



**ECONOMIC IMPACTS OF THE  
OKLAHOMA CAPITAL INVESTMENT BOARD'S  
VENTURE INVESTMENT PROGRAM AND  
OKLAHOMA CAPITAL ACCESS PROGRAM**

**PREPARED BY:**

**APPLIED ECONOMICS  
11209 N. TATUM BLVD, SUITE 225  
PHOENIX, AZ 85028**

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## 1.0 INTRODUCTION

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Applied Economics has been retained on behalf of the Oklahoma Capital Investment Board (OCIB or Board) to prepare an updated economic impact statement of their venture investment and capital access programs on the State of Oklahoma from 1992 through June 2011. Applied Economics is an economic consulting firm, based in Phoenix, Arizona, specializing in economic development, economic and fiscal impact assessment, socioeconomic modeling, urban planning and custom software applications. Applied Economics conducts studies and develops models to measure the impacts of a wide variety of activities. These activities can include development land use and policy changes, business-driven economic impacts, and program-driven economic and fiscal impacts.

This analysis is intended to quantify the contributions of the companies assisted by OCIB to the Oklahoma economy. The impacts stem from two programs – the Venture Investment Program and the Capital Access Program. In addition the analysis includes a summary of the impacts of the NBA Hornets who played in Oklahoma City following Hurricane Katrina and received a \$10 million revenue guarantee through an investment syndicate which included OCIB, the City of Oklahoma City and a group of private investors.

Through its Venture Investment Program, OCIB supports investments in private, professionally managed venture capital firms that have committed to building a significant presence within Oklahoma and have a history of producing solid returns for their investors. In addition to supporting local businesses through venture capital, the impacts of supported local jobs at the Oklahoma-based investment management firms are also included in the impact analysis.

The OCIB Capital Access Program provides banks a form of portfolio guarantee, allowing them to stretch their loan capabilities and offer more loans to small businesses in Oklahoma. Both businesses and financial institutions in Oklahoma benefit from the higher volume of small business loans created through the capital access program. Loans generally range in size from \$1,000 to \$700,000 and are used by a wide variety of businesses.

Since 1992, OCIB has assisted 31 Oklahoma companies and 9 Oklahoma based investment firms through its venture investment program and 908 companies through its capital access program. These companies range in size from 1 or 2 employees to over 400 employees, although the vast majority are smaller firms. They also represent a broad spectrum of different industries.

The impact represented here shows a year-by-year snapshot of the companies assisted in each year. In the case of the venture investment program, most companies reported Oklahoma payroll and employment numbers for multiple years and are therefore included in totals for each of the reported years. However, once a company was no longer active in Oklahoma, they were no longer included in the impacts.

The venture investment program includes venture fund investments in 31 Oklahoma based companies between 1993 and 2011 as well as 9 locally-based venture firms. In total, they account for \$271.6 million in payroll and over 1,540 employees over this time period.<sup>1</sup> These 31 companies as a group received more than \$138.0 million in venture capital funding through OCIB over the nineteen year period.

The capital access program includes data on 438 of the 908 companies that participated between 1992 and 2011. This includes companies that were willing to provide information on their industry type and the number of new jobs they created. For this program, the impact analysis is based on new jobs created

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<sup>1</sup> Employee count based on peak employment of each firm during the time period they reported employment and payroll.

during their initial year of participation in the program, rather than total jobs. The 908 companies as a group received approximately \$46.9 million in loans between 1992 and 2011. In this respect, the analysis provides a very conservative estimate of the cumulative impacts given that only 438 of the 908 Oklahoma companies were considered in the analysis. In addition, their impact was only considered for a one-year period even though most of the companies likely operated for multiple years in Oklahoma.

In addition to their regular programs, this analysis also includes information about a revenue guarantee provided by OCIB to the NBA Hornets. Due to the devastation caused by Hurricane Katrina in New Orleans in September 2005, Oklahoma City was approached by the New Orleans Hornets and the National Basketball Association (NBA) to play their 2005-06 season at the Ford Center in Oklahoma City. To assist in this effort, OCIB participated in a \$10 million revenue guarantee put in place to recruit the team to Oklahoma.

The information and observations contained in this report are based on our present knowledge of the components of development, and of the current physical, socioeconomic and fiscal conditions of the affected areas. All company-specific data was provided by OCIB. Estimates made in this analysis are based on hypothetical assumptions and the current economic structure of the region. However, even if the assumptions outlined in this report were to occur, there will usually be differences between the estimates and the actual results because events and circumstances frequently do not occur as expected. This analysis is based on the best available information and is intended to aid the Oklahoma Capital Investment Board in demonstrating its impact to the state. In no way will Applied Economics be held responsible or have any liability or be subject to damages as a result of this analysis. This report may be used only for the purposes that it was intended.

## 2.0 SUMMARY OF RESULTS

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The Oklahoma Capital Investment Board provides access to a unique set of financial resources for companies looking to develop or expand in Oklahoma. These companies in turn provide on-going economic benefits to the state. These positive impacts include the following:

### **Economic Impacts**

- OCIB has had a total economic impact of \$1.5 billion on the Oklahoma economy over the past 19 years as a result of the venture capital and capital access programs, supported local venture investment firms and the NBA Hornets revenue guarantee. These programs assisted close to 940 companies during this time period. Data for the past 10 years only is included in the Appendix.
- The largest component of the impact is from the venture investment program. The 31 Oklahoma companies that received capital from Board-supported funds provided over 10,400 job-years over the multi-year period, (or an average of 550 jobs per year) and a total of \$234.8 million in payroll. In addition, the venture investment program supported 9 venture firms that were headquartered in Oklahoma.
- As a result of the multiplier effect, the total impact of the companies in the venture investment program on the State of Oklahoma is estimated at \$1.2 billion in increased economic activity, 16,000 jobs, (or an average of 844 jobs per year) and \$382.7 million in payroll. This includes jobs and payroll at participating companies, as well as jobs and payroll at other local businesses.
- The nine Oklahoma-based venture firms supported by the venture investment program employed an average of 15 people per year since 1993. They have created an economic impact of \$68.1 million over the past 19 years, directly and indirectly supporting \$26.5 million in total payroll and 530 total jobs (or an average of 28 jobs per year).
- The capital access program has assisted 908 small and medium sized companies since its inception in 1992. Of these 908 companies, 438 provided enough information to calculate impacts. These 438 companies created about 1,460 new jobs and \$43.7 million in payroll.
- The total economic impact of the capital access program, including additional supported jobs and payroll at other local businesses, was \$232.8 million in increased economic activity, over 2,500 jobs and \$77.7 million in payroll.
- Along with these impacts from developing and expanding Oklahoma companies, OCIB also provided 1/3 of a \$10 million revenue guarantee put in place to recruit the NBA Hornets to Oklahoma for their 2005/06 season. The Hornets organization employed about 100 people (players and front office) with a total payroll of \$60 million, of which an estimated 10 percent was spent in Oklahoma. In addition, they supported \$45.6 million in direct game spending by patrons. The payroll and game spending combined resulted in an annual economic impact of \$71.0 million.<sup>2</sup>

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<sup>2</sup> City of Oklahoma City.

## Revenue Impacts

- In addition to supporting jobs and economic activity, the companies in the capital access and venture investment programs also generated significant state tax revenues over the past 19 years. The participating companies themselves generate sales taxes and corporate income taxes in Oklahoma that are not quantified in this analysis. In addition, they generate revenues through their employees. Household spending by employees of participating companies and other supported local businesses has generated an estimated \$7.1 million in state sales tax revenues since 1992. Directly and indirectly supported employees also generated an estimated \$17.0 million in state personal income taxes over the life of the program.

## Performance Metrics

- Since its inception, the OCIB program has supported approximately 3,005 new jobs through the Venture Investment and Capital Access Programs combined. The cost of the program to the state to date is estimated at \$27.5 million. Therefore, the average cost per direct job is \$9,156. If the indirect jobs created through local multiplier effects are included, the average cost per job drops to \$6,233. It should be noted that the average cost per job would be significantly reduced if retained jobs were included within the analysis. Electing to be conservative, only new job creation has been included.

### PERFORMANCE METRICS FOR OCIB PROGRAM 1992 to 2011

	<u>Direct Jobs</u>	<u>Avg Wage</u>	<u>Total Jobs</u>	<u>Avg Wage</u>
New Jobs Created				
Venture Investment Program <sup>1</sup>	1,544	\$24,055	1,868	\$24,695
Capital Access Program	1,461	\$29,945	2,547	\$30,496
Total Cost of OCIB Program to State	\$27,515,000			
Average Cost per Job Created	\$9,156		\$6,233	
Value of New Revenue to State per Job <sup>2</sup>	\$4,779		\$5,454	

<sup>1</sup>Includes jobs at venture firms and peak employment at all participating companies over the life of the program.

<sup>2</sup>Includes state personal income and sales tax generated by employees at participating companies.

## SUMMARY OF RESULTS

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### VENTURE INVESTMENT PROGRAM

#### Venture Fund Investments

Total Investment	\$138,025,974
Number of Participating Companies	31
Payroll (1993 - 2011)	\$234,779,076
Total Employment*	10,408
Average Annual Employment	578
Average Wage per Job	\$22,558

#### Economic Impacts (1993 - 2011)

Total Output	\$1,161,407,405
Total Payroll	\$382,727,777
Total Jobs (in Job-Years)*	16,039

#### Venture Investment Firms

Local Firms	9
Average Employment	15

#### Economic Impacts (1993 - 2011)

Total Output	\$68,098,626
Total Payroll	\$26,454,718
Average Total Jobs	28

### CAPITAL ACCESS PROGRAM

Total Loans	\$46,858,781
Number of Participating Companies**	908
Estimated Payroll (1992 - 2011)	\$43,749,040
New Employment**	1,461
Average Wage per Job	\$29,945

#### Economic Impacts (1992 - 2011)

Total Output	\$232,836,519
Total Payroll	\$77,663,796
Total Jobs	2,547

### NBA HORNETS

Total Loan Guarantee	\$10,000,000
Estimated Payroll Spent in Oklahoma (2005-2006)***	\$6,000,000
Average Wage per Job	\$600,000
Direct Game Spending (38 games)	\$45,568,384

#### Economic Impacts (2005-2006)

Total Output	\$71,011,462
Total Payroll	\$25,443,000
Total Jobs	229

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\*Represents total employment in job-years, an average of 774 per year over the multi-year period. Jobs at individual firms may be included multiple times if the company maintained operations in Oklahoma for

\*\*Only 438 of the 908 companies submitted sufficient information to be included in the impact. Employment number shown here is estimated total for those 438 companies.

\*\*\*Assumes 10 percent of total payroll spent in Oklahoma.

### 3.0 ECONOMIC IMPACTS

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The economic benefits resulting from OCIB's programs include combined impacts of all companies assisted by OCIB since 1992. Economic impacts measure the effects of economic stimuli or expenditures in the local economy. These impacts include direct and indirect jobs, personal income, and economic activity or output that are generated by these companies. Indirect impacts are the result of the multiplier effect and capture supported supplier and consumer businesses and their employees in Oklahoma that benefit from local purchases made by these companies and their employees.

#### Venture Investment Program

##### Venture Fund Investments

The venture investment program was initiated in 1993. Since that time, 31 companies have received funding. All total, OCIB has provided these companies with access to over \$138.0 million in venture capital funding over the past 18 years. The companies range in size from 1 employee to over 400 employees. A list of the types of industries and associated employment and payroll for participating companies is shown in Figure 1.

##### Venture Investment Firms

The program also supported 9 venture firms that were headquartered in Oklahoma. These firms were employed an average of 15 investment professionals and support staff. Employment and payroll numbers for these firms are in addition to the venture investment program impact totals.

**FIGURE 1  
COMPANIES PARTICIPATING IN VENTURE FUND INVESTMENTS  
AND VENTURE FIRMS BY INDUSTRY TYPE**

Industry Type	Employment	Payroll
Advertising	130	\$3,486,000
Construction & management services	212	\$12,794,000
Communication services	73	\$12,018,000
Transformers	56	\$9,461,000
Custom programming/software/CAD/design	274	\$52,165,188
Service company	403	\$85,060,000
Health care	159	\$30,044,389
Costume jewelry	93	\$3,391,000
Photo laboratories	60	\$6,800,000
Instruments	17	\$2,472,000
Electronic equipment	25	\$6,854,500
Financial services*	15	\$15,935,761
Biological products/research/medical devices	27	\$10,474,000

Note: Payroll include totals for all years for all companies in that industry type.

Employment includes peak levels during the participation period.

\* Payroll for venture firms estimated based on average occupational wages for Oklahoma from the Oklahoma Employment Security Commission.

On average, companies receiving OCIB support through its venture investment program have been active in Oklahoma for about six years. The data represented here shows a snapshot of the combined economic impact of all companies participating in any given year. For reasons described above, most companies are represented in the impact totals for an average of six years.

### **Capital Access Program**

The capital access program was initiated in 1992. Since that time, 908 companies have received loans, many more than one loan. The impact from each company is only included for a one-year period even though the participants were likely active in Oklahoma for multiple years. Multi-year data was not included because this information is not available to the Board. An additional factor that adds to the conservative nature of our analysis of the capital access program is that only 438 of the total 908 companies reported employment numbers. Therefore, only 438 of these companies are considered in the study. The total amount of loans funded since 1992 is approximately \$46.9 million. In this analysis, each borrower is counted only one time, even if they received more than one loan. The participants in this program span almost every industry sector (Figure 2). They range in size from 1 to 200 total employees with annual sales ranging from \$2,000 to \$4.9 million. Over the 19 year period, these companies created approximately 1,600 new jobs in Oklahoma.<sup>3</sup>

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<sup>3</sup> Estimate of new jobs includes companies that did not provide sufficient information to be included in the analysis. The companies included in the analysis account for 1,461 of the approximately 1,600 new jobs.

**FIGURE 2**  
**COMPANIES PARTICIPATING IN CAPITAL ACCESS PROGRAM**  
**BY INDUSTRY TYPE**

Industry	Borrower Sales	New Jobs Created
Agriculture- Livestock Production	\$1,698,632	18
Agricultural Services	\$612,372	15
Mining	\$3,258,825	42
Construction	\$20,298,387	183
Utilities	\$175,000	1
Food Processing	\$2,478,480	14
Apparel	\$475,154	9
Lumber and Wood Products	\$231,531	10
Furniture & Fixtures	\$2,337,515	29
Printing	\$517,340	4
Chemicals	\$223,000	5
Leather Products	\$70,000	1
Stone, Clay & Glass	\$559,905	10
Primary Metals	\$527,800	1
Fabricated Metals	\$5,723,348	82
Industrial Machinery	\$1,961,069	12
Electronics	na	1
Transportation Equipment	\$1,747,349	9
Instruments	\$100,000	5
Misc Manufacturing	\$622,158	4
Interurban Transportation	\$114,000	1
Motor Freight Transportation	\$8,422,822	39
Water Transportation	\$702,000	2
Air Transportation	na	2
Transportation Services	\$1,171,021	29
Communication Services	\$607,000	2
Refuse Services	\$93,600	51
Wholesale Trade	\$6,731,611	45
Building Materials and Garden Stores	\$409,843	7
General Merchandise Stores	\$146,969	14
Food Stores	\$3,469,074	48
Auto Dealers	\$4,232,000	19
Apparel Stores	\$4,213,252	25
Home Furnishing Stores	\$802,713	13
Eating & Drinking Places	\$7,056,844	259
Misc Retail	\$5,830,012	57
Banking and Credit	\$95,000	1
Real Estate	\$111,039	13
Personal Services	\$798,193	61
Business Services	\$5,107,110	91
Auto Repair and Services	\$1,550,287	38
Misc Repair Services	\$1,523,114	5
Motion Pictures and Video Production	\$194,410	6
Amusement and Recreation	\$294,748	12
Health Care	\$1,989,843	43
Legal Services	\$442,225	16
Educational Services	\$14,450	3
Social Services	\$786,790	40
Membership Organizations	\$5,593,403	14
Professional Services	\$1,824,723	19
Other Services	\$2,155,198	31

Note: Figure includes only the 438 companies out of 908 total with sufficient information to be included in the analysis.

The impacts of these companies stem from two sources. First, companies purchase a variety of goods and services from vendors within the state creating additional demand, jobs and payroll. The amount and type of local purchases depends on the industry type of the participating company. Second, company employees, as well as supported vendor employees, make local purchases of consumer goods. This creates additional demand and supports additional employment and payroll, primarily at retail and personal services establishments.

### **NBA Hornets Revenue Guarantee**

Due to the devastation caused by Hurricane Katrina in New Orleans in September 2005, Oklahoma City was approached by the New Orleans Hornets and the National Basketball Association (NBA) to play their 2005-06 season at the Ford Center in Oklahoma City. This temporary relocation created significant economic benefits for the city and the state. To assist in this effort, OCIB participated in a \$10 million revenue guarantee put in place to recruit the team to Oklahoma.

The team played 38 home games in Oklahoma City that year with average attendance of 18,737 per game. This resulted in \$45.6 million of direct game spending by both residents and out of town attendees. In addition, the 100 players and staff of the NBA Hornets spent an estimated 10 percent of their \$60 million payroll in Oklahoma during the season. Both of these types of spending support local businesses and create economic impacts. *Although the Hornets stayed in Oklahoma for a second season, the impact results were only included for the initial year. It is likely that the Hornets would not have been in Oklahoma for the second season without OCIB's support during the initial season, but we have again elected to be conservative with our analysis*

### **Economic Impact Results**

The economic impact results presented here are grouped into direct impacts and total impacts (Figures 3, 4 and 5). Direct output represents the value of production at participating companies. Direct jobs and payroll were provided by OCIB and represent the number of jobs and amount of payroll at the companies participating in the program in a given year. These companies and their employees in turn make additional local purchases that are captured in the total impact estimates. The total impact includes both the direct impacts and the secondary, or indirect and induced impacts created at other local businesses and their employees.

The magnitude of the impact is proportional to the number of companies participating in any given year, the size of those companies, and the types of industries. Some industries generate a much greater multiplier effect than others, depending on the amount of local purchases they are able to make.

**FIGURE 3**  
**ECONOMIC IMPACTS OF OCIB VENTURE INVESTMENT PROGRAM**  
**ON THE STATE OF OKLAHOMA**

**VENTURE FUND INVESTMENTS**  
**Current Dollars**

Year	New Investment	Number of Participating Companies	Direct Impacts			Total Impacts		
			Output	Jobs*	Payroll	Output	Jobs	Payroll
1993	\$250,000	1	\$202,519	3	\$108,000	\$379,100	4	\$165,972
1994	\$0	1	\$247,523	4	\$132,000	\$463,345	5	\$202,855
1995	\$9,380,000	2	\$11,464,572	311	\$3,932,000	\$18,596,561	442	\$6,213,700
1996	\$13,232,000	5	\$14,678,245	391	\$5,570,000	\$24,513,137	582	\$8,707,574
1997	\$12,445,000	9	\$23,922,810	604	\$9,193,000	\$40,735,787	921	\$14,667,222
1998	\$22,369,248	12	\$67,446,900	1,093	\$26,161,000	\$116,481,101	1,735	\$42,093,773
1999	\$21,383,026	13	\$83,250,105	1,056	\$28,822,000	\$141,849,851	1,695	\$47,613,227
2000	\$9,134,000	10	\$74,994,985	788	\$22,208,000	\$125,393,629	1,295	\$38,092,263
2001	\$1,066,000	8	\$46,741,689	694	\$17,388,000	\$78,988,681	1,066	\$27,768,626
2002	\$4,000,000	8	\$33,468,742	594	\$12,453,000	\$56,173,296	903	\$19,987,501
2003	\$464,000	8	\$27,497,436	507	\$9,370,000	\$45,356,603	754	\$15,158,433
2004	\$5,080,000	8	\$33,434,836	532	\$10,899,000	\$54,341,257	773	\$17,658,880
2005	\$489,000	8	\$34,691,742	532	\$11,408,000	\$56,443,819	777	\$18,438,121
2006	\$8,922,000	10	\$38,791,947	629	\$12,918,000	\$64,408,684	958	\$21,149,223
2007	\$4,866,000	11	\$35,848,268	543	\$12,077,667	\$59,626,903	808	\$19,756,473
2008	\$10,031,000	14	\$59,314,050	556	\$14,622,667	\$95,331,797	1,019	\$27,071,157
2009	\$9,117,000	11	\$45,967,072	555	\$15,731,333	\$77,495,321	826	\$24,740,554
2010	\$2,709,000	14	\$44,558,384	513	\$14,684,606	\$74,331,614	745	\$23,261,312
2011	\$3,088,700	14	\$18,617,585	503	\$7,100,803	\$30,496,921	730	\$9,980,912
Total	\$138,025,974	na	\$695,139,412	10,408	\$234,779,076	\$1,161,407,405	16,039	\$382,727,777

\*Represents the sum of jobs at participating companies over 18 years. Jobs at individual firms may be included multiple times if they participated in multiple years and maintained the same level of employment.

All total, the venture investment program created an economic impact of \$1.2 billion in Oklahoma from 1993 to 2011. The companies assisted through this program created an increase in demand of \$466.3 million that supported \$147.9 million in payroll and over 5,600 jobs-years *at other local businesses* through their supplier purchases and purchases made by employees. These economic impacts are in addition to the cumulative impacts of 10,400 jobs-years and \$234.8 million in payroll that were supported by the companies directly.<sup>4</sup>

The venture capital program has supported nine locally Oklahoma based venture firms. Annual employment related to these firms has ranged from 4 to 21 over the past 18 years. Over the life of the program, these companies have created a total economic impact of \$68.1 million on the Oklahoma economy, supporting \$26.5 million in total payroll at the venture firms and other supported local businesses.

<sup>4</sup> Note that jobs are counted in job-years and include total employment in each year a company participated in the program.

**FIGURE 4**  
**ECONOMIC IMPACTS OF OCIB VENTURE INVESTMENT PROGRAM**  
**ON THE STATE OF OKLAHOMA**

**VENTURE FIRMS**  
**Current Dollars**

Year	Direct Impacts			Total Impacts		
	Output	Jobs	Payroll	Output	Jobs	Payroll
1993	\$351,427	4	\$152,935	\$660,574	6	\$258,765
1994	\$360,677	4	\$156,961	\$677,962	6	\$265,576
1995	\$369,928	4	\$160,986	\$695,350	6	\$272,387
1996	\$879,597	9	\$382,786	\$1,653,371	15	\$647,670
1997	\$1,752,193	16	\$762,525	\$3,293,584	27	\$1,290,186
1998	\$1,794,222	16	\$780,815	\$3,372,584	28	\$1,321,132
1999	\$1,836,250	16	\$799,105	\$3,451,584	28	\$1,352,078
2000	\$2,020,651	17	\$879,353	\$3,798,201	30	\$1,487,858
2001	\$1,950,866	16	\$848,984	\$3,667,027	29	\$1,436,473
2002	\$2,291,481	18	\$997,214	\$4,307,278	34	\$1,687,277
2003	\$2,334,243	18	\$1,015,823	\$4,387,658	34	\$1,718,764
2004	\$2,224,048	17	\$967,868	\$4,180,525	32	\$1,637,624
2005	\$2,574,664	19	\$1,120,450	\$4,839,576	37	\$1,895,792
2006	\$2,385,815	17	\$1,038,266	\$4,484,598	33	\$1,756,738
2007	\$2,663,066	21	\$1,158,921	\$4,861,879	39	\$1,849,238
2008	\$2,659,111	19	\$1,157,200	\$4,854,660	37	\$1,846,492
2009	\$2,694,349	19	\$1,172,535	\$4,917,661	37	\$1,889,825
2010	\$2,781,982	19	\$1,210,671	\$5,077,606	37	\$1,951,291
2011	\$2,693,957	18	\$1,172,365	\$4,916,946	36	\$1,889,550
<b>Total</b>	<b>\$36,618,527</b>	<b>na</b>	<b>\$15,935,761</b>	<b>\$68,098,626</b>	<b>na</b>	<b>\$26,454,718</b>

Note: Direct payroll estimated based on average occupational wages for Oklahoma from the Oklahoma Employment Security Commission, "Oklahoma Wage Report", 2002-2011.

**FIGURE 5**  
**ECONOMIC IMPACTS OF OCIB CAPITAL ACCESS PROGRAM**  
**ON THE STATE OF OKLAHOMA**

**Current Dollars**

Year	Number of Participating Companies	Direct Impacts			Total Impacts		
		Output	Jobs	Payroll	Output	Jobs	Payroll
1992	7	\$5,773,427	33	\$1,456,153	\$9,645,003	74	\$2,847,216
1993	49	\$28,149,166	252	\$8,918,609	\$49,418,972	488	\$16,263,636
1994	33	\$11,991,272	172	\$3,479,294	\$22,108,418	280	\$6,812,613
1995	32	\$16,670,689	163	\$4,536,727	\$31,958,524	325	\$9,585,705
1996	32	\$6,785,043	99	\$2,614,332	\$12,298,954	162	\$4,530,894
1997	33	\$6,697,841	104	\$2,596,747	\$11,949,080	166	\$4,501,759
1998	39	\$6,053,596	90	\$1,979,654	\$10,505,961	140	\$3,515,468
1999	17	\$3,061,350	48	\$1,191,809	\$5,380,843	75	\$2,045,005
2000	36	\$8,899,885	124	\$3,361,710	\$15,657,184	202	\$5,808,408
2001	15	\$2,015,252	23	\$659,246	\$3,525,733	40	\$1,196,876
2002	7	\$975,902	8	\$279,661	\$1,686,029	15	\$527,325
2003	10	\$3,818,957	26	\$887,851	\$6,488,022	53	\$1,785,932
2004	12	\$1,911,947	21	\$763,385	\$3,351,334	38	\$1,295,092
2005	14	\$1,406,307	20	\$533,292	\$2,477,893	32	\$899,655
2006	15	\$10,091,970	71	\$4,023,115	\$15,474,960	141	\$5,762,101
2007	13	\$1,805,218	22	\$564,124	\$3,018,995	34	\$940,950
2008	20	\$3,782,472	49	\$1,497,252	\$6,120,617	69	\$2,204,179
2009	23	\$4,869,070	51	\$1,498,068	\$8,334,492	80	\$2,599,668
2010	23	\$5,006,312	66	\$1,970,681	\$8,493,791	98	\$3,093,316
2011	9	\$3,161,156	19	\$937,329	\$4,941,716	32	\$1,447,999
Total	407	\$132,926,832	1,461	\$43,749,040	\$232,836,519	2,547	\$77,663,796

All total, the capital access program created an economic impact of \$232.8 million in Oklahoma from 1992 to 2011. The companies assisted through this program created an increase in demand of \$99.9 million that supported \$33.9 million in payroll and about 1,090 jobs *at other local businesses* through their supplier purchases and purchases made by employees. These economic impacts are in addition to the 1,500 employees and \$43.7 million in payroll that were created by these companies directly.

Along with the on-going impacts of the venture capital and capital access programs, OCIB was also able to support the significant impacts created by the NBA Hornets during the 2005-06 season in Oklahoma City. Note that these impacts are not included in the figures above. Although this represents a non-recurring impact, it was significant in the 2005-06 fiscal year. The total economic impact of the NBA Hornets is estimated at \$71.0 million. This includes direct game spending generating increased demand of \$45.6 million. There was also an estimated \$6 million in direct payroll spending that created an economic impact of \$25.4 million and supported 229 jobs (100 direct, 129 indirect and induced).<sup>5</sup>

The secondary impacts described above are called multiplier effects. Multiplier effects are a way of representing the larger economic effects on the local economy. The multiplier effects translate an

<sup>5</sup> Note that impacts results for NBA Hornets are based on analysis by City of Oklahoma City, not Applied Economics.

increase in output (loosely defined for service industries as sales, less profits) into a corresponding increase in jobs and personal income or payroll. In essence, the multiplier effect represents the recycling of local spending. This recycling process creates new business opportunities.

The multipliers used in this analysis are from IMPLAN, a national vendor of economic impact software, and are specific to Oklahoma. Industry specific multipliers were used for each type of participating company. The variation in multipliers between the specific industry types is due to the different mix of secondary industries that are affected since multipliers are industry-specific.

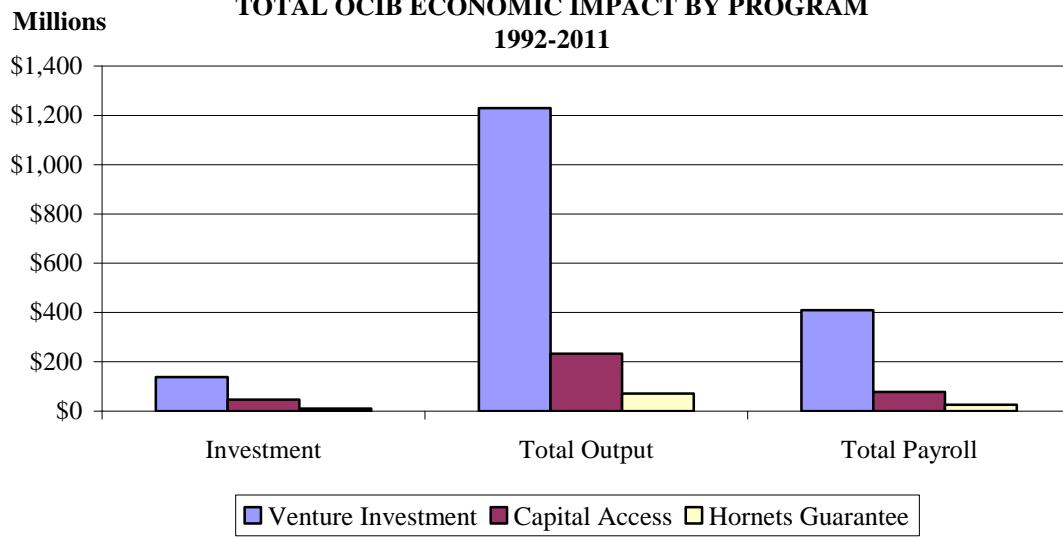
On average, the output multiplier for the venture investment program is 1.67. This means that for every \$1 million of production by the participating companies, an additional \$670,000 in additional economic activity is generated in the local economy, along with 8 jobs at related businesses. On average, the income from these jobs is about \$26,300 per employee.

On average, the output multiplier for the capital access program is 1.75. This means that for every \$1 million of production by the participating companies, an additional \$750,000 in additional economic activity is generated in the local economy, along with 8 jobs at related businesses. On average, the income from these jobs is about \$31,300 per employee.

A summary of the impacts of the two on-going OCIB programs and the NBA Hornets guarantee are shown in Figure 6. The impact of the venture capital firms themselves is included within the venture investment program results. The venture investment program has the larger impact of the two programs due to several factors:

- The venture investment program includes all employment, not just new employment. However, most of these are start up or young companies, and thus the bulk of the jobs created are new. As a result, the average number of direct jobs attributed to companies in the venture investment program is larger. In general, the capital access program includes many very small companies.
- Companies in the venture investment program may be counted multiple times, once for each year they were an active Oklahoma company, whereas companies in the capital access program are only counted in the single year in which they receive a loan. It is very likely that many of the companies that participated in the capital access program over the past 19 years are still in operation in Oklahoma, but their information has not been provided to OCIB on an on-going basis. As a result, the cumulative impacts of the companies in the capital access program are understated.
- Despite the overall difference in magnitude of impacts between the two programs, the capital access program actually has a higher average multiplier due to the larger share of manufacturing companies versus services. Manufacturers typically make more supply purchases than service providers due to their material-intensive nature.
- Figure 6 also includes the economic impact of the NBA Hornets loan guarantee, which produced a significant economic impact during the 2005/2006 season. The impacts of the Hornets include both the impacts of the Hornets organization and their employees, as well as the impacts of tourism spending by game attendees.

**FIGURE 6**  
**TOTAL OCIB ECONOMIC IMPACT BY PROGRAM**  
**1992-2011**



## 4.0 REVENUE IMPACTS

In addition to creating a substantial economic impact in Oklahoma, the new jobs generated by OCIB programs also result in additional tax revenues to the state. This analysis quantifies the revenue impacts created by employees through state sales and personal income taxes. The results shown here include the Capital Access Program, the Venture Fund Investments and Venture Firms and the NBA Hornets.

Employees at participating companies, and other local employees that are supported by the additional economic activity, pay state personal income taxes on their earnings, as well as state sales taxes on a portion of their local purchases. Using the program data and the results from the economic impact analysis, it is possible to estimate the revenue impacts. All total, direct and indirect employees supported by OCIB companies have generated an estimated \$24.1 million in state revenues since 1992 (Figure 7). *This impact does not include additional sales and corporate income taxes paid by the companies directly to the state of Oklahoma. This information was not reported to OCIB by the participating firms.*

**FIGURE 7**  
**REVENUE IMPACTS OF OCIB PROGRAM**

Year	Direct Impacts					Total Impacts				
	Capital Access		Venture Investment		NBA Hornets	Capital Access		Venture Investment		NBA Hornets
	Sales Tax	Personal Income Tax	Sales Tax	Personal Income Tax		Sales Tax	Personal Income Tax	Sales Tax	Personal Income Tax	
1992	\$20,313	\$64,265	\$0	\$0	\$0	\$39,719	\$120,989	\$0	\$0	\$0
1993	\$124,415	\$369,690	\$3,640	\$11,235	\$0	\$226,878	\$660,282	\$5,925	\$18,391	\$0
1994	\$48,536	\$108,887	\$4,031	\$12,297	\$0	\$95,036	\$240,250	\$6,535	\$20,288	\$0
1995	\$63,287	\$171,361	\$57,097	\$74,604	\$0	\$133,721	\$371,217	\$90,481	\$142,038	\$0
1996	\$36,470	\$96,318	\$83,041	\$135,843	\$0	\$63,206	\$171,497	\$130,506	\$228,511	\$0
1997	\$36,225	\$92,953	\$138,880	\$250,504	\$0	\$62,800	\$168,110	\$222,606	\$422,886	\$0
1998	\$27,616	\$65,726	\$375,838	\$950,274	\$0	\$49,041	\$126,407	\$605,638	\$1,542,806	\$0
1999	\$16,626	\$42,533	\$413,214	\$1,115,377	\$0	\$28,528	\$76,310	\$683,066	\$1,866,769	\$0
2000	\$46,896	\$122,026	\$322,069	\$861,923	\$0	\$81,027	\$216,925	\$552,143	\$1,505,073	\$0
2001	\$9,196	\$24,598	\$254,406	\$643,064	\$0	\$16,696	\$45,472	\$407,411	\$1,050,747	\$0
2002	\$3,901	\$11,325	\$187,630	\$429,478	\$0	\$7,356	\$21,171	\$302,363	\$717,290	\$0
2003	\$12,386	\$35,650	\$144,882	\$305,045	\$0	\$24,914	\$71,510	\$235,437	\$528,528	\$0
2004	\$10,649	\$31,339	\$165,543	\$374,335	\$0	\$18,067	\$51,917	\$269,186	\$653,189	\$0
2005	\$7,439	\$19,191	\$174,772	\$409,708	\$0	\$12,550	\$33,197	\$283,658	\$706,048	\$0
2006	\$56,122	\$183,322	\$194,690	\$422,308	\$270,000	\$80,381	\$241,363	\$319,538	\$729,956	\$270,000
2007	\$7,870	\$19,268	\$184,650	\$426,822	\$0	\$13,126	\$33,741	\$301,400	\$735,933	\$0
2008	\$20,887	\$56,158	\$220,129	\$560,822	\$0	\$30,748	\$84,203	\$403,401	\$1,026,458	\$0
2009	\$20,898	\$55,134	\$235,809	\$623,177	\$0	\$36,265	\$100,114	\$371,494	\$1,003,397	\$0
2010	\$27,491	\$68,754	\$221,739	\$555,195	\$0	\$43,152	\$111,476	\$351,716	\$916,686	\$0
2011	\$13,076	\$40,144	\$115,411	\$142,584	\$0	\$20,200	\$60,137	\$165,593	\$193,707	\$0
<b>Total</b>	<b>\$610,299</b>	<b>\$1,678,643</b>	<b>\$3,497,472</b>	<b>\$8,304,592</b>	<b>\$270,000</b>	<b>\$1,083,410</b>	<b>\$3,006,286</b>	<b>\$5,708,096</b>	<b>\$14,008,700</b>	<b>\$270,000</b>

Note: Total revenue impacts include direct revenues.

Supported direct and indirect employees associated with OCIB programs generated about \$6.8 million in state sales tax revenues, or an average of \$340,000 per year. This includes sales taxes generated by direct employees at participating companies and employees at supported local businesses. Taxable employee expenditures are calculated by multiplying total personal income times 31 percent, times the state sales tax rate of 4.5 percent.<sup>6</sup> An additional \$270,000 in state sales tax revenues accrued during the 2005-06 Hornets season from NBA Hornets players and other employees who spent an estimated 10 percent of their income in Oklahoma.

<sup>6</sup> According to the Census Bureau Consumer Expenditure Survey, persons in the average income range of supported employees spend about 31 percent of their income on taxable goods.

Employees at participating companies and at supported local businesses also pay personal income taxes in Oklahoma estimated at \$17.0 million since 1992, or an average of \$851,000 per year. State income tax revenues are calculated using the average personal income per employee for direct and indirect employees, adjusted for a standard deduction and personal exemption, times the graduated state tax rate schedule times the number of employees.

Both the venture capital and capital access program create significant annual impacts on the Oklahoma economy. The Oklahoma Capital Investment Board not only helps to start and expand local companies, but also supports job growth at other local supplier companies. In addition, these new jobs generate increased payroll, spending and tax revenues that support the state's economy.

**APPENDIX**  
**IMPACT RESULTS FOR 2001 TO 2011**

**ECONOMIC IMPACTS OF OCIB PROGRAM  
ON THE STATE OF OKLAHOMA  
JAN 2001 TO JUN 2011**

**Capital Access Program**

Year	Direct Impacts			Total Impacts		
	Output	Jobs	Payroll	Output	Jobs	Payroll
2001	\$2,015,252	23	\$659,246	\$3,525,733	40	\$1,196,876
2002	\$975,902	8	\$279,661	\$1,686,029	15	\$527,325
2003	\$3,818,957	26	\$887,851	\$6,488,022	53	\$1,785,932
2004	\$1,911,947	21	\$763,385	\$3,351,334	38	\$1,295,092
2005	\$1,406,307	20	\$533,292	\$2,477,893	32	\$899,655
2006	\$10,091,970	71	\$4,023,115	\$15,474,960	141	\$5,762,101
2007	\$1,805,218	22	\$564,124	\$3,018,995	34	\$940,950
2008	\$3,782,472	49	\$1,497,252	\$6,120,617	69	\$2,204,179
2009	\$4,869,070	51	\$1,498,068	\$8,334,492	80	\$2,599,668
2010	\$5,006,312	66	\$1,970,681	\$8,493,791	98	\$3,093,316
2011	\$3,161,156	19	\$937,329	\$4,941,716	32	\$1,447,999
<b>Total</b>	<b>\$38,844,563</b>	<b>376</b>	<b>\$13,614,005</b>	<b>\$63,913,582</b>	<b>633</b>	<b>\$21,753,092</b>

**Venture Investment Program**

Venture Fund Investments and Venture Firms

Year	Direct Impacts			Total Impacts		
	Output	Jobs*	Payroll	Output	Jobs	Payroll
2001	\$48,692,555	710	\$18,236,984	\$82,655,708	1,096	\$29,205,099
2002	\$35,760,223	612	\$13,450,214	\$60,480,574	937	\$21,674,778
2003	\$29,831,679	525	\$10,385,823	\$49,744,261	788	\$16,877,196
2004	\$35,658,884	549	\$11,866,868	\$58,521,782	805	\$19,296,504
2005	\$37,266,407	551	\$12,528,450	\$61,283,396	813	\$20,333,913
2006	\$41,177,763	646	\$13,956,266	\$68,893,282	991	\$22,905,960
2007	\$38,511,333	564	\$13,236,588	\$64,488,782	846	\$21,605,712
2008	\$61,973,162	575	\$15,779,867	\$100,186,456	1,055	\$28,917,650
2009	\$48,661,422	574	\$16,903,868	\$82,412,982	863	\$26,630,379
2010	\$47,340,366	531	\$15,895,278	\$79,409,220	783	\$25,212,603
2011	\$21,311,542	520	\$8,273,168	\$35,413,867	766	\$11,870,462
<b>Total</b>	<b>\$446,185,335</b>	<b>6,356</b>	<b>\$150,513,373</b>	<b>\$743,490,310</b>	<b>9,744</b>	<b>\$244,530,257</b>

**Combined Programs**

Year	Total Impacts			Total Impacts		
	Output	Jobs	Payroll	Output	Jobs	Payroll
2001	\$50,707,807	733	\$18,896,230	\$86,181,440	1,136	\$30,401,975
2002	\$36,736,124	620	\$13,729,875	\$62,166,603	952	\$22,202,103
2003	\$33,650,636	551	\$11,273,674	\$56,232,283	841	\$18,663,128
2004	\$37,570,831	570	\$12,630,253	\$61,873,116	843	\$20,591,596
2005	\$38,672,714	571	\$13,061,742	\$63,761,289	845	\$21,233,568
2006	\$51,269,733	717	\$17,979,381	\$84,368,242	1,133	\$28,668,061
2007	\$40,316,551	586	\$13,800,712	\$67,507,777	880	\$22,546,661
2008	\$65,755,633	624	\$17,277,119	\$106,307,073	1,124	\$31,121,829
2009	\$53,530,492	625	\$18,401,936	\$90,747,474	943	\$29,230,047
2010	\$52,346,678	597	\$17,865,959	\$87,903,012	880	\$28,305,919
2011	\$24,472,698	539	\$9,210,497	\$40,355,584	799	\$13,318,461
<b>Total</b>	<b>\$485,029,897</b>	<b>6,732</b>	<b>\$164,127,378</b>	<b>\$807,403,892</b>	<b>10,377</b>	<b>\$266,283,349</b>

\*Represents the sum of jobs at participating companies over 18 years. Jobs at individual firms may be included multiple times if they participated in multiple years and maintained the same level of employment.