



HAMILTON COUNTY BUSINESS DEVELOPMENT CENTER (BDC) INCUBATOR

2022 CLIENT & GRADUATE IMPACT



OVERVIEW

The Chattanooga Area Chamber of Commerce engaged Younger Associates to produce an analysis to quantify the impact of the INCubator Program on the economy of Hamilton County, Tennessee.

The INCubator is one of the Chamber's premier programs. Located in the Hamilton County Business Development Center (BDC) in downtown Chattanooga, Tennessee, it features 127,000 square feet of startup business support focused on cultivating sustainable enterprises that bring jobs to Hamilton County. Through the INCubator, entrepreneurs have access to a three-year, progressive development program that leverages the BDC's experience and entrepreneurial ecosystem of about 50 startups. Clients enjoy the following benefits as part of the INCubator:

- Shared administrative services
- Manufacturing and office space
- Training and workshops
- A state-of-the-art conference center
- Free on-site business counseling from the Tennessee Small Business Development Center

The INCubator has been an integral part of Chattanooga's entrepreneurial ecosystem for more than 30 years and is both the largest business incubator in Tennessee and the third largest in the United States.



METHODOLOGY

The Chattanooga Area Chamber of Commerce sought to evaluate the impact of the Hamilton County Business Development Center (BDC) INCubator's clients and graduates. To collect needed data from the individual companies comprising the BDC's entrepreneurial ecosystem, a survey was conducted to collect information on each business's type of operations, annual operating budget, employment, wages, and recent capital investments as well as venture capital raised.

The list of INCubator clients and graduates was provided by the BDC. The survey was developed as a simple online questionnaire that was sent to all clients. Over the course of six weeks, reminders were sent to recipients to encourage participation. In total, 41 businesses (37 clients and four graduates) were surveyed.

The economic impact calculations in this study were generated using a model of the Hamilton County economy based on regional input-output multipliers (RIMS II) from the U.S. Bureau of Economic Analysis (BEA). The BEA developed the RIMS II system based on historical economic activity at the county level for 372 industry sectors. The RIMS II multipliers account for inter-industry relationships within regions comprised of one or more counties, in both the public and private sectors.

To effectively use RIMS II multipliers for economic impact analyses, detailed geographical and operational information on the initial changes in output, earnings, or employment is utilized. This data, which includes capital investment costs and operational data such as operational spending, jobs, and wages, was provided collected through the survey. The model also utilizes local wage rates, local tax rates, historical local tax collection ratios, local property values, and historical regional consumer spending patterns.

Secondary data was collected by Younger Associates for this analysis from the Tennessee Department of Revenue, the Tennessee Department of Labor and Workforce Development, the U.S. Department of Commerce, the U.S. Department of Labor – Bureau of Labor Statistics, and the Tennessee Department of Tourism. In addition, proprietary licensed data from Neilson Claritas and ESRI was utilized.



RESULTS

Economic impact begins when an organization spends money. This creates ripple effects in the economy through the spending of local businesses in the supply chain and the household spending of people earning income from those businesses.

Direct Impacts – What INCubator Clients & Graduates (INC) spend on goods, services, and employees.

Indirect Impacts – What local businesses spend because of INC expenditures + what people spend because of what they earn through INC's direct and indirect spending.

Summary of Businesses Surveyed

	Surveyed Clients	Surveyed Graduates	Total
INCubator Clients	37	4	41
Direct Jobs Supported	164	113	277
Indirect Jobs Supported	137	135	272
Total Jobs Supported	301	248	549
Direct Wages	\$10,328,254	\$5,813,371	\$16,141,625
Indirect Wages	\$8,211,962	\$8,044,589	\$16,256,551
Total Wages Paid to Jobs Supported	\$18,540,217	\$13,857,960	\$32,398,176
Average Wages	\$62,992	\$51,446	





RESULTS

2022 Capital Investments

	Surveyed Clients	Surveyed Graduates	Total
Real Property Investment	\$0	\$1,200,000	\$1,200,000
Personal Property Investment	\$2,788,570	\$6,127,597	\$8,916,167
Venture Capital Investment	\$2,002,000	\$0	\$2,002,000
Total New Capital Investment	\$4,790,570	\$7,327,597	\$12,118,167



RESULTS

2022 Economic Impact

	Surveyed Clients	Surveyed Graduates	Total
Projected Economic Impact of Operations	\$19,282,009	\$34,024,872	\$53,306,880
Projected Economic Impact of Capital Investment in Real & Personal Property	\$4,589,707	\$12,226,932	\$16,816,639
Projected Economic Impact of Venture Capital Investment	\$3,295,092	\$0	\$3,295,092
Projected Total Economic Impact	\$27,166,808	\$46,251,803	\$73,418,611

2022 Fiscal Impact from Operations

	Surveyed Clients	Surveyed Graduates	Total
Projected Indirect Local Sales Tax	\$244,453	\$182,717	\$427,170
Projected Other Local Indirect Tax	\$52,313	\$39,101	\$91,414
Projected Indirect Property Tax – (County & City)	\$371,991	\$256,311	\$628,302
Estimated Indirect Property Tax - Hamilton County	\$195,226	\$134,515	\$329,741
Estimated Indirect Property Tax - Chattanooga	\$176,766	\$121,796	\$298,562
Projected Total Local Tax	\$688,757	\$478,130	\$1,146,887

Note: These impacts are a result of spending by businesses and workers.

