

**Testimony Of Catherine S. Renault**  
On  
**LD 1324,**  
**An Act to Support Innovation, Entrepreneurship and Maine's Economic Future**  
Before The  
**Joint Standing Committee on**  
**Labor, Commerce, Research and Economic Development**  
  
**April 19, 2017**

Senator Volk, Representative Fecteau, members of the Joint Standing Committee on Labor, Commerce, Research and Economic Development, good afternoon. My name is Catherine Renault from Topsham, ME, and I am here to testify in favor of LD 1324.

I am Principal and Owner of Innovation Policyworks, a Brunswick firm that works with economic development officials around the country on innovation policy and strategies.

Previously, I served as Director of Innovation and Science Advisor to Governor John Baldacci. And, I was the author of the annual evaluation of Maine's public investments in research and development from 2000-2006.

I have worked with all of the Presidents of MTI, served on its Board, as well as the Board of the Maine Venture Fund and just stepped down from the Board of Maine Center for Entrepreneurial Development after two years as chair.

I worked with Representative Grohman on this legislation for two reasons. First, there are strategic investments needed in our state to fill funding holes in our R&D strategy, namely entrepreneurship support, internships, and technology transfer. Second, MTI is the logical organization to undertake these tasks, but their current statute is too vague to include these activities, while some of their funding remains on the sidelines, un-invested.

Let me first discuss what strategic investments need to be made. I know that you are aware that the proposed biennial budget eliminates funding for the

Advanced Technology Development Centers, a critical piece of the entrepreneurial support ecosystem here in Maine. These Centers support our high-growth potential companies, and have a long history of success, as was demonstrated during the testimony in front of Appropriations on March 1.

This bill was drafted before the budget was released. Our concern was that (1) the amount available through the DECD budget has been going down for over fifteen years, and with inflation, is extremely small compared to what other states invest in their incubator and accelerator programs. Our second concern was that this program used to be overseen by the Office of Innovation within DECD. Since that office no longer has an incumbent, the program is essentially orphaned.

Support for entrepreneurs in the form of technical assistance such as is provided by the three existing programs has been demonstrated many times over to be a high-return investment for states around the country, as well as here. All high-growth companies start small. Accelerating their development, bringing in expert mentors, and connecting them with funding sources makes great economic sense.

The second strategic investment we think the legislature needs to support is technology transfer. This refers to the process whereby new ideas developed in universities and research labs gets protected, usually through patents, and then licensed to private entities who can then take the ideas to market. Maine lags in the total number of patents compared to other states. The big difference is that our research institutions, with the exception of Orono, do almost no patenting. And our corporations do little as well, meaning they are not protecting their innovations. We believe that MTI should develop programs to attack this big gap in our knowledge economy.

The third strategic investment needed addresses the important task of keeping our talented young people here in Maine. Using summer internships, college students can be connected with our most innovative companies. The program prepares students to collaborate with companies on innovation projects that accelerate company growth and give students a paid, meaningful, hands-on

internship experience. This is an extremely effective way for companies to meet potential young employees, and for young people to learn about opportunities here.

So, this bill suggests that MTI take on these three important investment areas. We deliberately did not say exactly what MTI should do. They are experts at designing and delivering programs. But, we have suggested what the policy objectives should be. We believe that MTI agrees with the importance of these investments and I know that all are discussed in the recently released Maine Innovation Plan. I have attached the relevant pages from that plan.

MTI has sufficient funding on hand to cover new programs like these, and their strategic planning effort just concluded encompasses programs like the ones we are suggesting.

The question is whether or not this legislation is needed in order to get these programs the funding that they need. Some have argued that the existing MTI statute is sufficiently broad (see attached statute).

However, in my experience with the MTI Board, they have tended to adopt the most narrow interpretation possible of their mission. As a result, past efforts to get support for these programs have been met with statements like, "If the Legislature wanted us to do this, they would have told us so explicitly." We suggest that the fact that the suggested programs either don't exist, or are supported by other funding mechanisms, shows that the MTI Board needs to given more direction that opens the door for financial support for these activities.

Thank you for your time. I look forward to answering your questions.