



Advancing Florida's **LIFE SCIENCE INDUSTRY**

UCF COLLEGE OF MEDICINE | ECONOMIC IMPACT SUMMARY

FEBRUARY 2006



Florida's Economic **COMPETITIVENESS**

- Superb economic growth
- Ranked 12th in the Laffer scale of economic competitiveness among states
- Among top states in job, personal income, and population growth
- Job creation and personal income growth encouraged by state government's fiscal policies

2005 STATE ECONOMIC COMPETITIVENESS RANKINGS



FOR RANKING INPUTS PLEASE SEE FOLLOWING PAGE. SOURCE: LAFFER STATE COMPETITIVE ENVIRONMENT, A SUPPLY-SIDE RANKING OF THE STATES, LAFFER ASSOCIATES JULY 2005.

2005 STATE ECONOMIC COMPETITIVENESS RANKINGS

REPORT CARD

SOURCE: LAFFER STATE COMPETITIVE ENVIRONMENT, A SUPPLY-SIDE RANKING OF THE STATES, LAFFER ASSOCIATES JULY 2005.

MINIMUM WAGE:	38 TH	PROPERTY TAX BURDEN:	28 TH
WORKERS COMPENSATION COSTS:	48 TH	SALES TAX BURDEN:	37 TH
STATE LIABILITY SYSTEM:	38 TH	MOTOR FUEL TAXES:	48 TH
POPULATION GROWTH:	4 TH	CIGARETTE TAXES:	7 TH
EMPLOYMENT GROWTH:	6 TH	ALCOHOL TAXES:	46 TH
UNEMPLOYMENT RATE:	3 RD	STATE & LOCAL GOVERNMENT DEBT:	38 TH
PER CAPITA PERSONAL INCOME GROWTH:	43 RD	PUBLIC EMPLOYEES PER 10,000 RESIDENTS:	4 TH
HOUSING INDEX:	32 ND		
TAX CHANGE:	4 TH		
INCOME INCENTIVE RATE:	4 TH		
TAX PROGRESSIVITY:	2 ND		

**OVERALL
FLORIDA
RANKING** **12TH**



Florida's **CHALLENGE**

Problem: Lower Household Incomes in Florida

- Lower paying industries (especially retail) comprise a larger segment of the employment base
- Below average household incomes does not match the growth in median housing prices
- This has caused a decrease in housing affordability
- Per capita personal income growth is ranked 43rd

Solution: Raise income levels by creating new jobs in higher paying professions.

FLORIDA'S CHALLENGE

FACTORS IN ECONOMIC COMPETITIVENESS

	FLORIDA	U.S. AVERAGE	RANK
EMPLOYMENT GROWTH (12-05 / 12-04)	3.3%	1.5%	6TH
UNEMPLOYMENT RATE (12-05)	3.3%	4.9%	3RD
PERSONAL INCOME GROWTH ('05 QIII / '05 QII)	1.5%	0.7%	4TH
POPULATION GROWTH (7-05 / 7-04)	2.3%	0.9%	4TH
GROSS STATE PRODUCT GROWTH: 2004	5.9%	4.3%	5TH
PER CAPITA PERSONAL INCOME GROWTH ('04 / '03)	4.5%	4.9%	43RD
PER CAPITA PERSONAL INCOME: 2004	\$31,460	\$33,041	25TH
HOUSING AFFORDABILITY RATIO: 2005	42.1	38.4	N/A

SOURCE: BLS, BEA, U.S. CENSUS, AND ARDWIN, LAFFER MOORE ECONOMETRICS

UPGRADING FLORIDA'S JOB QUALITY

HIGHER PAYING INDUSTRIES COMPRISE LOWER SHARE OF TOTAL COMPENSATION IN FL.

	F L O R I D A		U . S .
MANUFACTURING	6.4%	v.	13.7%
INFORMATION	3.1%	v.	3.5%
FINANCE AND INSURANCE	7.0%	v.	7.6%
LIFE SCIENCES	0.38%	v.	0.59%

LOWER PAYING INDUSTRIES COMPRISE HIGHER SHARE OF TOTAL COMPENSATION IN FL.

	F L O R I D A		U . S .
RETAIL TRADE	8.4%	v.	6.8%
ACCOMMODATION & FOOD SERVICES	4.1%	v.	3.0%
OTHER SERVICES	3.3%	v.	2.9%

SOURCE: BEA, NIPA ACCOUNTS, NUMBER OF EMPLOYEES BY INDUSTRY AND TOTAL COMPENSATION OF EMPLOYEES BY INDUSTRY.



A Choice to Meet **THE CHALLENGE**

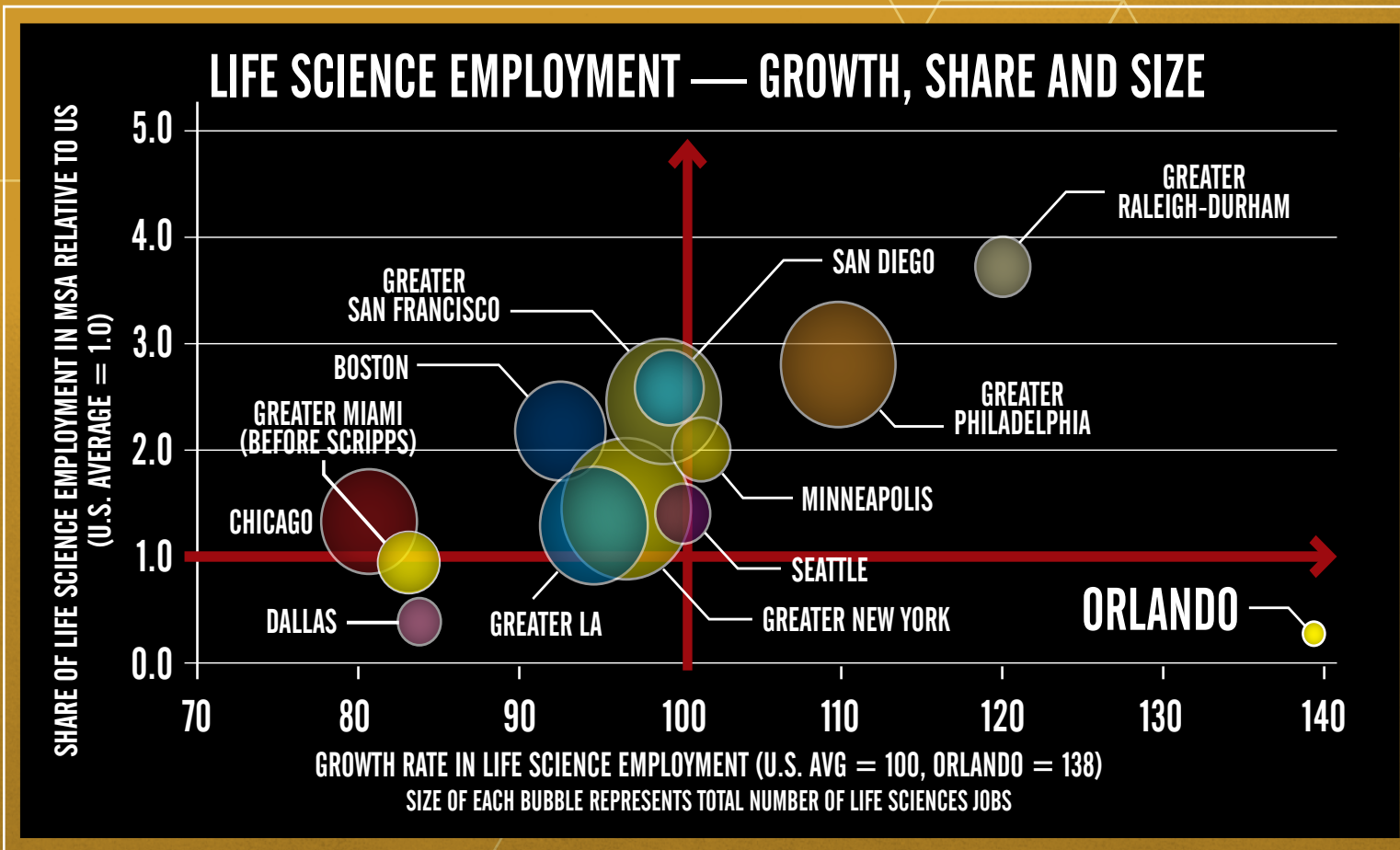
The Right Choice

- Life science clusters represent an opportunity for strong economic growth
- Developed life science clusters grow 1.4% per quarter (Raleigh-Durham, San Diego, Seattle, Austin)
- Newer clusters are growing at a faster rate than total employment
- Early innovators (San Francisco, Boston, Los Angeles) exhibited exponential growth and are still home to eminent biotech sciences and pioneers
- Every life science cluster in the country has
 - A research base
 - Hospitals
 - Population density
 - At least one medical school

Florida's life science industry will represent a missed opportunity if they are not ignited.

MOMENTUM OF THE LIFE SCIENCES

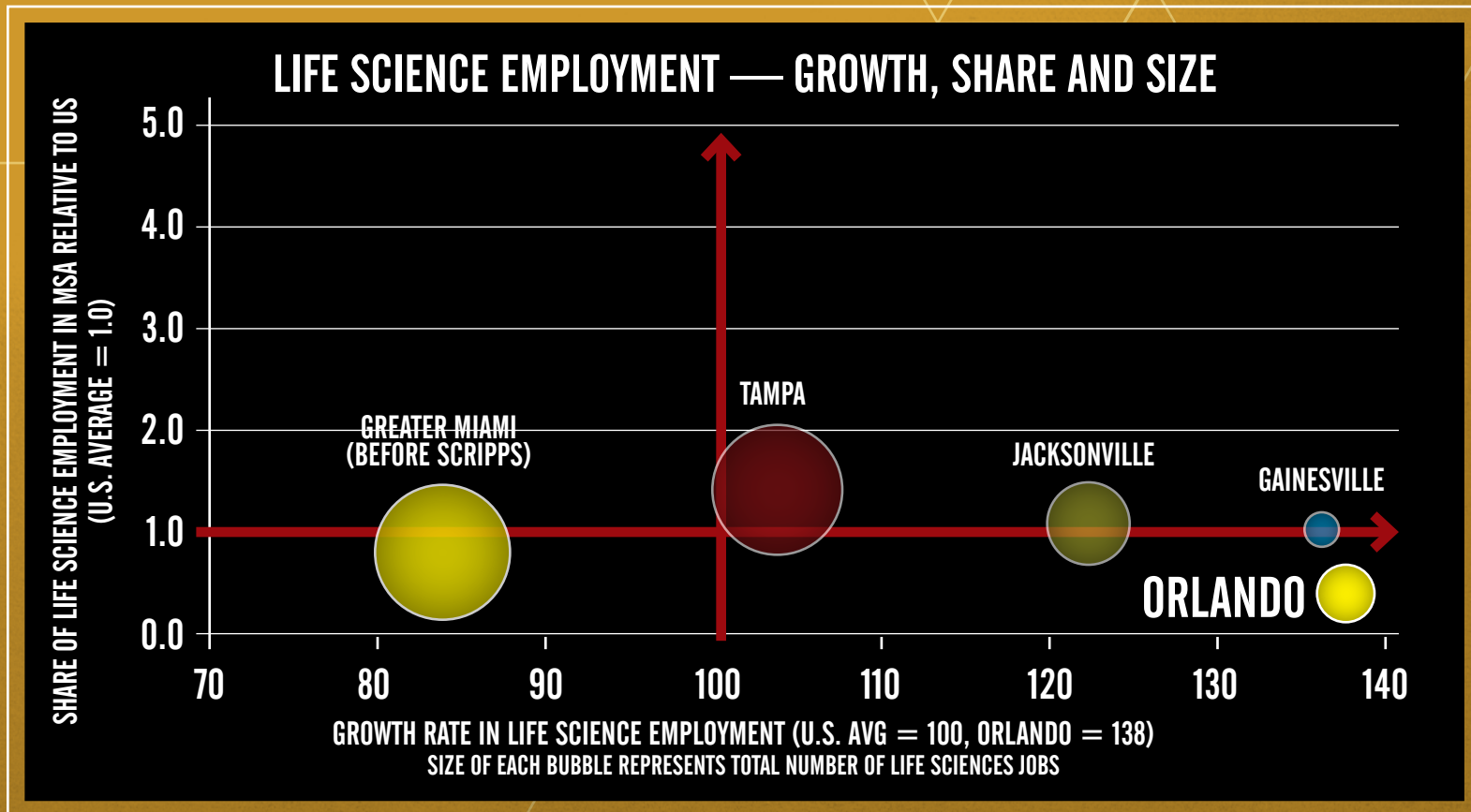
NATIONAL MSA'S WITHOUT UCF COLLEGE OF MEDICINE AND SCRIPPS



SOURCE: MILKEN INSTITUTE

MOMENTUM OF THE LIFE SCIENCES

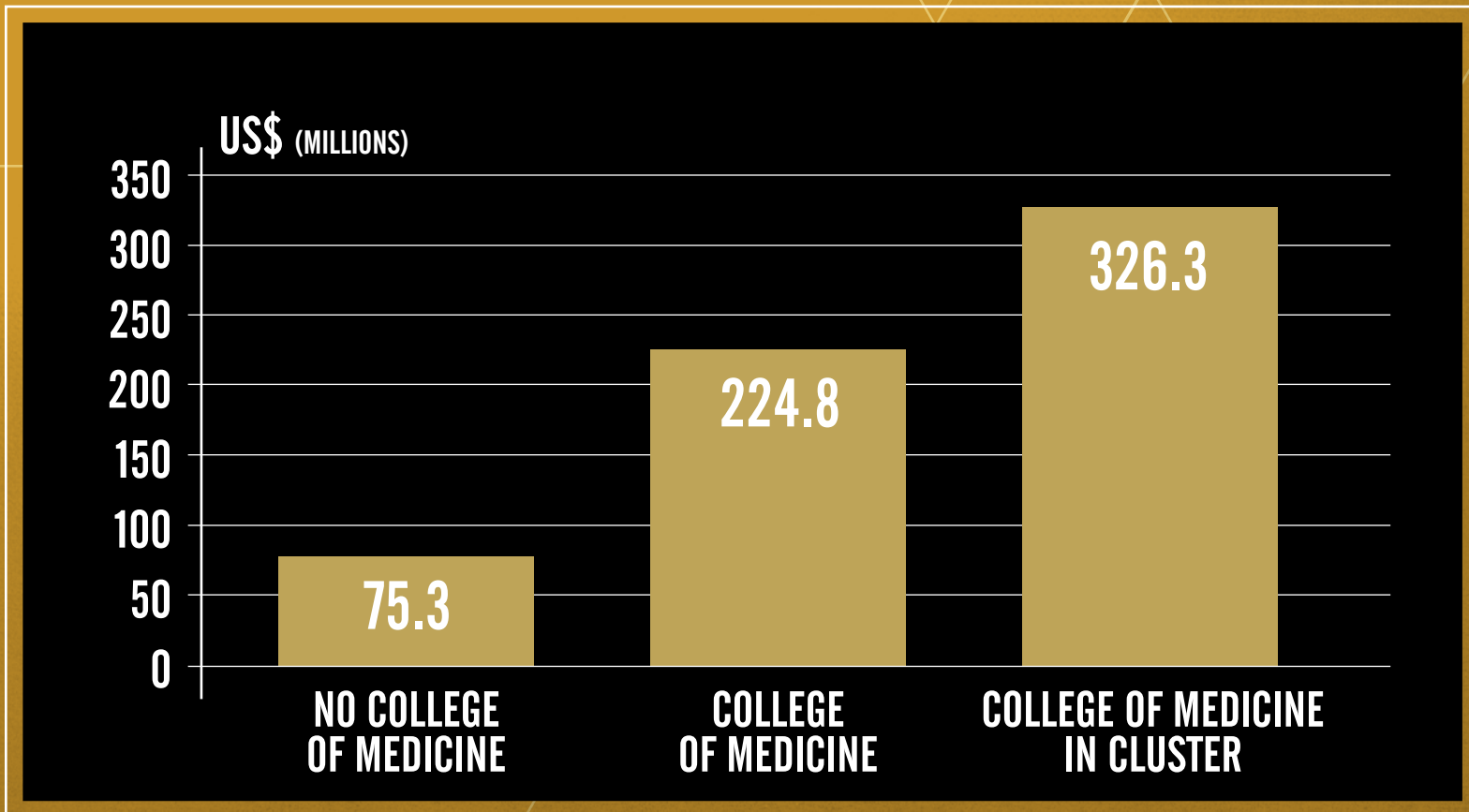
STATE MSA'S WITHOUT UCF COLLEGE OF MEDICINE AND SCRIPPS



SOURCE: MILKEN INSTITUTE

A MEDICAL SCHOOL'S VALUE

THE MEDIAN ANNUAL RESEARCH EXPENDITURES OF U.S. UNIVERSITIES (2001-2003)



SOURCE: MILKEN INSTITUTE

An aerial photograph of the Orlando skyline at dusk. The sky is a deep purple, and city lights are visible. Two prominent skyscrapers are illuminated with warm orange and yellow lights. The foreground shows a parking lot with several cars and some trees. Overlaid on the image are several white geometric shapes: a large hexagon on the left, a smaller one in the center, and a large white arrow pointing right on the right side. The text "Location, Location, LOCATION" is written in white, with "LOCATION" in a larger, bold font.

Location, Location, **LOCATION**

The Right Location

Orlando is a world class destination. It offers a highly attractive standard of living. Orlando is the largest metropolitan area in the country without a medical school. The vision for the area includes an Innovation Way corridor which allows for unparalleled growth in all sectors of development including commercial and residential, all within minutes of Orlando International airport. The transportation infrastructure, due to the airport, is second to none. The UCF Health Care Campus at Lake Nona would accommodate various colleges, related class A housing and ancillary services such as retail and restaurant, multiple hospitals, wet labs and a Research and Technology Park sized at hundred of acres, all amidst several parks, conservation areas and nature trails.



UCF HEALTHCARE CAMPUS AT LAKE NONA

A WORLD CLASS DESTINATION





The Right Time, **THE RIGHT PARTNERS**

TWO OF UCF'S FIVE GOALS

- Become America's leading partnership University
- Create internationally known programs of graduate study and research

EXTERNAL PARTNERS

- Produce \$52+ Million in private sector pledges to date
- Florida Hospital and Orlando Regional Healthcare System will provide
 - \$5.9 Million or 40% of salary for 50 clinical physicians
 - All clinical facilities, office space, support staff
 - Residencies and practice plans
- Central Florida Research Park
 - One of top 10 in country
 - Over 10,000 employees with average salary of \$75K
 - Anchored by military simulation and training partnership
- University of Puerto Rico

INTERNAL PARTNERS

- Biomolecular Science Center
- Center for Research & Education in Optics & Lasers (CREOL)
- Florida Photonics Center of Excellence (FPCE)
- Institute for Simulation and Training (IST)
- Nanoscience Technology Center
- Advanced Materials Processing and Analysis Center (AMPAC)
- College of Science
- College of Engineering and Computer Science
- College of Health and Public Affairs
- The Florida Interactive Entertainment Academy

UNIVERSITY AFFILIATED CORPORATIONS

- Crystal Photonics, Inc.,
- Chlorogen, Inc.
- Optium Corporation
- OSI LaserScan
- Raydiance
- Rini Technologies
- Cognoscenti Health Institute
- AppliCote Associates, LLC
- APECOR
- Geo Fitness, Inc.
- NanoSpective
- Optigrate
- Productivity Apex, Inc.
- Tech Solutions
- UCF Technology Incubator
- UCF Venture Lab
- UCF Institute for Economic Competitiveness
- UCF Technology Entrepreneurship Institute

COMMITMENT

N A M E	P L E D G E
TAVISTOCK GROUP (EXCL. LAND GRANT OF 50 ACRES VALUED IN EXCESS OF \$8M)	\$12,500,000
AL & NANCY BURNETT	\$10,000,000
GINSBURG FAMILY FOUNDATION	\$4,000,000
STEVE AND PAULA WALSH	\$2,500,000
ANONYMOUS	\$1,500,000
ORANGE COUNTY, FLORIDA	\$1,200,000
BEAT AND JILL KAHLI	\$1,000,000
DICK AND MARY NUNIS	\$1,000,000
WINTER PARK HEALTH FOUNDATION	\$1,000,000
MARTIN AND GRACIA ANDERSEN FOUNDATION	\$1,000,000
FLORIDA HOSPITAL	\$1,000,000
ORLANDO REGIONAL HEALTHCARE	\$1,000,000
GENIUS FOUNDATION	\$1,000,000
HUGHES SUPPLY	\$1,000,000
BANK OF AMERICA	\$1,000,000
DARDEN RESTAURANTS	\$1,000,000
JOSEPH R. LEE	\$1,000,000
LARRY & JANET PINO	\$1,000,000
ANONYMOUS	\$500,000
OSCEOLA COUNTY, FLORIDA	\$100,000
SEMINOLE COUNTY, FLORIDA	\$100,000
SUB-TOTAL	\$44.4 MILLION
GIFT OF LAND	\$8 MILLION
TOTAL	\$52.4 MILLION

ADDITIONALLY, THE HOSPITALS ARE CONTRIBUTING \$5.9M IN STAFF RESOURCES TAVISTOCK GROUP IS DONATING 50 ACRES VALUES IN EXCESS OF 8 MILLION DOLLARS



Igniting **ECONOMIC GROWTH**

The Right Investment

Before considering clustering, the College of Medicine alone will more than pay for the state investment. Comparing the present value of the state investment to the present value of the additional economic growth generated over the first 12 years, economic growth would increase an estimated \$7.35 for every dollar the state invests.

The College of Medicine at UCF is designed to attract faculty with a proven research and fundraising track record. Such faculty will further enhance the Orlando region's ability to sustain a vibrant life-sciences cluster. Including a growing cluster's economic impact over the first 12 years, economic growth would increase an estimated \$32.35 for every dollar the state invests.

By year 10, the growing life-sciences cluster and College of Medicine will create an additional 25,000 jobs, \$6.4 billion in economic activity and almost \$2.3 billion in wages.

As the south Florida and central Florida regions rise, so will the state as a whole.

ECONOMIC IMPACT

COLLEGE OF MEDICINE = COM

IMPACTS ON ORLANDO ECONOMY: **END OF YR. 10**

	BASELINE	COM	COM + CLUSTER
GOVERNMENT COST	N/A	+ \$194.3 MILLION	+ \$194.3 MILLION
NUMBER OF JOBS	1.4 MILLION	+ 6,470	+ 25,730
AVERAGE WAGE FOR ADDITIONAL JOBS	\$62,570	\$79,895	\$90,152
TOTAL WAGES	\$86 BILLION	+ \$517 MILLION	+ \$2.3 BILLION
TAX REVENUE	N/A	+ \$81.4 MILLION	+ \$365.2 MILLION
TOTAL ECONOMIC IMPACT	\$239 BILLION	+ \$1.4 BILLION	+ \$6.4 BILLION

ECONOMIC IMPACT

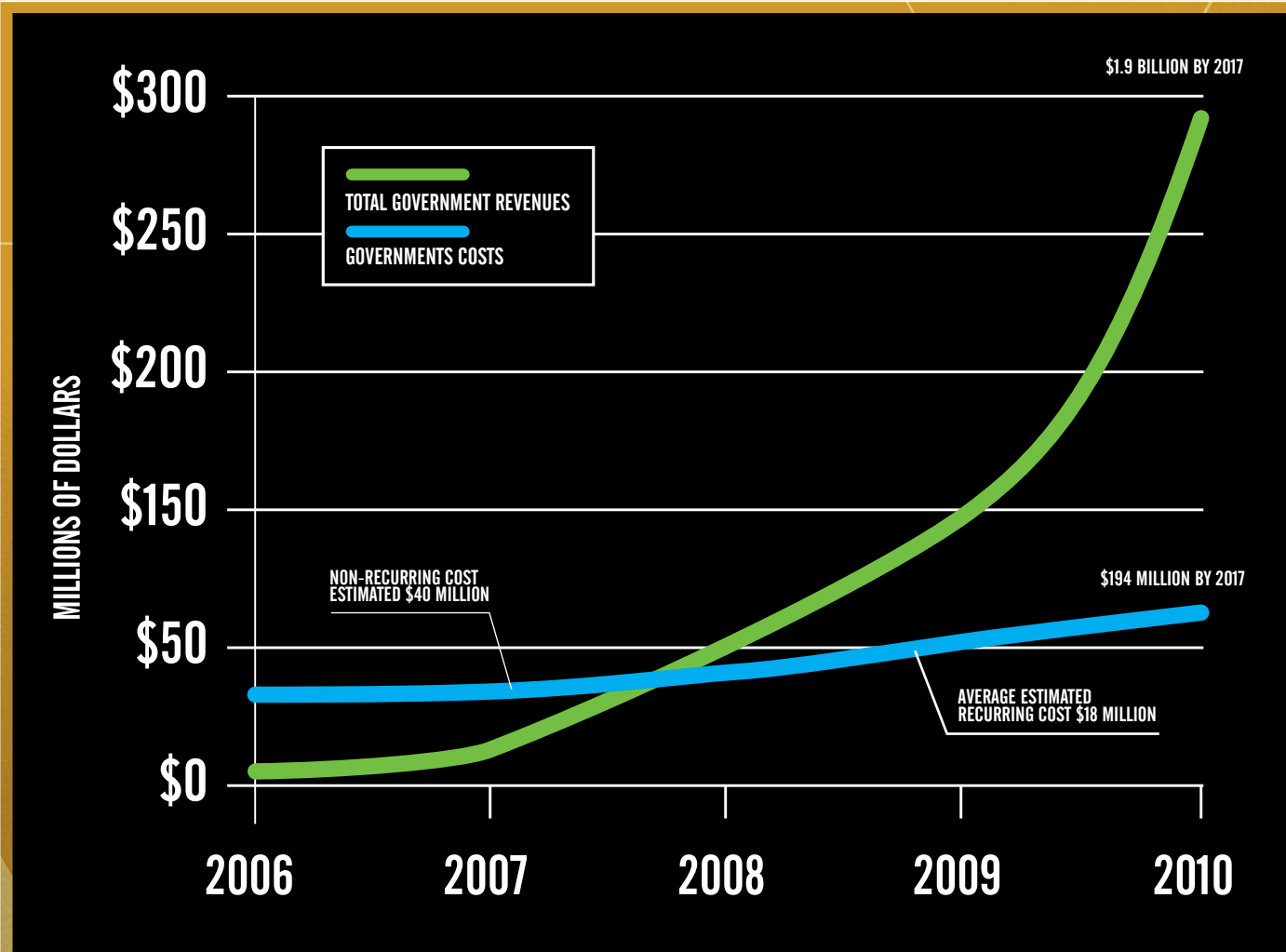
COLLEGE OF MEDICINE = COM

THE **PRESENT VALUE** OF ECONOMIC IMPACTS FROM 2006 THROUGH 2017

	COM	COM + CLUSTER
TOTAL ECONOMIC IMPACT	+ \$1.0 BILLION	+ \$4.6 BILLION
GOVERNMENT COST (INVESTMENT)	+ \$142.3 MILLION	+ \$142.3 MILLION
RETURN ON GOVERNMENT'S INVESTMENT	\$7.35 IN ECONOMIC ACTIVITY FOR EVERY \$1 STATE COSTS	\$32.35 IN ECONOMIC ACTIVITY FOR EVERY \$1 STATE COSTS
TAX REVENUE	+ \$312.3 MILLION	+ \$1.3 BILLION
SCRIPPS COMPARATIVE ROI	\$9.70 IN ECONOMIC ACTIVITY FOR EVERY \$1 STATE COSTS	\$9.70 IN ECONOMIC ACTIVITY FOR EVERY \$1 STATE COSTS

BREAK-EVEN

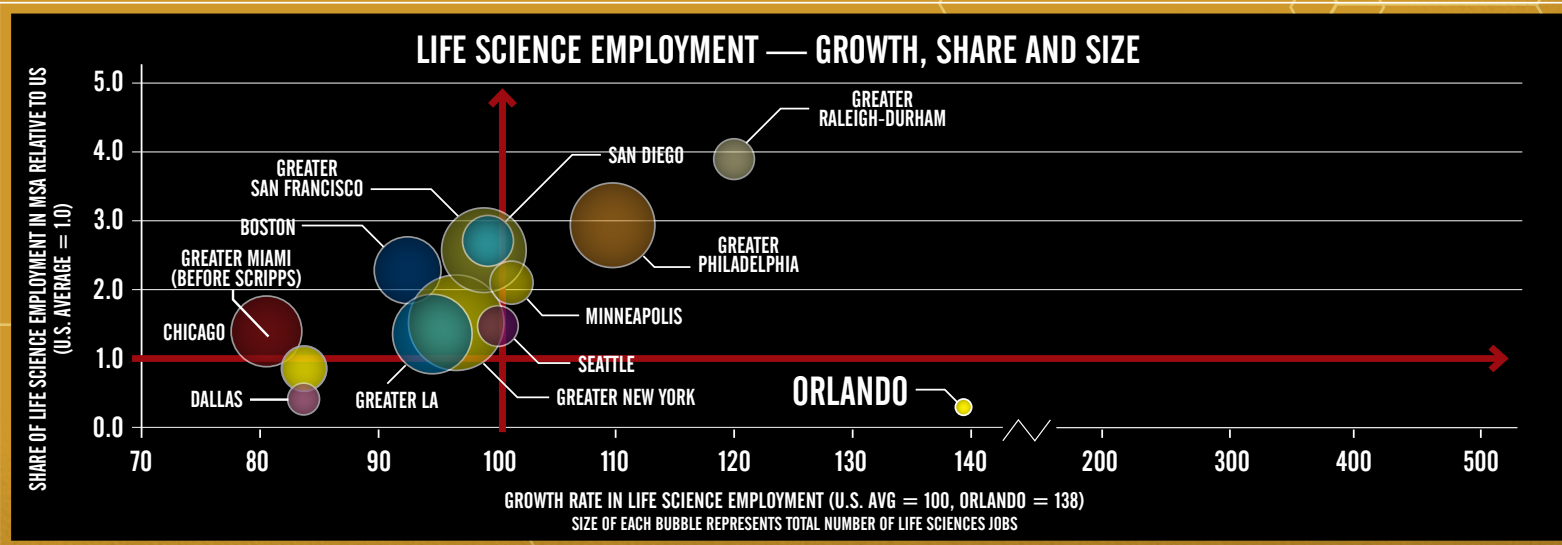
CUMULATIVE GOVERNMENT COSTS COMPARED TO TOTAL GOVERNMENT REVENUES FOR COM + CLUSTER



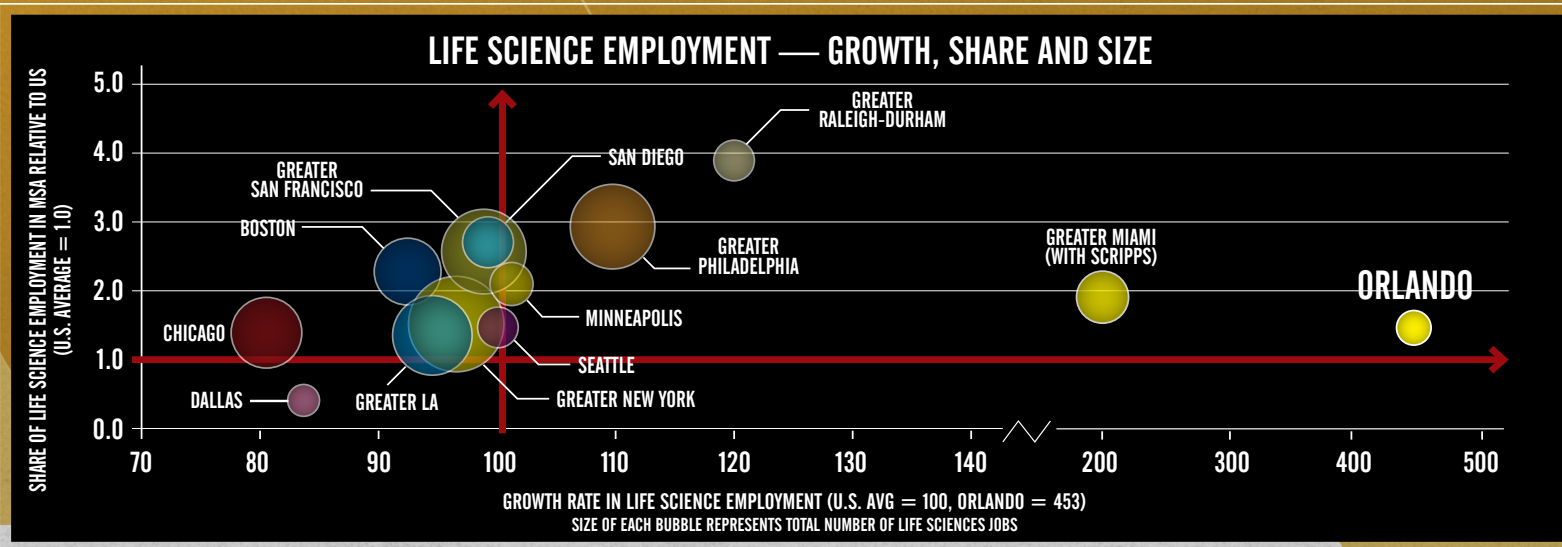
SOURCE: MILKEN INSTITUTE, AND ARDWIN, LAFFER MOORE ECONOMETRICS

ECONOMIC IMPACT

EMPLOYMENT SIZE, GROWTH AND CONCENTRATION **WITHOUT** UCF COLLEGE OF MEDICINE



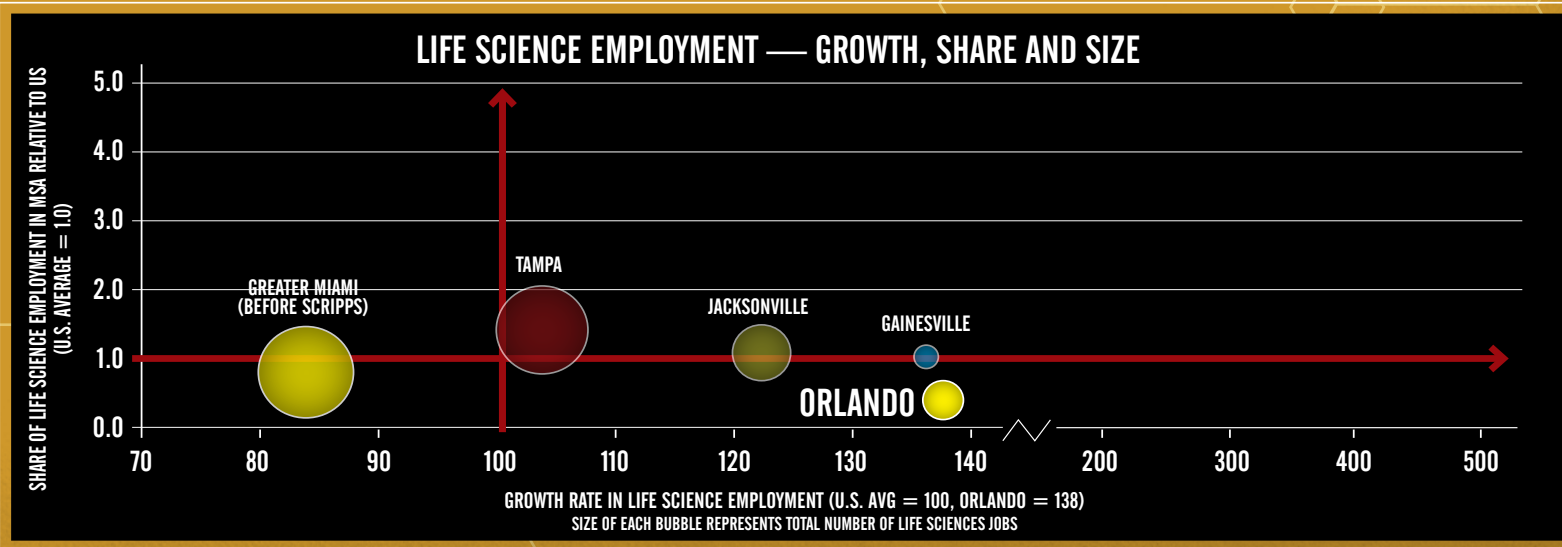
EMPLOYMENT SIZE, GROWTH AND CONCENTRATION **WITH** UCF COLLEGE OF MEDICINE & CLUSTERING



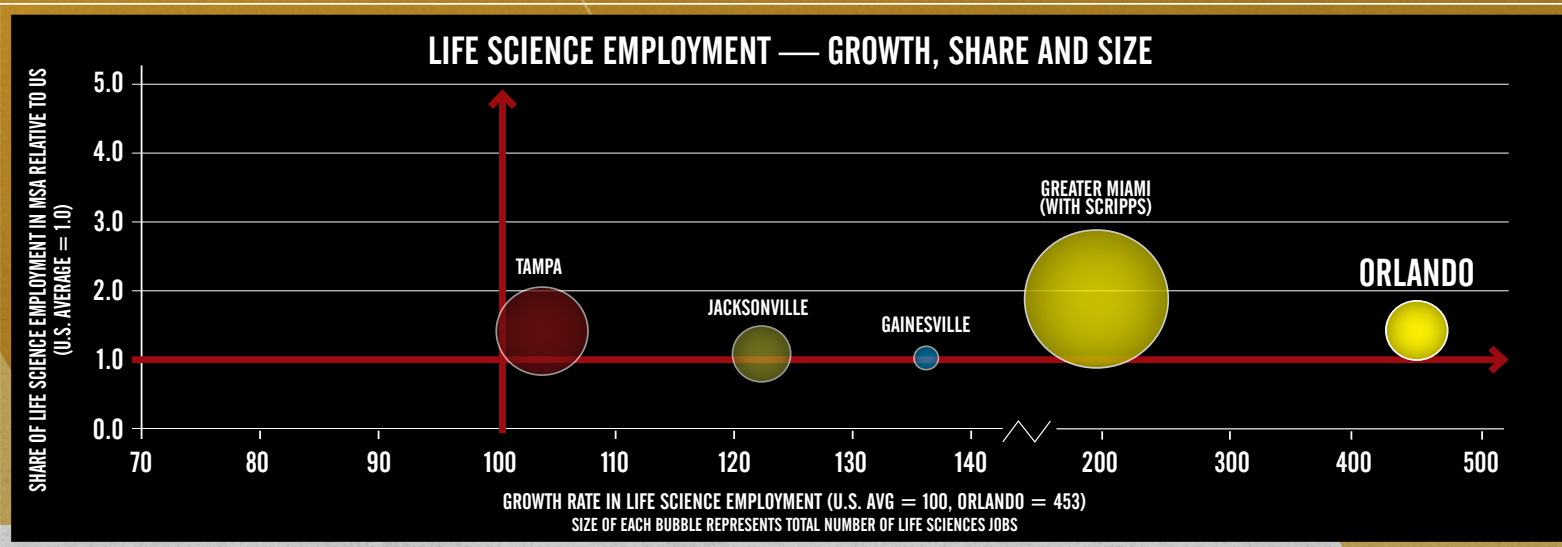
IMPACT DATA ONLY APPLIED TO ORLANDO AND MIAMI.

ECONOMIC IMPACT

EMPLOYMENT SIZE, GROWTH AND CONCENTRATION **WITHOUT** UCF COLLEGE OF MEDICINE



EMPLOYMENT SIZE, GROWTH AND CONCENTRATION **WITH** UCF COLLEGE OF MEDICINE & CLUSTERING



IMPACT DATA ONLY APPLIED TO ORLANDO AND MIAMI.

THE COLLEGE OF MEDICINE AT UCF MEETS FLORIDA'S CHALLENGE

It is the right investment...

ECONOMIC RETURNS AS OF YEAR 10

Creates Jobs	25 Thousand
Increases Wages	\$90 Thousand
Increases Economic Activity	\$6.4 Billion
Increases State Revenues	\$365 Million
Economic Return on Investment	\$33 for every \$1

at the right time.

Committed Community
Committed Partners
Committed Land



“This investment
will increase
Florida’s Economic
Competitiveness”

– Donna Arduin, ALME

“Life Science Clusters
require medical schools”

– Perry Wong, Milken Institute

- \$432 million cut in property taxes if new tax revenues were applied to tax cut
- Benefits for future generations of Floridians