

Virginia Gov Proposes \$25M Research and Technology Fund, \$50M Boost for Higher Ed

A \$25 million fund providing grants for tech commercialization, matching funds for research, and funding to attract "star" researchers to Virginia's universities is a key component of Gov. Bob McDonnell's \$54 million Opportunity at Work agenda presented to lawmakers as part of his amendments to the 2010-12 budget. The governor's budget also includes \$5 million for a refundable R&D tax credit and an extra \$50 million for higher education directed toward increasing college access and economic development opportunities.

The \$25 million Virginia Research and Technology Innovation Fund would be governed by a board of technology industry experts, legislators and administration representatives with funding directed toward targeted sectors including information technology, biotechnology, life sciences, alternative energy, advanced electronics, polymers, composites and aerospace propulsion. Grants or loans would be distributed among three funds:

- Commercialization Fund — providing grants to grow new small and existing businesses to accelerate entrance of new products and services to the market;
- Research and Matching Fund — providing matching funds to incentivize collaboration between institutions of higher education and companies engaged in research in high-growth, emerging industries; and,
- Eminent Scholars Fund — providing funding for bringing the best and brightest researchers, scholars, and professors in key technologies to Virginia universities.

Other components of the agenda include \$5 million for a refundable R&D tax credit for startups and early stage firms in targeted industries; \$5 million for the Virginia Small Business Financing Authority to provide access to capital for small businesses; and, \$3 million to support noncredit courses in the Virginia Community College System used to strengthen workforce development efforts.

The governor also proposed reforming incentive programs for certain energy generation businesses by rolling current programs into a new Clean Energy Manufacturing Incentive Grant program, which would focus existing resources to nuclear, wind, solar, and biomass alternative energy projects.

Gov. McDonnell also is calling for a \$50 million investment in higher education to increase college access and capitalize on economic development opportunities. Proposals are geared toward the governor's goal of awarding 100,000 more degrees over the next 15 years. The plan includes a \$30 million increase for student enrollment, graduation and retention rates and degrees in STEM disciplines, \$13 million toward making college more affordable, \$3 million to expand cost effective online course offerings, and \$1 million to enhance the use of technology in the classroom. Institutions of higher education should identify significant savings to help leverage the \$50 million, Gov. McDonnell said in his budget speech.

Although the state's revised revenue forecast for the next two years includes an additional \$283 million, the governor is calling for \$191 million in cuts to reform and restructure state funding to focus on job creation. Within the Office of Commerce and Trade, the Virginia Economic

Development Partnership would receive an additional \$763,549 in FY12. This includes \$400,000 to improve economic development efforts through regional collaboration and \$379,095 to restore operating funds for the Virginia Commercial Space Flight Authority. The proposed budget reduces funding by \$600,000 for the Virginia Biotechnology Wet Laboratory Program in FY12, which was seeded with \$3 million over the biennium.

Gov. McDonnell's proposed changes to the 2010-12 budget are available at:
<http://dpb.virginia.gov/budget/buddoc11/pdf/budgetdocument2011.pdf>.