

**INNOVATION &
ENTREPRENEURSHIP
INVESTMENT AUTHORITY**

Legislation adopted in 2009 consolidates two existing entities with R&D-related responsibilities into a single executive branch agency — the Innovation & Entrepreneurship Investment Authority. The IEIA continues the work of the Innovative Technology Authority, with the added duty to create a strategic R&D roadmap for the Commonwealth. The General Assembly will oversee R&D through six appointments to the 13-member authority, and with mandatory reporting by the IEIA to several legislative standing committees.

House Bill 2201 (Vanderhye) and Senate Bill 1456 (Petersen), both administration bills, were adopted by the 2009 Session of the General Assembly, and will become law on July 1, 2009. These bills establish a mandate to develop a consistent, long-term plan for identifying research priorities that in turn will help to foster economic development opportunities in the Commonwealth, encourage cooperation between the public and private sector in research and development-related initiatives, and provide for increased legislative input and oversight.

Since 1984, the Innovative Technology Authority (ITA) has existed in the executive branch of government as the entity charged with overseeing technology research and development in the Commonwealth, especially as it relates to promoting economic development. The ITA was governed by a 13-member board of directors appointed by the Governor. The day-to-day operations of the ITA were carried out by the president and staff of the Center for Innovative Technology (CIT). Over the years, the ITA, through the work of CIT, has focused tremendously on commercialization and investment in emerging technologies and technology companies — an important aspect of technology-based economic development.

In 2001, the Virginia Research and Technology Advisory Commission (VRTAC) was created in the executive branch. Staffed by ITA, VRTAC's stated mission complemented the work of the ITA by advising the Governor on research and technology strategies to enhance the competitive advance of research institutions and technology-based commercial endeavors in the Commonwealth. However, as noted in the mission, this work was done in an advisory capacity. VRTAC consisted of a diverse 31 members, including three members of the General Assembly, Cabinet members, vice-provosts of research at state institutions of higher education, representatives of federal and non-profit research institutions, and members of the technology business community.

The changes enacted by the 2009 General Assembly would seek to merge the goals and missions of VRTAC into the work of the ITA, and creates a single entity with a focus both on guiding the research and development as well as accelerating innovation and supporting the development of emerging technology companies. The bills 1) repeal the statutory authority for VRTAC; 2) add new powers and duties to the existing authority of the ITA to require substantive and concrete strategic planning for research and development; 3) refine the membership criteria of the ITA to ensure qualified and

JCOTS

For more information,
contact:

Lisa Wallmeyer
Executive Director
Joint Commission on
Technology and Science

804.786.3591

lwallmeyer@dls.virginia.gov

effective leadership ; and 4) rename the ITA as the Virginia Innovation and Entrepreneurship Investment Authority (IEIA) to better reflect its mission and goals.

The IEIA is directed to develop a comprehensive research and development strategy roadmap that will be used to help guide institutions of higher education in establishing research and development priorities. The plan shall look for and identify common themes and recommendations for alignment of research areas. In order to prevent the roadmap from becoming static, it must be revisited at least once every three years. In addition, and in charting a shift in the Commonwealth for oversight of institutional research and development, the IEIA will receive reports on the progress of research and development conducted using funds from the Commonwealth Research Initiative (CRI) or the Commonwealth Technology Research Fund (CTRF). Following the success of the multi-institution partnership that helped secure the Rolls Royce economic development deal in 2007, the IEIA is also directed to help foster other such partnerships and opportunities amongst state institutions of higher education, federal labs, not-for-profit institutions, and the private sector. Finally, the IEIA is directed to develop guidelines for awards from the CTRF.

In establishing these new functions, the legislation also provides the General Assembly with heightened levels of oversight regarding research and development in the Commonwealth. Not only is the IEIA directed to provide a copy of the strategic roadmap, and any updates, to the General Assembly, but the IEIA must aggregate the information provided by individual institutions of higher education regarding the progress of CRI- and CTRF-funded projects, and provide an annual omnibus report to the General Assembly as to the status of research and development initiatives in the Commonwealth. Recognizing that research and development is both a budgetary issue as well as a substantive policy issue, all of these reports must be provided to the House Appropriations Committee, the Senate Finance Committee, the House Committee on Science and Technology, the Senate Committee on General Laws and Technology, and the Joint Commission on Technology and Science. These reports can serve to assist the General Assembly in maintaining a clear focus on research and development in the Commonwealth, as well as assist in establishing budgetary priorities related to research and development.

Under the new statutory scheme, the IEIA will continue to consist of 13 members. The Secretary of Technology will continue to serve *ex officio*, and three presidents of state institution will continue to serve (two from major research institutions and one representing other state institutions of higher education). The Governor will have three nonlegislative citizen appointments. Unlike the previous membership, with no legislative appointments, the Speaker of the House will appoint three nonlegislative citizen members from a list recommended by the House Committee on Science and Technology and the Joint Commission on Technology and Science, and the Senate Committee on Rules will appoint three nonlegislative citizen members from a list recommended by the Senate Committee on General Laws and the Joint Commission on Technology and Science.

The new legislation refines the qualification of citizen appointees, to ensure representation of venture capitalists, entrepreneurs, and business expertise. Three of the nine members must be founding members of technology companies that have successfully secured a minimum of \$5 million of institutional venture capital; three must have at least five years experience as a venture capital partner in a fund with a minimum of \$250 million of limited partner investment; and three must have experience as senior executives in research and development-based companies with annual revenues in excess of \$50 million.

It is important to note that the legislation does not change the underlying missions, goals, and ongoing initiatives of the existing ITA. Despite the name change, the legislation specifically indicates that the IEIA will act as the successor-in-interest for the ITA, ensuring that existing investments, GAP fund programs, and other efforts to foster commercialization remain intact. These efforts will be enhanced by ensuring that the same entity is focused on the entire life-cycle of innovation, from basic research and development at the university level, to commercialization, to fostering entrepreneurship that facilitates economic development opportunities and job growth in the Commonwealth.

Resources

Chapters 325 and ____ of the Virginia Acts of Assembly of 2009

The Innovative Technology Authority Act of 1984 (§ 2.2-2218 et seq. of the Code of Virginia)

Center for Innovative Technology Website: www.cit.org

The legislation provides the General Assembly with new oversight authority with six IEIA appointments and mandated IEIA reporting to finance and technology committees.