



April 30, 2018

The Honorable John Culberson
Chairman
Subcommittee on Commerce, Justice,
Science & Related Agencies
Committee on Appropriations

The Honorable José Serrano
Ranking Member
Subcommittee on Commerce, Justice,
Science & Related Agencies
Committee on Appropriations

Dear Chairman Culberson and Ranking Member Serrano:

Thank you for your continued support for the Regional Innovation Program within the Department of Commerce and for funding the program at \$21 million in Fiscal Year 2018.

As you develop the Commerce, Justice, Science and Related Agencies Appropriations bill for Fiscal Year 2019, we ask you to provide \$50 million for the Regional Innovation (RI) Program. The program encourages and supports the development of regional innovation strategies by funding flexible awards with a 1:1 private match. Funding the RI Program at \$50 million would boost efforts to increase job growth, revitalize the manufacturing industry, and increase American innovation.

Originally authorized by the *America COMPETES Act*, the RI Program funds local organizations that are growing jobs and economies through science, technology, innovation, and entrepreneurship. While federally-funded basic and applied research provide the fuel for inventions and discoveries, these research investments often do not make it out of the lab and into the marketplace. The RI Program helps state, regional, and local innovation ecosystems leverage existing resources to fill this gap and bring research to market. This in turn catalyzes regional collaboration and supports job creation in high-growth industries.

Demand for this funding is strong across the country. The EDA has received more than 830 applications from all 50 states, DC, and Puerto Rico requesting \$245 million in funding and committing \$284 million in private matching funds over the four rounds of RI Program awards. To date, EDA has made 140 awards totaling \$57 million.

Preliminary results from the first two program rounds are very promising, demonstrating the ability of the program to spark job creation in our communities. For example, under the i6 Challenge, programs already have assisted more than 1,000 entrepreneurs, supporting businesses that created 950 full time jobs. Seed Fund Support recipients have raised more than \$11 million of seed capital for investments in in early-stage companies.* We will see even stronger job numbers over the next five to ten years, when the full effects of these investments are realized. Given that this report is for grantees only 22 months and 11 months into their respective project periods, there is strong indication that these projects will see substantial long-term positive impacts.

The value of the RI Program to regional economies is demonstrated not only by the strong demand discussed above, but also by the projects it funds that are tailored to the unique needs of communities across the country. For example, in the 2017 round alone, projects are supporting university- and cluster-driven innovation in 28 states, including New York, Texas, Kansas, West Virginia, and Alabama. The Midwest Seed Capital Consortium, led by the Enterprise Center of Johnson County, is using a \$150,000 seed fund award to develop a \$5 million, philanthropic pre-seed fund for the Kansas City region. Marshall University Research Corp. is using a \$500,000 i6 award to help regional manufacturers leverage their resources to access the aerospace industry. The Innovation Depot is using a \$171,000 seed fund grant to build the Velocity accelerator, focused on helping startups in the Birmingham region.

As you develop the Commerce, Justice, Science, and Related Agencies appropriations bill for FY 2019, we ask you to prioritize the Regional Innovation Program and fund it at \$50 million. Increased resources for the RI Program are instrumental to cultivating entrepreneurship, growing new startups, and bringing new products and ideas to market, efforts which are crucial in building and maintaining the U.S. competitive edge.

We thank you again for your continued support and consideration.

Sincerely,

Angel Capital Association
Association of Public & Land Grant Universities
Association of University Research Parks
Association of University Technology Managers
Center for American Entrepreneurship
Information Technology & Innovation Foundation
International Business Innovation Association
National Venture Capital Association
SSTI | Innovation Advocacy Council
Technology Council of North America
University Economic Development Association

* Program performance info available: <https://www.eda.gov/news/blogs/2017/03/01/success.htm>.