

Innovation. Impact. Illinois.

An Economic Impact Report for
the Research Park at the
University of Illinois at Urbana-Champaign

Research Park
60 Hazelwood Drive
Champaign, IL 61820
researchpark.illinois.edu

November 2011



Prepared by:



CHAMPAIGN COUNTY
REGIONAL PLANNING
COMMISSION

For more information, please contact:

Laura A. Frerichs
Director, Research Park
lfrerich@illinois.edu
(217) 333-8323

About the Research Park



The Research Park was created by the University of Illinois to advance its economic development mission. The University allocated 200 acres adjacent to central campus for development of the technology park. A private developer was selected as a partner to help advance the development. Within 10 years the Research Park transformed agricultural green field land from fish ponds and swine facilities into a vibrant technology park with 12 buildings housing 90 companies and 1400 employees. The Research Park at the University of Illinois provides an environment where technology-based businesses can work with faculty and students to take advantage of opportunities for collaborative research. Examples of large corporations in the Research Park include: ADM, Abbott Laboratories, Caterpillar, Deere & Company, Littelfuse, Sony, State Farm, and Yahoo.

EnterpriseWorks is a 43,000-square-foot startup business incubator in the University of Illinois Research Park for early-stage tech firms. It is owned and operated by the University of Illinois to help launch successful startup companies. Since opening in 2001, the Research Park has incubated 127 startup companies, helping to turn University of Illinois research into commercial businesses.

EnterpriseWorks provides an ideal environment for starting a high-growth technology venture with 24 full wet-labs, furnished office space, an extensive array of shared equipment, server co-location facilities, and conference rooms with complete presentation facilities and high-speed wireless Internet access. EnterpriseWorks also offers many support services for its clients including an Entrepreneur-in-Residence program, I-Start professional launch services, weekly programming and events, and assistance with startup operations.

Quick Facts

- **603,721:** Total square feet constructed in Research Park
- First building opened in January 2001; there are now a total of 12 finished buildings, with construction underway on No. 13.
- **\$101,785,249:** Total construction cost over 10 years; of that amount,
 - \$63,385,675 funded by the private sector developer
 - \$38,399,574 funded by University/public sector for buildings and infrastructure
- 202 companies/tenants since 2001
 - 75 companies in the Research Park
 - 127 startups incubated in the Research Park
- Current publicly traded corporations in the Research Park: Abbott Laboratories, ADM, Caterpillar, Deere and Company, Eastman Chemical, Littelfuse, Pearson, Raytheon, Riverbed, SAIC, Sony, State Farm, and Yahoo!

About Impact Analysis

Economic Impact Analysis

Economic impact analysis examines the regional implications of a development in terms of three basic measures: output, wages and job creation. Inputs include the value of construction, the type of industry the business is generally classified as, and employment.

Economic impact is categorized into three types of impacts:

- **Employment Impact** - the total wage, salary and self-employed jobs in a region.
- **Earnings Impact** - the personal income, earnings or wages, of the direct, indirect and induced employees. Earnings include total wage and salary payments as well as benefits of health and life insurance, retirement payments and any other non-cash compensation.
- **Economic Output** - also referred to as economic activity, this impact relates to the gross receipts for goods or services generated by the company's operations.

Multipliers have been developed to estimate the indirect and induced impacts of various direct economic activities. Multipliers were created by IMPLAN Group of Minnesota.

- **Indirect impacts** are new jobs, wages and output that will be generated by industries that supply goods and services directly to the company.
- **Induced impacts** consist of the jobs, wages and output in industries that serve the direct and indirect employees and their families. The induced impact includes not only the end-use consumer products but also any locally purchased intermediate products that were used in producing the consumer goods and services.

Fiscal Impact Analysis

Fiscal impact analysis is categorized into two phases:

- **Fiscal impact of construction** -The fiscal impact of construction includes the direct, indirect, induced and total impact of a new or existing company during the construction phase in terms of sales taxes, income taxes, realty transfer taxes, motor fuel taxes, gas taxes, vehicle licenses and fees, telecommunication and electricity excise taxes, property taxes and other State and County revenues.
- **Fiscal impact during operations** - The fiscal impact during operations includes the direct, indirect, induced and total impacts of a new or existing company in terms of sales taxes, income taxes, realty transfer taxes, motor fuel taxes, gas taxes, vehicle licenses and fees, telecommunication and electricity excise taxes, property taxes and other State and County revenues supported by the operations of the company. The operational phase impacts are generally considered the long-term consequences of a company.

The Research Park Study

The University provided construction cost, jobs, average wage and employment data for both full- and part-time employees at the Research Park. Data was separated into three classifications according to Standard Industrial Classification (SIC) code: Professional and Technical Services, Educational Services, and Accommodations.

Outputs from the economic and fiscal impact modeling include jobs, wages, and tax revenue impacts of both construction and operations to Champaign County; the six-county region which includes Champaign, Douglas, Ford, Iroquois, Piatt and Vermilion Counties; and the State.

Infrastructure Investment Impact

The University of Illinois has invested more than \$100 million in Research Park facilities and infrastructure since 2001. Construction will continue with additional buildings, new roads and other infrastructure that will impact both Research Park tenants and the greater region.

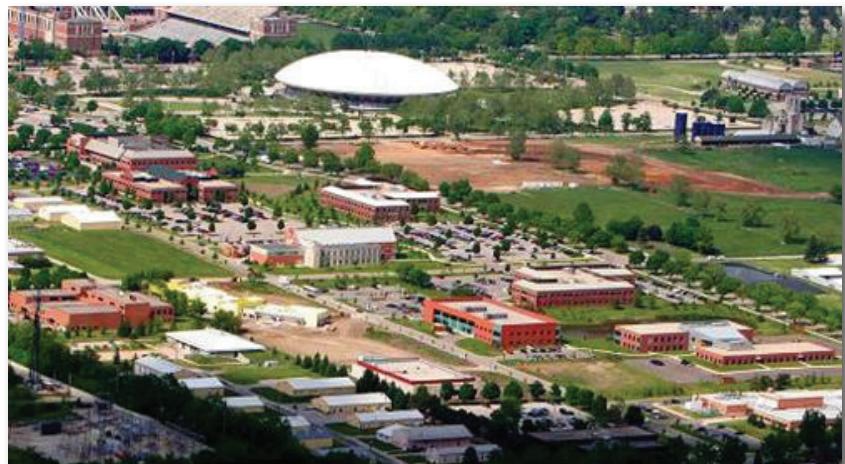
Construction Investment 2001-2011

Professional & Scientific	\$59,534,415
Educational	\$13,406,687
Accommodations	\$28,844,147
Total	\$101,785,249

Since 2001, Research Park construction has created 889 direct jobs and 636 indirect and induced jobs. These 1,526 jobs, combined with the infusion of construction material costs, have created an economic output of \$159 million.

Wages associated with the construction totaled \$43 million, an average of \$48,369 per worker. Indirect and induced wages totaled another \$23 million for our area's economy.

Part of this \$159 million impact has resulted in fiscal benefits for the State of Illinois, Champaign County, and the surrounding region. For construction initiatives alone, the State has realized \$7.2 million in tax revenues, and Champaign County has earned \$2.1 million. The other five counties in the impact modeling region- Douglas, Ford, Iroquois, Piatt and Vermilion- brought in almost \$30,000, largely through indirect and induced job creation.



Operations Impact

The Research Park's 1,235 full- and part-time employees include 963 in Professional and Technical Services, 151 in Educational Services, and 121 in Accommodations. The table below illustrates jobs, wages, and economic impact for the three job categories, divided out by full-time and student staff.

The Research Park's 1,235 employees have created an additional 241 indirect and 508 induced jobs in our region. Current annual payroll for Research Park employees is \$54,503,179, resulting in an economic benefit of \$101,485,000. Indirect and induced jobs garner an additional economic impact of more than \$68 million.

Research Park operations annually contribute \$1.3 million in tax revenues to Champaign County; \$27,000 to the surrounding five counties, and \$4.1 million to the State of Illinois.

Jobs, FY2011	Direct	Indirect	Induced	Total
Prof & Scientific Services - FT	658	158	369	1185
Prof & Scientific Services - Student	305	18	42	365
Educational Services - FT	124	37	60	221
Educational Services - Student	27	2	4	33
Accommodations -FT	89	22	28	138
Accommodations - Student	32	4	5	41
TOTAL	1235	241	508	1983

Wages, FY2011	Direct	Indirect	Induced	Total
Prof & Scientific Services - FT	\$40,190,640	\$6,021,000	\$12,804,000	\$59,015,640
Prof & Scientific Services - Student	\$4,575,000	\$685,000	\$1,457,000	\$6,717,000
Educational Services - FT	\$6,221,080	\$1,330,000	\$2,079,000	\$9,630,080
Educational Services - Student	\$405,000	\$87,000	\$135,000	\$627,000
Accommodations -FT	\$2,631,459	\$835,000	\$957,000	\$4,423,459
Accommodations - Student	\$480,000	\$152,000	\$175,000	\$807,000
TOTAL	\$54,503,179	\$9,110,000	\$17,607,000	\$81,220,179

Economic Output, FY2011	Direct	Indirect	Induced	Total
Prof & Scientific Services - FT	\$68,674,000	\$16,225,000	\$30,987,000	\$115,886,000
Prof & Scientific Services - Student	\$7,817,000	\$1,847,000	\$3,527,000	\$13,191,000
Educational Services - FT	\$14,178,000	\$4,399,000	\$5,030,000	\$23,607,000
Educational Services - Student	\$923,000	\$286,000	\$327,000	\$1,536,000
Accommodations -FT	\$8,367,000	\$2,282,000	\$2,316,000	\$12,965,000
Accommodations - Student	\$1,526,000	\$416,000	\$422,000	\$2,364,000
TOTAL	\$101,485,000	\$25,455,000	\$42,609,000	\$169,549,000

Quality In, Quality Out

High Educational Attainment

An informal survey of Research Park tenants showed that 56% of the responding tenants hold a graduate or professional degree. Census American Community Survey 2010 one-year estimates reflect that more than 20% of Champaign County residents have obtained a graduate or professional degree, compared to 11.5% in Illinois and 10.4% in the nation.



High Quality Jobs

Professional and Technical Services is one of the top industry clusters for Champaign County, along with education, agriculture, manufacturing, and healthcare. Supporting these clusters to create, maintain, and build upon innovation locally will help keep our economy and our communities strong now

and in the future. The Research Park has companies which focus on innovation in all our economic clusters, helping make Champaign County, the region, and the state more of a global competitor.



At any given time more than 400 University of Illinois student interns are working in Research Park companies, gaining valuable work experience while making real contributions to internal corporate R&D and product development programs.

One of our challenges as a region is to keep the educated workers we have once they graduate. The Research Park is answering that call: of the firms that successfully graduate the Research Park, 30% remain in the Research Park, 65% remain in Champaign County, and a total of 78% remain in Illinois.

High Wages

Full-time Professional and Technical Services employees in the Research Park have an average wage of \$61,080, compared to \$40,020 for workers in Champaign County, \$49,497 for Illinois, and \$46,751 for the nation. Higher wages mean more spending power, improved quality of life, and are a competitive advantage for Champaign County.



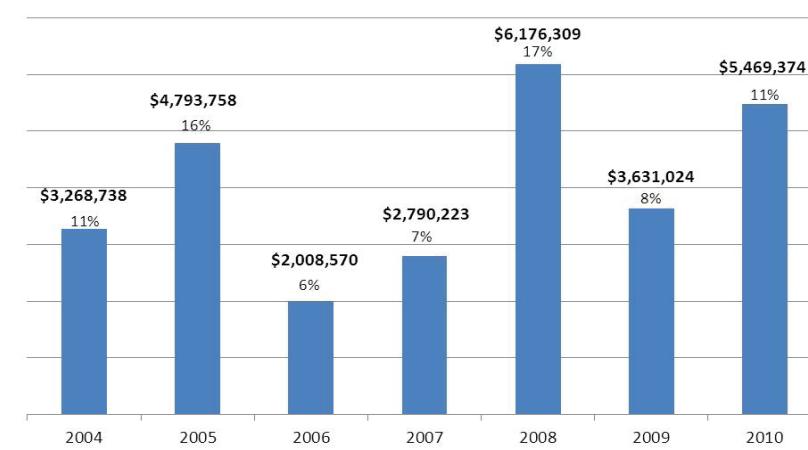
Access to Capital

Continued Success Earning Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Grant Awards

The SBIR program is coordinated by the United States Small Business Administration, in which 2.5 percent of the total extramural research budgets of all federal agencies with extramural research budgets in excess of \$100 million are reserved for contracts or grants to small businesses. In 2010, these research funds totaled over \$1 billion. STTR is designed to expand public/private sector partnerships between small businesses and nonprofit U.S. research institutions, and is funded at 0.3% of the relevant agencies' extramural research budgets. In FY10, this total was over \$100 million. Eleven Federal departments participate in the SBIR program; five departments participate in the STTR program. Funds are awarded competitively to small

and young companies with proposed R&D concepts that pass a rigorous review process. The programs are a source of unencumbered capital that is focused on moving concepts and basic research closer to potential commercialization, with a focus on mission-related priorities among the funding agencies. This metric is embedded in every new economy benchmarking study and report card. Cumulative awards to Research Park companies have totaled \$28 million from 2004-2010.

Total SBIR/STTR Awards in Research Park

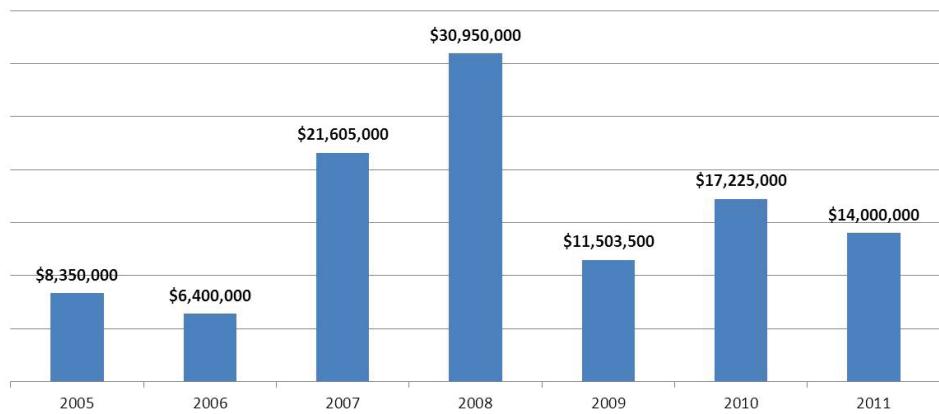


Percentages shown indicate proportion of Illinois SBIR/STTR funding awarded to Research Park companies.

Venture Capital

Venture capital funding is one of the indicators common to all new economy report cards and benchmarking reports. Publicly available data on the various forms of early-stage capital provided to emerging companies tend to be incomplete. Services that report venture funding capture a significant share of larger deals from more mature funds, and their coverage has improved considerably over time. Angel and seed funding is more difficult to identify and report. Large angel deals from more formal or institutionalized sources are often reported, but funding from more informal angel and seed sources is elusive at best. The annual survey of EnterpriseWorks incubator clients asks questions about funding, but responses are partial, sometimes inconsistent, and are difficult to align with publicly available data. Using publicly reported data, the University of Illinois has identified venture capital investment over the period 2005 to 2011. Venture capital funding reported to Research Park startup companies from 2005-2011 totals \$110,033,500.

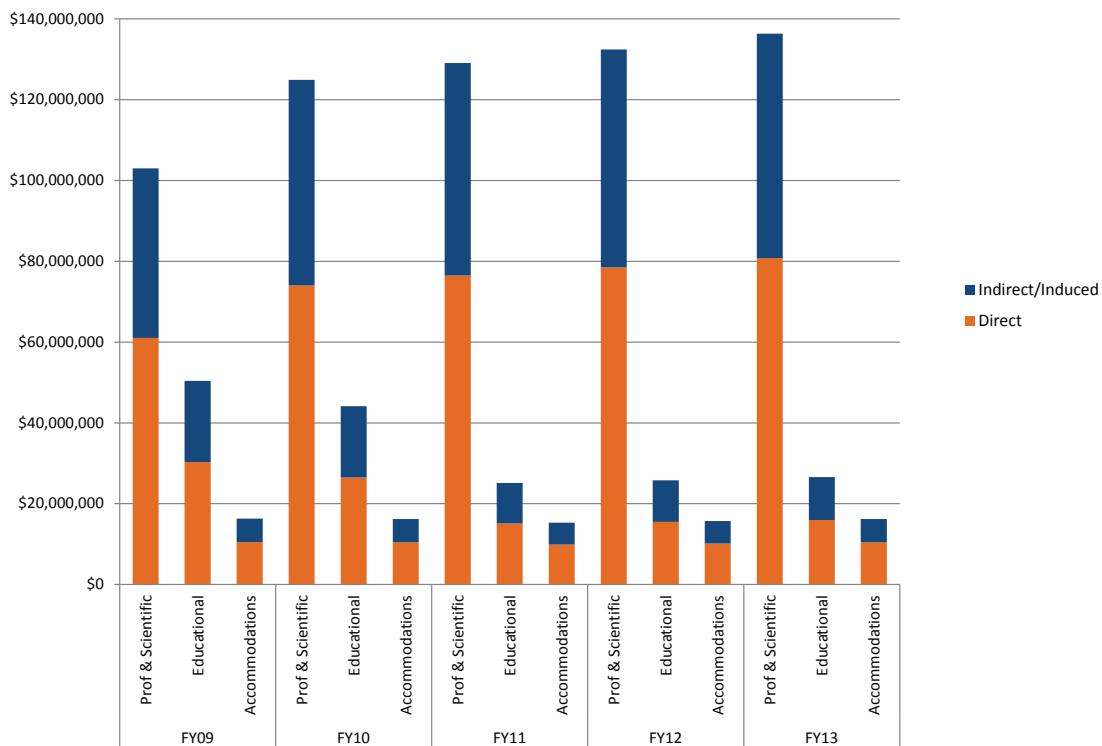
Research Park Startup: Venture Capital Investments by Year



Future Impacts

The Research Park anticipates growing by another 112 jobs by the end of 2013. This will generate \$3 million in direct wages and another \$1.5 million for indirect and induced jobs. Overall economic impact of this growth is estimated at \$179 million, an increase of \$9.5 million from current levels.

Research Park Economic Output, FY09 - FY13



The State of Illinois is expected to benefit by \$4.4 million from Research Park tax revenues in FY2013. This is an increase of \$236,800 from FY2011 revenues. Champaign County should garner \$1.4 million two years from now, an increase of \$72,200.

UIUC was designated an Economic Development Administration University Center in September 2011. The programs to be expanded upon or initiated as a University Center will focus more on rural areas and should positively impact job creation, wages, and tax revenues for the six-county region and the State.