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TEXAS LIFE SCIENCES INDUSTRY POISED FOR GREATER GROWTH
Sector generates more than \$75 billion for Texas economy,
offers substantial job growth potential, new study shows

AUSTIN—The state’s life sciences industry is an economic powerhouse, supporting 236,000 jobs and a \$31 billion payroll, while generating a total annual economic impact of \$75 billion, according to a new study released today by the Texas Healthcare and Bioscience Institute (THBI).

Continued state, federal and private sector investments – like those from the Texas Emerging Technology Fund and the Texas Cancer Prevention and Research Institute – will fuel the state’s growth in the life sciences sector. The cancer initiative alone would grow Texas’ share of U.S. research and development investments a full percentage point from 7 percent to more than 8 percent – translating into another 40,000 direct and indirect jobs for Texas as the cancer institute’s investments grow over time, the study found.

“Texas’ life sciences are literally breathing new life into the Texas economy, while pioneering life-saving medical therapies,” said Tom Kowalski, THBI president and CEO.

“In little more than a handful of years, the life sciences industry has rocketed into the Texas economic stratosphere,” Kowalski said. “Today, with the continued support at the state and federal levels and venture capital, the industry holds outstanding potential for even greater job growth.”

Kowalski pointed to smart state decision-making, innovative entrepreneurs and outstanding university and public sector researchers as key factors in the industry’s growth in Texas. “Texas’ life sciences sector is leading the way in job creation and medical advancements for people across the state – and around the globe,” Kowalski added.

The study, developed by New Economy Strategies, LLC, shows the Texas life sciences industry is one of the most vibrant and growing sectors of the state’s economy – and demonstrates significant gains in both employment and investment opportunities as a result of industry activity within the state.

According to the *Texas Life Sciences Industry Profile*, employment in the sector accounts for more than 71,000 direct jobs – more than 8,600 of which were created since 2003. These are good-paying jobs, the study determined, with the average annual salary approaching \$70,000 in 2007 – a full 55 percent higher than the average salary in the rest of the Texas economy. The industry attracted \$179 million in venture capital in 2008 and draws some \$1.1 billion each year from the National Institutes of Health.

State leaders have also recognized the importance of the industry to health care and job creation. In 2005, the Legislature established the \$200 million Emerging Technology Fund (ETF) to promote and finance innovations in technology, including the life sciences. To date, the ETF has awarded more than

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\$145 million in the life science sector including commercialization. Gov. Rick Perry has requested an additional \$203.5 million for the ETF for the next two-year state budget.

In addition, in 2007, Texas voters approved \$3 billion in bonds for cancer research and prevention – as much as \$300 million a year for the next decade – through the Cancer Prevention and Research Institute of Texas. However, it is now up to the Legislature to determine how much to allow for debt service, impacting the size of the annual bond issuance.

“This study proves that Texas made a wise decision when it chose to establish the Emerging Technology Fund and the Cancer Prevention and Research Institute,” Kowalski said, “which is why it is critical our state leaders continue to invest additional money in the ETF and approve funding for the cancer prevention initiative.”

Gov. Perry’s announcement this week regarding the expansion in San Antonio of the diabetes division of Medtronic, a global medical device company, underscores the growth potential of the industry. The expansion means Medtronic Diabetes will create 1,400 new jobs and generate \$75 million in annual economic impact.

The study shows all regions of the state benefit from the industry, with El Paso and the Rio Grande Valley experiencing growth rates of more than three times the U.S. average during 2003-2008. North Texas posted the largest increase in employment from 2003-2008, reaching nearly 25,000 direct life sciences jobs.

Patent activity remains an active part of the industry. From 2003-2007, more than 5,000 patents were assigned in Texas, led by the medical devices and pharmaceutical sectors.

“The Texas life sciences industry is one of the most dynamic and vibrant sectors of the state’s economy,” said Richard Seline, chief executive officer and principal of New Economy Strategies, LLC. “From both an employment and competitiveness perspective, the industry continues to make impressive gains in Texas.”

For a full copy of the economic impact study entitled, *Texas Life Sciences Industry Profile*, please visit the Texas Healthcare and Bioscience Institute at www.thbi.com.

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About THBI: The Texas Healthcare & Bioscience Institute (THBI) is the leading voice of the Texas Healthcare and Bioscience Industry. THBI works with government and industry leaders to recruit the life sciences to Texas, to help grow emerging life science companies within the state, and to promote effective government legislation on the behalf of the industry at the state and federal level. THBI is composed of biotechnology, medical device, and pharmaceutical companies, academic and private research institutions, and companies that provide goods and services to core organizations. The Texas Healthcare and Bioscience Institute significantly improves broad understanding, support, and interest in biomedical research and manufacturing. THBI is an effective voice for the expanding biomedical community in Texas.

About New Economy Strategies, LLC: New Economy Strategies (NES) is a national, and increasingly international, consulting firm based in Washington, D.C. with a strong focus and proven track record on the transformation of regional economies through research, facilitation and the implementation of comprehensive economic development and workforce strategies. Collectively our team has more than 60 years of experience working at the international, national, state and regional levels. Our projects include work in 11 countries, 30 states, and over 75 regions and communities in the United States and abroad.