



National Advisory Council on Innovation and Entrepreneurship (NACIE)



Official Minutes for Quarterly Meeting

Date: March 5, 2015

Location: Revolution, LLC
Washington, D.C.

March 5, 2015

Introductions and Welcome

Ms. Julie Lenzer Kirk, Director of the Office of Innovation and Entrepreneurship, opened the meeting in her capacity as Designated Federal Officer (DFO). She extended greetings to all members of the National Advisory Council on Innovation and Entrepreneurship (NACIE) and indicated the purpose of this meeting was to further discuss the Council's draft proposals, and work to develop more polished and actionable products. She conveyed her hope that each committee – workforce & talent, entrepreneurship, and innovation – would each have at least one proposal ready for voting by the closure of the meeting.

Remarks from Lynn Overmann, Deputy Chief Data Officer, Office of the Secretary

Following Ms. Kirk's remarks, Ms. Lynn Overmann, Deputy Chief Data Officer, discussed potential collaborations with the Commerce Data Advisory Council (CDAC) and NACIE on data initiatives. Ms. Overmann indicated that Commerce has a vast amount of data on entrepreneurs, income, poverty, and inventiveness. This valuable data is being underutilized and needs to be made open to the public to help industry. Additionally, Ms. Overmann commented on the importance of collecting data in real-time and finding better ways to share and disseminate that data, so business leaders, policymakers, and the public can put it to better use.

After providing a broad overview of her office, Ms. Overmann also discussed the brainstorming discussions she has had with members of the Workforce & Talent Committee, and their early discussions about modernizing labor market data. She fielded questions from some of the Council members on potential ways they could move this initiative forward, and the current assets within Commerce and other agencies. She closed her remarks adding that she was excited to collaborate more with the modernizing labor market data workgroup.

Remarks from Assistant Secretary Jay Williams, Economic Development Administration

Ms. Kirk then introduced Assistant Secretary Jay Williams to address the Council. AS Williams emphatically thanked the Council for traveling through the harsh weather and snow and mentioned how excited he was to see their energy and commitment despite all of the last minute weather changes.

Public Comment

Ms. Julie Lenzer Kirk opened the floor for the public comment session, but there were no members of the public in the physical meeting, or on the conference line to comment.

Meeting Adjourned

Ms. Julie Lenzer Kirk, Designated Federal Officer, adjourned the meeting.

Meeting Attendees

NACIE Members

| | |
|---------------------|---|
| Luis Arbulu | Samsung Open Innovation Center |
| Dr. Robert Atkinson | Information Technology and Innovation Foundation |
| Brian Balasia | Digerati, Inc. |
| Barbara Bry | Blackbird Ventures |
| Dr. Michael Burcham | The Nashville Entrepreneur Center |
| Lou Anne Bynum | Long Beach Community College, Office of College Advancement |
| Greg Cangialosi | MissionTix.com, LLC |
| Steve Case | Revolution LLC |
| Dr. James Clements | Clemson University (<i>via phone</i>) |
| Fred Dedrick | National Fund for Workforce Solutions |
| Christine Furstoss | General Electric |
| William Generett | Urban Innovation21 |
| Julie Goonewardene | The University of Texas System |
| Mary Ann Guerra | BioAccel (<i>via phone</i>) |
| Robert Hohman | Glassdoor, Inc. |
| Lila Ibrahim | Coursera |
| Tiffany Karp | Global Center for Medical Innovation |
| David Kenney | Oregon Best |

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| Chauncy Lennon | JP Morgan Chase Foundation |
| Marie Lynch | Skills for Chicagoland's Future |
| Dr. Sethuraman Panchanathan | Arizona State University (<i>via phone</i>) |
| Laura Powers | CODE2040 |
| Eric Severson | Gap Inc. |
| Rohit Shukla | Larta Institute |
| Amy Stursberg | Blackstone Charitable Foundation (<i>via phone</i>) |
| Dr. Stephen Tang | University City Science Center |

Representatives of the U.S. Department of Commerce and Its Agency Subcomponents

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|-------------------|---|
| Jay Williams | Economic Development Administration |
| Kate McAdams | Office of the Secretary |
| Joshua Mandell | Office of Policy and Strategic Planning |
| Julie Lenzer Kirk | Office of Innovation and Entrepreneurship (OIE) |
| Craig Buerstatte | OIE |
| Eric Smith | OIE |
| Lynn Overmann | Office of the Chief Data Officer |



National Advisory Council on Innovation and Entrepreneurship (NACIE)



Official Minutes for Quarterly Meeting

Date: March 6, 2015

Location: Department of Commerce
Herbert C. Hoover Building
Washington, D.C.

Introductions and Welcome

Ms. Julie Lenzer Kirk, Director of the Office of Innovation and Entrepreneurship, opened the meeting in her capacity as Designated Federal Officer (DFO). She extended greetings to all members of the National Advisory Council on Innovation and Entrepreneurship (NACIE). The objective for this meeting is for each Committee to present their proposals that are close to, or ready for a vote. Council members will discuss each proposal and develop next steps. The Council will also hear a few updates from various program managers and leaders from federal agencies.

Opening Remarks, Paige Shevlin, National Economic Council

Ms. Paige Shevlin provided a brief overview of the recent White House's workforce initiatives. Last January, President Obama announced a job driven-initiative to review America's workforce training system. In July, Vice President, Joe Biden's Workforce Training Task Force released a report which highlights successful job-training programs, details executive actions by the federal government, and aims to help more Americans in getting and moving up in high-demand jobs and careers.

Ms. Shevlin highlighted three of the seven components of the job-driven checklist, which seek to help job seekers prepare for in-demand jobs and careers:

- 1) Strong Employer Engagement: It is a necessity to increase the level of engagement with employers to determine local or regional hiring needs to design training programs that are responsive to those needs.
- 2) Measure Earnings and Results: In order to improve job-training programs, it is essential to collect data on how many people are hired, stay employed, and how much they earn.
- 3) Providing Information for Consumers: Job training programs will not be successful if we do not break down barriers to accessing job-driven training and hiring for any American who is willing and able to work.

Ms. Paige Shevlin discussed two White House Industry Initiatives: TechHire and Upskill America.

TechHire: TechHire calls for local communities to collaborate in helping employers fill critical local IT job gaps by empowering a diverse array of Americans, such as women, African Americans, and Latinos to rapidly gain the necessary technology skills, including using nontraditional training options like “coding bootcamps” and high-quality online courses.

UpSkill America: The focus of this program is to train people who are already working in frontline positions. With Upskill America, the White House is partnering with the tech innovators, educators, cities and states to help turn low-wage and entry-level jobs across the country into stepping stones to the middle class. Employers will be supporting communities through employer-employee mentorship program, paying for college tuition, and offering apprenticeships.

At the closing of her talk, Ms. Shevlin discussed potential opportunities for NACIE member organizations to collaborate with the White House.

Workforce/Talent Committee Report

Mr. Eric Severson presented an overall framework of the Workforce/Talent Committee proposals. He discussed the gap between current labor market data practices and the new digital, web-based era of data intelligence. This results in policy makers providing training programs for out of date or mismatched jobs, creating a skill supply problem, unable to meet real world demand. The Workforce / Talent Committee recommend the following next steps:

- Define the ecosystem: create a framework to understand the labor market’s current supply and demand data resources
- Identify states or regions with modern labor data resources that could serve as a pilot region to the discussed supply and demand gap theory
- Develop modern policy recommendations to address lessons learned in this pilot and potentially launch a national program if pilot is successful

Mr. Robert Hohman presented the “Labor Market Data,” proposal which addresses the question: “How can we use real time data to better match people with jobs?” Our solution is to develop a pilot project with a state UI agency. More specifically, a machine learning job title “normalization” algorithm will standardize millions of job titles into comparable categories, allowing a systematic way to match unemployed workers with available jobs and better target job training efforts where we would retrieve data from a state.

Council Discussion

NACIE members discussed including independent contractors, access to data, modernizing technology, and creating transparency.

Innovation Committee Report

The Innovation Committee presented three proposals to the Council on the Next Generation Incubator, R&D Tax Credit and Commercialization.

Next Generation Incubation presented by Christine Furstoss

The goal is to bring a startup mentality to innovators and entrepreneurs across the U.S., and to encourage communities to create or adapt organizations to offer a “continuum of care” integrative approach. The focus is to drive more engagement.

Phase 1: A virtual community is developed where innovators can grow and find support through tutoring sessions, tools, resources, and a virtual board of directors.

Phase 2: During this phase, there will be more participation from government and private sector organizations. Services to companies could be offered as well as physical assets such as expensive software tools, maker spaces with 3D printers, and other costly equipment.

Phase 3: During this phase, innovators will be identified by specific industry and will take part in a collaborative approach to promote ecosystem growth, joint problem-solving around industry/regional issues, and customer interactions.

R&D Tax Credit presented by Robert Atkinson

Increasingly U.S. firms are cutting back on basic and applied research, both in-house and extramural (e.g., at universities).

One solution to this issue is advocating for two changes in the U.S. tax system which could revitalize R&D, enabling not just more innovation, but more tech-based entrepreneurship and a greater demand for STEM workers:

- Reform the federal R&D credit. Only 65 percent of expenditures on commercially oriented R&D for business at universities are eligible for the credit
- Eliminate language excluding commercially-aimed research and allow 100 percent of expenditures on research made at universities to qualify as research expenditures under the regular and Alternative Simplified credits

U.S. corporations have roughly \$2 trillion in foreign earnings parked overseas that are unlikely be repatriated because of high domestic taxes.

Incentivizing companies to repatriate funds with a special tax holiday, provided they spend at least half of these funds on research, either intramural or extramural, or extramural commercialization initiatives, could be just the push these international firms need. These profits could be subject to a lesser 5% tax rate, providing enough motivation for firms to make the move back stateside, while also increasing tax revenue from taxes that otherwise would not have been realized.

Council Discussion

NACIE members discussed further research on Congressional Budget Office Scoring, legislative impact, and preparing a memorandum on this issue for the Secretary of Commerce.

Federal Lab Research Commercialization presented by Stephen Tang

There are several reports that highlight how the U.S. spends a lot of money on research and lab facilities at the national labs, yet the commercialization rates are well below competitive levels. One possible solution would be to develop improved evaluation and monitoring methods for the new Lab-Corps program. For instance, the new lab-corp program in the Department of Energy could serve as a pilot program for assessment and changes around commercialization capabilities.

Council Discussion

Dr. Stephen Tang proposed combining the Commercialization proposal with the Entrepreneurship Committee's Capital Continuum proposal. The Council discussed other potential partners for this initiative such as National Blood and Lung Institute (NBLI), National Institute of Standards and Technology (NIST), National Institute of Health (NIH), and the Small Business Innovation Research fund (SBIR).

Entrepreneurship Committee Report:

Dr. Michael Burcham, Entrepreneurship Committee Chair, discussed the importance of engaging community leaders to understand the existing obstacles that entrepreneurs and their respective ecosystems face. During this presentation, Dr. Burcham provided a broad overview of the Committee's draft proposals, which included the entrepreneurial ecosystem, capital continuum, inclusion, and diversity. Each proposal is still in draft form and needs more work before they are ready for a vote. Dr. Burcham also concurred with other members that there are many synergies across the Entrepreneurship proposals and other work discussed, highlighting how the Capital Continuum proposal could pair well with the Innovation Committee's work around improving the SBIR program. This encouraged a brief discussion of other initiatives that could be combined so the Council could take on more meaningful, strategic initiatives.

Next Steps

The Council reached a consensus and decided to establish a framework working group to outline the various ideas and proposals being considered. Once the framework is finalized, the Council will use that strategic guidance to vote on proposed initiatives. Approved proposals will be presented to the Secretary of Commerce at the June meeting.

Remarks from the Public

Dr. Andrew Reamer, a professor at George Washington University, addressed the Council with an offer of assistance around data and research in the topics being addressed.

Meeting Attendees

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| Dr. Robert Atkinson | Information Technology and Innovation Foundation |
| Brian Balasia | Digerati, Inc. |
| Barbara Bry | Blackbird Ventures |
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| Steve Case | Revolution LLC |
| Dr. James Clements | Clemson University (<i>via phone</i>) |
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Representatives of the U.S. Department of Commerce and Its Agency Subcomponents

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| Kate McAdams | Office of the Secretary |
| Joshua Mandell | Office of Policy and Strategic Planning |
| Julie Lenzer Kirk | Office of Innovation and Entrepreneurship (OIE) |
| Craig Buerstatte | OIE |
| Eric Smith | OIE |
| Andria Fisanich | OIE |
| Ashley Shuler | OIE |

Representatives of Other Federal Agencies

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|---------------|-------------------------------|
| G. Nagesh Rao | Small Business Administration |
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Additional Attendees Who Presented Oral or Written Statements

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| Andrew Reamer | George Washington University |
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Number of Additional Attendees Who Did Not Present Oral or Written Statements

Three members of the public attended the meeting in person but did not present oral or written statements.