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Innovation and Entrepreneurship Task Force
October 15, 2010

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The Innovation and Entrepreneurship Task Force met at 9:00 a.m. on Friday, October 15, 2010, in Room 1510 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing. Senators present: Danielle Conrad, Chairperson; Galen Hadley, Vice Chairperson; Deb Fischer; and Heath Mello. Senators absent: Rich Pahls and Ken Schilz.

SENATOR CONRAD: I think we're going to go ahead and get started quickly. Good morning, good morning to our dedicated band of participants this morning.

SENATOR HADLEY: It seems to be going down. (Laughter) (Inaudible)

SENATOR CONRAD: My name is Danielle, just for the record, my name is Danielle Conrad. I represent north Lincoln in the Nebraska Unicameral Legislature and serve as Chair of the Innovation and high wage job Task Force. Going to go ahead and introduce two of my colleagues that are here on the task force today as well or allow them to conduct self-introductions, actually.

SENATOR HADLEY: Galen Hadley, District 37, Lopers.

SENATOR FISCHER: Deb Fischer, District 43.

SENATOR CONRAD: And again, since we have a manageable group in the audience today, I think we'll go ahead and allow people to introduce themselves as well.

DAN HOFFMAN: Dan Hoffman with Invest Nebraska.

BRUCE BOHRER: Bruce Bohrer with the Lincoln Chamber of Commerce.

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JASON BALL: Jason Ball with the Lincoln Partnership for Economic Development.

CONNIE HANCOCK: Connie Hancock with the University of Nebraska Extension.

JULIA HOLMQUIST: Julia Holmquist, Senator Danielle Conrad's office.

RON WITHEM: Ron Withem, University of Nebraska.

NANCY BOWEN: Nancy Bowen, Senator Conrad's office.

SENATOR CONRAD: And then our page this morning is Sonya Sukup. There she is. Thank you for being here to assist us. And a friendly reminder to folks, if you do have cell phones go ahead and mute them or put them in the off position so that we're not disruptive to the committee process. And I think we'll go ahead and get started with a brief overview of the agenda from Dan Hoffman of Invest Nebraska, jump into a briefing by the Department of Economic Development, and then we have a webinar presentation with Chris Gibbons on "Economic Gardening," live from Littleton, Colorado. Then we'll open it to public comment and adjournment. Thank you, welcome all. Dan.

DAN HOFFMAN: For the record, my name is Dan Hoffman with Invest Nebraska. There are two speakers today. As a follow-up to the presentation from a couple months ago that Gary Hamer presented about the Battelle, the task force asked that once the final recommendations are made that somebody from the department come back and brief the task force. So Richard Baier is here today. At 10:00 we will have a webinar by Chris Gibbons with Littleton, Colorado, kind of the founder or the father of economic gardening, who will be in Littleton doing the webinar, but we will be able to ask him questions during the presentation. And then if we have time afterwards, I have the results of the survey that the task force asked us to put together.

SENATOR CONRAD: Great. Thank you, Dan. Also for the record, Senator Mello, a

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member of the task force, has another meeting with the strategic Planning Committee. He will be back and forth. Senator Pahls is unable to join us. And I believe Senator Schilz will be joining us later. Director, welcome.

RICHARD BAIER: Thank you. Again for the record, my name is Richard Baier, B-a-i-e-r, head of the Department of Economic Development. Good morning.

SENATOR CONRAD: Good morning.

RICHARD BAIER: (Exhibit 1) It's nice to see some smiling faces on the other side. And it's my pleasure to be here. I just want to go through the study real quickly. I think you've seen some briefings in terms of where we've been. And what I'll tell you maybe is a little background on how we started this process. You know, we've been really fortunate over the last couple of years to be in a pretty good position with the unemployment. You know, we're seeing young people move back to the state, if you look at census numbers, all of those kinds of things. But we sat down about two years ago and started to look at, you know, how do we move forward? Because if you look at our benchmarks, we do pretty well and we track about 80 benchmarks at our office on a whole variety of things. And there's kind of some areas where we don't do particularly well. But most of them we do pretty well on. And so we started down this process of trying to begin to identify where can we go to get better, because I think there's not a better time than now to be able to have that conversation because of where other states are at. I mean, they're really struggling. And my counterparts around the country are closing their international offices, they're doing, you know, cutting back on programs, they're cutting their incentives out from underneath companies, and raising taxes, and all of those fun things. So we really felt like it was an opportune time to sort of move through the process and begin to look at how do we move the state forward. We selected Battelle, and I think you know kind of background there. We went out and had 13 companies from around the country come to us and say they wanted to do our work. Battelle is the largest not-for-profit research and development organization in the country. They also

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run the federal labs for the federal government. So they have about 7,000 employees around the country. So they have a real diverse mix of talents and treasures and all of those kinds of things. This is a refresher of the kinds of things that we asked them to do in terms of looking at our target industry sectors and, from that perspective, how do we do our business development functions, how do we look at innovation. We asked them to look at some of our programming in this state and then also to look at population and work force. A quick finding, and again what I will tell you, this slide has a lot of stuff on it, but what it does tell us, and in our conversations with Battelle, is we really do have a diverse industry base. And they do an analysis and a calculation called the location quotient, which is basically a concentration of employment in certain industries. And they measure that where one is sort of the benchmark. And if you're above one, you're concentrated in those industries. If you're below that, you're not as concentrated or struggling in that industry. They actually found 12 industries that we're at 1 or higher in Nebraska in terms of that location quotient. That is not the case in most of the states they work in. Most of the states they work in they see one or two industries that have that kind of concentration, so again, a nice, diverse mix in Nebraska. And you'll see there kind of a mix of the kinds of things that are out there for our targets and things that we feel really good about. This is a tracking in some of those industries about employment changes over the last few years. And again, some folks have asked us, why the '07 number? That's the newest Census Bureau actual counts as opposed to estimates. And Battelle feels it's much more accurate to use actual counts. And they are in the process of the final report. That's part of the reason the final report is not up on-line yet. They're actually updating it with the newest year available. So we're sort of in the midstream of switching some data on them. You will see there, for example, in some of the areas like R&D and engineering services, Nebraska saw huge increases in employment compared to other parts of the country, same in that transportation sector and logistics sector. We feel really good about that. The biosciences, you know, Nebraska is very fortunate. We just looked at the biostudy. We grew 19.8 percent, I believe it was, over the last eight years in Nebraska; same time period in the U.S., we grew about 15 percent in the bioscience sector, so again, a strong component for us.

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Health services, you know the only one that we really got concerned about was the software and computer science piece of that where we were sort of at odds with the rest of the country. What I will tell you is we went back and did some analysis. And one of the things that threw that off was some of the issues at First Data in Omaha. When you have a layoff of 1,000 computer people, it tends to throw your numbers off. In terms of economic output, same kind of thing. They go in and measure how much value per product or per service that employees are adding. And you'll see there again, Nebraska has done pretty well in terms of growing up that change in value added per employee. We're still on the low end compared to the country average, but our increases are sort of starting to catch us up, again, so I think a good indicator long term for Nebraska. We also asked them to take a quick look at the issue of renewable energy. We've asked them to dig deeper. Now they're doing some additional work for us to look at this whole renewable energy sector. And I will tell you, you know, it's a bit unique because there's a lot of discussion about wind and there's a lot of discussion about ethanol. But for us it's really about what's the next big wave on top of that? There's some interesting technology going on out there in terms of biofuels. For example, I would encourage you, if you haven't ever heard of biobutanol, going to be a huge opportunity, I think, for us in the long run in this state. It's a product that you can mix about 60 percent. Right now there's a Ford Focus somewhere in the country driving up and down the interstates that's being tested with biobutanol and it's 60 percent, and it burns cooler and cleaner and can be transported in a pipeline.

SENATOR FISCHER: Do you know of other cities who are looking at their landfills the way Omaha does with energy production and that way?

RICHARD BAIER: Yes, ma'am. We have a couple of examples in Nebraska, the best being David City. David City actually capped their regional landfill and they take the methane and pipe it into town, into Waldbaum's, to the egg company. They've completely eliminated their need for natural gas at Waldbaum's.

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SENATOR FISCHER: Hmm, I mean that, to me, is...

RICHARD BAIER: Um-hum.

SENATOR FISCHER: ...serves a number of purposes when cities do that with their landfills.

RICHARD BAIER: Absolutely. Yeah. The challenge is you got to be big enough. I mean, the really small ones don't work very well. The cost, it's just cost prohibitive. But places like David City where you've got a regional landfill, and in this case they've got a really interested buyer, we've got a company out of Colorado that stepped in and filled the void for us. So that biomass is all...you know, biomass is this big unknown, could be a landfill, it could be corn stover, could be a lot of things. So the other things in terms of renewable energy if you think about geothermal, because of our location on the Ogallala Aquifer makes us a huge opportunity for geothermal. We're having the conversation right now in Kearney at their new industrial site about how we take geothermal to the entire site and make it a systemwide kind of a situation. So there's lots of other opportunities out there as well in that renewable energy sector. This is a breakdown again of those target industry clusters. And we asked Battelle to go in and take a look at sort of metro, what I'd call traditional fishhook. They define it a little differently. They actually took counties that have a first-class city in them because they operate a little differently in terms of regional focus and those kinds of things and then the counties that don't have those first-class cities or larger in them. What I will tell you was interesting to Battelle is one of their findings that they were surprised about was the fact that they had some really strong R&D and engineering in the rural parts of the state, for example. It's just something they did not anticipate. And they found a significant amount of that. This is a brief snapshot of our university or our R&D base in the state. And you'll see there are some things that we are doing a pretty decent job and see both cases, that academic and industrial R&D is escalating. We are not keeping up, unfortunately, with the national average. We got to continue to do a better job at that. And I know the

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university is committed to that and so are we at our agency to make sure we continue to escalate that number in terms of where we're at. The other piece of this, and again we're working closely with the university's technology transfer offices to find ways to increase our startups. We spent a lot of energy getting to those disclosures or discoveries. Our challenge is, how do we take it to the next step to turn it into a product or a service? And one of the nice things, I'll give you an example of a partnership recently. David Conrad, of the tech transfer office here in Lincoln, David has actually invited us to start coming to his meetings where they're previewing technology. And so we can actually sit down, and it's fairly time-consuming, but it is really interesting that we can sit down and say, look, if you've got the software, for example, for a construction company, why are you licensing it to a Canadian company when you've got two of the largest construction companies in the world sitting in Omaha? So we're having a lot of those kinds of interesting dialogues that probably didn't take place four or five years ago. So I think it's compliments to the university and to President Milliken to start that cultural change, to really step up. The other thing in terms of the R&D base, which is the bottom component of that, you'll see that our industrial R&D base well exceeded the national average. And again, from '01 to '07 we increased 60 percent, the U.S. average was 33 percent. Yes.

SENATOR HADLEY: Now just a quick question on it. Do we know how this translates into jobs?

RICHARD BAIER: Um-hum.

SENATOR HADLEY: Because that, you know, I understand R&D and the importance of it.

RICHARD BAIER: Um-hum.

SENATOR HADLEY: But ultimately, I'm concerned and I think we all are concerned

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about jobs for people in Nebraska...

RICHARD BAIER: Absolutely.

SENATOR HADLEY: ...that if there's an R&D that results in some process or product that we can also manufacture in Nebraska.

RICHARD BAIER: Sure. That's a good question. And I'm going to separate the academic and the industrial.

SENATOR HADLEY: Okay.

RICHARD BAIER: The academic piece again gets back to that tech transfer issue. Again, we've got two people, we've got a new person in Lincoln and we've got a new one at the Med Center, that are doing a much better job translating those patents and those ideas into jobs. The Med Center is a good example. Folks that came in, they're taking...they have a patented product at the Med Center they actually produce now in Plattsmouth and a private company from Tennessee that produces a nutraceutical out of it, and it's a by-product of the ethanol plant. So there's a lot of that stuff starting to happen. And again, I think we're making some strides but, you know, I think this will tell you, we've got a lot of work both on the academic side and the industrial side. On the industrial side of the R&D, the real issue for me is making sure the companies are competitive, because you get them going through their life cycle and a lot of the hit maturity. If they're not doing the R&D, you know, it's hard to get a direct translation to jobs, but if they're not doing that R&D, they're not doing new products and services. And so at the end of the life cycle, they fade away and the company disappears. A good example of that and somebody we should have been much more cognizant of was the DeWitt Vise-Grip guys, because if you look at the timing of their departure from Nebraska, it was within a year of when their last patent expired. So again, they got to maturity, patents expired, there wasn't that new R&D for the new product, and they were

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gone. And so we've got to do a better job of making sure our companies are more competitive. It also makes those companies higher-skilled and higher paid wages, and that's the other piece of this that we look at. This is one that was kind of interesting to us. And we've talked a lot about the brain drain. And you'll find quickly that work force and labor supply is a personal interest of mine because I think it's our biggest challenge in Nebraska. We've had a lot of our young people leave over the years. And you'll see what Battelle did is they went and actually calculated the number of graduates at all of our postsecondary educational institutions in certain degrees. And this is just a sample of those. But then they went out and took a look at our industry base and said, okay, here's how many jobs we're going to need to fill retirements, here's how many jobs we're going to need for job growth on top of that. And you'll see, for example, and the big one is the first one on the graph there is the area of management occupations, people going into business management. We're producing about 8,300 graduates a year and we only have a demand for about 1,500. So from the discussion standpoint, for you folks, and we've been having this...again, President Milliken has been instrumental to this, having a conversation about how do we make sure we're creating better jobs to fill that gap? That's part of our job. And also, how do we try and encourage kids to get into those areas where there are opportunities in Nebraska? If they're in management, maybe they have an interest in being an entrepreneur. And those are some of the folks we need to focus on because otherwise those 7,000 kids, they're leaving, and we just wasted \$140,000-some to get them through K through 16 in state tax dollars. So this was sort of the one that was kind of the aha moment to me in terms of this process.

SENATOR CONRAD: And just to clarify on that last slide there, those are estimates regarding projected graduation and field of study and doesn't even take into account existing workers? Is that right, Director?

RICHARD BAIER: Well, what it does discern, the blue line would be the folks that are going to have job openings. So that would be, you know, if we're projected openings,

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new hires, all of those kinds of things would be in the blue sector.

SENATOR CONRAD: Okay.

RICHARD BAIER: So that's truly the industry demand for those people.

SENATOR CONRAD: Okay. Because I was just thinking, maybe those numbers might even be higher if you look at existing workers transferring to different occupations,...

RICHARD BAIER: Could be.

SENATOR CONRAD: ...different levels, you know, for a variety of different reasons, but...okay.

RICHARD BAIER: Yeah.

SENATOR CONRAD: Great. Thank you.

RICHARD BAIER: Absolutely, could very well be. And so again, it's a bit of a red flag for us. And I know, you know, we had a hypothetical discussion the other day about how do you manage resources and scholarships?

SENATOR CONRAD: Um-hum.

RICHARD BAIER: You know, if we're pushing kids into business management scholarships, we're kind of pushing them out of the state when we're done because we're not creating those opportunities. And part of that falls on us to do a better job of creating opportunities for those kids to stay.

SENATOR CONRAD: Great. Thank you.

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RICHARD BAIER: Just a quick snapshot of kind of where some of the challenges are, and again, in terms of that productivity issue, and this is where we went out and had both a research-based analysis and Battelle also went and interviewed about 120 people across the state, mostly employers, but they interviewed the president of the university and, you know, the community colleges and some of those folks as part of this. But a couple of things that we did find is, number one, our Nebraska industries are falling short in terms of productivity. Our productivity per employee is a lot less than it is around the country in most industries. And part of that is measured on the fact that we have a lot of labor intensive on this and not the R&D and the science base on this end. And so we've got to take our employment base and our businesses and move them up that ladder in that process. We're also, again, falling short in that high-skilled area. We have most of...the first three quantitative things are really focused around work force. The third one is, again, that issue that Senator Hadley asked about and that's how to translate that R&D base into new products and companies. And we are falling short, so we've got some work to do. They also found in their stakeholder interviews to look at the labor force issue because lack of labor...or our work force is both our greatest strength and our greatest weakness. They love our productivity, they love our work ethic, but I'm hearing companies say I can't find enough people to meet my long-term growth needs. And we all know that we've got to do a better job as a state, with all of us holding hands around the flagpole to make that happen. Some lack of technology-based development, again that entrepreneurial development--so I appreciate what you folks are doing to sort of help facilitate this discussion--risk capital, technology commercialization. They also found in their industry interviews that there were some silos between industry and university research. And we've got to do a better job. And again, we're committed to do that with our friends and partners at the university. We've got to modernize our existing companies to help them move up that productivity chain by bringing in technology. We're also short sites and buildings. So if you want to locate in Nebraska right now you're going to be limited on what you can do for sites and buildings. And so one of the things you will have seen our office doing over the last few months and over the last two

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years is we helped communities go out and we did some pilot projects for what we call power parks, which are large development sites. We're doing them in Kearney, Aurora, Fremont, and South Sioux City. And right now we're doing a similar project on rail-served sites to have those rail-served sites ready for industry as well. And then more a recommendation for my office is to get more organized and focused in terms of how we deal with those primary industry clusters. This one shows salary increases and differences. I don't think we need to focus on that one. This one is the one that, again, I think is a good reflection once you understand the chart. And what they're basically saying...and I'm going to use ag machinery at the top as an example. They're saying in the ag machinery sector, if you take ag machinery as a whole and every ag machinery business in the country, 18 percent of their work force is going to be highly skilled--engineers, R&D, product testing, those kinds of things. In Nebraska that number is 12 percent, so again, a showcase and a reflection of that lack of productivity and skill sets in our industry bases. You'll see there a lot of those ag and food processing, even though it's been a stable for us, we probably do a lot more of the hand, front-line work than we do in a lot of other situations around the country in that same industry base. There's only a couple where we sort of break even--in hospitality and tourism, which is difficult to measure, and then health services as well. And then the financial services is the only one we're actually ahead and that's a reflection of the insurance industry in our state. Same kind of thing, kind of showing employment demand on how we're doing producing jobs for folks in those engineers, scientists, and math occupations. We're just not keeping up with the national averages. This one gets back to part of our discussion today is to take a look at sort of that innovation and entrepreneurial environment. You'll see that our patents remain strong over the last few years in that process, but we still lag the national average significantly. We are at 107 in their breakdown versus 255. We also have some mixed performance in that technology transfer in terms of disclosures, which is a great thing for the university. We're above the U.S. average but we're significantly below in terms of flipping that to the benefit of the economy, so again a priority for all of us in that process.

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SENATOR HADLEY: Richard, do we have any data on did you say 100-and some patents? I'm trying to find.

RICHARD BAIER: Yeah, per capita, they measured by...

SENATOR HADLEY: I was wondering, is there any data on the translation of those patents and what happens to them as far as Nebraska is concerned? I think it's one thing to get a patent developed in Nebraska...

RICHARD BAIER: Um-hum, right, yep.

SENATOR HADLEY: ...but if a product is going to be manufactured in South Carolina...

RICHARD BAIER: Right.

SENATOR HADLEY: ...it doesn't...

SENATOR CONRAD: Translate.

RICHARD BAIER: Right, exactly,...

SENATOR HADLEY: ...translate again to jobs.

RICHARD BAIER: Exactly. I don't have it with me.

SENATOR HADLEY: Okay.

RICHARD BAIER: There is some of that analysis done that I'd be happy to share with you.

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SENATOR HADLEY: Okay. Well, I just think that's important because...

RICHARD BAIER: Yeah, absolutely. And what's interesting to us is that when they did...they went and did a patent search. And they looked at all the patents over a five-year window,...

SENATOR HADLEY: Um-hum.

RICHARD BAIER: ...which, you know, I just don't have staff or time to do that and be able to quantify it down into certain areas. What was interesting is that the patents really came from two or three areas. There's a small cohort of patents at the Med Center. There is a fairly large cohort of patents at East Campus.

SENATOR HADLEY: Um-hum.

RICHARD BAIER: And there is a fairly large cohort of patents in the transportation logistics industry, which I would not have guessed. But people are having...they're coming out with a new trailer design and they're patenting it, those kinds of things. And so there's sort of this weird...they've never seen anybody that has a concentration of patents in transportation logistics before.

SENATOR HADLEY: I need to toot the horn a little bit for the University of Nebraska at Kearney because we just got a quarter of a million dollar grant from the University of Nebraska Foundation. And we're going to start a program in logistics of transportation that will lead to a bachelor's degree to try and fill the pipeline of people to work...

RICHARD BAIER: Absolutely.

SENATOR HADLEY: ...in logistics and transportation and that type of thing. And I really want to thank the University of Nebraska Foundation...

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RICHARD BAIER: Absolutely.

SENATOR HADLEY: ...for seeing that as an important issue and developing a program in it.

RICHARD BAIER: Yeah.

SENATOR CONRAD: And we've got the regional Transportation...

RICHARD BAIER: Center at UNL.

SENATOR CONRAD: ...Center over at the redesigned Whittier Junior High building at UNL city campus. So that might be part of generating some of those ideas.

RICHARD BAIER: Yeah, absolutely.

SENATOR CONRAD: But what a wonderful finding to build upon and grow.

RICHARD BAIER: Um-hum, absolutely.

SENATOR CONRAD: It reflects the numbers that we've seen in regards to, say for example, SBIR grants...

RICHARD BAIER: Um-hum.

SENATOR CONRAD: ...and otherwise in terms of providing benchmarks about where we are...

RICHARD BAIER: Um-hum.

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SENATOR CONRAD: ...and how we can move forward. Okay, great.

RICHARD BAIER: Yeah, absolutely.

SENATOR FISCHER: Could I ask a question?

SENATOR CONRAD: Please, yes, Senator Fischer.

SENATOR FISCHER: Following up on what Senator Hadley said, he kind of jogged a question in my mind here. The Med Center has patents, the university has patents. How does that translate into jobs? We're going to start a new degree program at Kearney with a grant. How does that translate into jobs? You made the comment earlier that...about our work force, we have low unemployment. And that's what I've always said, too, it's a curse and a blessing.

RICHARD BAIER: It is.

SENATOR FISCHER: Because how do you attract companies here? How do you attract entrepreneurs here when we have low unemployment? Who fills the jobs? I don't care whether they're defined as high skilled or if they're jobs that people take so they can get an hourly wage and feed their families.

RICHARD BAIER: Um-hum.

SENATOR FISCHER: You know, we don't have people that can fill those jobs, whether it's with an engineering firm, whether it's with a call center, it doesn't matter. So how does all this translate? I mean, the information is great.

RICHARD BAIER: Um-hum.

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SENATOR FISCHER: Sounds great.

RICHARD BAIER: Um-hum.

SENATOR FISCHER: But what are we, which is another question I have from you,...

RICHARD BAIER: Um-hum.

SENATOR FISCHER: ...you keep saying "we" need to be better,...

RICHARD BAIER: Um-hum.

SENATOR FISCHER: ...do a better job at...

RICHARD BAIER: Um-hum.

SENATOR FISCHER: ...making sure our companies are competitive.

RICHARD BAIER: Um-hum.

SENATOR FISCHER: I assume you're saying the state.

RICHARD BAIER: The state, sure.

SENATOR FISCHER: So I gave you a lot there, you can just kind of go off on it.

RICHARD BAIER: You did. Well, there are a couple of things, Senator. I'll start with the high-tech versus sort of that unskilled piece. One of the things that we have found in our research, we've done a lot of work with Gallup on work force research. One of our

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concerns is if we're not creating those higher tech positions or those higher skilled positions, those are the things that people will move to Nebraska for.

SENATOR FISCHER: But "we", if "we" are not, if "we" are not creating those, who is "we"? The state?

RICHARD BAIER: Well, our private sector friends,...

SENATOR FISCHER: Okay.

RICHARD BAIER: ...our partners. Sure. I mean, the basic standard government jobs at Lincoln aren't going to attract a lot of people to move back to Nebraska. I understand that. Now we're really talking about our private sector friends. And we got to be a part of that because we've got to provide them, as in we, it has to be we have to provide the tools to help them be successful, it has to be our friends at the university in terms of helping make that connection between industry and the university. We as a big...as Nebraska have a lot of work to do. And again, I don't want to lose sight of the fact we've done really well. This is how we get better. And I would couch it in terms of a football analogy. We want to make sure that we're going to be...

SENATOR FISCHER: How appropriate. (Laughter)

RICHARD BAIER: ...how appropriate. We want to make sure that at the end of season we're undefeated and that we're not 5 and 4. You know, 5 and 4 is not going to be acceptable in the state as long as I'm here and I think most of us would feel the same way.

SENATOR FISCHER: Good, thank you.

RICHARD BAIER: This stuff we've covered, not much there. What I will tell you is

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Battelle came out with sort of three areas of recommendation. They didn't come out with the report I had anticipated when we started and that was okay. I like to be surprised on occasion. I would have anticipated more kind of a standard, theoretical analysis. But what they came back with was a strategy that focused in three areas. And they gave us 22 recommendations. And what I'd like to do is just walk through those briefly. But they're really in three areas. They're in the target industry sector, and that's how we deal with industry in this state, both existing companies...in terms of the economic gardening you're going to hear about in a few minutes, how do we grow existing companies? How do we make sure that DeWitt is not at the end of its life cycle and it disappears when the patent goes away? How do I make sure that Jack Schreiner, who is my rubber manufacturer in Hastings...he ships products to Japan but he doesn't ship them to Lincoln to the Kawasaki facility. So we're trying to integrate and make those connections now in terms of industry as well. In terms of the talent piece, how do we keep our students here, and how do we keep our young people here? And we have to be more reactive in that. I will tell you I just finished a great dialogue with UNL's new alumni director, fantastic dialogue about how we step up, because they figured out that--and Matt McNair, my friend at the foundation, has figured out the same thing--if our graduates live here, they're going to be a lot more likely to buy season tickets and to do all those other things and contribute and all that kind of stuff, as opposed to if they get lost to Stanford or Chicago or Denver. So again, that talent piece of that is important. And then finally the innovation and what I call innovation and entrepreneurship really hits at a lot of those things. And what I'll do is, in respect of your time, just go through the recommendations real quickly. And I'd be happy to take questions. The first one in terms of the industry sector again: How do we grow existing companies? How do we make sure we're attracting new companies? How are we successful? Because we see this sort of as a multifaceted approach. We don't believe just in business improvement. We need to support existing companies first. We got to do the entrepreneurship. We have to do all of those things. The first one is to enhance our Nebraska Advantage incentives for higher impact projects. Right now what's going on around the country, and there's a lot of states who are writing checks to companies to come to their state. I'm not

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sure that's a great long-term policy. I think that's probably a bad long-term policy. But our program, because of its history, probably has some functionality issues. And I think there are some changes we can make without increasing the cost of Nebraska Advantage. So we can make them more functional and more useful to the companies because, again, those private sector folks are the ones that need to be successful.

SENATOR CONRAD: And those would be primarily along the lines of what results have yielded, that certain tiers or certain components are very successful and attractive to the private industry, and others may need to be tweaked or reworked so that they're truly more competitive and incentive-based. Is that right?

RICHARD BAIER: Um-hum, yeah. Yeah, not so much industry-focused.

SENATOR CONRAD: Okay.

RICHARD BAIER: But as an example, if you're a Nebraska Advantage company, and I don't want to drag this too far in the weeds, but if you're a Nebraska Advantage company and you qualify for credits, well, you may take three years before you see any credits. Then you get them and you have to use them. And you can carry them out almost to 15 years. Well, the problem in a 15-year business cycle, if you're a private employer you've probably hit two recessions, you probably had three CFOs. Oh, by the way, Commissioner Ewald had the struggle of he had three different staff people managing the file. And every year we're having to learn the system again every year we do an audit. So we've made it very cumbersome in our process. So as an example, can we shorten the window but pour more of the benefit to the front end of the company so that they earn more on the front end but not impact the long-term costs and make the credits more functional and make it easier on the state? We, Senator, the big one, make it easier on the state, make it easier on the company, and make it easier on everybody else in between.

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SENATOR CONRAD: We'd probably enhance accountability as well.

RICHARD BAIER: Um-hum, yeah.

SENATOR CONRAD: Great.

RICHARD BAIER: Well, and you don't have the cities going out 15 years and getting a surprise sales tax refund,...

SENATOR CONRAD: Right.

RICHARD BAIER: ...which is a big topic.

SENATOR HADLEY: Which is a big topic.

SENATOR CONRAD: Yeah.

RICHARD BAIER: Yeah. But right now they could be out 15 years, well, you're probably through...

SENATOR HADLEY: Yeah, they've forgotten the...

RICHARD BAIER: ...three city administrators.

SENATOR HADLEY: They've forgotten what the deal is and all of a sudden one month they don't get a check.

RICHARD BAIER: Yeah, they get a surprise.

SENATOR HADLEY: Yeah.

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RICHARD BAIER: Yeah, we understand that. So we're working closely with the League and some others to try and talk through that issue. The second one is to change the way I structure my people to really build them into industry teams. What I will tell you is there are some challenges in this strategy. They're asking me to go out and find somebody to be a specialist in biosolutions, which is how do we replace petroleum with natural products. Well, the problem is at \$35,000 a year I'm not going to find somebody with the kind of skill set to be successful at that. So I may have to contract that out to find that kind of talent and knowledge-base to be successful with that. So it's going to change the way I structure my teams. And that's okay. We're more than happy to do what we can to be better for Nebraska. I would mention biosolutions. We've asked our friends at Battelle and they've just sent us a draft yesterday about a biosolution strategy, how do we begin to identify anything that's got petroleum in it that can be replaced with a natural fiber product? Carpet, T-shirts, car parts, we don't care, we think there's an opportunity there. And again, it fits closely with food, fuel and water, which you see at Innovation Campus. There's things start to tie together much better in this process. The third one is to take a look at creating an opportunity fund for site and facility development. Again, we're woefully short sites and buildings in this state and we've got to do a better job with that. You'll see an estimated cost number there. They think it's \$10 million to a \$20 million fund that we ought to be able to put together. I'm not sure how we do that. We're analyzing that process now and looking at other states and trying to be creative in that process.

SENATOR CONRAD: And I know you're just at the beginning stages of trying to figure out how some of these ideas could or could not be implemented by say, for example, the next Legislature. But would you anticipate, based on the models in other states, that that's a revolving fund of some sort or it's...I don't know if you had any more information about...

RICHARD BAIER: Yeah, it's kind of all over the place.

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SENATOR CONRAD: Okay.

RICHARD BAIER: South Carolina, for example, is one that we've looked at closely. They use tax credits with private developers to try and generate sites. But we're all over the place, Senator. And some of the states have done it really well. Tennessee Valley Authority has done it well, but they use their utilities.

SENATOR CONRAD: Hmm.

RICHARD BAIER: So there's lots and lots of models out there. And the challenge in any of this thing, there's no silver bullet. What we have to do is figure out what's best for Nebraska and what's tolerable in light of where we're at with the budget, which is the other challenge and the ugly animal in the room in this process. The next one is to look at some matching grants for development of what they're calling cluster activities. And one of the things that Battelle found in their analysis was that our companies feel industry and geographically isolated. Geography doesn't surprise me any. I mean, it's a long way from Valentine to Lincoln for companies that talk to each other, it just is. And we've got to do a better job of using technology to integrate that. But they also found that they felt industry isolated, which I thought was interesting. It was kind of one of those shocks to me. But the IT companies don't feel like they know any of the other IT companies in the state. And so they actually showcased one of our own examples. And it probably hit me in the face sort as a wake up call. But we run the Logistics Council in partnership with the Truckers Association. Well, the Logistics Council, that's how I knew about the UNK grant, they work closely together. They get together monthly to talk about transportation logistics challenges. The universities are there, the private colleges are there, everybody is at that table talking about logistics issues. Well, we probably need to replicate that in software. We probably need to replicate it in renewable energy so that we can begin to talk about those industry issues. And so we're in a process of figuring out how we sort of replicate that model without breaking the bank in this

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process. They put down a \$2 million annual number. I think we can probably do a couple of those for a whole lot less than that.

SENATOR CONRAD: You know, I think that's really fascinating as well because we've heard countless times over from entrepreneurs about how the resources and the capital and the financial issues are critical for their success in moving through their business life cycle. But the culture issue, in terms of really building that support and mentoring an ecosystem, is something that they're very hungry for and looking for assistance with.

RICHARD BAIER: Uh-huh. Yeah.

SENATOR CONRAD: And so that just so clearly illustrates what we've heard so much through our work on this task force.

RICHARD BAIER: Yeah. It's a social behavioral issue as much as it is a skill set mind issue.

SENATOR CONRAD: Um-hum.

RICHARD BAIER: So it's kind of fun to watch. The final one, which Senator Fischer and I have talked about a few times already, is...

SENATOR FISCHER: Yeah, I've...trust me, I've got the deal on this one. (Laughter)

RICHARD BAIER: Taking a look, I know you do, taking a look at a, Senator, two of the other times I talked to you yesterday so it will be a fun conversation. But I do like the idea that we're thinking about tourism as a component of our state's industry base.

SENATOR HADLEY: You know, Richard, I think that is important. And I've had some conversations with people of using a type of advantage fund approach to tourism.

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RICHARD BAIER: Um-hum.

SENATOR HADLEY: That, you know, if they're going to...you're going to develop something out there and it hires 50 people or something like that, if it was a manufacturing company, we would give all kinds of advantage breaks. So maybe we need to think out of the box as far as tourism and what we can do to stimulate.

RICHARD BAIER: Yeah.

SENATOR HADLEY: Because a job in tourism to me is the same as a job in manufacturing. I mean,...

RICHARD BAIER: Yeah, it is.

SENATOR HADLEY: ...a job is a job, right?

RICHARD BAIER: It pays the bills, absolutely.

SENATOR HADLEY: It pays the bills, right?

RICHARD BAIER: Yeah. Part of our other interest, Senator, in tourism or part of what I like about the tourism component is that it tends to draw people to an area in terms of travel. And the indirect benefits of those are more significant in that tourism industry because people are driving and their buying gas and doing all of those other things, which is very significant. And so the indirect benefits are pretty significant in terms of how it measures out.

SENATOR HADLEY: I'd go up there and play golf, but no one ever invites me up to the Sandhills to play golf. (Laughter) I don't know anybody that plays golf up there.

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RICHARD BAIER: You, know, Senator, I bet we could probably arrange that. (Laugh) I bet we could arrange that. So anyway, again, thank you again for your questions on that section. Any other questions on that industry side of that before I move on? Let me talk quickly about the talent piece. The first one is a recommendation in terms of student internships. I, personally, think this is my favorite recommendation because I think if...we've looked around the country and there's nobody in the country that does this on a large scale. And so again, what a better way to connect our young people into industry. And we've got to find interesting ways to do that. We're going to have to use some technology and, you know, can somebody at UNL intern for somebody in Valentine or Kearney or Bridgeport during the school year or during the summer? And what they're suggesting is that we look at using some dollars to provide matching for the companies, because many times the companies see those internships sort of as an expense. And how do we help them get past that stigma of this is an expense but it's more of a way to preview kids? And if we can increase the number of students we retain in this state, what a huge impact and cost savings for the state in terms of that investment in their education. So I'm pretty excited about that. We're starting to put together some parameters. The only real example we can find is in Philadelphia with Drexel University. They did this on a big scale. And 80 percent of the kids that interned stayed after graduation at the employer where they interned.

SENATOR HADLEY: I've talked to the people at Drexel and they really do a co-op type of education program. It is really (inaudible).

RICHARD BAIER: Yeah. We anticipate this would require some legislative change.

SENATOR HADLEY: Right.

RICHARD BAIER: And so it will be a fun conversation come January. The second one is a single source job site, again, for former Nebraskans who want to come back. You

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know, if you'd gone in a year ago on Google and typed "jobs in Nebraska" or "Nebraska jobs," you may have come up with 4,000, 5,000, 6,000 hits on the Web. How do you sort through those if you're really trying to come home? I will tell you, and it's just starting to go out, but the Department of Labor is already implementing their new system to do just that. So we're working through that one. Next one is revamp career and technical education. We met with Dr. Breed and Richard Katt a couple of times. They're real excited about this recommendation because they've got a federal grant to do some of that already. And we're going to be partners and we're going to try and bring more of the business influence into that discussion. So again, we think it's a great idea. The fourth one is the mentoring issue and training, as well as capital access for high-growth businesses. What I would tell you in Nebraska really fits with most of the rest of the recommendations here. Most of our programs in Nebraska, I think as you know, have focused really on those lifestyle entrepreneurs--the people who are doing the nail salons and, you know, I'm starting a local car repair shop and those kinds of things. Many other states have sort of gone to the other end of the spectrum and only do high-growth entrepreneurs--those folks that have the greatest chance of bringing new dollars to the state. And we've got to assure that we've got community services in our communities and, you know, the nail lady and the car repair place. But we have to do a better job of probably siphoning off some of those resources and focusing where we can get a greater return on our investment. And so you'll see that built into this whole concept of mentoring and some of those kinds of things. Taking a look at some skill centers that focus on secondary institutions for skill shortage areas, we've got some good examples of that already going on. As an example, in the insurance industry, Southeast Community College has just started a two-year program in insurance. Oh, am I close?

SENATOR CONRAD: (Laugh) I think that's our next...

RICHARD BAIER: I must be running out of time.

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SENATOR CONRAD: We've got, it looks like, about five or six minutes maybe before that starts, so...

SENATOR HADLEY: Richard, a question about this. This whole concept, though, if I remember one of your earlier slides, we don't have the jobs for the people right now that are going through the program. Isn't that what your slide showed?

RICHARD BAIER: Yeah, what we've got to do is do a better job of calculating those areas of need...

SENATOR HADLEY: Okay.

RICHARD BAIER: ...and building our programs around areas of need as opposed to simply building programs for the sake of building programs.

SENATOR HADLEY: Okay. Because it worries me that if we've wrote internships and such as that, if there isn't jobs when the student gets done...

RICHARD BAIER: Um-hum.

SENATOR HADLEY: ...and has to leave the state,...

RICHARD BAIER: Yeah.

SENATOR HADLEY: It's good that we do this for students because, you know, I'm not altogether convinced that we shouldn't help students. And if they want to go live in Colorado, that's fine. They're still Nebraska citizens and...

RICHARD BAIER: Uh-huh. Sure.

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SENATOR HADLEY: ...and going to school. But I think we really have to make sure we have the job opportunities for them to look for.

RICHARD BAIER: Yeah. Yeah, and that's really why they're talking about creating them only in skill shortage areas. How do we make sure those industries where we've got those gaps, i.e., insurance, you know Tom Henning and the folks here in Lincoln got together with the folks in Omaha and said, look, we have a huge problem in people that do insurance. How do we make sure that our underwriters and those kinds of folks are highly trained so that we can meet the needs of our work force? So those are kinds of the areas that they're looking at in that process. The last one is a crazy idea that again I think has some interesting thought to it. We do the Rural Health Opportunities Program now with doctors. And the question is, why don't we find those high-skilled occupations, i.e., the chemistry position right now in Becton, Dickinson in Broken Bow, and find a way to provide student loan forgiveness to get those highly skilled people back to our rural communities? Again, huge cost factor, but it's at least an interesting thought we ought to be thinking about and at least having a discussion about how do we kind of tackle that animal. The innovation piece, since I'm running short on time, so I apologize for that, is really to step up a couple of areas. The first one is in this SBIR, Senator, that you just mentioned in terms of outreach and making sure that we're taking that research and getting it from the lab to the business. And we are woefully short. I think we are 49th in the country, maybe thanks to Mississippi, I don't remember who is below us, but whoever it is it's not a pretty comparison. And in terms of our benchmarks, SBIR is one of the significant weaknesses in Nebraska. Also the angel tax credit, to take a look at how do we encourage high net worth individuals to invest in Nebraska companies as opposed to investing in the big mutual fund or some other opportunity in another state? And there's about 22, 23 states around the country that offer what I'd call competitive angel tax credits. So probably not a cheap proposition, depending on how you structure it. Battelle didn't really know how to guess what a number might be because it's really based on how it's crafted here. Third one is look at a modernization fund. How do we help existing companies be able to fund productivity enhancements? Because if you

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look at Nebraska Advantage, what does it require? It requires job creation. Or if you look at the block grant program outside of Lincoln and Omaha, it requires an environmental and creation of jobs for low- and middle-income people. Well, in this case you're really talking about bringing technology and productivity to businesses. I'm going to use DeWitt again as an example. One of the things that surprised me when I was down there when they were kind of closing out the facility, we had a lady down there who said she'd been doing the same job for 22 years in the same exact position. Well, somewhere along the way we should have upgraded our technology in 22 years because God knows things have changed in 22 years. So I...we're suggesting that we look at trying to develop a loan modernization fund to help existing companies go through that process. Take a look at some matching grants within our university industry base to help with funding of university specific industry for private sector companies in Nebraska. How do we target those dollars? Look at doing Nebraska Advantage tiers for more investment only, to try and reward those companies that are doing it. The next one is really about product design and prototyping, a big issue in Nebraska. Again, how do I get idea concept all the way through to where it's part of the business sector? And most folks don't like to fund prototyping because it's...number one, it's expensive and, number two, it's a risky venture. And so you're not going to find any bank in the state get very excited about investing in a prototyping effort. It just doesn't happen. Typically, those rely on family, friends and fools, the three Fs in entrepreneurship. That's where they get funding for these kinds of deals.

SENATOR HADLEY: I thought there was four, farmers. (Laughter)

RICHARD BAIER: We could add it. We could add it if it would help get our projects funded, Senator.

SENATOR FISCHER: It's better than putting us in with the fools.

SENATOR HADLEY: Yeah, that's right.

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RICHARD BAIER: Well, maybe so, maybe so. The next one is again lumped in here kind of in a strange place but it's a suggestion on broadband Internet service. There is a strong belief by Battelle that we are really moving to sort of this whole mobile economy. And if we don't have excellent broadband service across the state, we have a huge challenge. And what's happening now, if you talk to my interns that I have at my office, we have about eight of them right now, and I want to ask them, I said, what's going to be a number one issue that you're going to look for in the town you're going to go to? It has to have great broadband service is their first response.

SENATOR FISCHER: If you look at the statistics though on this, Nebraska ranks second in the country on broadband coverage. Right now we're at 96 percent of the population receives broadband or has access to broadband.

RICHARD BAIER: At some fairly basic levels that's true.

SENATOR FISCHER: But it is the population centers and cities all across the state, it's...you know, my district...

RICHARD BAIER: Um-huh. Yes.

SENATOR FISCHER: ...is the big wide spot that's not covered. But the population in Nebraska is very fortunate.

RICHARD BAIER: Um-hum.

SENATOR FISCHER: We're way ahead of other states on broadband coverage.

RICHARD BAIER: Yeah. Yeah, our challenge is if you look at the new federal policy, and that's really, I think, what this was, the new federal...

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SENATOR FISCHER: Which we have a briefing on this afternoon, by the way.

RICHARD BAIER: Yeah, the new federal policy is a real problem.

SENATOR HADLEY: Yeah, this afternoon...I was going to say, you can stop around this afternoon and we're all going to become experts about it at 1:30.

RICHARD BAIER: Well, I think there's a real challenge.

SENATOR FISCHER: Welcome to my committee.

RICHARD BAIER: Yeah, there's a real challenge, as you know, that the feds are saying, look, you know, 100 megabytes or 50 megabytes in cities will be great, but outside of that we only have to have 4.

SENATOR FISCHER: That's a discussion...

RICHARD BAIER: Well, Mr. Young at the Western Wear in Valentine, he needs a lot more than that to run his business.

SENATOR FISCHER: Yeah.

RICHARD BAIER: Right now the service I have in Lincoln in my basement of my house is better than he has in downtown Valentine. And he's doing, what, 40 percent to 50 percent of his sales on-line. So in terms of growing the economy, this is a long-term issue. Again, establish some statewide commercialization services in terms of mentoring. And then the last two both again are sort of crazy, you know, what's out there process. And one of those is to look at a private sector, not-for-profit outside of state government to deal with this issue because it is...I'll tell you it's a challenge in

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government, the way we're structured. And then lastly to look at venture capital. Final piece of this and the ever important budget question, how do you pay for some of this? We asked them to go in and take a look at a variety of these issues. And there are some suggestions there and more detailed in the report about how do we evaluate the programs we have now because some of them probably aren't generating the kinds of return that we would like to see long term, to take a look at how do we better utilize the dollars that we have. And I know I'm getting close on time, so I'd be happy to take questions, if you have them.

SENATOR CONRAD: Well, as usual, thank you for a comprehensive and informative presentation. I know that this will continue to generate a lot of dialogue and questions not only from members of this task force but, hopefully, the public at large and our colleagues in the body. And I think we had an invigorated dialogue with our group here this morning. But I will throw it open to others for closing questions.

RICHARD BAIER: Certainly. The only thing I might comment and just recognize this slide has created a great deal of hate and discontent around the state to some extent. There's a lot of people targeted and being suggested in opportunities in this slide. And so, you know, it's not going to be a pretty debate in January on some of this issue and we understand that. We're trying to do everything we can to be open with folks about where we're headed and, you know, how do we look at reprioritizing resources, because that's really what it's talking about. Unfortunately, when you reprioritize...

SENATOR CONRAD: And we have to have a starting point for that dialogue.

RICHARD BAIER: ...yeah, you have to start somewhere.

SENATOR CONRAD: Yeah.

SENATOR HADLEY: You know I think in the last couple of years I've seen this idea that

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at times in Nebraska one of our drawbacks is that we don't think far enough out. And we want results right away. And we're not willing, at times, to make the investment that, you know, that ten years from now is really going to pay off. But that's, you know, a hard mind-set, right, that I want to make the investment and I want 1,000 new jobs by December.

RICHARD BAIER: Yeah, yeah. We couch it in terms, Senator, as a saying, especially with new economic development people: To be successful, it's a marathon and not a 100-meter sprint.

SENATOR HADLEY: Yeah, that's exactly right. And we've got to convince, I think, the people of Nebraska that it is a marathon. And each of these little steps is going to help us reach that finish line.

RICHARD BAIER: Yeah. And it's a global marathon. That's what makes it even worse now.

SENATOR HADLEY: Yeah, yeah.

SENATOR CONRAD: That's right. Thank you so much.

RICHARD BAIER: You bet, thanks.

SENATOR HADLEY: Thanks, Richard.

SENATOR CONRAD: Thank you. I think we're going to go ahead and get the logistics set up for our next presentation, live from Littleton, Colorado. In the meantime, I see that we do have two additional guests that have joined us this morning. So if you'd take a moment to just go ahead and introduce yourself and what organization you're representing, if any, that would be great. Start right there in the back.

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ROCHELLE MALLET: I'm Rochelle Mallett with Senator Fischer's office.

SENATOR CONRAD: Yes, welcome, Rochelle. Yes.

VIKTOR BURTNYY: I'm Viktor Burtnyy, I'm from Russia. I'm working here (inaudible)...

SENATOR CONRAD: Senator McGill's office.

VIKTOR BURTNYY: Yes, correct.

SENATOR CONRAD: Yes, welcome.

VIKTOR BURTNYY: Thank you.

SENATOR CONRAD: Great, thank you for being here. I saw Chuck. Oh, Chuck is getting things ready to go. I don't know if this is the Legislature's first webinar but it might be. If people need to readjust their seating so they have a better view of the screen, feel free to. We have some space available here.

DAN HOFFMAN: Chris.

CHRIS GIBBONS: Yes.

DAN HOFFMAN: This is Dan Hoffman with Invest Nebraska, and we just called in. The task force is ready to go.

CHRIS GIBBONS: Okay.

SENATOR CONRAD: Can people hear us okay?

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CHRIS GIBBONS: Okay. Is that okay on that end?

DAN HOFFMAN: Yup, it's fine here.

CHRIS GIBBONS: (Exhibit 2) Well, good morning, everyone. One of the things I need to tell you also is I have a conference call with folks in Georgia, and I need to leave this at about ten till. I will try to get through everything fairly quickly and still leave time for questions, but I just need to let you know that I've got another call scheduled right behind this. The other thing I probably should do, too, is just make full disclosure. I graduated from the University of Oklahoma and I need to tell you that there's a whole bunch of Sooners that are really feeling jilted about Nebraska going up with those dumpy Big Ten schools. (Laughter) I don't know what we're going to do, but I suppose life will go on. So let me...what I want to do is walk through some slides that talk a little bit about our program here. And hopefully this is going to advance on that end. It's something we called economic gardening. I've done it for about 23 years. But it's kind of a silly and a goofy term. But actually what it is, is an entrepreneurial approach to economic development. So let me tell you a little bit about the background on it. We started it in 1987. So we've been doing it for a long time. At that time, there was...Martin Marietta, which is Lockheed Martin today, laid off about 7,000 people in town. And our city council said they were tired of out-of-town, big corporations kind of running the show. And they told staff to go work with local businesses and create good jobs. And that's the only charge we ever got. We built a whole bunch of tools after that, that work really well. We're a big believer that economic developers don't create jobs, entrepreneurs do. What we can do is create an environment that improves that process, and that's really what we've done. So if you say going out and looking for companies is the hunting version of economic development, that's certainly what most of the profession does, you know, 99.9 percent probably. We stay at home and we build a nurturing environment. We fertilize and water and weed and do that sort of thing, so that's where the term "economic gardening" comes from. It had about two minutes of

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careful thought into it (laugh) and it's just a term that's hung on. We don't use incentives, we don't use tax breaks. And toward the end of this presentation I'm going to show you the results of our program. I know this is probably difficult to read, this actually comes from a Web site called youreconomy.org. But I wanted to show you something real quick. This is the Dun and Bradstreet data of all...where all the jobs were created in the United States from the year 2000 to 2007. And the way it's setup is on that left-hand side down below, probably the portion that's going to be difficult to read, is our establishment. And on that right-hand side are jobs. If you look underneath jobs, we broke it out into noncommercial kinds of jobs, so this is like churches, Red Cross, and things like that. Then we broke it into nonresident, meaning the headquarters are somewhere else. So if you have a McDonald's restaurant in town, the headquarters are in Illinois and it would be classified as a nonresident job. And then we've, underneath resident, you're going to see four stages, one through four: stage one being 1 to 9 employees; stage two, 10 to 99, and that's the critical one we want to talk about; stage three, 100 to 499; stage four, 500. And if you can see this, if you go to the next to the last column on the right-hand side, I'm going to read you these numbers because this is the chain. So this is U.S. total, 2000-2007 number of jobs. So stage one was about 8 million; stage two is another million; stage three was actually minus 1.4 million; and stage four companies, so these are the big major corporations in this country, minus 4.5 million jobs during that time period. So the big stage four companies, as a total, have not created a net new job in this country since the year 2000. They've created a lot of jobs in India and China and other places but not in this country. So let's go back up. And I just want to visit that stage one, stage two for a second before we go on. If you work with stage one companies, obviously the total number is the biggest absolute number that's in there. But you basically get about 1.5 jobs per company when you work with those kind of companies. If you work with a stage two company, you'll average somewhere between 23 and 28 jobs per company. So part of the issue is just where bang for the buck is. Most of the numbers are in stage one, most of the bang for the buck is in stage two. So let me go to a related chart. And you can go onto this Web site, which is called youreconomy.org, and play around with these numbers. You can go into

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any state and look at these same set of numbers. You can go into any metro area, any county in the country and you'll see this same set of data coming up. So I pulled up Colorado data, so this is 2000-2007 again. On the upper right-hand corner is a chart where it says where net new jobs come from, and so that blue one, which is a negative number, it says opened. But that's actually number of companies opened minus the companies that closed so you get a net number. The gold one is expanded, so that's the number of companies that have expanded minus the companies that have contracted, so that's a plus number, about 4.61 percent. The relocated, so this is state of Colorado, is the number of companies that move into Colorado minus the number of companies that have moved out. As you can see, that number is .01 percent. It's a plus number, but in terms of the total job creation, in fact for that matter the total job anything, it is barely registering out there. Now over the seven-year period, Colorado has actually got a minus .8 percent job growth. But the point that I want to make, and this is what comes up in those metro areas, is that gold bar, is that most job creation almost anywhere in the country comes from expansion of existing companies. So let me just jump to what economic gardening is about. As I said, we don't think we create jobs but we do create a nurturing environment for entrepreneurs. And one of the things we said, if it is true that entrepreneurs are creating those jobs according to those charts and that information, what is it that we can do? I work for the city of Littleton, so we're local government. And we decided that we're pretty good at three things. We're good at information, infrastructure, and connections. So I want to talk about all three, most of it is around information. In the information component I want to talk a little bit about geographic information systems, GIS. So this is the map that's there on the back. Want to talk about the database research, Web marketing. These are all tools that we use as part of the program. So this is the GIS, these are GIS maps. I'll walk you through some just to give you a sense of how these work and why they're valuable. If we would take a list of downtown merchants, and you can just have them in an electronic format like that, you can certainly plot all of that. So I'm going to show you some local retail examples and I'm going to show you some primary industry examples to show you how widely this tool can be used. So this is sort of like sticking pins in a map, if you will. But we can do this

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in five minutes, it's no big deal. There is a little subroutine in this program that allows you to plot density. So in this particular case, that red area at the bottom, there's a star there which shows you where our downtown is. You would expect most of the customers to come from the immediate area. Littleton is a south suburb of Denver, if you're not familiar with it. So these maps that you're looking at show Littleton, but it's also in relationship to sort of the south part of Denver. Up at the top of that map there's kind of another little hot area. That happens to be downtown Denver and it's 12 miles away from us. We had no idea that we were drawing customers from that far away. Over on that left-hand side you kind of see a hole, what should normally be market in there. That's the Hispanic part of town. And we don't put our ads in Spanish, so we're losing market that probably should normally have been ours. These little maps allow you to see those kinds of things fairly easy. This is just another example of what GIS can do for you. In this particular case, this company wanted basically wealthy parents with lots of kids. And so this is two variables. Right there, the wealth is the darkness of the green and the size of the circle is number of kids by each one of these little subneighborhoods. Right in the middle is a very wealthy area. It happens to be Cherry Hills Village. But as you can see, the circles are small, so lots of money, no kids. On that upper left-hand corner there's...it's pretty light so...but you got lots of circles, so little money, lots of kids. But down at the bottom and over on the right-hand side you can see they got both money and they got kids. I'm not placing a value on whether that's good or bad. We're just trying to find the data that's out there. And we have the names and addresses of all those little subneighborhoods, in fact we have the names and addresses of all 300 million people in the U.S. It's just a matter of buying the data. You can buy it for any community, any county, any small town if you want it. Let me just show you another one of what GIS can do. This is drive time. Usually, you'll see a 1-, 3- and 5-mile nice, clean little circles, but in reality, you can see that the star down there toward the bottom is in Littleton, that the distance down toward the bottom of the map is pretty short. The distance toward the top end of the map is pretty long. That's all in a 15-minute drive range. And the difference, of course, is whether you can get to I-25 Interstate. You can cover a lot more distance. So these are just tools that you can use.

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The next one is an expenditure map. So on the front, the red and yellow one, this is...I think it was flowers, if I remember right. So you got a business sitting with a star right there in the middle, all of their black dot customers around them. The redder the area the more...we have the information, the credit card information that says we know these people spend more money on flowers per household per year. So you can see immediately to the bottom, to the south of the store, there's two or three neighborhoods down there that are pretty red and don't have very many customers in them. That's the perfect market that you want, and again we have the names and addresses of people in those areas. This is an example of competitor locations. This particular case, the store wanted to come into downtown, I think it was a sushi restaurant, and so we went out and plotted all of the computer...I mean, all of the competitors that are out there, drew 5-mile trade areas around them. As it turned out we had a little hole in the market. There's very little overlap with competitors. This restaurant is actually in business today. It's about four or five years old and is doing very well. But we knew that going into it because we had really good data that we could bring to help small businesses out there. So I want to take this same tool and show you how it would work with a B to B (phonetic) or a primary industry. So this is a company in town called Charter Software and they make software for farm implement dealers. They came to us and they wanted to put a salesperson in the Midwest. And they had the potential places that they...where the farm implement dealers were. But they didn't know exactly which city to locate in to be efficient. And they were thinking Kansas City. Kansas City is kind of the center of the country, you know, it's agricultural around it. But on this particular map, if you get oriented, there's the Great Lakes at the top and Florida down there at the bottom. Well, Kansas City is way over on the left-hand side, barely in the yellow portion right there. As you can see, it's not central to where most of their potential customers were going to be. Indianapolis is probably a much better location. So again, we can do these kinds of things within a half hour, it's no big deal. It provides them good information to make decisions. I'll give you another example here of how you profile customer. So this would be a case where the business would give us their customer list, we'd put them on a map like that, we would then go in, do the density analysis like we've talked about. We'd go

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into those hot areas, we'd start pulling out demographic and lifestyle profiles of customers. And then we would tell the computer, go find us more people that look like these profiles. And the computer would say, well, here's some other neighborhoods that look like the neighborhoods that you're serving out there. So it's a very quick way to get very targeted information to businesses. This is lifestyle information that we carry. So this is how people live and spend their money. And to give you a reason why that would be important, let's say you had two white males that were 50-years-old that were making \$50,000. So demographically they'd be exactly the same. But if one of them was a truck driver and one of them was an accountant, you know, maybe the truck driver goes to NASCAR races and the accountant goes to wherever they do, bowling or whatever they do for entertainment. (Laughter) You can see that how they spend the money would be a lot different even though demographically they're going to show up as exactly the same. Well, this is what lifestyle information is about. You can see there is these categories. We don't give them this, we buy all this data. But it's up and coming families, in style, prosperous empty-nesters. You can see down there at the bottom that the prosperous empty-nesters, they play golf and they're more likely to consult a financial planner and they are into furniture refinishing. So you have all of this information that primarily comes from the credit card companies. They're the people that assemble all this and they sell it to people like us. We carry or we use real estate records. In this particular case we had a basement refinishing company. And they wanted a list of unfinished basements and houses that were about three years old. Their thinking was you move in, you buy the house cheap, the basement is not finished, but after about three years you start thinking, boy, we could use that space down there. And about the time you start thinking about that, they want to deliver their marketing pieces out there. Well, as it turns out there is data about unfinished basements and we can provide that information. We do something called Web site optimization. This is how Google ranks you. There's a whole bunch of very specific things. I'll give you an example. If you use Flash on the front page of your Web site--Flash is the software that makes the little cartoon characters sort of jump around, if you will--Google cannot get into your Web site. And you can spend \$100,000 and it doesn't matter because it can't

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index it. And if you don't know that rule, if you don't understand that when you're optimizing your Web site you've just wasted \$100,000. The report there at the back is the actual report that we did for a company here in town. You can see that they're actually color-coded: those red areas are problem areas; the yellow one is an investigate; if you're green, you're good to go. We go into all these sub areas and make recommendations how to optimize their sites. The chart on the front of it, this is so we're looking at key words. This is if you want to advertise in Google ad words, I'll just...it's probably again difficult to read, but the top line said, if you went in and put in the word "bookkeepers" on Google we know we've got tools that says on the average there's about 4,400 people a month that look for that term. That next column is advertising competition, about 93 percent, which means almost everybody is bidding on that term and everybody is trying to use that term. Your next column is you're likely to get about four clicks a day. The next column is it's going to cost you about \$1.54 per click. This is on Google, on the right-hand side, if you're not familiar, where it says sponsored links. That's actually paid advertising over there. So that's what we're talking about here. So what I'm trying to describe here is we've got great tools that can tell you exactly where people are looking, what words they're looking for, what kind of competition that you're going to run into, what it's likely to cost you, how many clicks you're likely to get. We can tell you what's the return on investment in doing these kind of things. We do a lot of social media. These are actually two companies in Littleton that...the back one is a Facebook that we set up. That's actually a city councilwoman's business that we have set her Facebook account up, Simple Order Design. The front one is a Twitter account that we set up for Sweetbeginnings, that she caters to new moms, sells creams that new moms need and they run classes, those sorts of things. So we do a lot of stuff around social media. These are probably a little more standard, but we do what a lot of economic development agencies do in terms of business services. We provide startup checklists and business plans and available space and vacant land that's around. We also take every company through something we call core strategy. And every company is going to compete in one of two ways. If you are a commodity, meaning you can't differentiate yourself from somebody else, you sell gasoline or, you know, maybe you're

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a printer or something like that, then the lowest price is going to win. That's how you win in the commodity category. Walmart is great at knowing how to win that. But the key to winning is you got to get your expenses because you got to get your prices down. If you're not going to do that then you better be innovative, you better have something that sets you apart from your competitor. And you need to constantly keep innovating out there because that's what keeps profit margins up. So every business, no matter whether you're a small business, a primary business, a large business, everybody goes through that analysis. In fact, it's the very first step when we're working with businesses. As I mentioned, we provide marketing lists. We'll probably put out several million of these. And you can get them in actual label formats if you want. We can give it to you electronic format, however you want, new homeowners, new businesses, Littleton businesses. If you want all 17 million businesses in the United States, we have that list, we can give it to you. If you want to know only people that make ball bearings in seven western states and they have sales of \$10 million and a growth rate of 10 percent, we can do that. We can slice and dice those lists. They get very targeted. We provide a lot of community information. Of course, we're a town of 41,000, so demographics, our local city department numbers, business organizations, those kinds of things. We put out a lot of communications when we're working with our businesses, so everything from newsletters to hotmail, we've got Channel 8 TV, and we've got a city newspaper. I always kind of joke about our communications director is she controls more media than the Communist Party used to. (Laughter) She has a lot of ways to get information out. We run a lot of seminars, particularly around temperament. Temperament is personality, but it's very important in terms of getting the right people in the right slots in terms of understanding what customers want, management. There's a lot of aspects to temperament that come to play. This is a little more sophisticated. This is database, commercial database services that we subscribe to. We actually subscribe to 13 of these. But they're very specialized databases. MEDLINE, for example, is all about medicine. You can get databases about aerospace and, you know, virtually every industry out there has got databases. We actually get into hundreds of thousands, if not millions, of publications, everything from journals to newspapers to internal documents

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that are available. A number of other resources, obviously, the federal government has a lot of pretty good databases that exist. The state of Colorado, for example, has all the licensed professionals in the state, Internet, print sources, contacts. So what do we use that for? Marketing lists is a big, big thing that people ask for but we also do competitor intelligence. We can find financial information on companies, all of this is public information. We're not doing anything that anybody couldn't do. All you have to do is subscribe to the databases. We do a lot of the industry trend work. We follow legislative issues. We had a company in town that sells batteries and they wanted to sell a battery, these are very specialized batteries, you also had to be able to dispose. And so they wanted to know what the state legislation is in every state to be able to dispose of batteries. And so we went through all 50 states and found the information for them. If you will notice these publications over here, so you've got SiliconIndia and the other one, medical device technology. You know, the probability of a small growing company, 10, 20, 30, 40 people, that's adding jobs out there of...that they subscribe to those journals or even know that they exist is pretty small, but they don't have to worry about that. They just have to ask the question that they want answered, and we've got the ability to tap into all of those. What's sitting behind there is actually an actual report that we did called "A Business Intelligence Report" for Setpoint Systems, is a company that's here in town. So we went through and identified things for them. This is SRDS, the Standard Rate and Data Service. So this is kind of the granddaddy of all the direct mail marketing lists. If you wanted a list of people that have psoriasis that shopped at Neiman Marcus, there is a list out there, somebody has put it together. And so it is possible to get very, very specific marketing lists for small businesses. Let me just show you a couple of companies, one of them will be a local company and the other one will be a company that does work nationwide, as I mentioned this Charter Software. So Accessible Systems has handicapped equipment. They go in and remodel your house, they sell all sorts of things, little...if you can't get up the stairs, they put in the little elevators that ride up the stairs with the chairs on them. They do that sort of thing. So the question they asked us: How can we expand our regional market? Well, this is the list of things that we did for them. Dodge reports are construction reports, so if there

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were certain kinds of places they were looking for that they wanted to know when new construction was coming out; they wanted a list of magazine subscribers to certain handicapped-oriented magazines; they wanted to know how other people were doing disability marketing; they wanted to know how other people were doing because obviously that's a source of customers for them. One of the things that we had thought about is if you lived in a multilevel house of two or three stories and you've been there for 20 years or more, there's a fair chance that you might just grow old in your own house and you may need some modifications to the house to be able to continue living there. We optimized their Web site. We actually jumped their sales by 23 percent in a little over a couple of months simply by just cleaning up their Web site so people could find them, if for no other. The other example I want to give you right quick is Charter Software. What they wanted to do is expand their business to multilocation dealerships, so somebody that owed more than one farm implement dealership that was out there. We found all of those people in the country. We found them by kinds of...or brands or the type of things that they were carrying. We did Web site optimization for this company. One of the things they were interested in was competitors, and they were real concerned about one in Nevada. Well, we tracked this company down. As it turned out, he was in a very small Nevada town out in the desert actually working out of his house, and he was not nearly as large as they had thought he was. And so we were able to provide a lot of information, all of it again public, from public sources. But we have the ability to assemble all of that and put together a pretty good profile of what the competitor looked like. We did market research for them. We set them up on social media strategies. On the backside there you see that Facebook; that's exactly the document that we provided them. On the front side you can see the kinds of information. This is a report that we provided them. So you can get somewhat of a sense what it looks like. When I started, I mentioned there is sort of three legs to the program. Information is by far the biggest and I've spent most of the time talking about that, but we also do infrastructure. That's what cities do, we build water, sewer, streets. But we also have done things like restore an historic courthouse. That's the light-rail station that we spent a couple years planning, designing. We've built interchange

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projects. We've built walking and biking trails, and virtually every drainage channel in the city, downtown sidewalks. We think it's important that entrepreneurs want to live in nice towns. And we put a lot of time and effort into making it not only a good place to do business but a good place to live and work. And we're, if you're familiar with Littleton or Denver, we sit right next to a town called Sheridan that's right north of us. Actually, our city limits touch each other. And Sheridan has 180-degree orientation, and their orientation is minimal expenditure on virtually everything and minimal regulation. Well, the difference between the two towns is almost doubled household income. We're about twice of what they are because entrepreneurs want to live in Littleton, and they like the amenities that we provide, and they like the safety and security and the parks and the trails. And we put up a million Christmas lights at Christmas and all those things that make us a good place to live and work. So that's the reason we spend a lot of time and we include that infrastructure aspect in the list. The other leg is what we call connections, and that's connections between entrepreneurs and particularly higher ed and research kinds of folks out there. We actually worked with our community college. ACC is Arapahoe Community College. We built a telecommunications curriculum with them. We spent about a year doing that and we involved all the telecom companies around the area. We run something called the Colorado Center for Information Technology. We do that with Boulder, CU, Colorado University up in Boulder, so they're about 30 miles north and west of us. We do introductions between companies, to do cross-marketing, but also CEOs. If you would ask a CEO, particularly of a growth company, what's the best way that they learn--webinars, do they go to seminars, do they read, whatever--what they will tell you is: I want to talk to another CEO of another growth company; they're about the only people that know what I'm going through, and I don't even care if they're in the same industry, because that's not the key issue. The key issue is all the issues around growth companies. So I promised at the first we'd talk about tangible results. This is...our job growth has doubled, 15,000 to 30,000 over the two decades we've run this. Sales tax, which is how cities are run in Colorado, has tripled, \$6 million to \$20 million. We grew about 23 percent in population during that time period. We have not spent one penny on recruiting anybody. We have given no

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incentives, no tax breaks, no deals to anybody during the last two decades. City council is very happy with this. I am in my 13th city council. Every council has reauthorized and actually increased the budget every year in this program. You may be familiar that a lot of people have started to pick this up, probably the biggest and most noticeable has been the state of Florida. They run a \$10 million economic gardening pilot project down there. They've got a two-year test on it. Some of the accolades for the program is we've been cited for innovation by the International Economic Development Council. We won a national award, it's been two years ago now, I guess, two and a half years, the National League of Cities, we've won their national award, the University of Minnesota, U.S. Economic Development Administration, National Public Radio has interviewed us. I've actually interviewed twice with ABC Australia; I've been down there twice because there's several economic gardening projects down in that country, as there are in Canada and some other foreign countries. The FDA makes a report to the President of the United States every year, and several years ago we were an entire chapter in that report, we were Chapter 6 that talked about economic gardening. We've had 700, it's actually closer to about 800 now communities or delegations that I've either gone there or they've come here to see about the program. We actually had the state of Georgia sent 23 communities up to come and visit us, look at the project. And then when they got here we couldn't understand them, particularly the southern Georgia people. (Laugh) There are projects, as I mentioned, not only in the state of Florida but Wyoming has been doing this for about ten years. Indiana has a pilot project. Georgia, who I need to talk to here in about 10, 15 minutes, is running a project. The state of Missouri is actually down in Florida I think today. They're getting ready to talk about one. The state of Kansas will kick off their project on November 15. The state of Oregon has passed state legislation authorizing it, but they have not funded it at this point. So there are a number of communities out there that are doing this, a number of statewide projects that are doing it. And that's the end of the presentation. I hope you were able to see it and hear. So why don't I see if there's questions.

SENATOR CONRAD: Mr. Gibbons, can you hear me?

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CHRIS GIBBONS: Yes, I can.

SENATOR CONRAD: Oh, hi. This is Danielle Conrad. I'm Chair of the task force. Number one, thank you so much for making the time to join us and putting together this really informative presentation.

CHRIS GIBBONS: Sure.

SENATOR CONRAD: I have a couple of questions that are...excuse me because they're probably quite elementary. But in regards to issues related to funding and budgets, you noted that your funding comes primarily from the city council. They have, I guess, a line-item some place that funds the work that you do. Can you talk to me a little bit more specifically about what that budget is, what kind of staff that supports. And then you noted, in terms of the information pieces, subscription to the various databases, journals, conducting the research,...

CHRIS GIBBONS: Right.

SENATOR CONRAD: ...etcetera, kind of how much you budget for those kinds of costs and how you interact with then the businesses who are in need of those services. Is it a fee for service? Is it a flat fee? Is it free? I'm sorry, that's a lot of questions, but I'm interested in the logistics.

CHRIS GIBBONS: Yeah, I'm starting out take notes. I was doing pretty good until we got up to three but help me if I don't remember all the questions.

SENATOR CONRAD: Okay. No, please, thank you.

CHRIS GIBBONS: But let me go back. I understand the core question about budget and

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staffing and how we get our revenues. You're right, we are a general fund. I have a budget of \$600,000. The database, data sets, that's been the licenses run about \$80,000 out of that total. I have three people that work for me, they are the specialists in these areas, database research, GIS, search engine optimization, and I've got sort of a utility infielder person that does a lot of things for me. Let me give you a comparison. The state of Florida's project is \$10 million. They've got a, I can't remember, a several billion dollar shortfall. There was only one program that got an increase last year and it was the economic gardening program. But their \$10 million is...\$8.5 million of that was tied in to a loan program. We don't run loan programs here at Littleton. So if you would use the state of Florida as a comparison, I understand they are a larger state, but they have about \$1.3 million into their pilot project. And they're going to serve about 300 companies with this intense information and about 1,000 companies with a number of other things they do, including those CEO round-table forums. So...and then I guess the question was, do we charge? We don't here at Littleton. This was what my council said, is those businesses already pay taxes. What we used to do is take that and give it to somebody to move into town that might compete with them, might even take their labor force. Instead we still tax them, but we take it and we buy these resources that we'll turn around and use to help them. So you can kind of consider it a prepaid service, if you will. You've already paid for it once. We're not going to charge you a second time. Most of the programs that I'm familiar with do not have a fee based within because they are tax supported. But that discussion comes up pretty regularly. And I think there's several communities that are considering that, but I'm not aware of anybody that actually does that right now.

SENATOR CONRAD: Great, thank...

CHRIS GIBBONS: Did I answer all the questions?

SENATOR CONRAD: You got them all perfectly. Thank you so much. Senator Hadley has a question.

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SENATOR HADLEY: Chris, my name is Galen Hadley and I heard your presentation out in Denver one time. And I think we actually had you out at the University of Nebraska at Kearney.

CHRIS GIBBONS: Yeah, we did a phone call. We did, right.

SENATOR HADLEY: Right, a phone call. Chris, how is the Wyoming project? Because I remember...if I remember correctly, that was tied in pretty directly with the University of Wyoming, wasn't it?

CHRIS GIBBONS: It is. It's a combination of the State Business Council, the state of Wyoming, and the University of Wyoming. So you got sort of government, education, and private sector that all fund it. I think...don't quote me these numbers because I'm not familiar with that. But if you want to talk with Mike, shoot, I'll think of his name here. He can tell you this better. But it's my understanding that they have three partners in the deal. But the state is the big money partner in the deal.

SENATOR HADLEY: Okay.

CHRIS GIBBONS: And we would recommend getting the universities involved in this. In fact, we recommend doing it at a regional or a statewide level. That's how it operates in Florida. The University of Central Florida, which is in Orlando, actually centralizes all these resources that I just talked about, and then they have partners all over the state. And so if you're in an outlying community, if you're in Tallahassee or Jacksonville or a rural community, whatever, you can just turn this on and off, you know, depending on what you need. If you're in a rural area you may only need it once a year. You just call them up and say, hey, we have some folks who need some help. And that way you don't have to buy all of this stuff and gear it up at the local level. You can just tap into the central resource. The other thing that we're doing down there is, because a lot of

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communities were real concerned about jumping into this with big money without knowing what it was and whether it was going to work, is we put together a national jump-start team. And what that allows you to do is if you want to contract with them, they will come in, they'll bring everything. It's like economic gardening in a box, just open it up. And the state of Florida uses them. And so we signed on a contract on Thursday and by the next Tuesday we were working with that first business because everything was ready to go. We just started the interview process and, you know, we're producing research and reports, you know, within hours. We usually, you know, if an interview takes place at 10:00 in the morning, by about 4:00 in the afternoon the first stuff will start coming to these folks. You got to be...you got to work at that kind of speed if you're going to work these kind of entrepreneurs. But the point that I want to make with that jump-start team is Indiana had five companies. And so they're just saying we just want to see this. You know, just turn it on for a little bit and let us see what actually happens because I'm not quite sure what this is. Well, they didn't have...there's minimal political cost. You know, you're not way out on a limb because you're dumping a bunch of money into it, you're just paying for a few companies, you got a chance to evaluate it. If it makes some sense then, you know, you can continue with the jump-start team if you want or you can start building the infrastructure to do it. But the whole reason of building that jump-start team was to allow people to sort of stick their toe in the water without having to make major commitment.

SENATOR HADLEY: Well, thank you, Chris, because I was impressed when you did talk about what they were doing in Wyoming and the combination of the three groups. And we certainly have that kind of potential opportunity in Nebraska because we have higher education institutions in very strategic parts of the state to do it.

CHRIS GIBBONS: Yeah.

SENATOR HADLEY: And we have an organization called the Nebraska Business Development Center, and we have that on one of our campuses. And so I hope that as

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we work through this we can at least discuss with the university, the Department of Economic Development, and private industry, the Chamber or whoever it might be, about how we might be able to partner to get this kind of thing going.

CHRIS GIBBONS: The universities bring a lot of assets. A lot of times they have those databases in their libraries. You know, they certainly have got student-priced labor and they got, you know, rooms and offices and equipment and a bunch of things. So they make really good partners in doing the program. In most of the states we're encouraging them to look at the university in playing a central role now. So I would support that notion, and particularly if it's scattered around. You know, Nebraska and Wyoming, I think, are fairly good matches because they're fairly rural, lots of small towns. And with Wyoming, they all work out of Laramie, but then they shoot that stuff out all over the state, working with the local people. You still need somebody out there in the town who's got face-to-face contact with the business. But you don't necessarily have to have all that research capability located in the town because, to tell you the truth, we shoot everything we do out over the wires anyway, whether that wire runs to the south end of Littleton or runs, you know, out to the coast. It doesn't make a whole lot of difference. We just stick in on the computer and shoot an e-mail to them.

SENATOR HADLEY: Well, Chris, as you know, Laramie isn't the end of the world, but I think you can see it from that silo that's just east of town. (Laughter)

CHRIS GIBBONS: Yeah. What Mike always says is he says, you know, Wyoming is a city of 500,000 people with really long streets. (Laughter)

SENATOR CONRAD: Well, I'm going to...we want to be respectful of your time, Chris. I know that you need to move over to another engagement. Just final questions, if anybody has them. And I think we have your contact information, so we may follow up with you as the questions are generated. But again, thank you so much for sharing your experience and all of this good information. It's so valuable to our work.

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CHRIS GIBBONS: You bet. And if there's anything we can do, just contact us, shoot me an e-mail, call. We're happy to help.

SENATOR CONRAD: Great. Thanks so much. Have a good weekend.

CHRIS GIBBONS: Okay, bye.

SENATOR CONRAD: Bye-bye. Okay, with that, I think we will open up the mike for public comments, if there are any at this point in time. Please come forward. As always, the committee accepts your correspondence and communications and will share them with members. Seeing none, I...oh, yes, ma'am.

CONNIE HANCOCK: I would just mention, I'm Connie Hancock...

SENATOR CONRAD: Yes.

CONNIE HANCOCK: ...with the University of Nebraska Extension. I'm out from Sidney, Nebraska. We did record this today.

SENATOR CONRAD: Great.

CONNIE HANCOCK: So for the members that are not here, I will be glad to share that URL with you, as well as I have a copy of the actual PowerPoint that I'd be glad to share.

SENATOR CONRAD: Oh, fantastic. Thank you. And thank you for helping us to arrange the logistics. I know it was a partnership between the university and DED and Chuck and it takes a village to establish a webinar. But thank goodness (laughter) it was successful because that was a great way for us to save resources but still learn those

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valuable lessons. So thank you, thank you so much. And we will share that information. I will entertain a motion for adjournment.

SENATOR HADLEY: So move.

SENATOR CONRAD: All right, I think, by acclamation, everybody have a good weekend. And we'll have a brief, brief Executive Session with Dan.