



Economic Impact Analysis:
Rutgers Camden Business Incubator

February 2006

The Rutgers Camden Business Incubator is a mixed-use urban incubator.

Findings:

- 30 tenants
- 159 employees
- Total annual wages: \$6 million
- Average annual wage: \$37,900

Methodology:

1. A list of current tenant companies (excluding virtual tenants) and associated employment counts was matched with appropriate industrial classifications (2002 North American Industrial Classification System—NAICS).
2. Corresponding average annual wages by industry for Camden County (Quarterly Census of Employment and Wages, Bureau of Labor Statistics; 2004 data, the last available year) were then applied to the respective tenant employment counts, to produce total wages by tenant.
3. Finally, total wages by tenant were summed to obtain total incubator tenant wages. The average wage for all tenant employees was derived from total tenant employees and total incubator wages.

KLIOS, Inc.
1000 Atlantic Avenue, Suite 506
Camden, NJ 08104
phone: 856-283-4083
fax: 208-279-1873
Email: info@KLIOS.net
www.KLIOS.net

Community benefit:

Most, if not all of the jobs created at the Rutgers Camden Business Incubator would probably not have been created in the City of Camden in the absence of the facility. Rather, the companies located in the incubator would either have been established elsewhere (probably not in the immediate community¹) or, in the most extreme case, would not have been established at all. Thus, it is fair to ask whether or not the public dollars directed toward the incubator have produced a net benefit to the community.

The answer can be derived relatively easily. First, since its creation, the Rutgers Camden Business Incubator has received about \$1.64 million in public investment. Based on the employment and wages attributable to incubator tenants, that works out to \$10,300 of public investment per private sector job. Furthermore, data for all establishments in the 08104 zip code—the location of the incubator—reveals an inflation-adjusted average wage of \$33,600. By comparison, zip code level data from the 2000 Census shows median *household* income (updated to account for inflation) to be \$27,600 (with average household size of 2.95 people). It seems fair to say that the Rutgers Camden Business Incubator yields significant benefits to the community.

Discussion:

The methodology used herein provides a reasonable measure of the direct or wage impact of jobs attributable to the Rutgers Camden Business Incubator. No effort was made at this time to measure indirect or imputed impacts, such as jobs and wages which occur in the area (but not at the incubator) as a result of incubator jobs, wages, purchases and sales. So-called multiplier effects can be counted on to increase overall impact in the community. Furthermore, no effort was undertaken as part of this analysis to look at net job creation, including job additions and job losses as a result of the incubator, due to the limitations of the data. Anecdotal consideration of other data, however, suggests that this should not bias the results in any significant fashion.

¹ At least one establishment, a janitorial services company, was started in the community without the incubator and later moved to the facility. If employment and wages associated with that establishment are not counted, the incubator's impact is:

- 104 employees
- Total annual wages: \$5.2 million
- Average annual wage: \$49,800

Because janitorial services have a relatively low average wage, excluding this tenant from the incubator totals actually increases the average wage while reducing total wages attributable to the incubator.