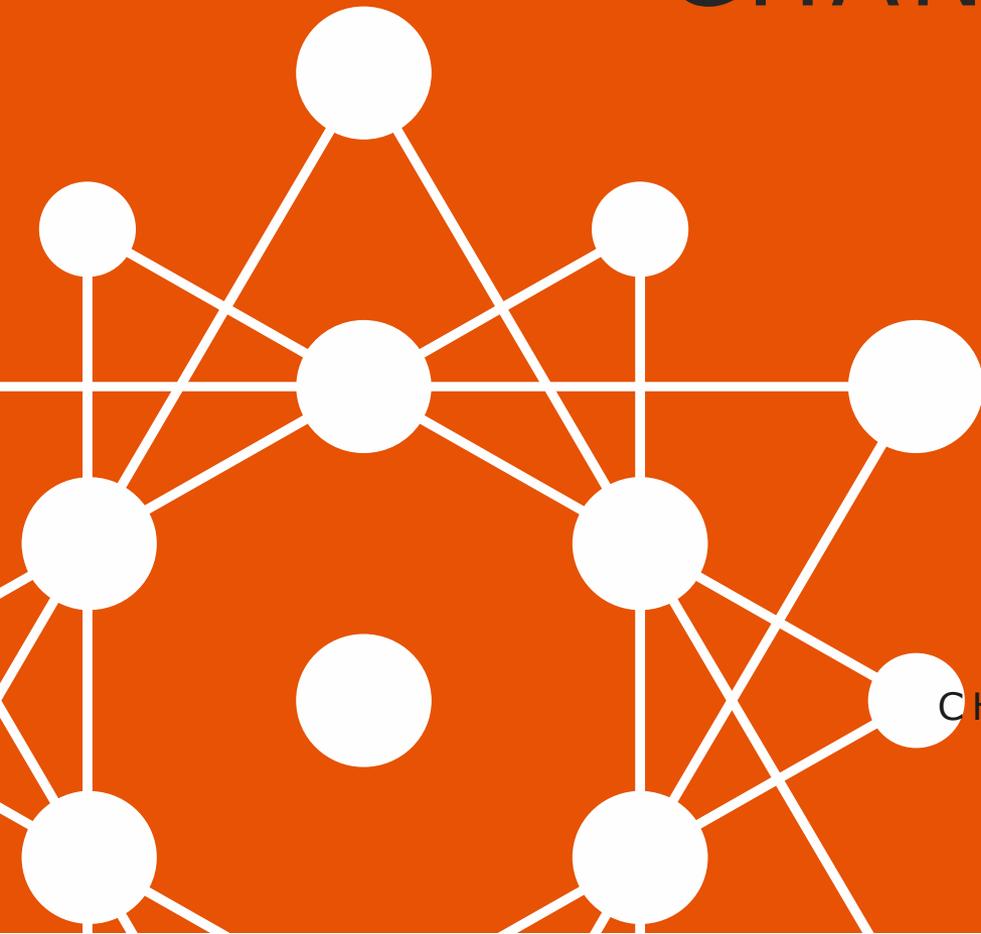


---

# USTAR STATUTORY CHANGES REQUEST

---



GREG BELL  
CHAIRMAN OF USTAR GOVERNING  
AUTHORITY

# USTAR LAST 18 MONTHS

---

- Identify the statutory requirements of the USTAR Governing Authority and implement policies and procedures to meet these requirements:
  - Budget proposal and approval process and transparent accounting
    - Historically budgets were approved as a single budget line and contracts did not have metrics or data reporting requirements.
    - New process requires pre-approval for all expenses at the individual researcher or project level and separated for compensation, operating expenses, travel and equipment.
    - Invoices are reviewed for each line item of expenditure
    - FY15 budget was approved for each university with line items were not passed until February of 2015 for the U and April for USU
    - FY16 budget for USU was approved prior to the start of FY16, and the U of U budget was passed in the first month of FY16
  - Performance metrics for all elements of program were established



# USTAR LAST 18 MONTHS

---

- Address the recommendations of the 2013 and 2014 audits.
  - Increase accountability, performance metrics and clear policies and procedures for oversight and accountability.
- Benchmark Utah's technology economy strengths and market gaps against comparative State's.
- Propose new approaches to address technology economy ecosystem gaps that align with national best practices.



# CURRENT STRUCTURE

---

- USTAR is an Independent Agency with Independent Board
  - 10 member Governing Authority has fiduciary responsibility to assure proper use of funds. Statute requires review of all researchers before funding provided, performance measures for all elements of program and is required to withhold funding to other entities if data is not provided as requested.



# CURRENT STRUCTURE

---

- **THREE COMPONENTS:**
  - **Research Teams**
    - U of U and USU successful recruited approximately 50 researchers between 2008-2014.
    - Two additional faculty anticipated to be recruited by the University of Utah in health sciences.
    - Approximately \$5M to cover salary tail commitments.
  - **Technology Outreach Innovation Program** –
    - Five offices with staff across the State providing incubation, acceleration, mentoring and support to entrepreneurs maturing technology.
  - **Administrative office** – as an independent agency, the administrative office provides strategic planning and implementation, staff support to the Governing Authority, finance and accounting for the TOIP program including contract procurement and administration and all State financial transactions, and compliance and policy/procedure development. Approximately 3% of budget.



# UTAH INNOVATION SYSTEM GAP ANALYSIS

CATEGORY	COMMON CHALLENGE	UTAH
Research capacity	University R&D	++
	Business R&D	+
Industry-university linkages	Information gaps & networks	-
Entrepreneurial culture	Risk aversion	++
Managerial talent	Serial entrepreneurs Sector specific knowledge	-
Risk capital	Pre-seed/seed	-
	Venture capital firms	+/-

University R&D/GDP 2012

**1st** quartile

Source: NSF



Total VC Investment Dollars 2014

**9th** (\$783.2M)

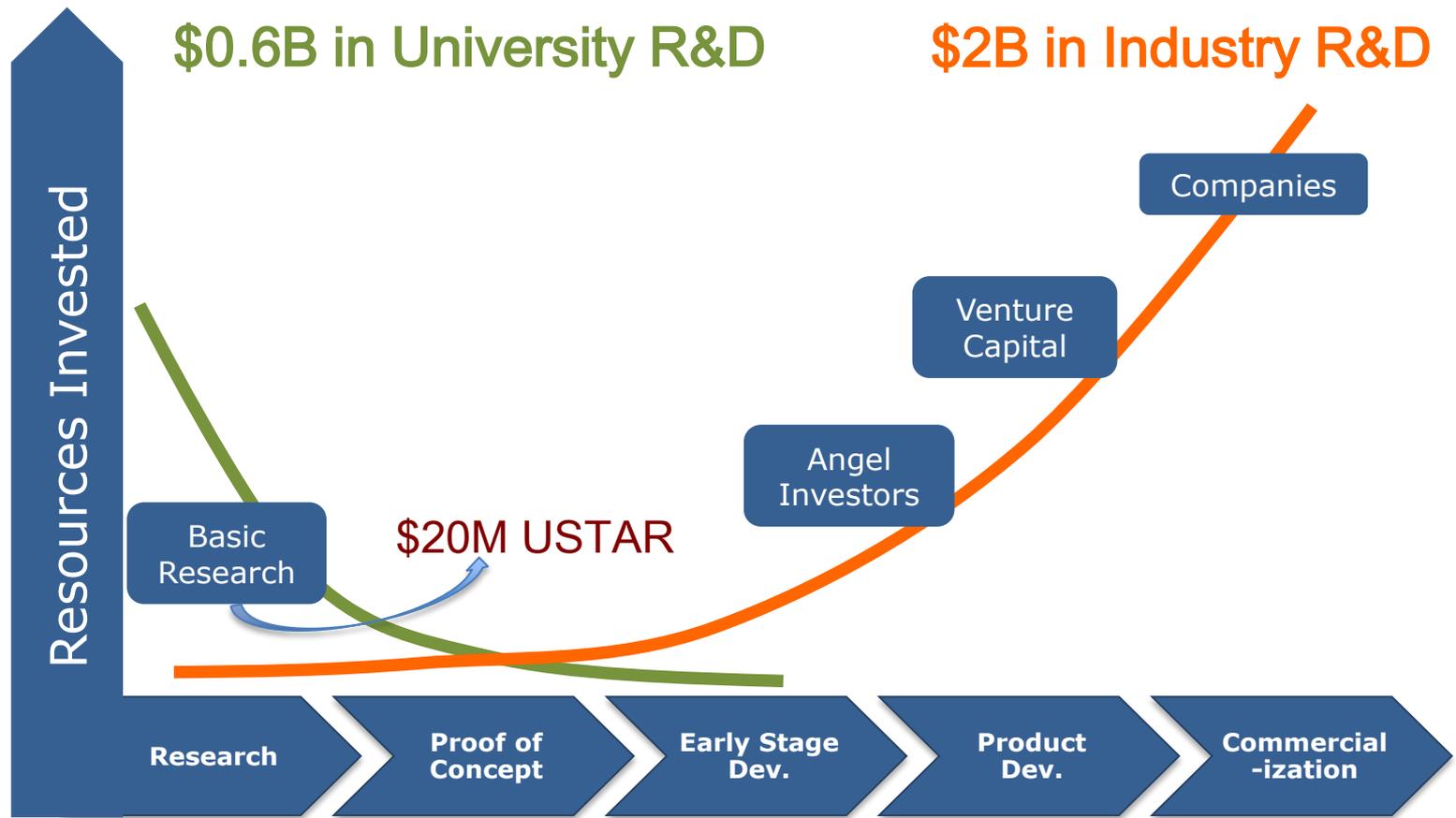
Source: NVCA

Business R&D/industry output 2012

**2nd** quartile

Source: NSF

# WHERE TO TARGET USTAR EFFORTS



# SRI ASSESSMENT

---

- Expand New Ventures Program
  - Funds both targeted mentoring services and pre-seed investment; requires investment match
  - Study best implementation method based on constitutional restrictions on State entities taking equity
- Industry Partnerships
  - Funding for company-sponsored research projects; open to all Utah companies; requires match
  - USTAR identifies subject matter experts at any college/university on behalf of company
  - Company and faculty develop proposal
  - Competitive awards made via external peer review
- Research Capacity
  - Competitive Funding for R & D
  - Maintain Commitments for Ongoing Salaries



# PROGRAM RECOMMENDATIONS AND METRICS

GAP	RECOMMENDATION	ACTIVITIES	SHORT-TERM OUTPUTS	LONG-TERM OUTPUTS
Industry-University Linkages	Industrial Partnerships Program	Companies Assisted Projects Awarded	Solutions Found Follow-on Investment	New Sales/Revenue New Direct Jobs Average Wage
Limited Risk Capital	New Ventures Program	# of Companies Assisted	Follow-On Investment	New Sales/Revenue New Direct Jobs Average Wage
Managerial Talent		# of Companies Awarded Pre-Seed Investment		
Research Capacity Building	Research Capacity Building	Faculty Hired Collaborations Infrastructure	Leveraged Funding Patents/Licenses Publications	University Ranking Research Jobs Average Wage



USTAR return to State is economic development impact measured as the change in State tax base.

# STATUTORY CHANGES

---

- Goal: clarify USTAR is a technology economic development organization that will be measured on economic impact
- Major required changes:
  - Expand competition for resources
  - Increased focus on programs and technologies rather than infrastructure
  - Technology based development criteria
  - Align programs to gaps in Utah technology ecosystem



U S T A R

Position USTAR to do what it was envisioned to do

# SPECIFIC STATUTORY CHANGES

---

- **Research Teams**

- ◆ Request changes to statute to allow funding of technology development at any institution of higher education

- Shift resources to allow for maturation or test/evaluation of technologies coming out of universities.
- Maintain commitments for ongoing salary.
- Currently 82% of budget, request reduced to 50% of budget

- **Technology Outreach Innovation Program** –

- ◆ Request changes to specify the activities that are conducted in TOIP program to include Industry Partnerships program and pre-seed funding.
- Increase resources allocated to the TOIP program to approximately 45% of total budget.

- **Administrative office** – NO CHANGE (Approximately 3% of budget)



# MEASURING RETURNS

---

- Using the program metrics for recommended by our independent assessor for each component of the USTAR program.
- Provide two measures of economic impact:
  - direct measurement – jobs, salaries and follow on investment
  - computed economic impact – IMPLAN estimate of change in State Tax revenue based on direct measurement data



# THANK YOU FOR LISTENING.

Find Us Throughout the State.



USTAR