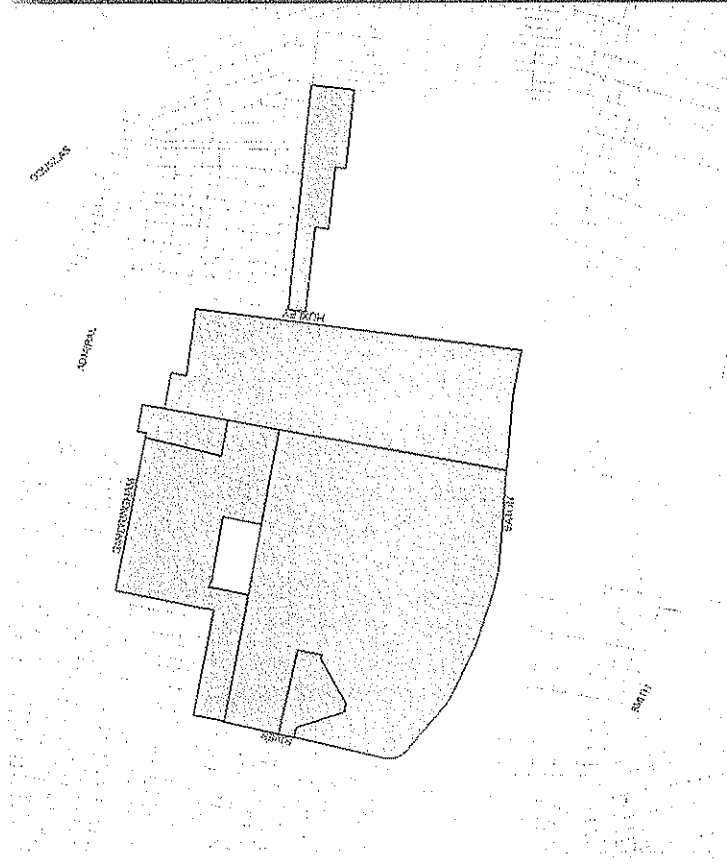


Providence College



1985

1985 + 2005

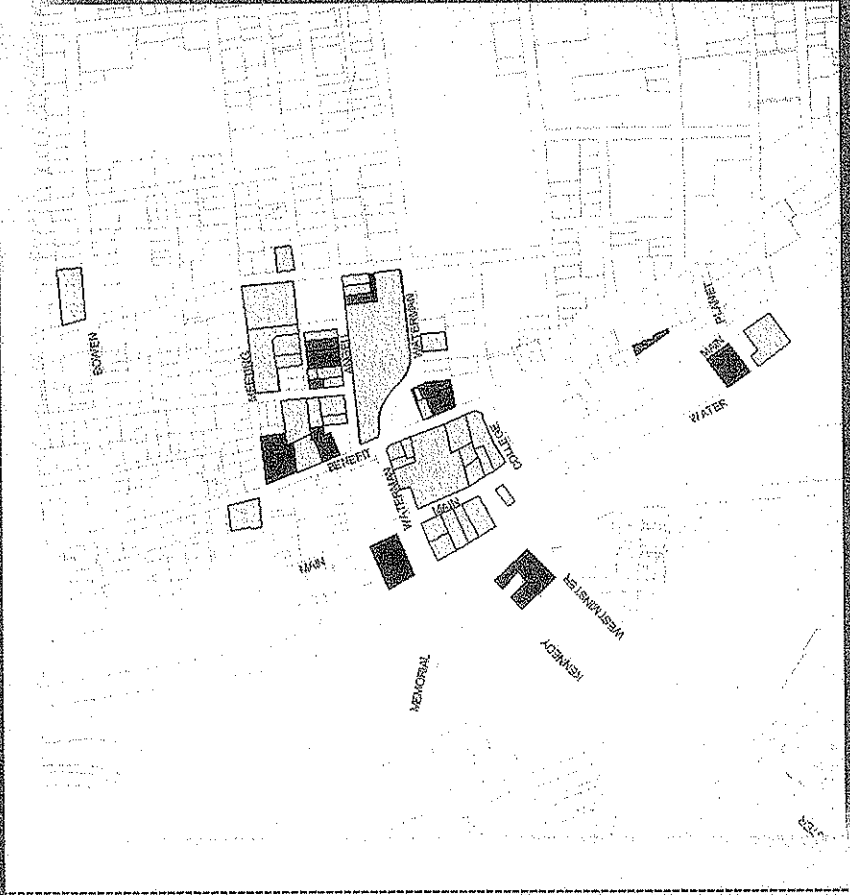
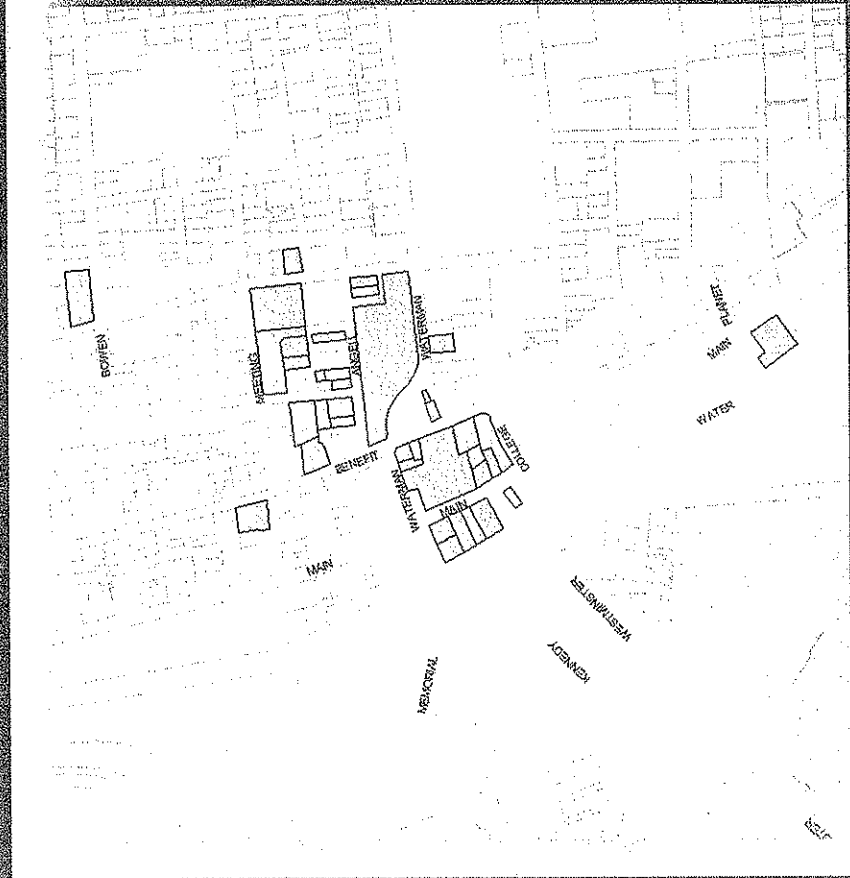


Rhode Island School of Design



1985

1985-2005



Brown University



1985

1985+2005

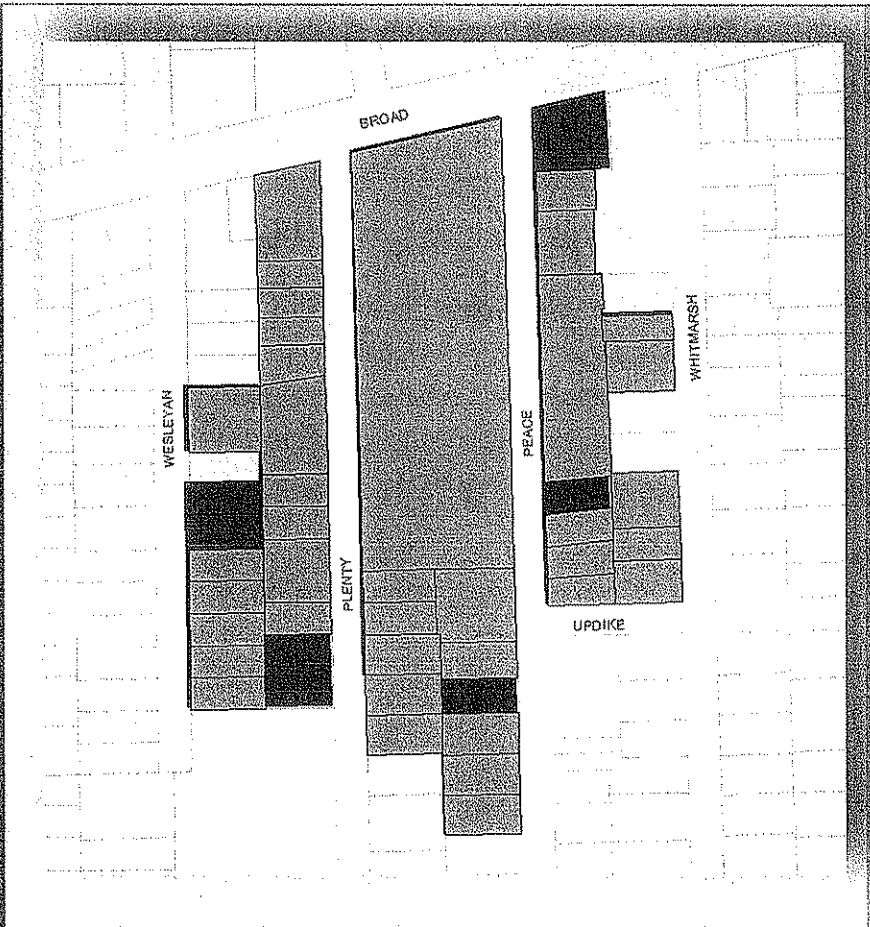
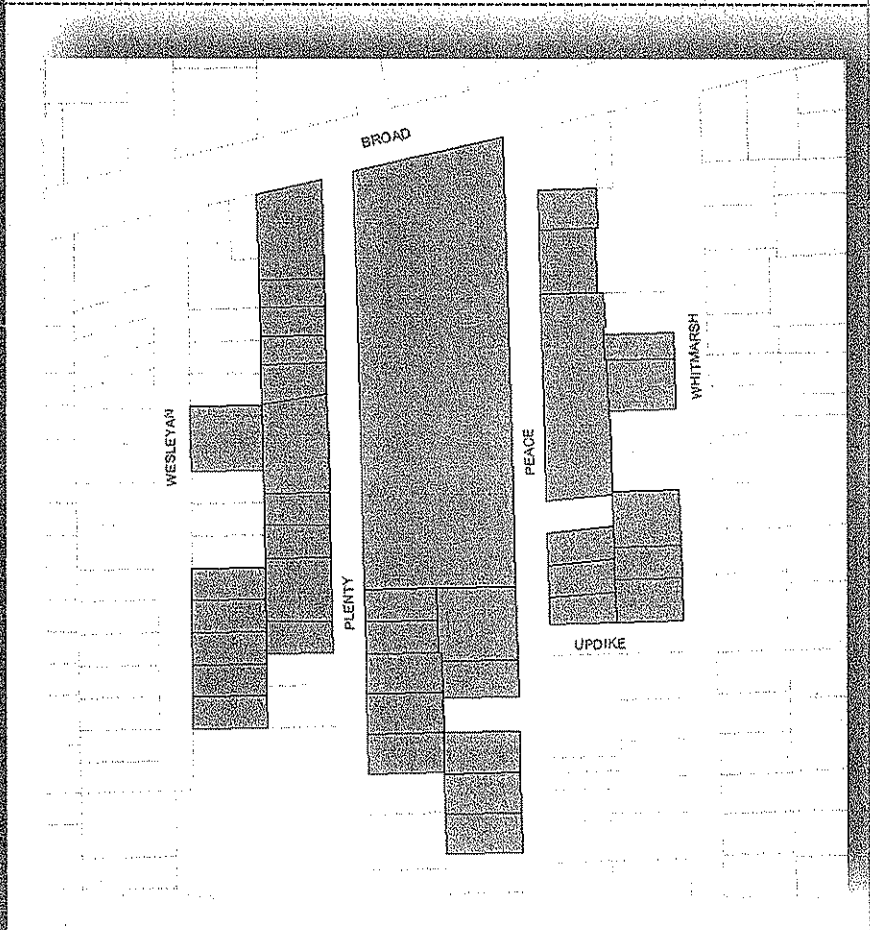


St. Joseph's Hospital



1985

1985+2005

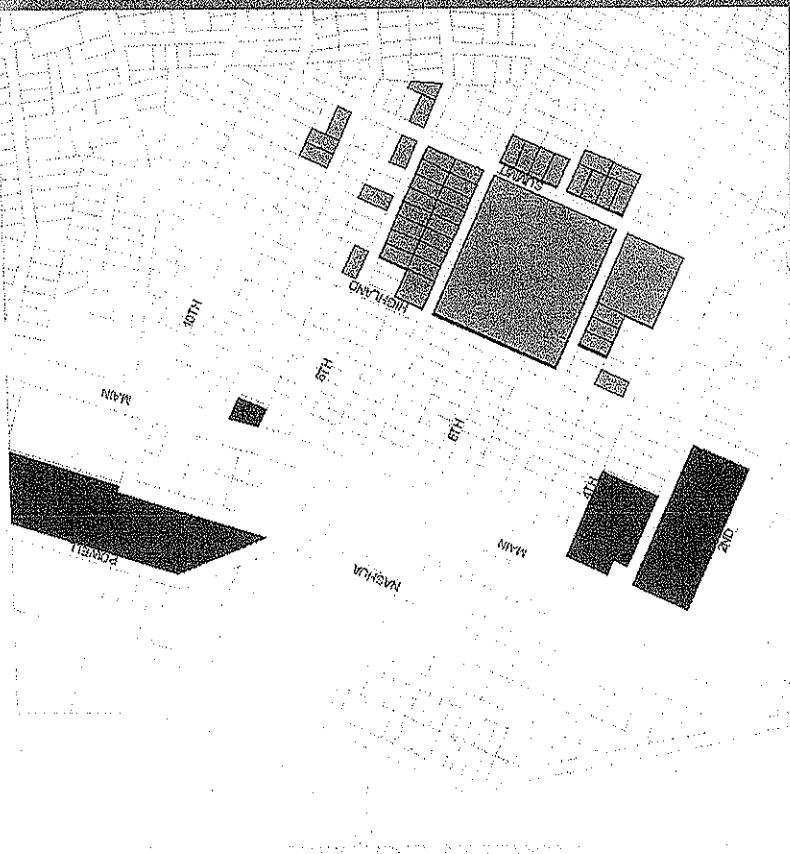
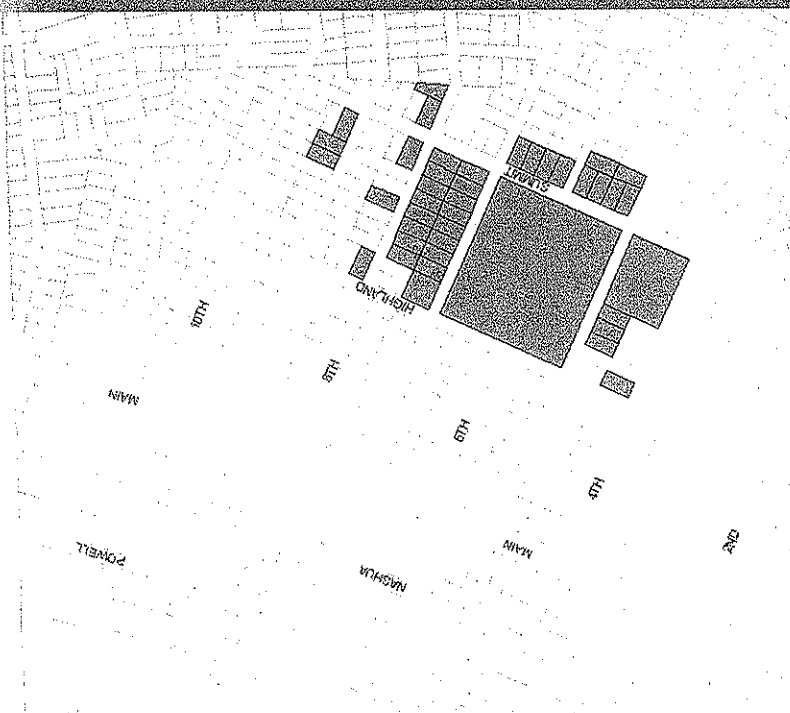


Miriam Hospital



1985

1985+2005

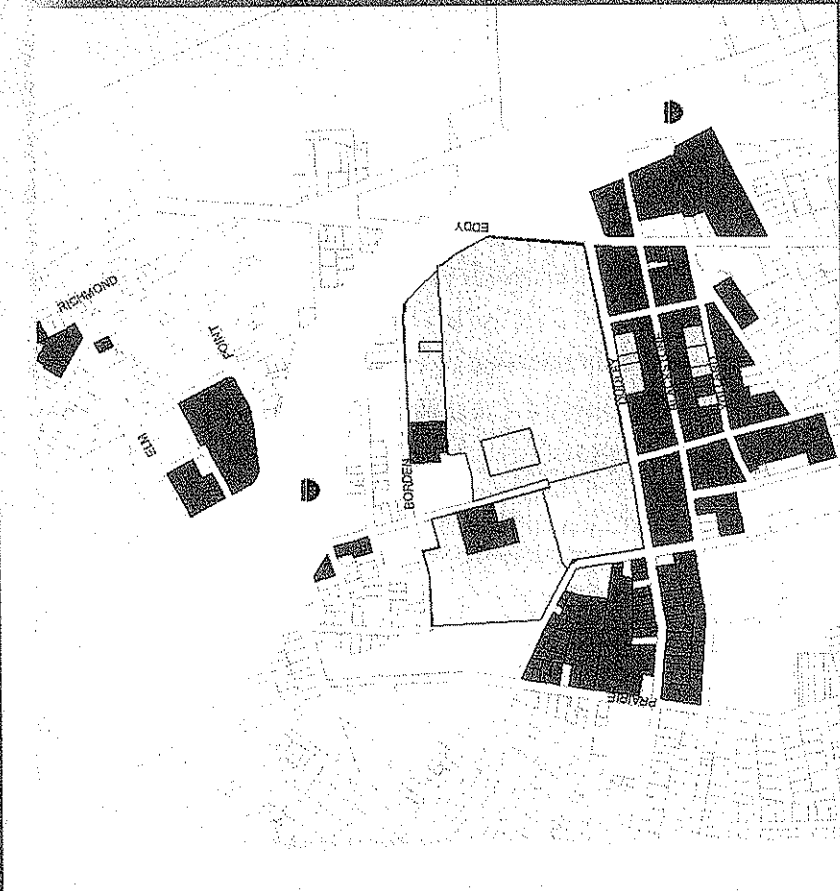
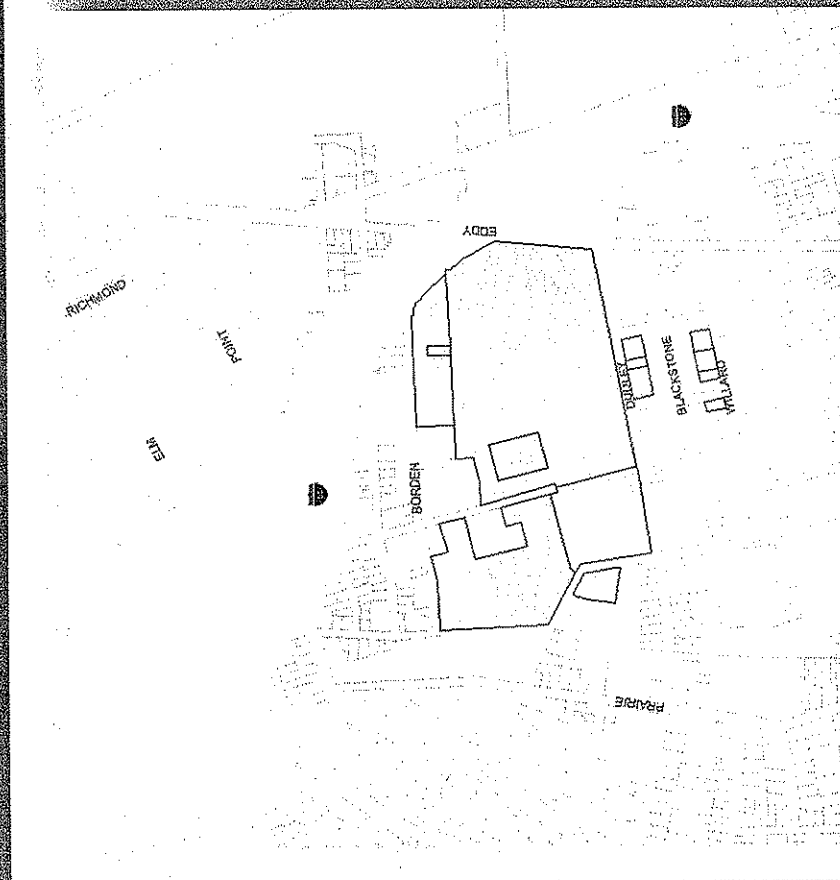


Rhode Island Hospital



1985

1985+2005

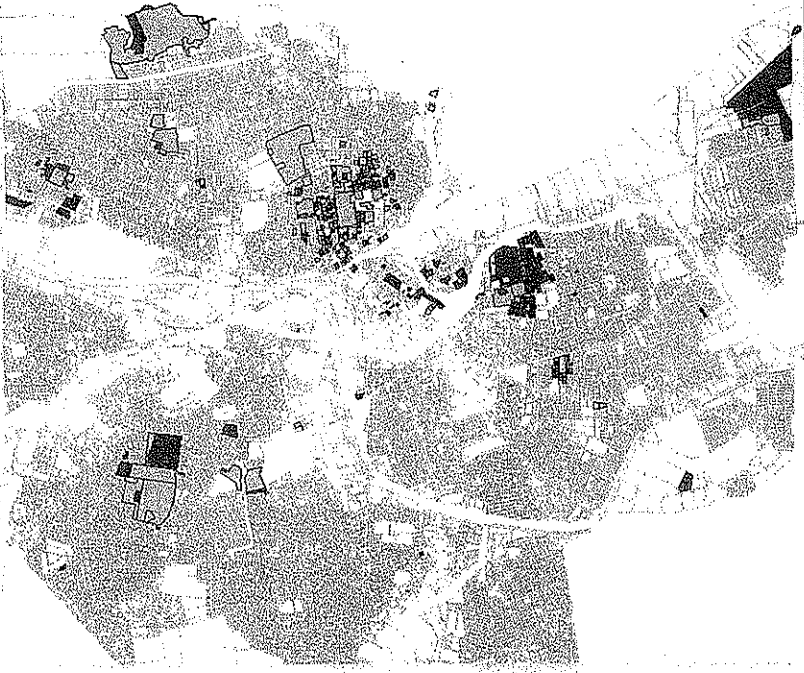
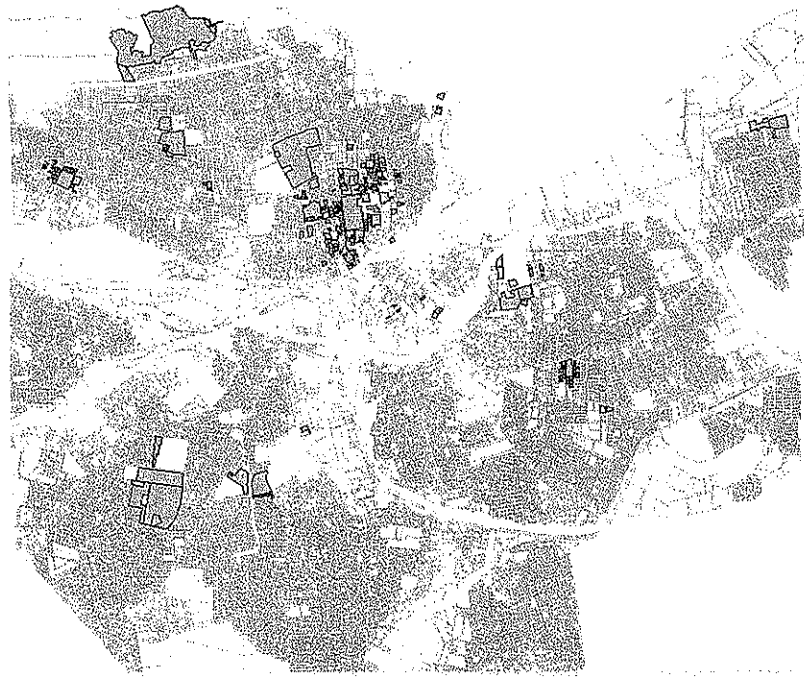


Providence



1985

1985+2005

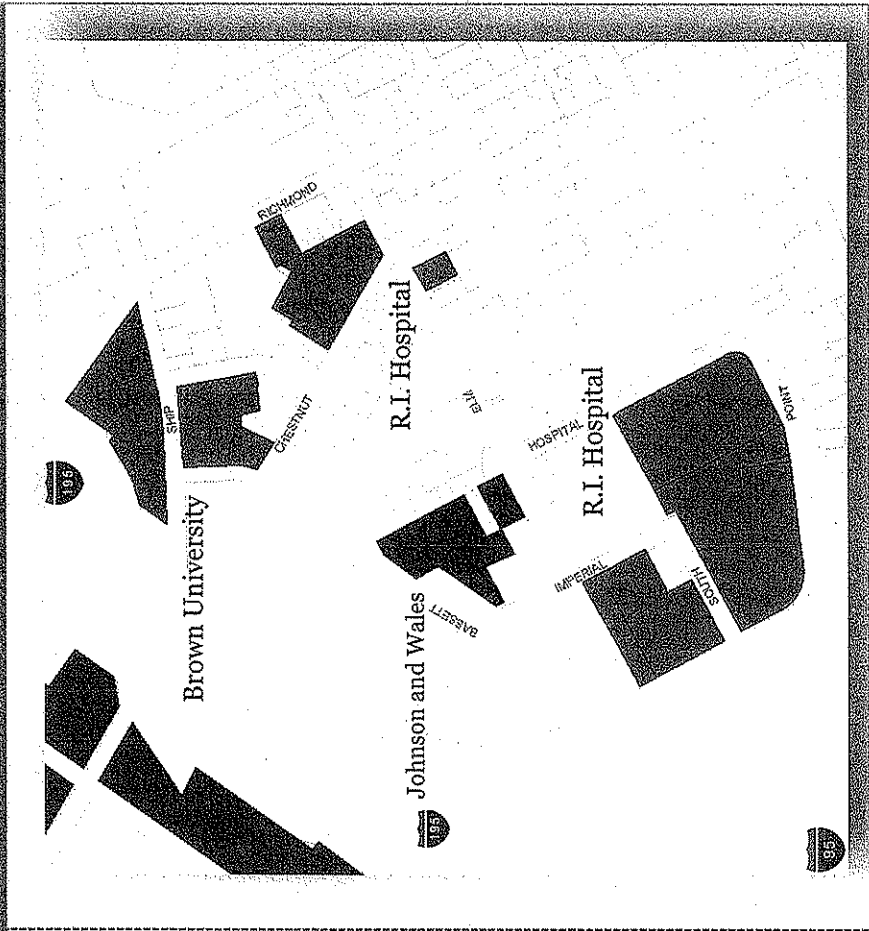
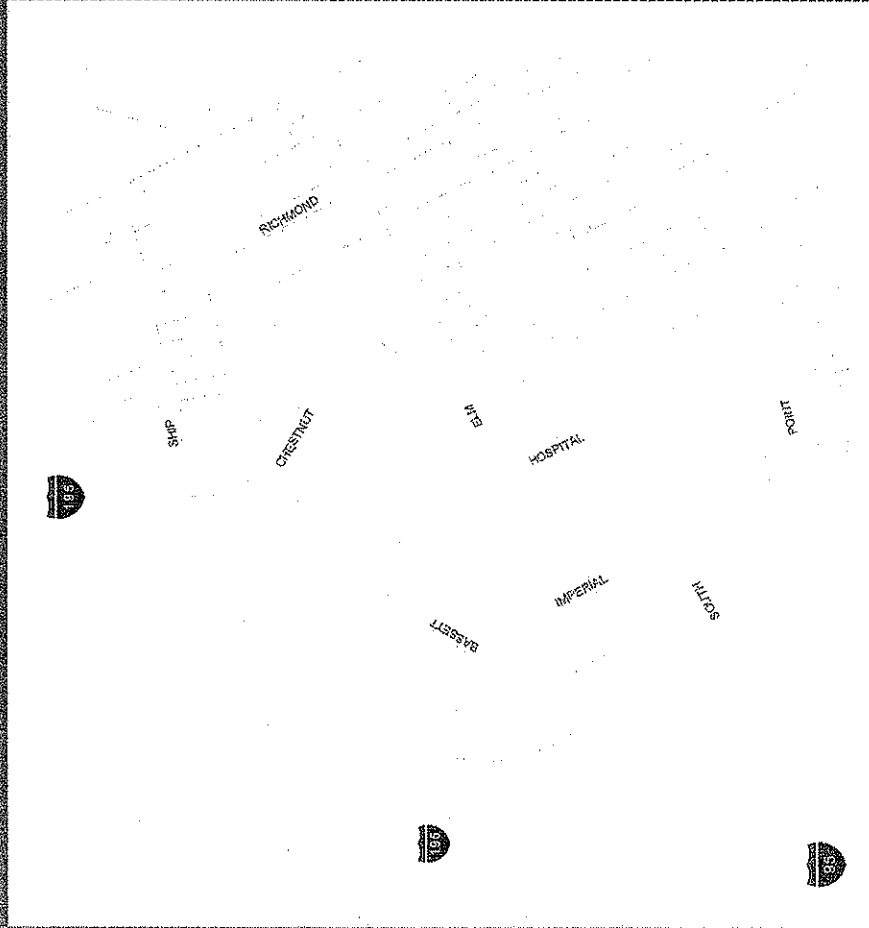


Jewelry District



1985

2005

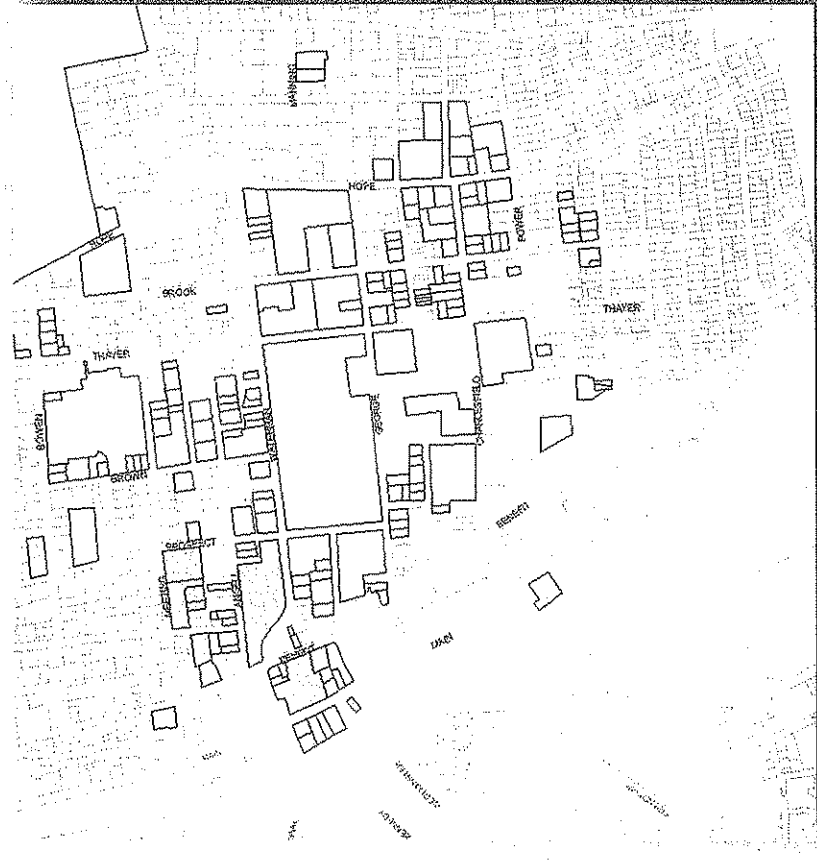


East Side



1985

1985+2005



Brown University: Economic Impact on Rhode Island

December 7, 2009

Appleseed

Brown's Role in Rhode Island's Economy: By the Numbers

- Brown is the sixth-largest private employer in Rhode Island, employing 4,455 people in the spring of 2009.
- Brown spent more than \$65 million on purchases of goods and services from Rhode Island firms in fiscal year 2009, directly supporting about 690 full-time-equivalent jobs at these companies.
- Brown spent more than \$67 million on construction in 2009, including \$35 million with Rhode Island-based contractors, directly generating nearly 270 full-time-equivalent jobs in construction and related industries.
- Since 2005, the number of Brown alumni living in Providence has grown by 23 percent.
- Factoring in direct University jobs, employment by Brown's suppliers and contractors, spending by students and visitors and the "multiplier effect," ***Brown directly and indirectly accounted for nearly 8,200 Rhode Island jobs in 2009, and \$660 million in statewide economic output.***
- Brown paid \$16.5 million to state and local governments in 2009 for income tax withholding, property taxes, payments in lieu of taxes and fees.
- Brown spent \$139 million on research in fiscal year 2009, making the University Rhode Island's leading center of scientific research and development. Almost all of Brown's research is funded by federal agencies or other out-of-state sources.
- During the next four years, Brown is planning to invest \$227 million dollars in new or renovated facilities for research, teaching and student activities. These investments will help build not only Brown's future, but that of the city and the state.

A leading Rhode Island employer – and job generator

Brown University is a leading source of employment opportunities for Rhode Island residents – as a major employer in its own right, through its spending on goods, services and construction, and through spending by Brown students and visitors to the University.

In the spring of 2009, Brown employed 4,455 people (excluding students), 83 percent of whom worked full-time. During fiscal year 2009, wage and salary payments to Brown employees totaled \$252.6 million.

In 2009, Brown University was the sixth-largest private employer in Rhode Island. Brown is, moreover, a growth enterprise; between 2005 and 2009, regular employment at Brown grew by 18.6 percent – a gain of nearly 700 jobs. During the same period, payroll employment in Rhode Island declined by 4.8 percent – and in Providence, employment declined by 3.3 percent.

Brown provides a broad range of employment opportunities for people with varying skills and levels of education – from full professors, PhD researchers and professional administrative staff to facilities management staff, clerical workers and lab technicians, security guards and food service workers. The University provides competitive salaries and wages, and extensive health, retirement, educational and other benefits.

In 2009, 31 percent of Brown's regular employees – approximately 1,400 people – lived in Providence. More than half (51 percent) lived in other Rhode Island communities; and 17 percent lived outside the state – the majority of them in southeastern Massachusetts.

The impact of purchasing and construction

Brown University spent nearly \$270 million in fiscal year 2009 on purchases of goods and services and on construction, of which \$101 million was paid to Rhode Island vendors and contractors.

Brown's spending on goods, services and construction generates business for Rhode Island companies and jobs for Rhode Island residents. Overall, Appleseed estimates that University spending on goods, services and construction directly supported about 950 full-time equivalent jobs with Rhode Island companies in fiscal year 2009 – 720 in Providence and another 230 at companies elsewhere in the state.

Table 1: Brown University spending by location of vendor, FY 2009

Brown's Spending by Location of Vendor, FY 2009	TOTAL	Percent Paid to Rhode Island Companies	Dollars Paid to Rhode Island Companies
Goods & services	\$202,547,000	32%	\$65,630,000
Construction	\$67,451,000	53 %	\$35,469,000
TOTAL	\$269,998,000	37%	\$101,017,000

In fiscal year 2009, Brown spent \$202 million on purchases of goods and services (other than construction). Purchases from Rhode Island companies totaled \$65.6 million – 32 percent of all University spending on supplies and services. Businesses based in Providence accounted for about 71 percent of all in-state purchasing.

Rhode Island businesses from which the University buys goods and services include such large firms as Gilbane Inc., Dimeo Construction, Shawmut Design & Construction, Blue Cross Blue Shield of Rhode Island, and EW Burman as well as smaller firms and institutions like Trinity Rep, Shanix, Atomic Catering, and Durkee & Brown Architects.

University purchases of goods and services directly support jobs in these and other Rhode Island companies. Appleseed estimates that the \$65.6 million Brown spent on in-state purchases of goods and services in fiscal year 2009 generated 690 full-time-equivalent jobs throughout the state.

Some of the jobs supported by Brown's purchasing are minority- and women-owned businesses. The University estimates that about \$4.1 million in spending during FY 2009 was with minority- and women-owned businesses.

Brown spent \$67.5 million in fiscal year 2009 on construction and renovation of University facilities, of which \$35.5 million was paid to Rhode Island-based contractors. Appleseed estimates that in 2009 University construction directly generated nearly 270 full-time-equivalent jobs with Rhode Island contractors in construction and related industries.

As Table 2 shows, Brown's combined spending on purchasing and construction directly created nearly 1,000 FTE jobs in Rhode Island in fiscal year 2009 – nearly 700 of them in Providence.

Table 2: Direct jobs created from purchasing and construction, fiscal year 2009

	Providence	Rest of Rhode Island	Total
Purchasing	489 FTE	200 FTE	689 FTE
Construction	208 FTE	59 FTE	267 FTE
TOTAL	697 FTE	259 FTE	956 FTE

Brown's spending on construction includes a number of projects that have recently opened or will be complete in the next couple of years, including the \$12 million Rhode Island Hall renovation, the \$7.4 Lyman Hall renovation, and major maintenance projects (including residence hall renovations, utility upgrades and energy conservation initiatives) that will total more than \$34 million.

Over the next three years, the University plans to invest nearly \$220 million in construction and major maintenance projects. Based on FY 2009 construction activity, we project that about \$116 million will go to Rhode Island-based contractors. We estimate that this spending will directly create approximately 870 person-years of employment in

construction and related industries in Rhode Island – an average of 290 full-time-equivalent jobs each year for three years.

Indirect and Induced Effects

Brown's impact on the Rhode Island economy goes beyond the direct impact of its spending on payroll, purchasing and construction; it also includes "indirect and induced" or "multiplier" effects. Rhode Island companies from which the University buys goods and services use some of the money they earn from Brown to buy goods and services from *other* local businesses; and those businesses in turn buy some of what they need from still other Rhode Island companies. Similarly, Brown's employees (and the employees of its Rhode Island-based suppliers) spend part of their take-home pay locally – for housing, utilities, food, child care, entertainment and other routine household needs.

As Table 3 shows, the indirect and induced effects generated by Brown's direct spending on payroll, purchasing and construction in fiscal year 2009 totaled nearly \$212 million in statewide economic output, and approximately 1,694 FTE jobs.

Thus, the direct, indirect and induced effects of the spending on payroll, purchasing and construction – and the spending by university employees and in-state suppliers that university spending made possible – generated about 7,100 full-time-equivalent jobs throughout Rhode Island in FY 2009, and \$565 million in statewide economic output.

Table 3: State-wide impact of purchasing, construction and payroll spending

	<i>Direct University spending</i>		<i>Indirect and induced impact of spending by vendors, contractors and employees</i>		<i>Total impact</i>
	<i>Payroll</i>	<i>Purchasing / construction</i>	<i>Impact of employee spending</i>	<i>Impact of vendor and contractor spending</i>	
Rhode Island	\$252.6 million 4455 jobs	\$101.1 million 956 FTE	\$150.8 million 1222 FTE	\$60.9 million 472 FTE	\$565.4 million 7105 FTE

The impact of student and visitor spending

Brown University also contributes to the economies of Rhode Island and Providence by attracting students and visitors from around the country and the world. Spending by students and visitors supports employment in a variety of local industries; including housing, restaurants, hotels, retailing and entertainment.

Student spending

Brown enrolled 8,318 undergraduate, graduate and medical students in the 2008-09 academic year, and 869 students during the summer. Based on data provided by the University, we estimate that students living in a dormitory or Brown-owned apartment spend an average of about \$2,900 on miscellaneous personal expenses; and students living off-campus, about \$9,360. To calculate the impact of summer students, we assumed that summer students would spend a quarter of the amounts spent during the academic year.

Based on the assumptions outlined above, Appleseed estimates that in fiscal year 2009, spending by Brown students totaled about \$47.3 million.

Table 4: Student spending

Student Spending	Students	Student Costs		Total
On-Campus Academic Year	4,890	\$	2,902	\$ 14,190,780
Off-Campus Academic Year	3,428	\$	9,362	\$ 32,092,936
On-Campus Summer	684	\$	726	\$ 496,506
Off-Campus Summer	185	\$	2,716	\$ 501,378
TOTAL				\$ 47,281,601

As with spending by the University itself, money spent by Brown students generates economic activity and jobs in Rhode Island, both directly and indirectly. Appleseed estimates that student spending of \$47.3 million in fiscal year 2009 directly supported 615 full-time equivalent jobs; and through the multiplier effect, another \$22 million in economic output and 170 FTE jobs.

Visitor spending

Like the University and its students, visitors to Brown spend money while they are in Providence that generates economic activity and jobs in Rhode Island. Based on data and estimates provided by Brown University, we can estimate that there were approximately 120,000 visitors to the Brown campus during fiscal year 2009. This includes prospective students and their parents, relatives and friends who attended commencement ceremonies, participants in academic meetings and conferences and visitors attending athletic and performing arts events.

The impact of these groups varies. By definition, all of those for whom University departments book hotel rooms are out-of-town overnight visitors. And with many students coming to Brown from outside Rhode Island, it is reasonable to assume that a great majority of prospective students who visit the campus, commencement guests, reunion alumni and participants in parents' weekends are similarly from out of town.

Assuming that they stay an average of two days in Providence, we estimate that local spending by out-of-town visitors totaled approximately \$15.2 million in fiscal year 2009. This spending directly supported 218 FTE jobs in Rhode Island; and an additional 64 FTE jobs and \$8.4 million in economic output through the multiplier effect.

Payments to State and Local Governments

Payments to State and Local Governments

Despite its status as a nonprofit institution, Brown – like any other major enterprise – generates revenue for state and local governments, in a variety of ways. Overall, Brown directly contributes \$16.5 million to the state and city treasuries.

- In FY 2008, Brown withheld \$10.4 million in income taxes from the salaries and wages of its employees. In addition, the University paid about \$441,000 in unemployment insurance taxes.
- At the local level, the University paid about \$3.4 million in real property taxes on property used for purposes not considered tax-exempt, and in payments in lieu of taxes (PILOT).
- As a user of state and city services the University paid \$2.3 million for water, sewer and other services.

Table 5: Payments of taxes and fees to state and local government

Tax or fee	Amount
Taxes and PILOTs	
State income taxes withheld	\$ 10,412,000
Unemployment insurance taxes	\$ 441,000
Real property taxes	\$ 2,200,000
PILOTs	\$ 1,150,000
Fees for services	
Narragansett Bay Commission	\$ 1,300,000
City of Providence Water Supply	\$ 885,000
Other City and State fees	\$ 115,000
TOTAL	\$ 16,503,000

Putting It All Together: Brown as a Job Generator

When the number of Brown employees is combined with the number of jobs supported by Brown's spending on supplies, services, and construction; the number of jobs generated by the spending of students, employees, and visitors, Appleseed estimates that in fiscal year 2009, Brown directly and indirectly accounted for nearly 8,200 jobs throughout Rhode Island – 1.7 percent of all wage and salary employment statewide.

Table 6 summarizes Brown's impact on the state of Rhode Island in fiscal year 2009.

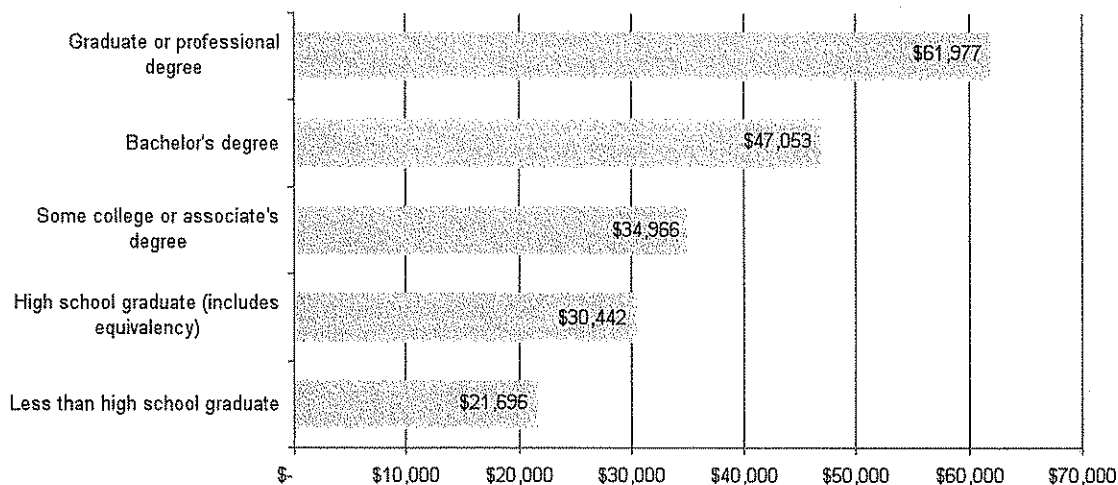
Table 6: Brown's impact as an enterprise on Rhode Island, fiscal year 2009

	Output	Jobs (FTEs)
Brown payroll		
Direct (RI)	\$ 252,617,000	4,455
Indirect/induced	\$ 150,800,000	1,222
SUBTOTAL	\$ 403,417,000	5,677
Brown purchasing		
Direct (RI)	\$ 65,630,000	689
Indirect/induced	\$ 40,827,000	316
SUBTOTAL	\$ 106,457,000	1,005
Brown construction		
Direct (RI)	\$ 35,469,000	267
Indirect/induced	\$ 20,145,000	156
SUBTOTAL	\$ 55,614,000	423
Student spending		
Direct (RI)	\$ 47,281,000	615
Indirect/induced	\$ 22,000,000	170
SUBTOTAL	\$ 69,281,000	785
Visitor spending		
Direct (RI)	\$ 15,200,000	218
Indirect/induced	\$ 8,358,000	64
SUBTOTAL	\$ 23,558,000	282
GRAND TOTAL	\$ 658,327,000	8,172

Developing Rhode Island's human capital

Economists have long recognized that there is a strong correlation between a city's or state's "human capital" – the accumulated knowledge, skills and experience of its people – and its potential for economic growth and development. At the individual level, of course, the impact of education on earnings is widely recognized. In 2007, as Figure 1 shows, the median income of Providence residents who had four-year college degrees was nearly \$17,000 greater than the median income of those who had only a high school diploma.

Figure 1: Median earnings by educational attainment, Rhode Island, 2007



The benefits of higher education, however, are not limited to those who earn degrees. In a paper published by the New York Federal Reserve Bank, Jaison Abel and Todd Gabe found that "a one percentage point increase in the proportion of residents with a college degree is associated with a 2.3 percent increase in metropolitan-area GDP per capita." Summarizing the results of previous studies, Abel and Gabe cite two explanations for the powerful link between human capital and economic growth.

First, human capital increases individual-level productivity and idea generation. Second, the concentration of human capital within a region facilitates knowledge spillovers, which further enhance productivity and fuel innovation. Indeed, Glaeser suggests that human capital is a key predictor of urban success because "high skilled people in high skilled industries may come up with more new ideas." In addition, a region's stock of human capital has been shown to lead to more rapid reinvention and increases in the long-term economic vitality of cities.¹

Abel and Gabe's work echoes that of other economists who had found similar spillover effects. Even non-college educated workers benefit from this effect; other research has

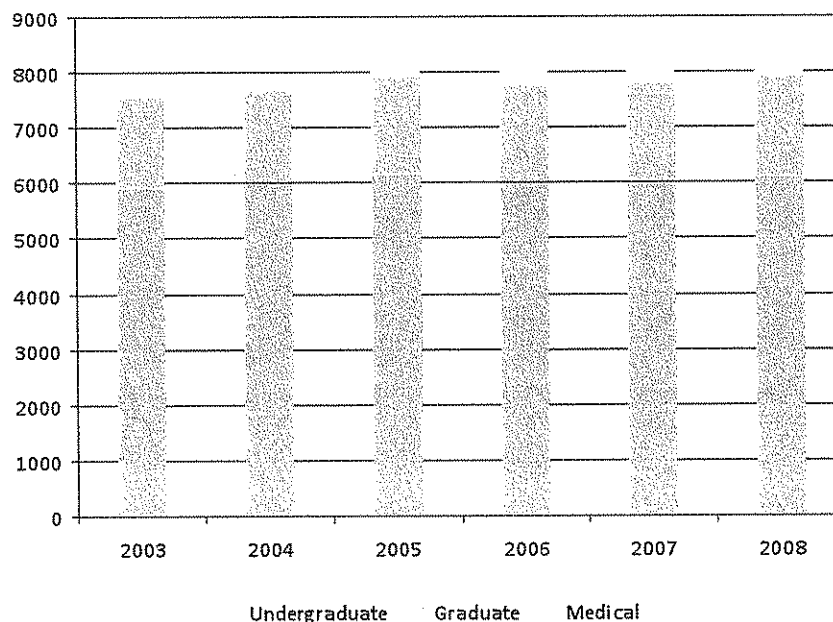
¹ Jaison Abel and Todd Gabe, "Human Capital and Economic Activity in Urban America," Federal Reserve Bank of New York, staff report no. 332, July 2008, pp. 1-2.

shown that a 1 percentage-point increase in the percentage of workers with college degrees is associated with a 1.6 percent increase in the earnings of workers who only have high school diplomas.²

Brown students and alumni

- During the fall of 2008, 8,318 students were enrolled at Brown, including 6,095 undergraduates, 1,814 graduate students and 409 medical students.
- About 18 percent of all Brown students cited Rhode Island as their permanent address – including 1,089 (13 percent of total enrollment) who were residents of Providence.
- Between 2003 and 2008, enrollment at Brown increased by about 440 students. Graduate enrollment grew especially rapidly. Enrollment in the Graduate School grew by about 11 percent between 2003 and 2008; enrollment in the Medical School grew by nearly 20 percent during the same period. The University's enrollment growth is summarized in Figure 2 below.

Figure 2: Fall Enrollment, 2003-2008

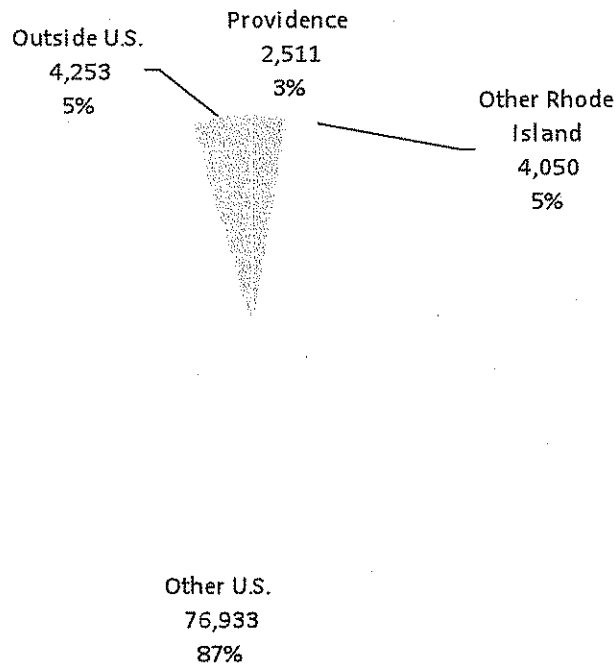


- In fiscal year 2009, Brown provided \$1.5 million from institutional sources in need-based scholarships for Providence residents, and another \$2.8 million in scholarships to students who reside elsewhere in Rhode Island.

² Enrico Moretti, "Social Returns to Human Capital," NBER Reporter: Research Summary, Spring 2005.

- More than 6,500 alumni of Brown University reside in Rhode Island (about 8 percent of all alumni), including more than 2,500 who live in the City of Providence. The distribution of Brown alumni by current residence is shown in Figure 3.
- Since 2005, the number of Brown alumni living in Providence has grown by 23 percent.

Figure 3: Brown alumni as of the summer of 2009, by place of residence



Preparing students for tomorrow's economy

Brown offers a wide range of programs that help both undergraduate and graduate students acquire the knowledge, skills and ways of thinking they will need to succeed in tomorrow's economy – and that are needed for the rebuilding of Rhode Island's economy as well. We cite here just a few examples.

- Brown's Biomedical Engineering program engages students in using the tools and methods of engineering to address some of the most critical problems in health care, the life sciences and biomedical technology – areas that are critical to the future growth of the state's economy. The program offers both undergraduate and graduate degrees, and has since the 1990's been one of the most popular areas of concentration for Brown engineering students.
- In the fall of 2008, Brown and the Rhode Island School of Design began to offer a five-year dual undergraduate degree program, in which students obtain an AB

from Brown and a BFA from RISD. The program has space for 15 students each year.

- Brown's **Public Health Program** – the only program of its kind in Rhode Island – prepares students to address some of the most critical health issues facing communities throughout Rhode Island and the U.S., and around the world. The program offers undergraduate concentrations in community health and biostatistics, master's degrees in public health and biostatistics; and doctoral programs in epidemiology, biostatistics and health services research.
- The **C.V. Starr Program in Commerce, Organizations, and Entrepreneurship** (COE) is an undergraduate program that spans the departments of economics and sociology and the Division of Engineering. COE offers concentrations in business economics, organizational studies, and entrepreneurship and technology management. Students in the last of these three tracks must complete a sequence of courses in one of several technology areas – such as biotechnology, nanotechnology, information technology or energy – and courses in entrepreneurship. In their senior year, teams of students are also required to conceive and develop a business plan for a new technology-based business venture. Starting in the fall of 2009, the program also offers seniors the option of developing a plan for a new social venture.

Since its founding in 2005, COE has become one of the most popular programs at Brown, currently enrolling about 170 juniors and seniors.

- Brown's **Entrepreneurship Program** (EP) – which despite its name is actually a student-run club, rather than a formal part of the curriculum – was founded in 1998. The centerpiece of the program is its annual business plan competition, which helps students develop plans for new ventures, and awards cash prizes totaling \$50,000 to the most promising entries. In the past decade, more than 200 teams of Brown students have participated in the contest. EP also sponsors lectures and panel discussions with successful entrepreneurs, arranges mentorships, and provides access to a network of more than 900 entrepreneurs.
- The **Program in Innovation Management and Entrepreneurship** (PRIME) is a master's degree program for science and engineering students who want to learn how to apply their technical skills in the development of new products, processes and companies. Coursework emphasizes business fundamentals like finance, forecasting, and operations as well as technology management and development.

As part of the two-semester program, students have an opportunity to develop a technology business idea into a fully-formed business plan. The PRIME program began in 2006 and now enrolls about 10 students each year.

- Starting in 2005, Brown University and the Marine Biological Laboratory in Woods Hole began a joint doctoral program in biological and environmental sciences. There are currently 20 students in the program.
- In 2009 Brown and Instituto Empresa (IE), one of Europe's leading business schools, launched a new **international executive MBA program**. The program

combines on-campus courses in Providence and in Madrid with an on-line component.

Developing Rhode Island's physician workforce

- As the only medical school in the state of Rhode Island, Brown is a leading educator of the state's future physician workforce. Based on data obtained from the Rhode Island Department of Health, about 7 percent of the state's 5,047 licensed physicians earned their medical degree from the Alpert Medical School as of the summer of 2009.
- The Alpert Medical School also oversees graduate medical education – the training of residents and fellows – at its affiliated teaching hospitals. In the fall of 2008, 774 residents and fellows were enrolled in the Graduate Medical Education program and assigned to affiliated Rhode Island hospitals.
- Brown University also contributes to the continuing education of medical professionals in Rhode Island. In 2008, the University offered 42 continuing medical education programs. About 84 percent of the 2,954 attendees of the programs were Rhode Island residents.

Continuing education at Brown

In addition to its full-time undergraduate and graduate programs, Brown offers southeastern New England residents a variety of opportunities for continuing education.

- The **Brown Continuing Studies** program allows adult learners to enroll in a wide range of courses across the University. In 2009, 650 Providence-area residents enrolled in approximately 100 courses at Brown.
- During the fall of 2008, Brown enrolled 16 high school biology teachers from Rhode Island schools in **Project ARISE**. The NIH-funded program helps to develop the teachers' ability to integrate bioinformatics, neuroscience and physiology into their classrooms.
- A two-year **certificate program in infant and child mental health** trains licensed professionals in the developmental and behavioral dimensions of children up to age 5. The certificate is aimed at masters and doctoral level health practitioners from nursing, psychology, pediatrics and other disciplines. The program is sponsored by the Center for the Study of Children at Risk, the Alpert Medical School, Women & Infants Hospital, and the Brown University Office of Continuing Education.

Rhode Island's leading research institution

University research has long been an important contributor to the growth of the U.S. economy; and it remains one of America's greatest sources of competitive advantage.

Since the Industrial Revolution, the growth of economies throughout the world has been driven largely by the pursuit of scientific understanding, the application of engineering solutions, and continual technological innovation. Today, much of everyday life in the United States and other industrialized nations....is the product of investments in research...³

Brown's research enterprise contributes to the vitality of Rhode Island's economy in several ways.

- Each year, Brown attracts millions of dollars in research funding from sources outside Rhode Island – most of which is spent locally.
- Research conducted at Brown expands the boundaries of knowledge in areas that are likely to be continuing sources of innovation and economic growth in the years ahead.
- Opportunities to participate in advanced research projects helps Brown students prepare for jobs in the knowledge economy.
- The “intellectual capital” created by researchers at Brown provides a foundation for the creation of new products and services, new businesses, and new jobs.

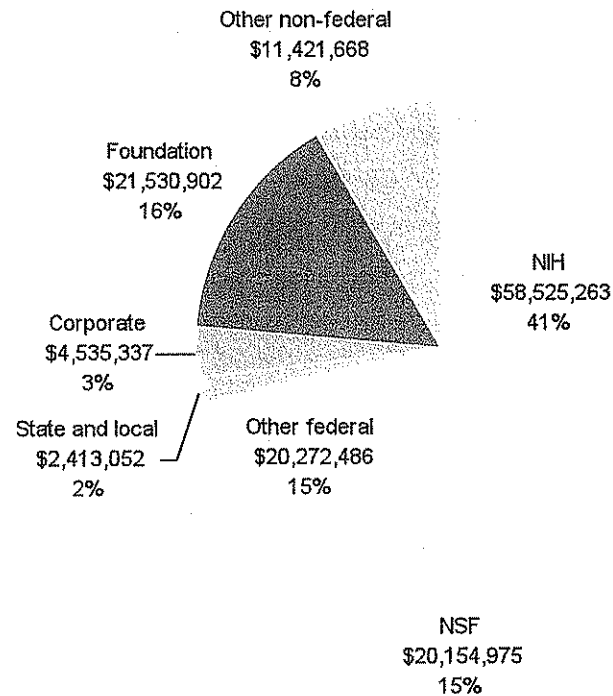
Research spending at Brown

- Brown University spent \$138.8 million on research in fiscal year 2009 – about the same level of research spending as in the previous four years. About 98 percent of Brown's research funding was obtained from sources outside the state, including \$98.9 million (71 percent) from the federal government, and \$26 million from corporate and foundation sources. Brown's research spending in fiscal year 2009, by source of funding, is shown in Figure 4 below.
- According to data obtained from the National Science Foundation for FY 2007 (the most recent year for which comparable data is available), Brown University spent more on research than all other Rhode Island colleges and universities combined.
- As of the end of January 2010, Brown has been awarded \$33.3 million in research funding under the American Recovery and Reinvestment Act, including more than \$18 million from the National Institutes of Health and \$15 million from the National Science Foundation. ARRA funding will not only help relieve economic distress in the short term, but will also strengthen the state's capacity for innovation. ARRA funds, for example, are being used to upgrade the capabilities of Brown's CAVE – a facility that allows scientists, engineers and others to use three-dimensional, high-resolution

³ Committee on Prospering in the Global Economy of the 21st Century, *Rising Above the Gathering Storm*, p. 42.

visualization as a tool for research across a wide range of disciplines – the only facility of its kind in the state.

Figure 4: Research spending, by source of funding, fiscal year 2009



Creating the knowledge that drives economic growth

Research at Brown is helping to create the knowledge that can provide a foundation for future economic growth. We cite here just a few examples.

- Based on research originally funded by the Department of Defense, researchers in neuroscience, computer science and engineering have developed the **BrainGate Neural System** – a system that translates brain signals from people suffering from paralysis into electronic signals, and thus enables them to control a variety of assistive devices. In early trials, paralyzed people have used BrainGate to control robotic limbs, drive wheelchairs and operate computers. Clinical trials of the system are currently under way at Massachusetts General Hospital.
- In 2009 the U.S. Department of Veterans Affairs awarded \$7 million to continue for the next five years the work of the **Center for Restorative and Regenerative Medicine** – a partnership between Brown, the Providence VA Hospital, along with researchers from Lifespan and MIT, that is focusing on ways to restore arm and leg function in amputees.

- In 2009, NIH awarded Memorial Hospital of Rhode Island \$7 million for research that will investigate ways to help patients make healthier decisions about eating, exercise and smoking. The principal investigator of the two studies is Dr. Charles Eaton, director of the Brown University ***Center for Primary Care and Prevention***, which is based at Memorial Hospital.
- In November 2009, a team of Brown researchers, working with colleagues at Dartmouth and the University of Tübingen in Germany, were awarded a \$6 million NIH grant to study how a virus that causes a rare brain disease – progressive multifocal leukoencephalopathy, or PML – attaches to brain cells.
- Created in 2007, Brown's ***Institute for Molecular and Nanoscale Innovation*** is an umbrella group that supports research across multiple disciplines in three targeted areas:
 - Advanced materials research;
 - Using nanoscience and technology to develop new “soft” materials; and
 - Application of nanotechnology to problems such as improving drug delivery or the design of medical implants.

As of 2009, more than 60 Brown faculty members were involved in some aspect of the Institute's work.

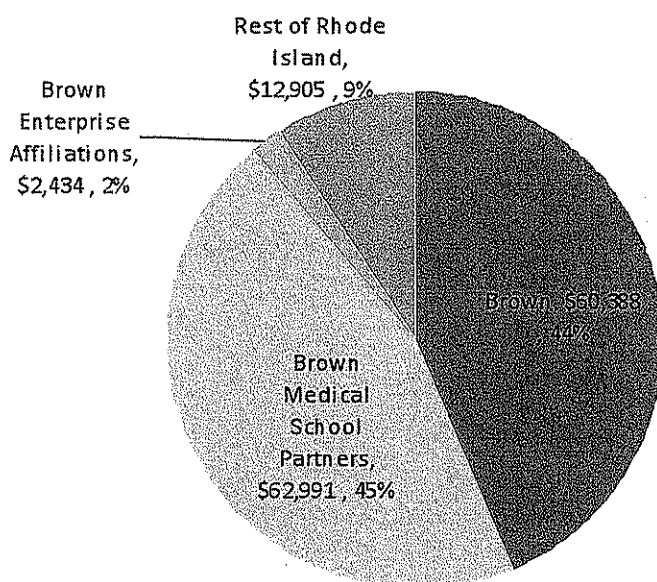
- Brown scientists have developed a new type of palladium catalyst for use in fuel cells. It is made by binding palladium nanoparticles to a carbon base. The nanoparticles are more efficient and more stable than conventional palladium catalysts.
- While compact fluorescent bulbs are energy-efficient and long-lasting, they each contain a small amount of mercury. Researchers at Brown have developed a nanoselenium cloth that acts like a mercury sponge, absorbing most of the harmful mercury vapor that would be released by a broken bulb. The University has applied for patents on the technology and is now developing a way to include the material in the bulbs' packaging material to protect against mercury leaks due to breakage in shipping and handling.
- In June of 2009, Brown University and Draper Laboratory signed a memorandum of understanding to establish a joint research center, the ***Center for Energy Research***. The Center will initially focus on four areas: carbon capture and reuse; clean energy generation; energy storage; and energy efficiency. The agreement sets a goal of conducting two joint research projects each year, supporting a graduate student as a Draper Lab fellow each year, and working to develop energy technologies to the point where they can be licensed or spun out to start-up companies.

Making Rhode Island a center of biomedical research

- Brown is the leading biomedical research institution in the state of Rhode Island. In 2008, Brown University received \$60.4 million in research funding from the National Institutes of Health – about 44 percent of all NIH funding in the state.

Hospitals and other medical institutions affiliated with the Alpert Medical School received about \$63 million in NIH funding in 2008; and companies affiliated with Brown University received another \$2.4 million. In total Brown and its affiliates were responsible for about \$125.8 million in NIH funding in 2008 – about 91 percent of all NIH funds that went to Rhode Island institutions.

Figure 5: NIH funding for Brown and Brown-affiliated institutions vs. the rest of Rhode Island, 2008



Supporting the growth of the University's research enterprise

Brown has also been developing the infrastructure required to support the continued growth and development of its research enterprise. In 2009, Brown and IBM signed a memorandum of understanding on a project that has brought a new generation of high-performance computing to Brown and Rhode Island. The new resource provides Brown researchers with the massive computing power that is increasingly needed to support cutting-edge research in the life sciences, energy, climate studies and many other fields. The equipment is housed at Brown, and is jointly maintained by the University's faculty and staff and IBM employees; but it will also be available to Rhode Island government, university, hospital, business, and non-profit partners.

Since 2003, the Office of the Vice President for Research office at Brown University has sponsored competitive annual Research Seed Funds to help Brown researchers develop

their research to a point where it can be incorporated into a proposal for outside funding. The University estimates that, on average, for every dollar in seed funding awarded, the recipients have received ten dollars in outside funding. There are some notable outliers, where the return has been much greater. For example, Robert Hurt's lab received a \$60,000 seed grant to explore using nanoselenium to absorb mercury vapor, and wrote a proposal that led to an award of \$2.5 million from the National Institute of Environmental Health Sciences.

Business Development and Technology Transfer

Over time, the intellectual capital that is developed through Brown's programs of education and research can be translated into new products and services, new businesses and new jobs. This can happen in several ways – through licensing of technologies first developed in University labs; through the creation of new businesses by Brown faculty, students and graduates; and through programs that encourage and support the continued growth and development of new businesses.

- In 2009, Brown reorganized and strengthened its technology transfer functions. The new ***Technology Ventures Office*** will help identify and protect the University's intellectual property; assist faculty members interested in exploring opportunities for commercialization; manage the process of commercializing new technologies through a variety of means, including licensing to existing or start-up companies; manage industrial research partnerships; and managing relationships with Brown portfolio companies.
- In the spring of 2009, Brown – in collaboration with the Rhode Island Economic Development Corporation and the Greater Providence Chamber of Commerce and the City of Providence – founded the ***Rhode Island Center for Innovation and Entrepreneurship*** (RI-CIE). The Center provides resources and expertise to the state's researchers and entrepreneurs, to help them launch and grow new companies.

RI-CIE is housed in a building at One Davol Square in the Jewelry District, making it an important resource for that area as a growing center of knowledge- and technology-based business.

One of RI-CIE's partners is ***BetaSpring***, a Providence-based "startup accelerator" for technology entrepreneurs. Through a competitive process, BetaSpring selects fledgling startups to participate in an intensive 12-week program that mentors startups as they build their product and gives them a chance to pitch to investors and prospective customers. RI-CIE provides space for BetaSpring teams to work with their advisors during the program.

BetaSpring graduated seven startup companies from its first class in the summer of 2009. Four of the seven were start-ups with roots at Brown:

- **NuLabel Technologies** has created an “eco-friendly” form of adhesive label that does not require a liner; the venture was started by four Brown students.
- **Accelereach**, founded by Brown graduate Adam Emrich, has developed web-based software that flexibly combines e-mail, voice-mail and text messaging functions to support communications between health professionals and their patients;
- **Leotus**, started by a team of Brown and RISD students, has developed an improved design for home air conditioners;
- **Minds in Motion Electronics (MIME)**, also developed by Brown and RISD students, has developed tools that integrate the monitoring of brain activity into educational and entertainment games.

It is worth noting that NuLabel started as a student project in Brown's COE program; and both Leotus and MIME started as PRIME student projects. They suggest that both programs are succeeding in helping students understand, and preparing them to meet, the requirements for successful innovation and entrepreneurship.

- These members of BetaSring's first class are hoping to join others from Brown who have played leading roles in the development of new companies in Rhode Island. Table 7 lists a sampling of Rhode Island-based companies that were founded by a Brown faculty member or graduate, or that based one or more key products or processes on technology licensed from the University. Collectively, these ten businesses employ more than 250 people in Rhode Island.

Table 7: Selected Rhode Island companies started by Brown alumni, faculty and staff or based on Brown technology

Company	City	Founder/leaders/technology	Year founded	Employees
Bay Computer Assoc	Cranston	David A. Durfee, President	1981	18
Andera	Providence	Charles Kroll, President Steve Siegal, Chairman	1996	63
Nestor Inc (acquired by American Traffic Solutions in 2009)	E. Providence	Leon Cooper, Co-founder, Charles Elbaum, Co-founder	1997	55
EpiVax	Providence	Annie De Groot	1998	20
Neurotech USA	Lincoln	Encapsulated Cell Technology license	2000	44
ProThera Biologics	E. Providence	Dr. Yow-Pin Lim and Douglas C. Hixson	2001	8
NABsys	Providence	Xinsheng Sean Ling, Leon N. Cooper, Barrett Bready	2004	36
Dynadec	Providence	Pascal Van Hentenryck and optimization technology	2009	-
Tizra	Providence	David G. Durand	2005	10
Analytical Edge	Greenwich	Jeffrey Blume	2006	3

- **Dynadec** is a Providence-based company that was founded in 2009 by Brown University computer science professor, Pascal Van Hentenryck. The company

develops a software package called Comet™ that optimizes complex decisions in scheduling, routing and workforce management. The package is based on technology developed by Dr. Van Hentenryck's optimization laboratory at Brown and licensed to the company.

- Founded in 2004 **NABSys**, is commercializing the manufacture of "nanopores" that can be used to analyze and sequence DNA at a much lower cost and greater speed than existing technologies, making it possible to use DNA analysis as a diagnostic tool. NABSys was one of five companies to receive a "\$1000 Genome" award from the National Human Genome Research Institute of the National Institutes of Health. The company received \$4 million in equity investment in May of 2009. The company was founded by Brown University professor Xinsheng Sean Ling.

Community service and outreach

Brown's history of active engagement with the Providence community stretches back more than three decades, to the founding of Center for Public Service in 1977. Now called the Swearer Center for Public Service (in honor of Brown's late president, Howard Swearer, who created it), it remains a focal point for the engagement of Brown students in efforts to serve and strengthen the Providence community.

- About 1,000 Brown students per year are involved in Swearer Center activities, including:
 - 700 volunteers in community programs, such as mentoring in schools;
 - 60 students on staff as paid coordinators;
 - 70 students in the academic advising program; and
 - 100 students in other programs, such as social entrepreneurship.

About half of all students who participate in community service programs through the Swearer Center are involved in efforts to expand educational opportunities and raise achievement levels for children in Providence-area public schools.

- The **Swearer Classroom Program** is a weekly 1-on-1 mentoring program between Brown volunteers and local elementary school children, focused on improving literacy. Currently, Brown students work with two schools: D'Abate Elementary in Olneyville and Asa Messer (and its annex school) in Providence. Recently, the Swearer Center assumed the lead role in creating a 21st Century Community Learning Center at D'Abate Elementary School, managing the strategy for the institution's out-of-school programs. Student enrollment in the program increased from 5 in the fall of 2008 to 189 in spring 2009. The Rhode Island Department of Education has awarded the Swearer Center \$425,000 over three years to continue to strengthen the program.
- Brown University is one of 12 partner institutions in the **National College Advising Corps**, a Jack Kent Cooke Foundation-funded program that places recent college graduates in high school guidance offices. The Brown University program places 12 students in six urban school districts in Rhode Island where they introduce high school students to colleges, help them with essays and work through financial aid issues.

The University has since 2007 created several other programs that are designed to help strengthen public education in Providence.

- In February 2007, Brown President Ruth J. Simmons announced creation of **The Fund for the Education of the Children of Providence (FECF)**, a \$10-million endowed fund supporting local public school youth. The Fund's goal is to broaden opportunities for Providence's youth, helping them realize their professional potential. FECF is focused on three core areas, i) academic learning and achievement; ii) preparation for higher education and the workforce and iii) social, artistic, and civic development.
In May 2009, the FECF announced its first grants, including, a grant of \$118,000 that was used to provide graphing calculators to Providence middle and high school students.
- In 2008, Brown's Education Department launched the **Urban Education Fellows (UEF)** program. The program rewards graduates of Brown's Master of Arts in Teaching (MAT) or Urban Education Policy (UEP) programs who dedicate at least three years to teaching or policy work in Providence and urban-core schools and districts by reimbursing their graduate tuition.

Social entrepreneurship

During the past few years, Brown students' engagement with Providence-area communities has increasingly been manifested in the creation of new social ventures. We cite here just a few examples.

- In 2006, Alpert School of Medicine student Rajiv Kumar founded **Shape Up RI**, a company that uses web-based social networking and team-building tools to help participants set and meet weight loss goals. Since its founding, more than 35,000 Rhode Island residents have participated in the program. The program has since spun off a nationwide company called **Shape Up the Nation**, which Mr. Kumar co-founded. The two companies employ 15 people in Providence.
- **Eoseek** was founded by Brown graduate, Matthew Lent, in 2006. The firm matches students with tutors, mentors and coaches for one-on-one sessions. The company is based in Providence, and many of its tutors are Brown students, but it has expanded its service to other college campuses in the northeast, including Boston University, Wellesley College, George Washington University and the University of Pennsylvania.
- In 2009, recent Brown graduates Andy Posner and Mollie West founded **Capital Good Fund**, a microfinance non-profit focused on the Providence area. The non-profit completed its pilot loan round in the summer of 2009 with five loans to Providence-based businesses and entrepreneurs totaling \$9,800 and is currently evaluating the pilot for a larger funding round in late 2009 and 2010. Capital Good Fund received seed funding from a variety of sources including the Swearer Center, the Clinton Global University Initiative, DoSomething.org, and the Rhode Island Elevator Pitch contest.

- **Generation Citizen Project (GCP)** was founded in 2008 by two Brown students, with the goal of educating youth on the political process and on local, national, and global issues. A pilot project was launched during the 08-09 academic year in six Providence High Schools, reaching more than 100 students. Thus far, the project has raised over \$50,000 and is hoping to reach a wider audience through acceptance of its curriculum as part of a new district-wide social studies platform. The Swearer Center partners with the GCP, providing funding and supporting the project's efforts to implement its model in local school districts.

A sampling of social entrepreneurship ventures are shown in Table 8.

Table 8: Selected Rhode Island social entrepreneurship ventures

Venture	City	Founder/leaders	Year founded	Employees
Capital Good Fund	Providence	Andy Posner, Mollie West	2009	2
Eoseek	Providence	Matthew Lent	2006	-
Generation Citizen Project	Providence	Scott Warren, Anna Ninan	2008	-
Runa LLC	Providence	Tyler Gage, Daniel McCombie	2008	2
Shape Up RI and Shape Up the Nation	Providence	Rajiv Kumar	2006	15

Bringing artistic and cultural resources and audiences to Providence

Brown is also a cultural asset to Providence. Brown's Departments of Music, Theater Arts and Performance Studies, and Visual Arts attract students and faculty who participate in the visual and performing arts. The University brings in thousands of other students, faculty and staff who attend other cultural events and performances in the City every year.

We cite below several examples of ways in which the University contributes to the cultural life of Providence:

- The **Brown University Orchestra** was founded in 1918. The Orchestra performs six to eight times in Providence each year. In December 2006, the Brown Orchestra became one of the first US collegiate orchestras to tour China, performing in Beijing, Shanghai, Dalian, Suzhou, Changzhou and Ningbo. All students at Brown and the Rhode Island School of Design, members of the faculty and staff of both institutions, and community members are welcome to audition.
- Brown's theater program has been entertaining campus and Providence community audiences since 1868. Most theater performances are produced in the Catherine Bryan Dill Center for the Performing Arts' three main performance spaces: Leeds Theatre, Stuart Theatre, and the Ashamu Theatre. In 2009, Brown broke ground on a new 35,000 square-foot **Creative Arts Center (CAC)** on Angell

Street. The CAC will add a 200-seat recital hall in addition to a screening facility and smaller production spaces. The University expects to open the building in the spring of 2011.

- ***Rites & Reason***, now in its 37th year, is one of the oldest continuously producing black theatre groups in the nation. The group uses a "Research-to-Performance Method" to create new theatrical works, starting with historic documents, artifacts, interviews, and personal experience. In addition to producing mainstage works, the group also sponsors lectures, discussion panels, and readings.
- In 2001, Brown began offering joint graduate degrees in the theater arts with ***Trinity Rep*** – among the most-respected regional theatres in the country, now in its 46th season. The program adds an M.F.A. in acting and directing and a Ph.D. in theater and performance studies. Graduate students in the program have access to the Pell Chafee Performance Center at Trinity Rep as well as Brown's libraries, and faculty and students at both institutions.
- Brown University is home to the ***Haffenreffer Museum of Anthropology*** and ***David Winton Bell Gallery***. The Haffenreffer Museum contains more than 120,000 ethnographic artifacts – primarily from the Americas, Africa and Southeast Asia. The Bell Gallery opened in 1971 and presents contemporary art in a range of media, including an annual student exhibition. Admission to both the Museum and the Gallery is free to the public.

Brown and the future of the Rhode Island economy

Brown has long been a major contributor to economic growth and development in the City of Providence and in Rhode Island, and a buffer against hard times. During the next five to ten years, however, the University could have an even greater impact on the economy of the city and the state. This is so for several reasons.

1) Investment in building and renovating research and education facilities

Over the next three years, the University plans to invest nearly \$220 million in construction and major maintenance projects. We estimate that this spending will directly create approximately 870 person-years of employment in construction and related industries in Rhode Island.

More than the direct jobs created, this investment in buildings – like the Medical Education Building and the Mind Brain Behavior Building – will lay the foundation for years of growth in fields critical to the region's innovation capacity.

2) Potential for renewed growth of the university's research enterprise

While Brown's annual research spending has been relatively static for the past few years, several initiatives undertaken during the past few years could provide a foundation for significant growth during the next decade. These include:

- The University's collaboration with IBM in bringing to Brown and Rhode Island high-performance computing capabilities that will support advanced research across a wide range of disciplines;
- The collaboration between Brown and Draper Laboratory in developing a new Energy Research Center in Providence; and
- Closer collaboration with Lifespan in developing centers of excellence in medical research.

Moreover, the University is already strong in several fields where there are likely to be significant opportunities for growth, such as neuroscience, nanotechnology, environmental science, biomedical research and public health.

3) Growth in selected fields

In several areas, the next five to ten years could also see the growth of Brown's teaching enterprise. The University is currently exploring the feasibility of expanding its Engineering Division into a full-fledged School of Engineering; and similarly, expanding its Public Health Program into a School of Public Health. Over a period of several years, these changes would entail appointment of additional faculty members, expanded course offerings, increased enrollment and possibly investment in new facilities as well. They could also lead to further growth of the University's already-strong research programs in engineering and public health.

4) Greater emphasis on technology transfer and business development

Within the past year, Brown has strengthened its support for – and taken a more comprehensive approach to – translating the results of University research into new products and services, new businesses and new jobs. The reorganization of Brown's technology transfer functions under a new Technology Ventures Office – the University's partnership with the city and the state in launching the new Rhode Island Center for Innovation and Entrepreneurship – and the nurturing of student entrepreneurs through programs such as COE and PRIME – should during the next five years pay off in the creation and growth of more new businesses in Rhode Island.

5) Expanding Brown's global reach

Brown has during the past several years begun to develop new partnerships with institutions around the world, such as its joint venture with Instituto Empresa in the development of an international executive MBA program. Expanding the University's global reach will clearly benefit Brown. In an era when the prosperity of cities and states

will more than ever depend on their ability to do business in an increasingly globalized economy, it can benefit Providence and Rhode Island as well.

6) Keeping more Brown graduates in Providence

As noted above in Part II, the number of Brown graduates living in Providence grew by 23 percent between 2005 and 2009. Especially if this trend continues, the increased number of Brown graduates living in the city could over time have a significant impact on its economy – by expanding the city's college-educated work force, and by contributing to its entrepreneurial vitality and its already-vibrant cultural life.

7) Partnerships with the city's schools

Over time, Brown's expanded partnerships with the city's public schools – for example, through the Fund for the Children of Providence, the Urban Education Fellows program and the Swearer Center's educational equity strategy – should help to enhance the quality of public education in Providence, and expand the educational opportunities available to the city's younger residents.

8) Expanding opportunities for continuing education

Complementing the University's commitment to the city's public schools, Brown will gradually expand the range of opportunities for continuing education that it offers to adult residents of the Providence area. Expanding these programs will help Providence-area residents acquire or enhance the skills they need to succeed in an increasingly knowledge-intensive economy.

9) Developing the Jewelry District

During the next five to ten years, Brown will be a partner with the city, the state and other local institutions in the redevelopment of the Jewelry District. The University already has several facilities located in the area, including the Laboratories for Molecular Medicine at 70 Ship Street and the Rhode Island Center for Innovation and Entrepreneurship at 1 Davol Square. The University is also redeveloping an existing building at 222 Richmond Street to serve as a new Medical Education Building. With the completion of this \$45 million renovation in 2011, the Alpert Medical School will be located in the Jewelry District, close to several of its affiliated hospitals.

The University owns several other properties in the Jewelry District that could in the future be developed for academic uses, such as new facilities for the proposed schools of engineering and public health – or a mix of academic and commercial uses, such as combining space for biomedical research with space for commercial biotech companies.



JOHNSON & WALES
U N I V E R S I T Y

Interim Report on Economic Impact

and

Charitable Contributions

to

Providence and Surrounding Communities

Fiscal Years 2006 – 2010

Prepared May, 2010

**Office of the President
Providence Campus**

Executive Summary

The following reports represents a summary of a great volume of material that is gathered annually by the Johnson & Wales University Providence campus, to document the value of monetary and "in-kind" charitable contributions, as well as volunteerism made to Providence and surrounding communities.

Because the contributions of the university cover a wide span of areas and impact both fiscal and quality of life issues, the spreadsheet found on page two details the monetary and in-kind benefits given directly to Providence and the surrounding communities through taxation, payments in lieu of taxes (PILOT), city service charges as well as a volume of civic engagement programs which provide not only funding but volunteer efforts that result in access to expertise for area non-profits, private and public schools and other government agencies.

A summary of value in a wide variety of areas is detailed in this report. The chart below represents the estimated monetary value from all sources of involvement across the Providence campus. Volumes of documentation are available for review to support all data represented in the following pages.

*Please note that all 2009/10 data represents only 2/3rd of the fiscal year. Figures will be adjusted in July 2010, following the completion of FY2010.

If we can provide additional information, please feel free to contact the office of the president, Providence campus, at (401) 598-2473.

Not included in this document is direct institution aid provided to Rhode Island students. In AY2008/2009, \$1.5 million in institutional grants were provided to 408 students who are Providence residents. Data for AY2009/2010 will be available in May 2010.

Taxes, Fees & Civic Engagement

FY 2005-2010*

Real Estate Taxes & Fees	\$ 7,755,993
Payroll Taxes	\$16,515,672
Civic Involvement	\$ 6,429,866
Value of Donated Land/Space	\$ 2,000,000
Improvements to City Street	\$ 750,000
Downtown Providence District Management Authority	\$ 651,869
	\$ _____
Total Value	\$34,103,400

Community Board Service

The executive leadership team at Johnson & Wales University serves on a number of local governmental and non-profit boards. The following is a listing of those Rhode Island organizations and groups which currently benefit from the expertise of our executive leadership:

Beacon Charter School

Governor's Celebrate RI Board (benefits Salvation Army Good Neighbor Energy Fund)

RI Public Expenditure Council

College Crusade of Rhode Island

Greater Providence Chamber of
Commerce

Whitmarsh House

WaterFire Providence

Rhode Island for Community &
Justice

Rhode Island Commodores

Salvation Army

United Way of Rhode Island

Education In Action/Exchange City

Providence After School Alliance

Cox Charities New England

Junior Achievement of Rhode Island

Rhode Island Campus Compact

RI Foundation

Crossroads RI Homeless Shelter

Providence Foundation

Grow Smart RI

Save The Bay

Youth In Action

Community Church of Providence

Downtown Improvement District

Jewelry District Association

OSHEAN

Summit Neighborhood Association

Rhode Island DECA

Capital Center Commission

Criminal Justice Policy Board

Diocese of Providence, Protection of
Children

RI Resource Recovery Corporation

Housing Works

Providence Center

Dorcas Place

Rhode Island Center for Innovation &
Entrepreneurship

North Providence Rotary Club

St. Anthony's Church

Bishop Keough High School

Rhode Island Council for the

Humanities

Leadership Rhode Island

Hope High School IT Advisory Board

Davies Vocational National Academy
Board

Boy Scout Troop Supervisory
Committee

Faculty/Staff Board Service

Johnson & Wales University supports and encourages faculty and staff in their community outreach efforts. Agencies currently served by the volunteerism of those individuals include:

Burrillville Juvenile Hearing Board
Tomorrow Fund @ RI Children's
Hospital
Junior Achievement
Hope High School
Latino Public Radio
RI Food Bank
The Green Collaborative
Housing Action Coalition
Amos House
Roger Williams Middle School
Make A Wish Foundation
Warwick Area Career & Technical
Advisory Board
Rhode Island Free Clinic
Habitat for Humanity
Rebuilding Together
Grace Church Soup Kitchen
Home & Hospice Care of RI
Volunteer Center of RI
Community School Association
Providence Transition Academy
Kent County Memorial Hospital
Community 2000 Educational
Foundation
PK-16 Stem Advisory Board
Salt Ponds Coalition
Day One
Trinity Repertory Theatre
United Way Community Impact
Groups
Homelessness and Affordable
Housing
Women Ending Hunter
Points of Light Foundation
Rhode Island Hospitality & Tourism
Education Foundation Board
Leukemia & Lymphoma Society, Light
the Night Walk
RI Catholic Schools Parents'
Federation
Moses Brown School

Reynolds Arts magnet School
Kickemuit Middle School
St. John's Episcopal Church
History Kids of RI
Providence Special Education Task
Force
WorkForce Solutions
West End Community Center of
Providence
Cranston YMCA
Friends of Elmhurst
Coventry High School Culinary
Program
North Providence High School
West Bay YMCA
RI Cultural & Educational Enrichment
Program
National Coalition of 100 Black
Women
RI LEAD Mentoring Program
Prairie Avenue Revitalization
Initiative
RI Mentoring Partnership
Special Olympics
RI Hospital Cancer Support Program
Roger Williams Park
Year-Up
Cranston Child Opportunity Zone
Advisory Board
Crossroads RI
Rhode Island Mental Health
Counselor's Association
Ronald McDonald House
Operation StandDown
DCYF, Visiting Resource
Carpenter Museum
Music School of The Rhode Island
Philharmonic
CLCF Youth Soccer and Track
Providence Animal Rescue League
PAWS New England

Turkish American Cultural Society of
 RI
 RI Department of Education Review
 Panel for Interstate Leaders Licensure
 Consortium
 RI Higher Education Advisory
 Committee on Disabilities
 Lincoln Middle & High School,
 curriculum design training
 Textron-Chamber of Commerce
 Academy, curriculum design training
 Young Voices: Providence Non-
 Profit Youth Advocacy Group
 RI Food Safety Task Force
 Abundant Table
 Pawtuxet Village Association
 AIDS Project RI
 East Side/Mount Hope YMCA
 In-Sight
 Big Sisters of RI
 Rhode Island Historical Society
 John Brown House, Providence
 RiverzEdge Arts Program
 Providence School District Taskforce
 on Special Education
 The Providence Center
 Fox Point Community GardenProject
 Linus
 Potter League for Animals
 Roger Williams Middle School Task
 Force
 Until The Violence Stops
 RI Dept of Corrections, "Changing
 Lives Through Literature"
 Washington County Adult Learning
 Center
 RI Coalition Against DomesticViolence
 Temple Beth-El
 Classical High School

Meals on Wheels
 Habitat for Humanity
 RI Chapter of ALS Association
 Cornerstone Adult Daycare Services
 Fogarty Elementary School
 Kids First
 RI Multiple Sclerosis Society
 Skate for Joy
 RI Coalition Against Human
 Trafficking
 Norwood Neighborhood Association
 AS220 Wintetime Farmers' Market
 Farm Fresh RI
 Apeiron Sustainable Living Festival
 Providence Performing Arts Center
 Station Night Club Memorial
 Foundation
 Butler Hospital
 RI Center for Agricultural Promotion
 & Education (RICAPE)
 Wheeler School
 FirstWorks Providence
 RI Citizens for the Arts
 Arts & Business Council of RI
 Tollgate High School
 Perry Middle School
 Providence In-Town Churches
 Association
 NAACP, Providence Chapter
 Grace Episcopal Church
 RI Coalition for the Homeless
 AIDS Care Ocean State
 Silent Witness of Rhode Island
 Center for Women & Enterprise
 Skills USA, RI Chapter
 Meeting Street School
 Town Councilor, No. Smithfield

Johnson & Wales University, Providence
Taxes, Fees & Charitable Donations & Civic Involvement
FY 2006-2010

	2005-06	2006-07	2007-08	2008-09	*2009-2010	TOTAL
Civic Donations						
Education/Children	\$187,670	\$118,921	\$152,581	\$187,726	\$289,879	\$936,777
Hunger/Homelessness	\$154,998	\$102,696	\$117,400	\$75,429	\$60,640	\$511,163
Health/Seniors	\$66,009	\$60,347	\$43,042	\$44,623	\$23,617	\$237,638
Preservation/Environment	\$32,215	\$9,335	\$20,494	\$19,930	\$3,425	\$85,399
Art	\$27,894	\$23,975	\$28,782	\$24,303	\$10,958	\$115,912
Economic/Community Development	\$22,286	\$23,411	\$41,500	\$29,085	\$32,659	\$201,311
Faculty/Staff Involvement	\$10,196	\$9,158	\$4,730	\$1,300	\$13,000	\$38,384
Government	\$2,912	\$5,830	\$18,849	\$19,606	\$5,200	\$52,397
Cultural	\$1,972	\$2,786	\$3,963	\$4,195	\$4,190	\$17,106
Culinary (in kind food donations)	\$500	\$25,141	\$12,831	\$20,940	\$32,640	\$92,052
Miscellaneous	\$1,114	\$29,833	\$20,175	\$4,480	\$3,593	\$59,195
Culinary Special Functions Clubs		data unavailable		\$26,000	\$46,460	\$72,460
Student Organizations	\$25,950	\$32,200	\$52,400	\$148,020	\$77,043	\$335,613
Athletics	\$3,980	\$10,040	\$7,700	\$10,340	\$20,426	\$52,486
Residential Life	\$26,710	\$37,070	\$47,150	\$46,550	\$30,324	\$187,804
Community Service Academic Programs	\$348,030	\$302,150	\$352,230	\$396,000	\$228,340	\$1,626,750
Non-Profit Internships	no data	\$82,775	\$46,530	\$94,600	\$358,380	\$582,285
Community Service Work Study Hours	no data	\$255,150	\$157,230	\$208,840	***\$91,650	\$621,220
President's Leadership Council	no data	\$1,220	\$5,300	\$15,469	\$13,092	\$35,081
SLICE Program	no data	\$24,860	\$40,460	\$37,400	\$9,888	\$112,608
National Student Organizations	\$13,000	\$33,000	\$13,000	\$10,625	\$11,287	\$80,912
Casual for Community Donations	\$3,700	\$1,947	\$1,446	\$1,148	\$654	\$8,895
UWRI Community Impact Fund (payroll deductions)	\$84,971	\$76,068	\$85,612	\$82,074	\$90,063	\$418,788
Total Civic Donations**	\$1,014,107	\$1,267,913	\$1,273,405	\$1,508,683	\$1,365,758	\$6,429,866
Taxes & Fees Paid						
Property Tax Payments, Providence	\$169,491	\$121,002	\$116,113	\$113,976	\$111,274	\$631,856
PILOT	\$392,318	\$396,493	\$400,730	\$291,031	\$295,396	\$1,775,968
Providence Water Supply	\$264,630	\$167,305	\$248,979	\$285,312	\$154,208	\$1,120,434
East Prov. Water Supply (indirect pay)	\$17,510	\$17,751	\$34,848	\$32,473	\$13,452	\$116,034
Providence Sewer Fees	\$321,361	\$201,647	\$344,845	\$314,236	\$304,937	\$1,487,026
Warwick Water/Sewer Fees	\$55,726	\$62,534	\$62,646	\$65,633	\$49,214	\$295,753
Cranston Water/Sewer Fees	\$60,539	\$60,185	\$61,155	\$60,539	\$66,544	\$308,962
Police Details	\$22,064	\$25,094	\$30,676	\$31,621	\$20,417	\$129,872
City Permits	\$385,222	\$366,422	\$404,023	\$384,990	\$867,213	\$2,407,870
Total Real Estate Taxes & Fees Paid	\$1,688,861	\$1,418,433	\$1,704,015	\$1,579,811	\$1,882,655	\$8,273,775
Payroll Taxes						
State Income Taxes	\$2,714,228	\$2,711,877	\$2,769,929	\$2,449,030	\$2,037,739	\$12,682,803
Unemployment Insurance Taxes	\$158,597	\$116,026	\$87,161	\$172,246	\$136,374	\$670,404
RITDI	\$635,709	\$616,380	\$630,898	\$728,211	\$551,267	\$3,162,465
Total Payroll Taxes Paid	\$3,508,534	\$3,444,283	\$3,487,988	\$3,349,487	\$2,725,380	\$16,515,672
Property dedicated to non-university use						
Save The Bay 6 acres @\$1 per year, 100 yr lease	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$1,250,000
Education In Action (Exchange City) 20,000 sq. ft.			\$250,000	\$250,000	\$250,000	\$750,000
Total Value of Land/Building Use Rights	\$250,000	\$250,000	\$500,000	\$500,000	\$500,000	\$2,000,000
Downtown Providence District Management Authority	\$132,164	\$144,607	\$143,021	\$138,639	\$93,438	\$651,869
Improvements to Harborside Boulevard & Shipyard Street (drainage, paving, sidewalks, curbing)				\$1,000,000	\$1,000,000	\$2,000,000
FY 2006-2010 Total Contributions	\$6,593,666	\$6,525,236	\$7,108,429	\$8,076,620	7,567,231	\$35,871,182

TBD = recalculations are underway to secure accurate data.

*2009/2010 information is for FY09 through March 1, 2010. Fiscal Year ends June 30, 2010

** Volunteer hours through 2008 have been calculated at \$10 per hour. According to the national value of volunteer time, the rate should have been calculated at \$18.18 per hour for the State of RI. FY2009/2010 is calculated at \$18.00 per hour.

***Work Study hours for 2009/2010 calculated at \$10 per hour, funded through federal grant dollars to qualifying FAFSA applicants

2008 Master Plan Downcity Campus

Create an identifiable campus by consolidating University functions within a core campus area.

Encourage density and the layering of uses.

Pursue the acquisition of land within the existing I-195 right-of-way.

Organize the campus along the Pine and Friendship Street spines with strong open space and pedestrian connections.

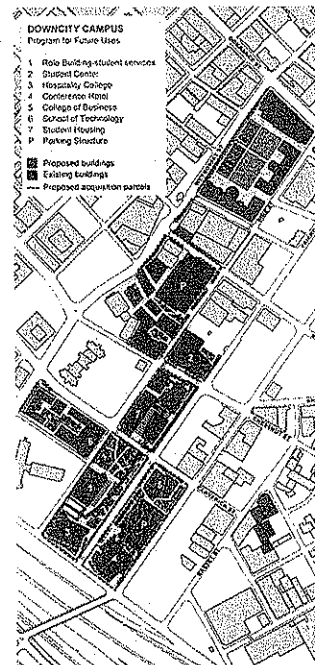
Create a campus center with student life and arts and sciences at the core.

Create distinct residential and academic quadrangles.

Provide each College with its own identity.

Allow for interdisciplinary uses, particularly at ground floor levels.

Minimize parking and place required parking on the perimeter of campus. Maintain shuttle service with the Harborside Campus.



Program Accommodation 2008 Master Plan

The long-term program included both replacement space and space for program growth

The accommodation of the program assumed all three identified I-195 parcels would be acquired

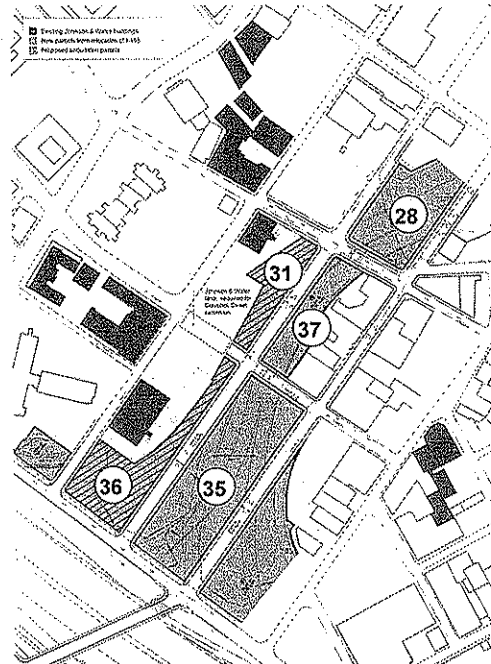
Several buildings separated from the 'campus core' were identified in the 2008 campus master plan for disposition

Program Component	Replacement SFO (2013)	New Space (SFO)	Total SFO (2013)
Student Services			
ROLO Building Renovation	45,000		
Kinsley Building Disposition			56,000
New Student Center		90,000	
Hospitality College Building		45,000	
Hospitality College Hotel		105,000	
College of Business Building		50,000	
School of Technology			
Xavier Academy Hall Renovation	66,000		
Academic Center Disposition			66,000
Student Housing			
Pine Street Housing - 500 beds		200,000	
Future Housing - 250 beds		100,000	
Total	112,000	590,000	122,000

2008 Master Plan

Land Acquisition

- 2008 master plan predicated on acquisition of +/- 4 acres of land within I-195 right-of-way (Parcels 31, 35, 36.)
- Parcel 35 (2.3 ac) has now been excluded from JWU consideration.
- Negotiations are ongoing for Parcels 31 (0.5 ac) and 36 (1.1 ac)



Scenario 1 Parcels 36 + 31 Acquired

Program Item	Height	Building Size
1 Housing (250 beds)	5	90,750
2 Business	5	66,000
3 Hospitality	4	43,200
4 Student Center	5	48,000
5 Housing (250 beds)	6	89,100
6 Office / Admin	4	33,000

TOTAL NEW SPACE		370,050 sq ft
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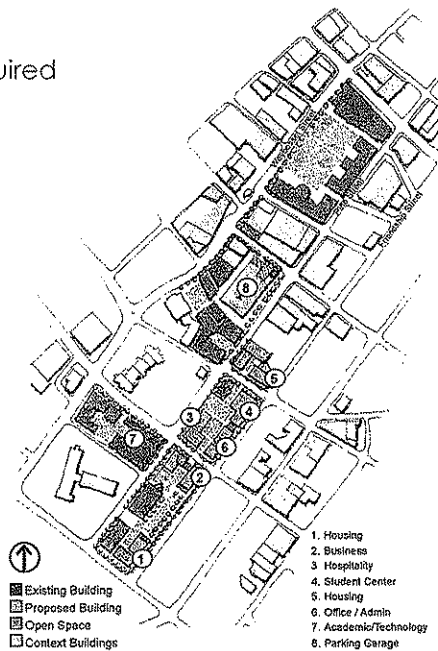
7 Academic/Technology	5	66,000
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TOTAL NEW/RENOVATED		436,050 sq ft
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8 Garage Parking	8	710
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TOTAL SPACES		710 spaces
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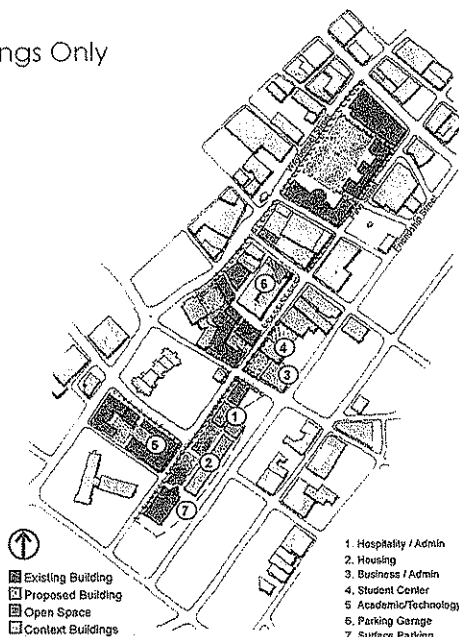
- Expanded Program Data in Appendix
- Following the July 31 conference call, we understand that the Student Center Program will be distributed in final revised program. For the purpose of this submission, the location remains as initially submitted.
- We understand that the University is currently leasing 360 beds in Capital Cove that will not continue to house students in the long term.



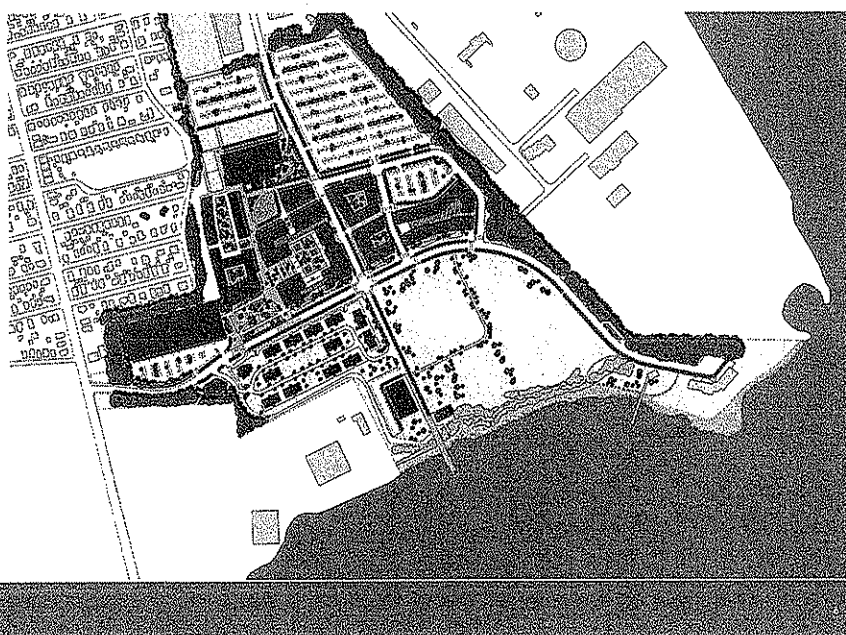
Scenario 2 Current Land Holdings Only

Program Item	Height	Building Size
1 Hospitality / Admin	5 - 7	63,000
2 Housing (330 beds)	7	132,000
3 Business / Student Ctr/ Admin	7	76,800
4 Student Center / Bookstore	7	49,000
TOTAL NEW SPACE		320,800 sq ft
5 Academic / Technology	5	66,000
TOTAL NEW/ RENOVATED		386,800 sq ft
6 Structured Parking	8	710
7 Surface Parking	1	25
TOTAL SPACES		735 spaces

- Expanded Program Data in Appendix
- Following the July 31 conference call, we understand that the Student Center Program will be distributed in final revised program. For the purpose of this submission, the location remains as initially submitted.
- We understand that the University is currently leasing 360 beds in Capital Cove that will not continue to house students in the long term.



2008 Master Plan Harborside Campus





PROVIDENCE COLLEGE Economic Impact Report

Prepared May 2010

WORKFORCE DEVELOPMENT – Providence College is among the ten largest employers in the City of Providence and among the fifty largest employers statewide. It employs almost 800 full-time employees, 83% of whom live in Rhode Island and 26% who reside in Providence.

- *At the State level*, Providence College generates annually over \$53 million in employee salary and benefit payments, pays over \$3 million in state tax collections, and invests some \$1.2 million in college student employment.

- *In the City of Providence*, Providence College generates almost \$16 million in employee salary and benefit payments and invests over \$2.4 million in scholarships and financial aid, student RIPTA transit payments and student employment for Providence residents.

ECONOMIC OUTPUT – In FY 2009-10, Providence College contributed over \$26.9 million to Rhode Island and City of Providence economies.

- *Statewide*, Providence College spent over \$26.7 million in construction, facility renovations, equipment, and other major purchases. An estimated 90-95% of construction spending originated in Rhode Island and 98% of construction and renovation work was performed by union trades.

- *In the City of Providence*, Providence College generated over \$4.6 million in direct revenue contributions to the City's economy. Institutional direct payments exceeded \$1 million and direct expenditures by the College's 204 employees who are Providence residents were estimated at \$3.6 million, including property taxes, auto excise taxes, and consumption spending.

COLLEGE-GENERATED IMPORTED REV-ENUE – Providence College contributions to the City's economy extends beyond its own economic output. In FY 2009-10, the College also "imported" into the City over \$26 million in direct spending by its students, parents and alumni, student prospects and families, members of its board of trustees, and visiting athletes.

- *PC Students*, including some 3,800 on- and off-campus, undergraduate students spend an estimated \$8.6 million for food and other living expenses and discretionary spending each of their four-year stay while living in their "home away from home."

- *Alumni & Parents* of the College's full-time student body account for an estimated 15,579 overnight visits to the campus, spending some \$3.0 million at Providence area hotels and restaurants. Parent visits range from formal parent weekends and commencement activities to "move in" day and freshmen orientation. Several thousand alumni attend winter and spring alumni weekends, signature College events as well as spring Commencement activities.

- *Prospective Students/Families & Visiting Athletes* combine to spend over \$1 million in hotels and restaurants. Athletic contests, alone, attract over 3,200 student athletes, coaches and other varsity athletic personnel to the PC campus. Some 12,888 admitted student and student prospects and family members also participate in year round campus visit programs.

OTHER COLLEGE CONTRIBUTIONS – The City of Providence also benefits from the College's presence through indirect contributions.

- *Financially*, the City receives over \$1.8 million from State of Rhode Island in Payment In Lieu Of Taxes (PILOT) funding in recognition of the College's tax exempt property. Combined with the College's own voluntary payments of over \$250,000 annually, the City is receiving just under \$2.1 million in alternative tax revenue that would be lost to the City if the College's 105-acre campus was populated with residential properties in its place.

- *Community Service* initiatives by the College also contribute in significant and sustainable ways to impact the City's quality of life. Some 1,740 student volunteers provide an estimated 46,650 of community service hours annually to assist some 174 public and community agencies, public, private and charter schools, and neighborhood organizations.

STATE OF RHODE ISLAND
Workforce Development Investment

\$57,479,604

1. Total College Employment: 781 (full time only)
Live in Rhode Island: 646 or 83% of full-time workforce
2. Employee/state residents salary & benefit payments \$53,275,384
3. State tax collections \$3,018,968
Payroll income tax
Worker's Compensation
State disability insurance
State unemployment taxes
4. College student employment \$1,185,252
Federal work study funds
College work study funds
Other College-financed student payroll

CITY OF PROVIDENCE
Workforce Development Investment

\$18,321,229

1. Total College Employment: 781 (full time only)
Live in Providence: 204 or 26% of full-time workforce
2. Employee/city residents salary & benefit payments \$15,897,874
3. Providence-based scholarships/financial aid \$ 2,261,310
Undergraduates
Adult continuing education
Graduate programs
4. Other student-related investments \$162,045
RIPTA transit fee payments
Providence student employment funds

RHODE ISLAND & CITY OF PROVIDENCE
Revenue Creation

\$26,936,100

1. College capital investments \$25,044,308
Construction, renovation & equipment
Other major vendor purchases
2. Dunkin Donuts basketball-related revenue \$1,891,792
Facility rental payments
Facility fees (ticket surcharge)
Food/beverage concessions (estimate)
Game parking fees (estimate)
Merchandising sales

PC-GENERATED TO CITY OF PROVIDENCE
Direct Revenue

\$4,640,286

1. College direct payments \$1,019,655
Sewer fees
Voluntary PILOT payments
Water fees
Permits & licensing fees
Police & fire related services
Property taxes (all off-campus owned)
2. College employees' direct expenditures \$620,631
Homeowner property taxes
Auto excise taxes
3. College employees' consumption spending \$3,000,000

PC-GENERATED TO CITY OF PROVIDENCE
Imported Revenue

\$26,081,132

1. Off-campus students: \$6,357,000
Apartment rental income
Utilities
Food & other living expenses
Discretionary spending
2. On-campus students: \$2,188,000
Food (no campus meal plans)
Discretionary spending
3. Parent/alumni visitations (hotels/restaurants) \$3,005,357
Commencement Weekend
Formal Parent Weekends
Informal parent weekend visitations
Upper class student "Move In" Day
Freshmen Orientation
Formal Alumni/Trustee Weekends
4. Other PC visitors (hotels/restaurants) \$1,090,162
Visiting athletic teams
Student prospects' campus visits
Admitted students' campus programs
5. NCAA Tournament \$3,442,613
Hotel Stays (ave 3 nights)
Restaurants (ave 3 days)
Game Parking and Concessions
Other retail/discretionary spending

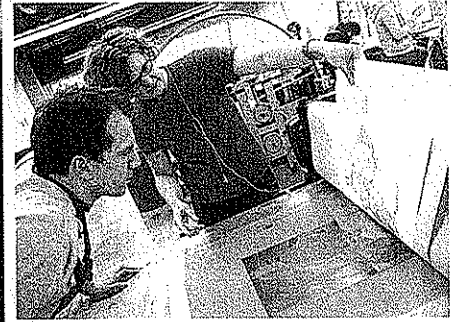
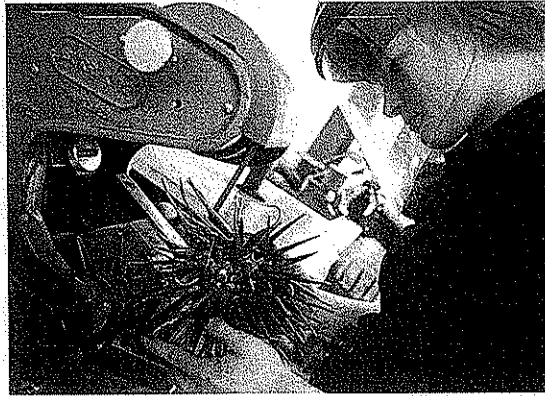
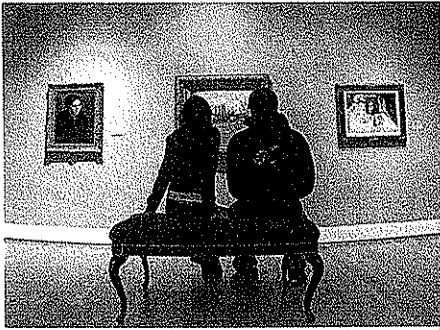
Replacing Providence College with Taxable Residential Properties

Loss of 2.1 million

1. The City would add approximately \$1.5 million in new gross tax revenue if the PC campus was replaced with residential properties.
 - College's 105-acre campus is surrounded by single, two- and three-family residential homes in the Elmhurst section.
 - PC would be replaced with an estimated 513 residential properties, using a plot map overlay of properties comparable in size and square footage to properties currently surrounding the campus.
 - If these 513 properties paid property taxes comparable to properties currently owned by PC employees living in the PC/Elmhurst neighborhood, the average annual tax bill of \$2,851 would generate an estimated \$1.5 million
2. The City would not gain any new net tax revenue if the PC campus was replaced with residential properties.
 - Using a very conservative estimate that only 25% of these 513 residential properties were occupied by families with one child, on average, using the City's public schools, new incurred costs is estimated at \$1.5 million (122 schoolchildren @ \$12,000/child).
 - The \$1.5 million in gross new tax revenue would be offset by the \$1.5 million in additional public school costs.
3. The City is currently receiving \$2,055,168 in combined PILOT payments from the State of Rhode Island and Providence College, alternative tax revenue that would be lost if the PC campus was populated with residential properties.
 - The four private colleges represent 56% or \$10,990,548 of the \$19,651,148 in State PILOT revenue to the City for FY 2010.
 - Providence College's share of the State PILOT funds is approximately \$1,802,450 or 16.4% of the total college and university PILOT allocation based on its assessed property value of \$288 million (of \$1.76 billion among the four institutions).
 - Providence College also paid an additional \$252,718 in voluntary PILOT payments during FY 2010.

Providence College Community Service Impact

1. Composite annual profile for calendar year 2009
 - Student community service hours: 46,650
 - Student volunteers: 1,740
 - Total organizations served: 174
 - City government offices
 - Public, private & charter schools
 - Community service agencies
2. Major Collaborations with City organizations 2009-10
 - City of Providence Parks Department
 - "Building Bridges" - Service Day: 40 sites city/statewide 1100 students
 - Urban Action - Historic Neutaconkanut Park restoration: 175 students
 - FUSION - Historic Esek Hopkins Homestead improvements: 65 students/alumni
 - Elmhurst "Clean Green" neighborhood beautification efforts
 - Major Clean Ups in Elmhurst/Smith Hill neighborhoods: 130 students
 - Improvement projects at Smith Hill Library & Davis Park: 130 students
 - Weekly neighborhood cleanups adjacent to campus: 100 students
 - City of Providence public & charter schools
 - EXPLORE college preparatory/mentoring program: 100+ students
 - Mt. Pleasant High School
 - Feinstein High School
 - Times2 Academy
 - Student teachers/program interns: 8000 hours at most Providence schools
 - PASA (Providence After School Alliance)
 - Major After-School Youth Programs
 - Smith Hill Recreation
 - International Institute of Rhode Island
 - Institute for the Study and Practice of Nonviolence
 - Southside Community Land Trust
 - San Miguel Middle School mentoring program



RISD ECONOMIC IMPACT STATEMENT

Prepared for the Providence City Council, Commission to Study Tax Exempt Institutions May 20, 2010

FOUNDED IN 1877, the Rhode Island School of Design (RISD) is one of the nation's premier art and design schools, with an unmatched history of educating leading fine artists, designers, and architects. The need for well-trained industrial designers to advance Rhode Island's manufacturing industries was a primary motivation in the founding of the School, and RISD has been closely linked to the prosperity of the region ever since. In keeping with its original mission, RISD today plays a significant role in the economy of Providence and the state.

Central to RISD's role as an economic engine is its ability to attract students, faculty, visitors and others, and their associated spending, to Rhode Island. When an out-of-state student enrolls at RISD, a faculty member attracts grant funding from a corporate or foundation donor, or a visitor tours the galleries of The RISD Museum, new money is injected into Providence's economy. RISD is both a significant "importer" of human capital and "exporter" of its educational services, there by helping create a critical source of revenue for local businesses and residents.

RISD is also both a major regional enterprise—benefiting the economy through hiring, spending, and investment—and a cultural institution of international prominence that draws talent from around the world to Providence. The many RISD alumni who have chosen to live and work in Rhode Island are making powerful contributions to the state's

knowledge-based industries and Providence's growing reputation as a center of arts and culture. Through start-up companies, public programs, and partnerships with nonprofits and other institutions of higher learning, RISD faculty, staff, and students enrich the city and the state.

AS A MAJOR EMPLOYER

First among RISD's economic contributions is the fact that it is a major employer for the city of Providence and the state of Rhode Island. As of November 30, 2008, RISD employed a total of 1,518 staff and faculty, including 648 full-time and 870 part-time employees, placing RISD among the 25 largest employers within Providence.

RISD's gross employee payroll in 2009 was approximately \$51 million, with an additional \$13.3 million spent on employee benefits (medical, dental, unemployment, disability, and pension). Included in this \$13.3 million is the value of remitted tuition for RISD employees and their dependents.

The presence of over 1,500 RISD employees also contributes in other ways to the renewed vitality of the capital city. Almost one-third of RISD employees are current residents of Providence; over 450 RISD staff and faculty make their home in the city, paying property taxes and other revenues.

INSTITUTIONAL SPENDING AND INVESTMENT

In addition to being a major employer in Rhode Island, the School generates significant amounts of direct and spin-off economic activity. For each dollar that RISD spends locally, additional economic activity and jobs are created throughout a larger business chain. This "multiplier" effect benefits the economy of Rhode Island, and particularly that of Providence, when:

- RISD employees use their income to purchase local goods and services;
- RISD buys goods and services directly from local vendors, and;
- RISD undertakes new construction and renovation of its facilities.

In FY2008-2009, RISD's payroll expenditures eventually created \$27.4 million in disposable income¹ for its employees, 31% of who live in Providence. That consumer spending is estimated to have supported 196 jobs in Rhode Island, with 41 located in Providence². Furthermore, during FY2008-2009, the School spent approximately \$19.6 million for private goods and services in Rhode Island, including office equipment and supplies, food and beverage service, printing, physical maintenance and other services. The vast majority of those purchases were made in RISD's home city, with approximately 80% going to Providence-based businesses. RISD's institutional spending thereby supported an estimated 202 jobs statewide, 81 of which were located in Providence³.

During FY2008-2009, the School spent approximately \$3.5 million on construction and major renovation projects to RISD facilities, virtually all of which are located in Providence. Of the \$3.5 million in construction-related spending, approximately \$1.6 million, or 44%, went to Providence-based firms and contractors. An important milestone in RISD's history was the 2008 opening of the Chace Center, a five-story, 43,000-square-foot LEED certified building, designed by prize-winning architect José Rafael Moneo. Built at a cost of \$34 million, the Chace Center significantly increased the exhibition and public programming capabilities of The RISD Museum and added new visitor amenities, including a new lobby, a 212-seat auditorium, food service, and access to the Museum from downtown and the waterfront.

The combined, indirect "multiplier effect" of RISD employee spending, year-round institutional purchasing, and construction-related spending totaled an estimated \$18.8 million and yielded 188 additional jobs in the state in FY2008-2009. Of that, approximately \$5.3 million and 27 jobs were in Providence⁴.

In summary, RISD's payroll, purchasing and construction expenditures (and their spin-off effects) created **\$69.4 million in economic output, and 628 jobs, in Rhode Island.** Of that, just over **\$34 million in economic output, supporting 158 additional jobs, was within Providence.**

Table 1: Estimated economic impact of RISD spending in Rhode Island and Providence

	Direct RISD Payments			Indirect and induced impact of employee, vendor and contractor spending	Total Impact
	Employee after-tax disposable income	Purchase of goods & services	Construction/renovation		
Rhode Island	\$27.4 million 196 jobs	\$19.6 million 202 jobs	\$3.5 million 42 jobs	\$18.8 million 188 jobs	\$69.4 million 628 jobs
Providence	\$11.4 million 41 jobs	\$15.7 million 81 jobs	\$1.6 million 9 jobs	\$5.3 million 27 jobs	\$34.0 million 158 jobs

¹ Gross wages less taxes and retirement contributions.

² Based on multipliers derived from a 2005 Brown University economic impact analysis.

³ Ibid.

JOBS IN RI

As a major employer and source of local small business creation, RISD has a multiplier effect on the Providence and greater Rhode Island economies. With a 2008-2009 workforce of 1,518 people, RISD employees directly generated an additional 196 jobs in Rhode Island due to the impact of their discretionary spending, while the School's institutional purchasing and construction-related spending directly supported 244 jobs in the state. The indirect "multiplier" effect of this combined RISD spending resulted in an additional 188 jobs in Rhode Island. Furthermore, total RISD student spending generated another estimated 251 jobs. Though not included in this analysis, it is important also to note that 460 alumni own their own businesses in the state, thereby accounting for even more local employment. In all, RISD estimates that approximately 2,397 jobs in Rhode Island can be linked to the School's activities.

SMALL BUSINESS DEVELOPMENT

RISD students live and work in Providence, and many of them stay to open businesses or work in existing industries (for example, the RI Economic Development Corp. just funded RISD alum Kevin Cunningham ARCH 05's Spirare Surfboards). According to Robert Litan, who directs research at the Kauffman Foundation, which specializes in promoting innovation in America: "Between 1980 and 2005, virtually all net new jobs created in the U.S. were created by firms that were 5 years old or less. That is about 40 million jobs."

ALUMNI BUSINESSES

Ximedica, an example of RISD as a source of new business creation, is Rhode Island's largest private medical device design firm, owned and operated by RISD alums Stephen Lane '85 and Aidan Petrie '85. Ximedica provides expert research, product development, regulatory, and advanced manufacturing services to leading medical and healthcare companies. It employs approximately 150 people, including a significant number of RISD alums who now live and work in Rhode Island.

PUBLIC EDUCATION PARTNERSHIPS: THE RISD MUSEUM AND PROJECT OPEN DOOR

As public school arts programs continue to be reduced and eliminated in Rhode Island, RISD provides irreplaceable educational experiences for an increasing number of students. Approximately 16,000 K-12 students, many from low-income communities, visit The RISD Museum each year for education programs that support the curriculum and build essential skills. For example, "Dig the Museum! Building Cultural Connections," a program developed in collaboration with the Providence Public School District, links objects in the Museum's galleries with classroom teaching in support of RI Grade Span Expectations in art, history, and literature. The program has engaged 2,898 students since January 2008; 34 schools, 27 of which are Title I. All funds for this program are privately raised. For many Rhode Island children, these visits are unique opportunities to experience original works of art and design⁷.

"Project Open Door" is a free, out-of-school art education program based in RISD's Department of Art + Design Education aimed at underserved teens, mainly from the Providence and Blackstone Valley school districts. Project Open Door grew out of RISD's desire to enable youth from low-income backgrounds—particularly those with untapped talent and interest in art and design—to attend college. The only program of its kind in Rhode Island, Project Open Door gives participants the chance to learn about art and design through visits to the campus and The RISD Museum, afterschool art classes with artists and RISD graduate students, critiques of their work by visiting artists, and intensive mentoring through portfolio development, advising, and college preparation classes. Established in 2004, the program has served more than 300 young people. The program's success rate is high: 90% of students from the portfolio/college prep workshops over the last five years are now in college, including four at RISD.

TAX REVENUE AND OTHER PAYMENTS

In pursuing its educational mission, RISD generates significant tax, fee and other revenue for the local, state and federal government. State income taxes on the wages and salaries of RISD employees totaled \$1,802,524 in 2009, and Medicare taxes came to \$704,497. In addition, the consumer and business purchases that RISD employees, vendors and suppliers make through RISD-generated income produce significant sales and property tax payments.

During FY2006-2008, RISD paid \$1.8 million on income-producing properties. Direct payments by RISD for water fees, sewer fees, fire-related services, and other municipal charges totaled over \$500,000 during that time.

In 2003, RISD voluntarily entered into a Memorandum of Understanding with the City of Providence to provide financial assistance to the City in the form of voluntary payments on otherwise tax-exempt properties. Since 2003, RISD has voluntarily paid \$7,550,725 to the City of Providence.

Through an agreement with the Rhode Island Public Transit Authority (RIPTA), RISD fully subsidizes public transit rides by its students, faculty and staff, at a cost of \$105,866 for over 127,000 rides in FY2008-2009. This spending benefits not only the RISD community by providing a safer, greener, more convenient and less expensive way to commute, but it reduces traffic congestion, road maintenance costs and air pollution, and eases parking problems in the city of Providence.

SPENDING BY RISD STUDENTS AND VISITORS

In addition to the School's direct spending, RISD students and visitors have a significant economic impact on Providence and Rhode Island. RISD enrolls approximately 1,940 undergraduates and 420 graduate students, of whom approximately 950 (40%) live off-campus in private housing. The School estimates that off-campus students spend a total of \$11,475 each year on basic needs (housing, food, energy, clothing, etc.) as well as discretionary expenses (books, supplies, personal care, entertainment, etc.), while on-campus students are estimated to spend \$4,500⁵.

This additional RISD-generated income (not included in the impact numbers cited so far) also helps support various retail shops, restaurants, service providers and other businesses in the city and throughout the state. Total direct student spending in FY2008-2009 totaled approximately \$17.2 million. Again, the ripple effects of that spending generated an estimated additional \$6.1 million in economic impact in the state, for a total estimated student impact of \$23.3 million and 251 jobs⁶. The majority of this economic impact most likely occurs in the city of Providence.

Table 2: Estimated economic impact of RISD student spending in Rhode Island

	Direct RISD student spending	Indirect and induced impact of student spending	Total impact
Rhode Island	\$17.2 million 192 jobs	\$6.1 million 59 jobs	\$23.3 million 251 jobs

⁷ FY09 attendance: 145,799 visitors from 46 states.
FY09 K-12 school attendance: 12,858 from across RI

⁵ Based on data from RISD 2008 Fact Book and internal estimates.

⁶ Based on multipliers derived from a 2005 Brown University economic impact analysis.



THE MUSEUM OF ART, RHODE ISLAND SCHOOL OF DESIGN (THE RISD MUSEUM)

The Museum is an integral part of the School and the principal art museum for the city, state and southeastern New England. The fourth-largest college art museum in the country (after Harvard, Yale, and Art Institute of Chicago), the RISD Museum attracted 145,000 visitors from 46 states in FY09. Major exhibitions draw large numbers of visitors to downtown Providence, creating additional revenue for local hotels, restaurants and retail stores. Since the opening of the Chace Center with a new entrance facing downtown and the riverfront, visitation has increased threefold.

In 2008-09, the Museum hosted 11 out-of-state conferences including the U.S. Conference of Mayors; the Regional Pharmacy Conference; the Garden Club of America; and Association Executives. Total visitors: 2,631.

In addition, *RISD By Design* (the School's alumni reunion and parent gathering) attracts over 900 attendees each year, the majority of who come from outside Rhode Island. These visitors likewise contribute to the city and state economy by booking hotel rooms, dining at local restaurants and shopping at local stores. Commencement and Freshman Weekend bring additional visitors and revenue.

BROADER WORKFORCE AND ENTREPRENEURIAL IMPACTS

Beyond quantifiable contributions to the economy of Providence and the region, RISD plays a crucial role in attracting and developing the "human capital" that will drive the revitalization of Providence and the long-term prosperity of Rhode Island. RISD students come to Providence from across the United States and from almost 50 foreign countries. Twelve percent of all RISD alumni live in Rhode Island.

Based on December 2009 data, RISD estimates that at least 1,387 alumni are actively employed in Rhode Island and some 460, or 33%, are business owners, entrepreneurs or otherwise self-employed. This high "entrepreneurship rate" highlights the creativity and adaptive nature of RISD graduates, and the fact that RISD is a vital source of new businesses for Rhode Island's economy. At least 165 of the 460 alumni businesses are physically located in Providence. Among the high-profile Providence-based firms headed by RISD alumni are:

- Ximedica (Stephen Lane '85, Aidan Petrie '85)
- Ecolect (Matt Grigsby '05, Joseph Gebbia '05)
- Tellart LLC (Matthew Cottam '00, Nicholas M. Scappaticci '00, Joshua Backer '99)
- The Steel Yard (Nicolas Bauta '99)

In 2008-2009, RISD faculty, staff and students successfully attracted \$424,326 in government and private-sector research grants and contracts. Of this, \$131,750 was targeted to partnerships with public schools. In addition, The RISD Museum received \$1,797,450 to support exhibitions and public engagement activities.

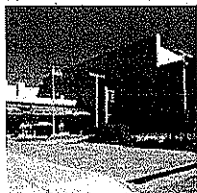
RISD provides significant educational opportunities for adults and young adults through its Continuing Education programs. In the 2006-07 academic year, 943 courses were offered to over 5,000 learners, with certificate programs in areas as diverse as advertising design, historic preservation, and web design and development. Scholarships are RISD's first fundraising priority, and the School provides institutional aid to 57% of its students. Over 70% of the student body receives some form of financial aid.

RISD also makes major contributions to public education in Providence and the state of Rhode Island. In 2008-2009, RISD Project Open Door contributed \$168,720 worth of services to 60 Providence students. (An additional 40 students from RI participate in this program). Overall, Project Open Door serves approximately 130 students (summer and school year) at a cost of about \$2,190 per student. This annual cost includes art supplies, food, and an average of 160 hours of arts learning and mentoring per teen. RISD contributed \$4,200 worth of instructional time to Hope High School for its after-school program in 2008-2009, serving approximately 25 students. In addition, Project Open Door partners with public schools to leverage funds for afterschool arts programs at Hope High, Feinstein High, Blackstone Academy and the Walsh School for the Arts.

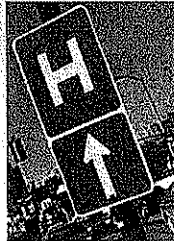
The Rhode Island Campus Compact, headquartered at RISD, is a national coalition of more than 1,100 college and university presidents – representing some 6 million students. It is dedicated to helping campus-based community service initiatives coordinate, organize, and deepen their individual and collective work, in order that they can make significant, positive impacts on student learning and the quality of life in the state.

Caring for Providence

Hospital Association of Rhode Island
May 13, 2010



Caring for Providence



Nearly 3,000 patients each day

Caring for Providence

24/7/365

1 million patient encounters

Service	Total
Births	8,989
Inpatient Surgeries	23,074
Outpatient Surgeries	37,920
Discharges	78,616
Outpatient Visits	925,678
ED Visits	200,507



Caring for Providence

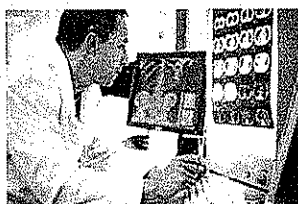


549
emergency department visits
each day



Caring for Providence

\$10.1 million
in economic impact
each day



Caring for Providence

An Economic Anchor

Economic Impact	\$3.7 billion
Jobs	11,880
Payroll	\$964 million
Supply Purchases	\$739 million
Capital Spending	\$101 million



Caring for Providence

Well-paying, consistent employment



\$2.64 million in wages paid each day

Caring for Providence

Well-paying, consistent employment

- 5% of private sector employment
- 10% of private sector payroll
- Hospital paychecks generate additional \$3.4 billion in economic activity



Caring for Providence

Training and Research

- More than \$100 million in research funding
- Clinical training site for more than 3,300 student nurses each year
- Physician training
- Clinical instructors



Caring for Providence



\$259,000
in uncompensated care provided each day

Caring for Providence

Charity Care

- Voluntarily increased eligibility
- 200% of FPL receive care at no cost
- Patient assistance



Caring for Providence

Health Education

- Nearly 300 programs each year
- More than \$50 million



Caring for Providence

- | | |
|---|-----------------------------------|
| • Rhode Island Free Clinic | • Pearl Street Playground |
| • Prairie Avenue Redevelopment Initiative | • Summer Youth Employment Program |
| • Mount Hope Empowerment Network | • Power Lunch |
| • Rhode Island Donation Exchange Program | • Providence Public Schools |
| • Providence School Asthma Partnership | • Dorcas Place |
| • Lennon Park Playground | • International Institute |
| • Stepping Up | • John Hope Settlement House |
| | • Welcome Back Center |
| | • Genesis Center |
| | • Providence Housing Authority |

Caring for Providence

A presentation to the
Commission to Study
Tax Exempt Institutions
May 13, 2010



Women & Infants
New England's premier hospital for women and newborns

Women & Infants: At a glance

- Employs 3115 people, 554 (17.8%) are residents of Providence
- Care New England, Women & Infants' parent organization, ranks #5 among Rhode Island top employers
- Provided more than \$238 million in employee salary and benefit payments, \$27.7 million for employees who are Providence residents
- Purchased more than \$28 million of goods and services from Rhode Island companies, including \$13.8 million from companies located in Providence

More economic impact

- Invested more than \$81 million on construction projects in Providence
- New South Pavilion achieving national distinction
 - Largest single family room NICU in nation
 - Study will show impact of model of care on vulnerable babies
 - Gold LEED status – 1st hospital building in New England

A national leader...

- In the top 10 of largest birth hospitals in the United States
- Among the nation's top ten leading research hospitals in ob-gyn
- Named to *US News and World Report's* Top 50 Hospitals for Gynecology
- Named one of the Nation's Best Hospitals to Have a Baby by *Fit Pregnancy*
- Named a National Center of Excellence in Women's Health by the federal government

On the cutting edge of research

- Broad array of projects funded from clinical, federal and foundation sources
 - Center of Biomedical Research Excellence (COBRE)
 - National Children's Study
 - Collaboration with Brown, URI, Woods Hole Marine Biology Laboratory on proposed RI Center for Clinical and Translational Sciences
 - Collaboration with Office of Research in Women's Health of the NIH on establishment of research priorities for next 5-10 years

The Jewelry District – a new economic force for Providence

- Kilguss Research Institute opened in 2002
- Investing in a varied research enterprise with opportunity to improve knowledge and clinical care, including study of:
 - The causes of pre-term delivery
 - Recurrent miscarriage, pre-term delivery and pre-eclampsia
 - Biomarkers in ovarian cancer
 - Mechanisms of brain injury in the fetus
 - Cardiac and placental developmental biology

The cost of academic medicine

- Teaching and research advance scientific knowledge and bring prestige to our community
- Yet, institutions like Women & Infants, which have few Medicare patients, bear a disproportionate share of costs for medical education
- Likewise not all costs of research are supported by outside funding

New clinical horizons

- Dramatic expansion of clinical programs
 - Region's largest dedicated women's cancer program and breast health center
 - Area's only all-female staff GI service
 - Advanced REI service, nation's first Center for IVM Excellence
 - Center for Urogynecology and Reconstructive Pelvic Surgery
 - Full range of internal medicine programs
 - Nation's first Day Hospital for postpartum depression

Still true to original purpose and mission...

- Founded in 1884 as the Providence Lying In, a place for poor women 'who were without means or suitable abode at time of childbirth'
- Today the mission continues: 73% of Rhode Island babies are born at W&I
- All new babies get same start in life, a sound social investment in maternal and child health
- Equal care and treatment for all, providers blinded to payment source or lack of payment source

A community resource for Providence

- Ready to serve community in the event of natural, environmental or man-made disaster
- Work along with Providence Police Department in support of victims of sexual assault, special protocols and specially trained nurse examiners
- No public hospital in our City, we are *the* hospital for all needing obstetric, gynecologic and newborn care

A community resource for women and children

- Comprehensive array of social and support services for vulnerable families in NICU, gyn oncology, other clinical areas
- Robust array of programs for those in need, e.g., Family Van, LaVan, Project Link, WPCC
- Brown Center for Study of Children at Risk
- Support (at a loss) six Centers for Health Education offering educational programs and support groups for women, more than 26,100 patients benefitted
- Provided \$26 million in uncompensated care and community service in 2009, a 29% increase from 2008

A safety net for the women of Providence

- In FY09 alone, Women & Infants provided Emergency Room, inpatient and outpatient services to Providence residents where \$3.8 million in costs was not covered by payments
- In addition, Women & Infants provided Charity Care to Providence residents totaling \$1.5 million (at cost)

Rlte Care and Medicaid

- Today 49.3% of RI babies born at Women & Infants are Medicaid recipients
- 32% of adult patients at Women & Infants are Medicaid recipients
- Rlte Care programs currently cover 79% of cost
- Facing reductions in State payments

The threat of new competition

- Now also facing intense competition from large and well funded Boston AMCs
- Aggressive recruiting of Rhode Island patients
- Heavy marketing, new beach head facilities opening
- Our tertiary services rely on volume
- We cannot turn Rhode Island into a medical backwater

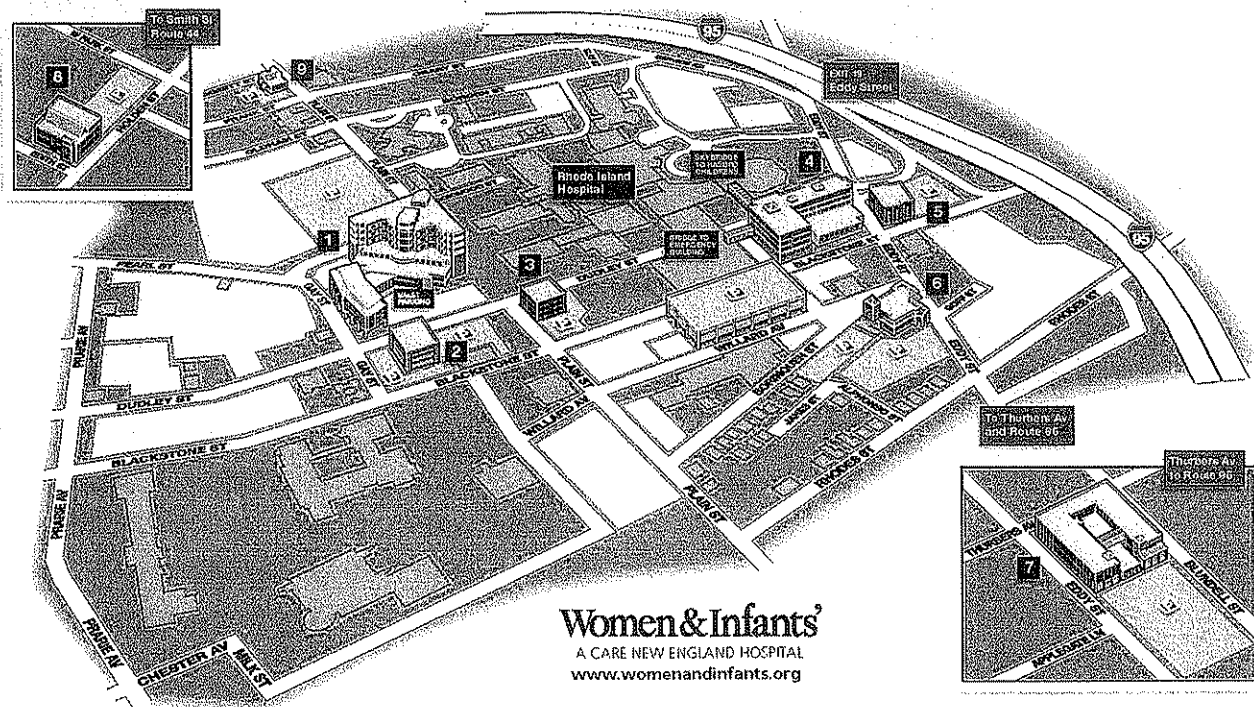
The impact of financial distress

- Reduction in investments in community, people, programs and facilities
- Reduced ability to sustain community and support programs that benefit patients in need
- Inability to offer full continuum of services for women and newborns
- Erosion of national stature and pre-eminence
- Loss of national faculty
- Loss of research dollars and projects
- Loss of jobs

A view of master space plan

- Major facility expansion completed with the South Pavilion project
- Future expansion most likely to occur in leased space on which we pay taxes
- Joint work with Rhode Island Hospital for coordinated plan for landscaping
- Joint work with Rhode Island Hospital for coordinated long-term plan for parking

WOMEN & INFANTS HOSPITAL OF RHODE ISLAND EXTENDED CAMPUS



- 1 Women & Infants Hospital
Main building – 101 Dudley Street
- 2 120 Dudley Street
- 3 100 Dudley Street

- 4 2 Dudley Street
- 5 One Blackstone Street
- 6 695 Eddy Street

- 7 134 Thurbers Avenue
- 8 50 Holden Street
- 9 79 Plain Street

See back for list of program locations and parking information.

Providence: We are here as your partner

- We have chosen to locate services within Providence.
- We want to see our City grow and prosper. We recognize it is in our mutual interest to have a strong and vital Providence.
- We understand financial challenges facing the City.
- We recognize the importance of state PILOT payments.
- We will continue to maintain our commitment to care for the residents of Providence, including those without the ability to pay.
- We will continue to serve as a safety net for vulnerable patients.

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