



Testimony by
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Introduction

Chairman Rockefeller, Ranking Member Hutchison, and members of the Committee, thank you for this opportunity to testify on behalf of the Economic Development Administration (EDA). EDA's mission is to *lead the federal economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the world-wide economy*. Through grants to local government entities and eligible non-profits to create jobs and generate private investment, EDA continues to seed our communities for success. Our investments create the conditions in which jobs are created, often in the midst of economic hardship or adjustment.

EDA's investments have two major goals: creating higher-skill, living-wage jobs and attracting private capital investment. EDA's achievements are a reflection of our policy priorities: to encourage collaborative regional economic development; to promote competitiveness and innovation; to cultivate entrepreneurship; and, to spur our economic development partners to take advantage of the opportunities of the global marketplace.

Obama Innovation Strategy

The Obama Administration has developed a strategy to lay the foundation for America's innovation economy of the future. The Office of Science and Technology Policy and National Economic Council's *A Strategy for American Innovation: Driving Towards Sustainable Growth and Quality Jobs* builds on well over \$100 billion of American Recovery and Reinvestment Act (Recovery Act) funds that support innovation, education and infrastructure in the Recovery Act, the President's Budget, and novel regulatory and executive order initiatives. One of the key areas focuses on investing in American

innovation, such as fundamental research, a world-class workforce, physical infrastructure, and information technology.

EDA is working to sharpen our strategic priorities in order to better promote innovation and entrepreneurship while integrating economic growth, environmental sustainability and global competitiveness. One way in which we can achieve these priorities is greater support for science and technology parks, which I would like to address here today.

Science and technology parks provide the perfect environment for America's world-class scientists to collaborate with entrepreneurs to commercialize technologies and create the products and services that the global marketplace is demanding. Some might argue that in today's world, where advances in telecommunication have made it easier to share information and collaborate from dispersed locations, the need for science and technology parks is a thing of the past. However, ongoing economic research finds that commercialization and technology-based entrepreneurial activity continue to cluster near world-class scientific institutions where scientific discoveries take place. U.S. universities provide the base for new industries and jobs of the future, but discoveries alone are not enough to form these industries. This is where science parks come in.

Specifically, these types of science parks are seen by many as an effective policy tool to realize larger and more visible returns on a nation's investments in research and development by bringing together established technology companies, technology incubators, and world-class universities. The intent of science parks is to encourage greater collaboration among universities, research laboratories, and large and small

companies, in order to facilitate the conversion of new ideas into innovative technologies for the market. They are widely used as a tool to encourage the formation of innovative high-technology companies, generate employment, and make existing companies more competitive through cooperative R&D, shared facilities, and the benefits derived from co-location. Science Parks are a rapidly growing phenomenon and an increasingly common tool of national and regional economic development.

International Community

Many nations are currently adopting a variety of directed strategies to launch and support the development of science parks, often with significant financial commitments and policy support. To create a better understanding of the scope and scale of programs overseas to support the growth and development of science parks and to improve our understanding of the scale and contributions of parks in the U.S., the National Academies convened an international conference on global best practices in science parks. The resulting report captures the rich discussion of the diverse roles university and laboratory-based science parks play in national innovation systems. It was noted that in many cases, science parks are expected to generate benefits that go beyond regional development and job creation. Science parks are seen increasingly around the world as a means to create dynamic clusters that accelerate economic growth and international competitiveness.

In the European Union, science parks are supported through a variety of local, national and EU programs. There are many programs that support the individual companies located within the parks.

The Surrey Research Park outside of London is currently home to 110 tenant companies that help to support the technology transfer from the University of Surrey and wider knowledge economy into the international business world. The Research Park, developed by local and county planning authorities and the University, continues to contribute significantly to the regional economy, even during the recession, and is therefore an important source of income and employment for Surrey and the entire South East region.

In Daejeon, South Korea, the national government began construction of Daedeok Science Town in 1973, an immense science park that has evolved today into Daedeok Innopolis, a research and development district made up of more than 20 major research institutions and more than 40 corporate research centers. Over the last few years, a number of IT venture companies have sprung up in this region, which has a high concentration of Ph.Ds in the applied sciences and is famous for registering around 30,000 patents in Korea and abroad.

EDA Funded Projects

There are many examples of successful science parks across the nation, and EDA is proud to have played a role in their development.

- The Sandia Science and Technology Park in New Mexico, in which EDA has invested nearly \$3 million, is an entire community dedicated to linking public sector research with private sector business opportunities. The park has 30 companies employing over 2,100 people in higher-skill, higher-wage jobs.

- EDA also invested \$4.7 million in Recovery Act funds to support the development of the Arizona Bioscience Park in Tucson. The new biosciences park will provide a separate facility designed especially for companies working in biosciences, biotechnology, life sciences and pharmaceuticals. Its sophisticated, high-technology biosciences facilities will be integrated into a multi-use development, including a hotel and conference center, retail and residential development.
- Another example is the Virginia Tech University Institute for Advanced Learning and Research in Danville. Virginia Tech established a branch of the University in this very rural area near the North Carolina border. The regional economic impact of this science park may be felt well beyond the state line. EDA's University Center, Planning, and Public Works grants have supported this effort for its entire history. Most recently, EDA awarded \$1.8 million for technology commercialization activities (focused on nanotechnology, polymer science, etc.).

The United States has made great progress in park creation and the generation of high-tech clusters, but we must continue to pursue public policies that encourage innovation and the commercialization of new technologies if we wish to remain a leader in high-tech industries.

As you know, the President's Fiscal Year 2010 Budget requests \$50 million for EDA regional planning and matching grants to support the creation of regional innovation clusters that leverage regions' existing competitive strengths to boost job creation and

economic growth. Science parks play an important role in this equation. The request would enable EDA to provide greater support for science and technology parks so that the United States can seed future science park successes similar to the past successes I have just discussed.

Conclusion

Chairman Rockefeller, Ranking Member, Hutchison, and members of the Committee, thank you for your time today and for inviting me to discuss what I consider to be a critical component of our nation's economic recovery. Please note that this testimony does not address S. 583, which is pending before the Committee. Before the Committee considers that bill, I would appreciate the opportunity to share the Administration's views on it. Thank you. I look forward to answering any questions you may have.