Economic Development at the University of Missouri

Current Impact
Goals for Improvement
Current Economic Statistics

• 21st largest business by revenue in the state.

• Only the government and Wal-Mart have more employees. The 23,000 faculty/staff add value through:

  62,000 students
  160,000 health patients served
  400,000 Extension contacts

  $40M uncompensated care
  $500M student financial aid

• Direct outcome of 12,900 degrees awarded annually which increase wage earning potential.
Current Economic Impact

State funding for UM is leveraged from other sources

- Gross Student Fees: 23%
- Sales & Services: 36%
- State Appropriations: 19%
- Grants & Contracts: 14%
- Federal Appropriations: 1%
- Gift, Endowment, Other: 7%
Economic Development Assistance

- UM Business Development Program

  Small Business Development Centers
  Procurement Technical Assistance Centers
  Other collaborative programs

- During the last fiscal year, the program produced:

  3,300 clients counseled
  74,000 hours business education
  1,700 new jobs created by clients
Economic Growth and Entrepreneurship

• Economic growth comes through the recognition of applying old ideas in new ways, or creating/apply new ideas.

• Entrepreneurs responsible for this growth vary in their contribution to overall economic impact.

  breadth important for service/support
  depth important for income/value

• UM has capability to strengthen income/value.
Focus on High-Growth Business

Average Entrepreneur Income

KC Federal Reserve Bank

Source: BEA-REIS, 2001

Note: Average income = total proprietor income/proprietors
Focus on High-Growth Business

• Today’s major universities are the country’s economic engine.

  conduct >2/3 of all basic research
  are primary source of technology
  produce >400 start-ups per yr

• Universities vary in their ability to convert research into results.
University Role in Business Growth

From the Industrial Triangle to the Entrepreneurial Box

- Personal Savings
- Angel Investing
- Venture Capital

- Stockholder’s Investments
- Corporate Debt

- Big Business
- Unions

- Government Contracts
- Foundation Grants
- Endowment Income
- Gifts

- Start-ups
- Established Large-scale Firms

- Tech Transfer Process
- Industry / Government Contracting

Kauffman Foundation

University of Missouri

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Goals for Economic Development

• Emphasize a culture of entrepreneurship.

• Improve institutional support for economic development, especially high-growth businesses.

• Reorganize management of intellectual and real assets for economic development.
Culture of Entrepreneurship

- Partner with expertise, such as Kauffman Foundation, on research, education, and institutional change.
- Entrepreneurship is teachable and measurable.
Goals for Economic Development

- Emphasize a culture of entrepreneurship.
- Improve institutional support for economic development, especially high-growth businesses.
  
  Increase research funding  
  Emphasize high-growth business support  
  Improve transfer of research to results

- Reorganize management of intellectual and real assets for economic development.
Institutional Support for Economic Development

Academic R&D per $1,000 of gross state product: 2001

NSF, US Dept of Commerce
Institutional Support for Economic Development

- UM research growth rate of ~9%/yr is equal or better than peer institutions.
- Growth goal to >$400M/yr is set in strategic plan.

University of Missouri System - All Research

NSF
High-growth ideas flow from faculty to incubators to research parks and attract other high-growth businesses who benefit.
Institutional Support for Economic Development

Measures of Technology Transfer

Disclosures
Patent Applications
Patents Issued
Lic/Options Signed

Income

University of Missouri
COLUMBIA • KANSAS CITY • ROLLA • ST. LOUIS
Institutional Support for Economic Development

Ratio of New Businesses Formed per $10 Million Average Research Expenditure

Expected Job Creation for Missouri at Optimal Level

Expected Tax Revenues for Missouri at Optimal Level

- Current: 2,470,652
- Median: 3,705,978
- Optimal: 17,294,364

State Taxes vs. Local Taxes

AUTM, MERIC

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UM Office of Research and Economic Development
Engage government and business as partners
Consider alternative structures...
  - take calculated risk
  - insure public oversight
  - manage conflicts of interest