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Campus's Economic Contribution to Region Approaches \$1 Billion

UC Merced's research and growth is having a significant effect on the San Joaquin Valley as the local economy rebounds from a deep recession

MERCED, Calif. — The nearly \$1 billion the University of California, Merced, has pumped into the region's economy since operations began is significantly contributing to the San Joaquin Valley's economic recovery, according to data released today by the university.

The value of wages and benefits paid, construction contracts awarded and goods services purchased within the San Joaquin Valley between the university's inception in July 2000 and Aug. 31, 2013, amounted to \$946 million, the university reported. That compares with \$815 million at the same time last year, an increase of \$131 million. At the current rate of growth, the university expects to reach the \$1 billion mark near the end of the calendar year.

Statewide, UC Merced's total economic contribution now exceeds \$1.7 billion.

"UC Merced's contribution to the regional economy continues to grow at a much faster rate than the overall economy," said Dorothy Leland, UC Merced chancellor. "Although

Quick Facts

- Since 2000, the value of wages and benefits, construction contracts, and goods and services purchased by UC Merced amounts to more than \$946 million.
- At the current growth rate, that figure should exceed \$1 billion by the end of December.
- Statewide, the campus's contribution exceeds \$1.7 billion.

unemployment and poverty in the region remain among the highest in the state, we are very pleased that our growing presence here is beginning to have a significant impact.”

Leland noted that every dollar UC Merced invests in the local economy is multiplied several times over as university employees, contractors, students and others purchase local goods and services.

“The ripple effects of UC Merced’s direct expenditures are hard to measure precisely,” she said, “but it’s clear that funds invested in local wages, goods and services continue to circulate throughout the economy, boosting employment and stimulating additional investment by others. We see this process accelerating as we continue on a steady growth path in the years ahead.”

Now in its ninth academic year, UC Merced’s enrollment has grown from 875 students in its 2005 inaugural year to nearly 6,200 in this year. The university anticipates enrollment of approximately 10,000 students by 2020.

Total employment is now more than 1,300, excluding student employees.

To accommodate projected growth, campus officials have modified near-term development plans to allow faster, more cost-efficient construction of campus facilities. At the same time, the university is looking to acquire additional off-campus space in the city of Merced to house most of its administrative personnel.

“We are making good progress in both of these areas,” Leland said, “but will have to moderate enrollment growth somewhat over the next few years until our physical capacity catches up.”

City of Merced Director of Economic Development Frank Quintero said research and teaching at UC Merced is setting the stage for the city's exploration in new industrial sectors.

"The Office of Economic Development has met with representatives from the solar-power and bio-tech industries because of UC Merced's presence," Quintero said. "With its research labs and institutions, UC Merced is an asset, having the potential to transform the Valley's economy."

Earlier this month, the university announced that its expenditures on research activities in the 2012-13 academic year amounted to more than \$17.3 million, a 9 percent gain over the prior year. Cumulative research expenditures are now more than \$100 million.

The decision to build the University of California's newest campus in the San Joaquin Valley was made, in part, to help address the chronic unemployment, poverty and economic underdevelopment that have plagued the region for decades.

Though the lengthy recession of recent years hit the Valley extremely hard, regional economic reports indicate a rebound that began in 2011-12 is gaining speed, with steady improvement in most key economic indicators.

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UC Merced opened Sept. 5, 2005, as the 10th campus in the University of California system and the first American research university of the 21st century. Situated near Yosemite National Park, the campus significantly expands access to the UC system for students throughout the state, with a special mission to increase college-going rates among students in the San Joaquin Valley. It also serves as a major base of advanced research, a model of sustainable design and construction, and a stimulus to economic growth and diversification throughout the region.