



**Connecticut United for Research Excellence, Inc.  
The Center of Connecticut's BioScience Cluster**

**For Immediate Release**

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**CURE Releases Tenth Annual Economic Report  
Connecticut Bioscience R&D Spending Up; Employment Level in 2004**

**New Haven, Conn., June 29, 2005** – Research and development spending in Connecticut's bioscience sector rose to a record high in 2004 according to data released today by CURE (Connecticut United for Research Excellence, Inc.), the educational organization and business support network for bioscience in Connecticut.

The data, collected by CURE for its Tenth Annual Economic Report, also show the bioscience industry in Connecticut directly employing 18,086 people in 2004 compared with 18,351 in 2003. That represents a 45 percent increase over the past five years, including an increase of 8 percent in 2003 over 2002, and employment is expected to increase again 6 percent next year. However, the 2004 figure represents a 1 percent decrease from that of 2003.

The new CURE data show spending on research and development (R&D) activities at Connecticut bioscience organizations continued to rise to an all-time high of almost \$4.4 billion in 2004, a 7 percent increase over 2003. The 2003 increase over 2002 was 5 percent, and over the last five years, the increase has been 45 percent.

Total operating expenses of bioscience operations in Connecticut amounted to over \$6.2 billion in 2004. That was an increase of 2 percent over 2003. The 2003 increase over 2002 was 8 percent.

Office space occupied by bioscience organizations increased 1 percent to over 4.6 million square feet. The 2003 figure was up 7 percent over 2002. A 3 percent increase is projected for next year. Connecticut laboratory space devoted to bioscience declined 1 percent to about 5.6 million square feet, whereas the 2003 figure increase was up 6 percent over 2002. A 3 percent increase is projected for next year.

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“These are thought-provoking figures,” said Paul R. Pescatello, president and CEO of CURE. “R&D spending is up, but R&D employment was flat. A certain maturing of the industry may account for that. As projects get closer to market, there is a scaling up of the R&D effort behind them, including more extensive use of third-party contract research. All that would show up as increased R&D expense outside of employment. Once products progress through clinical trials and are ready for market, we typically see increases in employment as sales and marketing personnel are added to the rolls.”

“These figures confirm the wisdom of the General Assembly and Governor Rell to seek to attract new research projects in the stem cell area,” Pescatello continued “The figures also suggest that we as a state should be doing all we can to encourage facets of the sector beyond primary research, such as clinical studies and contract manufacturing.”

The effects of employment and spending by the State’s bioscience industry are multiplied throughout the local economy. According to an independent analysis based on the CURE data, performed by Mark A. Thompson, Ph.D., Dean of the School of Business at Quinnipiac University, every bioscience job in Connecticut supported a total of 3.30 jobs in the State in 2004.

Because of high average salaries, the bioscience employment multiplier is one of the highest for Connecticut industries, according to Dr. Thompson. Other industries for which he has derived employment multipliers include: insurance carriers, 2.38; aircraft manufacturing, 2.90; construction, 2.40; telecommunications, 2.28; and restaurants, 1.30.

According to Dr. Thompson’s analysis, the total impact on the state’s economy of employment in the bioscience industry was equivalent to almost 60,000 jobs, and the total impact of bioscience payroll and non-payroll spending in the state was over \$10 billion.

According to PhRMA, the national trade group, U.S. pharma and biotech companies invested \$49.3 billion in R&D in 2004. Connecticut biotech and pharma R&D investment accounts for 6.5 percent of that figure, CURE’s data indicate. In 2004 pharmaceutical companies with operations in Connecticut on average spent more than 25% of their worldwide R&D spending in the state, CURE estimates.

“Connecticut has a lot going for it,” said Peter R. Farina, Ph.D., vice president, development, at Boehringer Ingelheim Pharmaceuticals, Inc. and co-chair of CURE. Boehringer Ingelheim has been expanding U.S. operations, including its U.S. headquarters in Ridgefield. “Connecticut has a convenient location, a high quality of life, world-class universities and a highly educated workforce experienced in bioscience. These were all important considerations in our expansion decisions,” Farina said.

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Biotechnology companies have been using Connecticut's unique R&D tax credit exchange program to help grow their businesses. Emerging biotechnology companies exchanged unused R&D tax credits to the State of Connecticut for 65 percent of their face value for a total reimbursement of approximately \$4.9 million for the years 2003 and 2004. During this same period, Connecticut biotechnology companies invested almost \$510 million in R&D, over 100 times the amount reimbursed by the State.

The Connecticut legislature recently made the R&D tax credit exchange program a permanent feature of Connecticut's tax code. The flexible program allows amounts not immediately claimed to be carried forward for up to ten years.

On the financing front, the pace has quickened. CURE research indicates that Connecticut biotech companies raised over \$433 million in public and private financing in 2004 compared with about \$185 million in 2003.

"Connecticut is a vibrant center of bioscience research, and the bioscience world is watching us," said Kevin Rakin, president and CEO of Genaissance Pharmaceuticals, Inc. and co-chair of CURE. Genaissance, headquartered in New Haven, recently announced that it is being acquired by Massachusetts-based Clinical Data, Inc., but will remain in place and active in Connecticut.

"In addition to two research universities and five major pharma company operations, Connecticut is home to a wide range of biotech firms at various stages of their life cycles," Rakin said. "It's not just about start-ups anymore. For example, our agreement with Clinical Data brings new investment into the state and allows us to continue to develop our molecular diagnostic technologies. The challenge for Connecticut is to create an environment hospitable to all aspects and stages of the bioscience sector."

CURE (<http://www.curenet.org>) is a statewide coalition of over 100 educational and research institutions, biotechnology and pharmaceutical companies and other supporting businesses. It is dedicated to promoting the growth and increasing public understanding of biomedical research and science in Connecticut. Now in its tenth year, the CURE economic report has become the recognized benchmark measuring the development of Connecticut's bioscience industry.

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Attached table:

1. Operating Expenses
2. R&D expenses
3. Laboratory Space + projection
4. Office Space + projection
5. Total FTE Employees + projection

### CURE 10th Annual Economic Report: Selected Statistics on Bioscience in Connecticut

	Year End 2000	Year End 2003	Year End 2004	5-Year Growth	1-Year Growth 2003-2004	1-Year Growth 2002-2003 <sup>f</sup>	Projected 2005	Projected Growth
Operations <sup>a</sup>		6,096,638,000	6,222,671,000		2%	8%		
R&D <sup>b</sup>	3,022,385,367	4,074,897,890	4,372,403,160	45%	7%	5%		
Laboratory Space <sup>c</sup>	5,173,627	5,629,798	5,561,933	8%	-1%	6%	5,756,433	3%
Office Space <sup>d</sup>		4,617,263	4,652,118		1%	7%	4,823,648	3%
Employees <sup>e</sup>	15,786	18,351	18,086	15%	-1%	8%	19,155	6%

#### Notes

<sup>a</sup> Total annual operating expenses of Connecticut bioscience organizations. Figures in dollars

<sup>b</sup> Total annual R&D expenditures of Connecticut bioscience organizations. Figures in dollars.

<sup>c</sup> Laboratory space occupied by Connecticut bioscience organizations. Figures in square feet.

<sup>d</sup> Office space occupied by Connecticut biotech and pharma organizations (universities not included). Figures in square feet.

<sup>e</sup> Number of people employed (full-time equivalent) at Connecticut bioscience operations.

<sup>f</sup> As reported in CURE's 9th Annual Economic Report

Bioscience operations include biotechnology companies, pharmaceutical companies, and the bioscience research portion of university operations.

Data was not collected for every category for every year.