Creating Communities of Innovation

ASSOCIATION OF UNIVERSITY RESEARCH PARKS

FOR IMMEDIATE RELEASE

ASSOCIATION OF UNIVERSITY RESEARCH PARKS (AURP) DEVELOP POLICY IDEAS TO INCREASE ECONOMIC IMPACT OF FEDERALLY FUNDED RESEARCH

Tucson, Arizona—Aug. 20, 2018 - The Association of University Research Parks (AURP) has developed a report for the federal government on ways to improve the economic impact of federally funded research. The AURP report for the National Institute of Standards and Technology (NIST) was in response to a request for ideas issued by the federal government to improve the economic impact of funded research.

AURP represents over 700 university and community based research parks and innovation zones around the world, fostering innovation, commercialization and economic growth in a global economy through university, industry and government partnerships. The AURP Government Relations Committee, co- chaired by former AURP presidents Brian Darmody from the University of Maryland and David Baker, formerly of IIT, authored the report with input from AURP members.

The AURP report includes the following suggestions:

1. **Support research park infrastructure and the development of Communities of Innovation**. The recently enacted federal Opportunity Zones designated in the Tax Cuts and Jobs Act of 2017 are important tools to help finance infrastructure at existing and planned university research parks. Additional ways the federal government can target centers of innovation in the US, such as research universities and federal laboratories, should be explored.

2. **Keep more corporate R&D in the United States by eliminating the link to university intellectual-property licensing in "private use" IRS restrictions in university facilities.** IRS regulations on research sponsored by the private sector performed in university facilities built with tax exempt bonds unnecessarily prohibits a negotiated 'arms-length' discussion on ownership of resulting intellectual property that link university technology transfer practices (IRS Revenue Procedure 97-14). Negotiations between corporations and universities on intellectual-property licensing should be a business decision, and not one linked to the tax status of the facility; otherwise, corporations will continue to ship R&D to countries whose governments, in many cases, provide financial support for the facilities where the corporate R&D is conducted and do not intervene in the negotiations on intellectual-property licensing.

3. **Improve university technology transfer.** Reforming the Office of Management and Budget federal grant and contract funding model to encourage commercialization efforts by principal investigators and universities. For example, under current A-21 OMB Guidance, costs to develop a patent or other commercialization initiatives are unallowable as a direct charge to a research program, and the administrative cap on general and administrative expenses. Being able to use part of a grant to file for patents ought to be encouraged - not discouraged - in the federal grant system.

4. **Support proof-of-concept and applied research funding**. Some federal agencies have applied research programs but they are inconsistently funded. For example, new research shows that projects funded by ARPA- E are five times more likely to produce a patent and scientific publication than projects funded by other R&D programs at the Department of Energy. These programs should be expanded across the federal government research enterprise.

5. **Improve technology commercialization from federal laboratories by creating a Congressionally chartered technology intermediary organization.** This could be based on the models used by research universities or states to form quasi-independent entities to take on the business aspects or technology commercialization working with the private sector. This would eliminate many of the structural and legal impediments inhibiting efficient tech transfer from federal laboratories.

6. **Connect federal researchers with private companies through expanded use of Entrepreneurs in Residence and other programs.**

7. **Create more private sector involvement near federal lab and regional research clusters.** AURP recommends the expansion of Enhanced Use Lease (EUL) authority, which allows leasing of federal land and equipment, to all federal agencies, not just the Department of Defense agencies (see 10 USC 2667). We recommend as well that an Executive Order be issued to encourage federal leasing of research assets near existing innovation assets, such as universities, research parks, and technology incubators to create innovation cluster.

8. **Expand the federal corporate R&D tax credit**.

9. **Reform export controls** Reforming export controls and removing troublesome clauses from research projects not affecting the fundamental security of our country will encourage more partnerships between academia and industry. Uncertainty and the too strict application of the current export-control system have proved barriers in developing research relationships with industry and universities.

10. **Encourage entrepreneurship as a national goal and include entrepreneurship in STEM initiatives.** Job creation in the United States will largely depend on start-up companies and individual entrepreneurs. The U.S. needs to embed the concept of entrepreneurship in all of our STEM (Science, Technology, Engineering, and Math) activities and policies, including under-represented minorities and women.

"We greatly appreciate NIST's leadership in increasing the economic impact of federal research," said AURP CEO Carol Stewart.

AURP is hosting its 2018 International Conference at the Hotel at the University of Maryland College Park October 22-26, 2018. The role of the federal government's investment in research will be among the topics explored at the conference. See www.aurp.net for information on the conference.

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