

INTERNATIONAL ECONOMIC DEVELOPMENT COUNCIL

2007 INNOVATION AGENDA:

A Policy Statement on American Competitiveness



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ECONOMIC DEVELOPMENT
COUNCIL

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Introduction

The 2007 IEDC Federal Economic Development Forum, held on March 18-20 in Arlington, VA, brought together federal officials and economic developers to examine innovation and American competitiveness and the role economic developers should play in this very important topic. American competitiveness relies heavily on the efforts of economic developers – the leaders on the local, regional and state levels – but these vital players in the competitive battle have been left out of the discussion for far too long. For the first time, this agenda provides the economic developer’s standpoint on how to enhance the policies that support America’s global competitiveness. This paper summarizes the ideas expressed at the forum and provides policy recommendations for both economic developers and federal policy makers that aim to ensure America remains globally competitive.

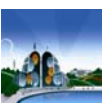
The United States is currently experiencing one of the great economic challenges in American history – the rising global competition facing our communities. The advancement of information technology, world trade and preferential government policies in competing nations has created a more competitive environment, forcing Americans to be more creative and to develop policies and ideas that better address the forces of the changing global landscape. As a result, communities and the economic developers who serve them must not only be empowered with federal tools that help make them more competitive; communities themselves must take steps to retain their competitiveness.

The federal government should encourage and support a new generation of American innovation and entrepreneurship that takes into account the critical and imperative roles that economic developers play in keeping their region, states and communities more competitive.

Innovation is about partnerships. It involves advancing new and improved ideas and is relevant to all communities. Partnerships create and promote entrepreneurship, the development of technology and its commercialization. Taken together, they are critical to enhancing America’s global competitiveness.

Workforce development and education support innovation and entrepreneurship, and linking these activities is important in developing a competitive innovation and entrepreneurial system.

Local economic developers are distinctively positioned to understand these relationships and develop



partnerships that seamlessly link these key elements.

Moreover, in this time of global competition, communities must join together in regional partnerships to promote a competitive innovation environment that benefits all.

Driving Innovation and Expanding Entrepreneurship

Federal research and development (R&D) funding strengthens most innovation and is essential to maintaining America's competitiveness. Federal funding supports critical research in universities and federal laboratories and through special programs aimed at small businesses, manufacturers, and critical industries. In recent years, federal R&D has stagnated, yet it is vital to the competitiveness of our communities and nation that federal support for R&D remains strong.

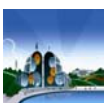
In addition to enhancing federal funds, America's colleges and universities are key assets that must be tapped in order to advance our nation's innovation strategy. The United States has the best higher education system in the world and that system should be continually expanding with more students, better trained faculty and more primary research capabilities. American colleges and universities are essential in educating our future workforce, conducting research, and producing innovations. Often overlooked, community colleges and technical schools also play a vital role in educating our future workforce and re-training our current workforce. Comprehensive education and workforce strategies involving closer linkages between research universities,

colleges, community colleges and technical schools must be encouraged. Programs and financial incentives should be created that are designed to foster collaborative research and workforce development through stronger partnerships between business and academia.

The role universities play in research and technology transfer is essential in driving innovation and expanding entrepreneurship. Communities and their economic developers should encourage university leaders to promote innovation through technology transfer and commercialization of university R&D. Likewise, university leaders can further promote innovation by creating entrepreneurial initiatives and working with community leaders to develop an entrepreneurial environment. This environment includes, at minimum, research parks, incubators, and angel and seed capital. Economic developers also have a responsibility and vital role in assisting universities to identify, develop and link universities with community and state entrepreneurial and investment resources.

Linking Economic Development, Workforce Training and Education

Driving innovation and maintaining America's competitive position involves strengthening and coordinating R&D, entrepreneurial development, education and workforce development. Economic developers can play a significant role in this process by working with community leaders to develop comprehensive strategies and acting as intermediaries to facilitate these linkages. At the same time, state and federal programs must promote this type of collaboration for them to have any true impact.



Attention to K-12 education and increasing exposure of technology, math and science to students in early education is essential in this effort, along with encouraging more students to enter science and education related fields. Encouraging minority students in math and science disciplines also is increasingly important to the future of many communities. Undergraduate education is an equally vital component. Monetary awards, scholarships and incentives are necessary tools to attract and maintain a skilled and competitive workforce. Innovation and entrepreneurship will not flourish without bold investments in education, science and technology.

In order to effectively promote innovation and entrepreneurship, communities cannot act alone and instead must act together through regional efforts with their economic developers, going beyond city and county boundaries. By working regionally and recognizing economic competitiveness on a global scale, economic developers and their surrounding communities will recognize the results of better communication, coordination and cohesiveness of their innovation related efforts. Through collaborative regional efforts, communities become stronger by leveraging and combining the individual strengths and resources of each community.

Recommendations for Federal Policy Makers

The federal role is essential in achieving IEDC's innovation and entrepreneurship agenda. In addition to being action items included in the IEDC 2007 Legislative Guiding Principles, the

following is a compilation of programs that advance the goals of this agenda.

American Competitiveness Grants and National Smart Grants – IEDC strongly supports this additional need-based aid for first- and second-year college students who have successfully completed rigorous high school curriculum, and for third- and fourth-year college students who major in math, science, engineering or critical foreign languages.

America Competes Act – Implement the America Competes Act that overwhelmingly passed in the Senate earlier this year.

EDA – The Economic Development Administration (EDA) should encourage communities to act regionally by providing financial incentives for regional initiatives. It should further support coordination of economic development, education and workforce development, innovation and entrepreneurship. In addition, more flexible funding for strategic development and pilot programs focused on innovation and entrepreneurship must be demonstrated by EDA. As a result, funding for EDA must be increased in order to meet these recommendations.

Federal Laboratories – Establish training programs for teachers and students and create partnerships between the Federal Laboratories and high-need high schools to create math and science centers. Federal agencies should provide laboratories with incentives to increase small business access to federal laboratory technologies, and to work with communities to more effectively transfer technologies and develop entrepreneurial partnerships.



MEP – Sustain funding to the Manufacturing Extension Program (MEP). Continuous threats to funding MEP have hurt the program. Congress should make a long-term commitment to the program and should enhance moving new innovations to manufacturers.

NIH and NSF – Increase funding for the National Institutes of Health (NIH) and the National Science Foundation (NSF) to support innovation and competitiveness. Programs and incentives that promote business/industry and university partnerships, regional collaboration, and commercialization of federal R&D must be encouraged and expanded.

R&D – Maintain strong Research and Development (R&D) funding across the board and strengthen research funding for health, energy-related, environmental and other physical science areas. Part of this funding must be directed to promote industry-university partnerships – partnerships in which local economic developers can play a significant role.

R&D Tax Credits – Make permanent and expand the R&D tax credit to encourage more R&D investments in the U.S.

SBIR/STTR – The federal government should reauthorize its highly successful Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs. In addition, the reauthorization should encourage greater commercialization through increased flexibility and funding of commercialization assistance.

STEM – Education in Science, Technology, Engineering, and Mathematics (STEM) must be increasingly reinforced in K-12 education. Federal dollars ought to be

directed at math and science high schools in order to generate graduates to enter these fields in college and throughout their career.

WIA Reauthorization – The Workforce Investment Act (WIA) reauthorization has been pending since 2003 and needs to be completed and enacted without further delay.

WIRED – Continue the Workforce Innovation in Regional Economic Development (WIRED) initiative to promote the regional efforts of communities and economic developers outlined in this agenda.

