

OVERVIEW OF THE RESEARCH NORTH DAKOTA PROGRAM

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HIGHER EDUCATION FUNDING COMMITTEE

ROSE ROOM, NDSU MEMORIAL UNION, FARGO

REPRESENTATIVE MARK SANFORD, CHAIRMAN

JOLYNNE TSCHETTER, PH.D. – COMMERCIALIZATION MANAGER, ND DEPARTMENT OF COMMERCE

Good morning, Mr. Chairman and members of the committee, my name is Jolynne Tschetter, and I serve as the Commercialization Manager for the North Dakota Department of Commerce. I'm here today to provide an overview of the Research North Dakota program.

The Department of Commerce was tasked to establish and administer a Research North Dakota grant program and a Research North Dakota venture grant program during the last legislative session.

- Up to \$2,000,000 of the Research ND fund was designated to be used for venture grants to research universities for pursuing further commercialization of technology developed by the research university or developed jointly by the research university and a startup or spinoff business operating in North Dakota.
- \$10,000,000 of the Research ND funds was designated to provide grants to a research university for research, development, and commercialization activities related to a private sector partner.
 - \$4,000,000 of these funds shall be used for Research ND BIO grants to conduct research on and develop and commercialize vaccines and antibodies for the prevention of, treatment of, or cure for cancer; virally infectious diseases; or other pathogens, including bacteria, mycobacteria, fungi, and parasites.

Draft policies for Research ND and Research ND Venture Grants were designed with an effort to streamline the application process; to insure that needs of the private sector were met; to follow existing policies and procedures at the university (related to grants administration); and be consistent with other grant programs in the state (such as APUC and the Renewable Energy Program).

- The application shares features with several federal grant applications and other ND state grant programs.
- The application and any revisions to an awarded grant need to be agreed upon between the private sector and the university prior to bringing the changes to the COE Commission for approval.
- A small portion (\$500,000) of the Research ND funds has been set aside for a FAST Track program. This program is designed to be able to rapidly approve grant funds for projects where the private sector has an immediate need that can be fulfilled (at least in part) by a North Dakota research university.

Draft policies for the above programs were provided for public comment on August 1, 2013. Copies of the draft policies were sent to each of the Research Universities, the Grand Forks Region Economic Development Corporation, the Greater Fargo/Moorhead Economic Development Corporation, private sector companies and others. Emails were sent out on August 1, 2013 and the open comment period ran until the close of business on August 16th.

Timeline for Research ND and Venture Grants Programs



All comments that were received were given to the COE Commission their original format. In addition, individual comments were inserted into the policy document so the Commissioners could see the comments in context of overall policy.

The COE Commission approved the policies for Research ND and Research ND BIO that included numerous changes suggested by both the private sector and the universities on September 5, 2013. The Research ND venture grant policies were not approved in their entirety at this meeting as the COE Commission requested some additional information related to the alternate mechanisms for review.

The table below gives an overview of the Research ND and Research ND venture grant programs including available funds, private sector investment, project funding limits and the review procedures that have been put into place.

	Research ND			Venture Grant		
	Research	BIO	FAST Track	Phase I	Phase I/II	Phase II
Purpose	Research, development and commercialization activities related to a Private Sector Partner (PSP)			Pursue further commercialization of technology developed by the research university		
Applicant	ND Research University/PSP			ND Research University	ND Research University/PSP	
Available Funds (2013-2015)	\$5,500,000	\$4,000,000	\$500,000	\$2,000,000		
Project Funding Limits	\$300,000*	\$1,000,000	\$50,000	\$100,000	\$200,000	\$150,000
Private Sector Investment (\$1:\$1)	Yes	Yes	Yes	No	Yes	Yes
Application Review	1. Outside technical review 2. Review for ND priorities 3. COE Commission		1. Admin. Approval 2. Commission Ratification	1. Review Committee 2. COE Commission		

*The COE Commission has reserved the authority to approve projects up to \$500,000 under this program.

First round of applications were due on November 22, 2013 for Research ND and Research ND BIO. Three applications were received two for the Research ND program and one for the Research ND BIO program. All three applications are out for technical review (reviews expected back on or about 1/22/2014). Applications will also be scored based on what we have termed as North Dakota priorities:

- Is the Private Sector Partner a North Dakota company?
- Is the grant application focused on industry sectors targeted/identified in the Economic Development Foundation’s current strategic plan?
 - Advanced manufacturing including biotechnology, ag-biotechnology and unmanned aerial systems
 - Technology-based businesses – information technology including entrepreneurial startups
 - Value-added agriculture
 - Energy
- Does the grant application have a clearly defined direct economic impact on North Dakota?

Both the technical reviews and scores for North Dakota priorities are provided to the COE Commission prior to the applicants presenting their project to the Commission. Final decision making authority rests with the Commission.

The first application deadline for Research ND and Research ND BIO was on November 22, 2013. Only three applications were submitted for this deadline but we do expect that number of applications will increase for subsequent application deadlines. Research ND requires that a partnering agreement between the private sector and the research university be in place prior to the application being submitted. The two and half month time period between policy approval and the first application deadline may not have been enough time for designing of a project, writing the application and negotiating the partnering agreement in some cases.

Two applications were received for Research ND both in the area of unmanned aerial systems (UAS). These applications build on the expertise in UAS that has developed in North Dakota over the last 8 years in part through funding by the Centers of Excellence program. The state investment in UAS and the expertise available in North Dakota was just acknowledged by the Federal Aviation Administration with North Dakota being designated as one of the six national test sites for integrating UAS into National Airspace System.

The largest sector of civilian UAS use is expected be in the area of precision agriculture base on what has been seen in Japan. Japan began using UAS for precision agriculture back in the 1990's and now 90% of the crop spraying is done by UAS. The second largest market for UAS use outside of the military is expected to be in government and law enforcement. The UAS related applications submitted to Research ND include one addressing UAS for precision agriculture and the other in law enforcement.

The remaining application was submitted to the Research ND BIO program and builds on a pre-existing relationship between the private sector and the University of North Dakota.

Applications received for Research ND and Research ND BIO are currently out for technical review. Technical Reviews are expected back on January 22, 2014.

Three applications have been received for the Venture Grant program. These applications are currently being looked at the by the Review Committee.

Mr. Chairman and members of the committee, thank you for allowing me the time to visit with you today. That concludes my testimony and I am happy to entertain any questions.