



**THE COMPREHENSIVE ECONOMIC DEVELOPMENT IMPACTS  
OF THE FLORIDA INSTITUTE FOR THE COMMERCIALIZATION OF PUBLIC RESEARCH  
WITH PROJECTED ECONOMIC IMPACTS BASED ON DEFINED FUNDING SCENARIOS**

Submitted to:  
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## I. Executive Summary

- The Washington Economics Group, Inc. (WEG) was retained by the Florida Institute for the Commercialization of Public Research (“the Institute”) as independent consultants to estimate the comprehensive economic development impacts of the Institute’s activities from FY-2011 through FY-2015 to the State of Florida, and to project economic impacts to the State over time based on specified funding scenarios.
- The Institute is a non-profit organization with an economic development mission that supports new company and job creation, and plays a catalytic and growing role in supporting the economic development strategy of Florida.
- The Institute works collaboratively with universities and other research partners throughout the State to uncover commercially viable technologies and to begin the company-building process. Recognizing that proper planning and execution in the early stages of company development improve the chances for future funding and growth, the Institute delivers value-added support services and seed funds that help minimize risk and position companies for success. The Institute is essential to the State’s economic development and its competitive positioning in the global marketplace as it fulfills a “niche” for early-stage companies where support services and seed capital are not sufficiently available through the private sector.
- In essence, the Institute facilitates the commercialization of new discoveries generated through publicly-funded research by working closely with technology licensing officers across Florida and leveraging a research base of approximately \$2 billion to create and fund new companies. Institute funding programs require that companies raise a 1:1 private investment match, and funded companies through June 30, 2015 have exceeded that requirement, having raised in excess of \$60 million. The program has enabled entrepreneurs to raise \$37 million in matching funds from high net worth individuals and groups within the State of Florida, **inducing capital into Florida companies that may have otherwise been invested outside of the State.** Between FY-2011 and FY-2015, companies funded by the Institute attracted more than \$23 million from capital sources outside of Florida by showcasing investment opportunities that were previously “below the radar.”
- The commercialization of public research is integral to the economic vitality of Florida because it contributes significantly to high-wage job creation in targeted industries, generates tax revenues that support important social and community initiatives, and addresses many 21<sup>st</sup> century challenges to improve the quality of life of Florida residents and non-residents through innovative breakthroughs in healthcare, clean energy, advanced manufacturing, aviation and aerospace and other emerging sectors.

- The Institute's operations and the companies funded in Florida's targeted industry sectors generate significant economic impacts. Among these are the creation of Employment, Household Income for Florida's working families, Gross Domestic Product (Value-Added) to the State's economy and other positive outcomes that support the development of an innovation and knowledge-intensive economy.
- Table ES-1 below presents the growing and positive economic impacts of Institute operations and the companies funded from FY-2011 through FY-2015.

**Table ES-1. Summary of the Total Recurring Economic Impacts on Florida Arising from Institute Operations and the Companies Funded**

Impact on:	2011	2012	2013	2014	2015	5-Year Total
Employment (Jobs)	91	211	343	683	1,144	<b>2,473</b>
Labor (Household) Income (\$ Million)	\$5	\$13	\$20	\$41	\$66	<b>\$145</b>
Gross Domestic Product (Value Added-\$ Million)	\$8	\$19	\$30	\$61	\$88	<b>\$206</b>
Federal State & Local Fiscal Revenues (\$ Million)	\$2	\$4	\$6	\$12	\$20	<b>\$43</b>
Total Economic Impact (\$ Million)	\$16	\$33	\$52	\$109	\$168	<b>\$379</b>

Table may not equal sum of all due to rounding. See Detailed Impact Tables in Appendix III.

Source: *The Washington Economics Group, Inc. (WEG)*

- The jobs supported by the Institute are primarily in sectors targeted for growth by the State's Economic Development Strategy. Over the five-year period (FY-2011 through FY-2015), an estimated 2,473 jobs were supported. The annual number of jobs supported by the Institute and its funded companies grew from 91 in FY-2011 to 1,144 jobs in FY-2015. A significant 80 percent of the five-year total of 2,473 jobs generated are in Knowledge-Based Services industries<sup>1</sup> and in the Manufacturing sectors.
- Furthermore, the ongoing Institute operations and the funded companies are an important generator of Household Income for Florida residents, contributing \$145 million over the past five years and increasing from \$5 million in FY-2011 to more than \$66 million in FY-2015. The average annual earnings per job supported in FY-2015 are \$57,960, however the average earnings per *direct* job are \$76,628, reflecting higher earnings for the high-skill jobs at the funded companies themselves. These jobs support the State's strategy to create a leading 21<sup>st</sup> century high-wage, high-skill economy.
- GDP impacts have also grown steadily since FY-2011 from \$8 million to \$88 million in FY-2015, contributing a total of \$206 million over the five-year period. The annual

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<sup>1</sup>Major industries under this category are: Software, Information Technologies, Life Sciences, Professional, Administrative Services and Arts, Entertainment & Recreation, among others.

Total Economic Impact of the Institute and funded companies continued to expand significantly from a \$16 million base in FY-2011 to over \$168 million in FY-2015. This is a 977 percent increase in five years.<sup>2</sup>

- As previously stated, the commercialization of public research positions the State for significant economic growth by supporting high-wage, high-skill jobs. The Institute connects spinout companies based on technologies developed at Florida universities and research institutions to funding, management talent and other resources needed to help bring new products and services to the global marketplace. Table ES-2 below presents the annual **incremental change** in economic impacts each year based on two scenarios, (1) if funding levels remain the same as of FY-2015, and (2) if funding levels increase to 10 times the current level over the FY-2015 to FY-2020 time period.

**Table ES-2. The Incremental Growth in Economic Impacts on Florida if Funding Levels Remain the Same and if Funding Increases to 10 Times the Current Levels**

Impact on:	Current Funding	10 x Current Funding
Employment (Jobs)	460	4,603
Household Income (\$ Million)	\$26	\$258
Gross Domestic Product (Value Added-\$ Million)	\$27	\$270
Federal State & Local Fiscal Revenues (\$ Million)	\$8	\$78
Total Economic Impact (\$ Million)	\$60	\$598

*Source: The Washington Economics Group, Inc. (WEG)*

- With the current funding levels, the Institute and the funded companies are expected to create a minimum of 460 new jobs annually and an incremental \$26 million in Household Income each year for Florida residents. In addition, the activities of the Institute and funded companies would continue to add an additional \$60 million in Total Economic Impact each year to the Florida economy (Table ES-2). This is a conservative projection and assumes a steady growth rate.
- **More importantly, if the funding increases to 10 times the current level, the incremental economic impacts grow significantly.** In this scenario, WEG projects growth over a five-year period leading to FY-2020 where 10 times the current funding levels is estimated, taking into consideration the period of time it will take to deploy the funds. By the fifth year, once funding levels reach 10 times the current level, the number of jobs created would increase to a significant 4,603 each year, Household

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<sup>2</sup> Calculated based on the Total Economic Impact percentage change from FY-2015 to FY-2020 prior to rounding. See Detailed Impact Tables in Appendix III.

Income would grow by \$258 million, and create an increase of \$598 million in Total Economic Impact annually as presented in Table ES-2 on the previous page.

- Additionally, based on preliminary estimates, the Economic Return on Investment (ROI) to the State of Florida is expected to increase from an ROI of 14 times with current funding in FY-2015 to a **significant 17 times** in FY-2020 with 10 times the funding. These projections are conservative and based on multiple underlying assumptions that have the potential to result in large changes in the economic ROI (See Section V). With a solid business plan in place and as the portfolio of funded companies grows over time, WEG expects the economic impacts to be larger and therefore the ROI to be much greater.
- Increased funding to the Institute would support the exponential growth of Florida companies and the creation of high-wage, high-skill jobs. This is proven by the growing economic impacts even at current funding levels, given the Institute's proven track record and role as a catalyst for increasing innovation-based economic development activity in the State. The economic development benefits of the Institute extend beyond the quantifiable impacts presented above.
- The benefits also include *externality benefits* (intangible benefits) to Florida residents, and support Florida's economic development strategy. Some of these "externality benefits" to the State include:
  - Development of a globally competitive workforce;
  - Improvement in the business climate; and
  - Attraction and retention of top engineering and management talent.
- In conclusion, the Institute is uncovering the vast potential that lies within Florida's universities and research institutes and is identifying new company opportunities that address some of today's toughest healthcare and societal challenges. Its programs bridge knowledge and funding gaps at the early stages of company development, and incorporate members of the business and investment communities to build the next generation of successful companies and entrepreneurs. Additional funding enables a higher level of Institute operations and provides sufficient resources to support these early stage companies adequately. Continuing to focus on new company creation, capitalization and growth will help build Florida's innovation economy, enhance Florida's ability to compete in an increasing global economy, and yield economic development dividends for generations to come.