



Colorado Competes: One Year Later

SENATOR BENNET UPDATE TO COLORADANS
FOR AN INNOVATION ECONOMY

7/13/2012

Dear Coloradans for an Innovation Economy:

Last spring, I asked you, as leaders from Colorado's clean energy, bioscience and aerospace industries, to come up with concrete recommendations for how we create an environment in Colorado, and across the country, that allows innovators and entrepreneurs to thrive.

I asked for your recommendations because I believe that innovation is the key to creating new jobs in the 21st century economy. Although our economy is larger and we are more productive now than we were before the recession, we are still faced with 23 million unemployed and underemployed people living in this country.

We are growing without hiring and we are going to have to create millions of new jobs where we didn't have them before — New jobs in new companies based on new technology and new ideas.

Your response clearly outlined where federal and state governments need to focus attention. As you suggested, we have used your recommendations as a starting point for continued discussion on the merits of pursuing each option as we move forward towards growing Colorado's innovation economy.

The following document represents a summary of action that my office has taken in the past year in response to your recommendations in the *Colorado Competes* report.

The attached report includes progress, highlights and accomplishments in several areas, including:

- A successful delegation wide effort to bring the new regional patent office to Colorado;
- A new way for new businesses to raise capital;
- Legislation to streamline commercial aerospace export regulations; and
- Legislation to cut red-tape enabling breakthrough treatments to get to patients more quickly, advance medical device innovations and prevent critical drug shortages.

Your report has sparked work on innovation at every level of government. Governor Hickenlooper, Senator Udall and other public servants in the state have also been moving forward on a series of items, including the establishment of the Colorado Innovation Network (COIN). This document serves only as a report on the work my office is conducting.

As we all know, we have much more work to accomplish. I look forward to our ongoing dialogue about your recommendations and the status of the environment supporting Colorado's innovation economy.

Thank you again for your contributions to this effort.

Michael Bennet

Executive Summary

Colorado Competes: One Year Later details the progress we've made on recommendations in the *Colorado Competes* report, which brought together leaders in Colorado's clean energy, bioscience and aerospace industries to provide recommendations that will help spur continued innovation in Colorado and across the country. Innovation is the key to remaining competitive in the 21st century and to improving job and wage growth for the millions of unemployed and underemployed Americans. This progress report highlights specific steps Senator Michael Bennet's office has taken to move forward on these recommendations.

Coloradans For An Innovation Economy, the authors of *Colorado Competes*, stressed collaborative efforts among state and federal leaders to take advantage of the potential of Colorado's innovation-based economy. The report further calls for a Colorado Innovation Economy SWAT team. Collaboration efforts have already born success. Coordinated efforts among Colorado business leaders and government officials have brought a new regional patent office to the state that will bring hundreds of direct jobs and lead to an estimated \$440 million in economic activity in its first five years of operation. State and federal collaboration has also helped bring Arrow Electronics to Colorado. Additionally, efforts to relocate the National Solar Observatory headquarters in Colorado and to extend the wind production tax credit are underway.

In the year since the original report, we've made progress in several areas to reform regulations, help attract capital to the state, improve education and to reform the STEM Visa process. Those items include Senator Bennet's work to include provisions in the FDA reform bill to bring breakthrough treatments to patients quicker and to reduce regulatory burdens that unnecessarily delay new medical devices from reaching the market.

Moving forward, we must continue with the efforts in areas where we've made progress and work on advancing a host of key issues, including improving technology transfer, comprehensive immigration reform, tax reform, a 21st century energy policy and deficit reduction. As these efforts progress we will continue to work with stakeholders to support Colorado's innovation economy.

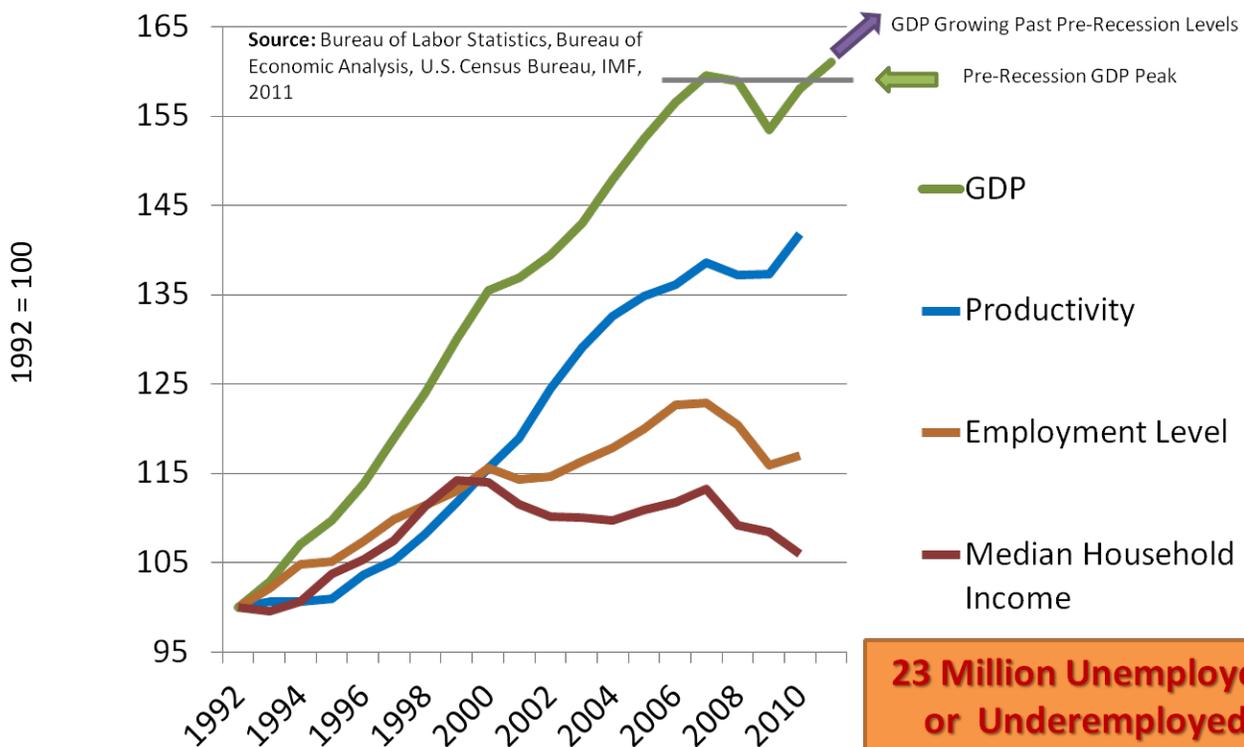
Innovation and Education: Keys to Leading in the 21st Century

Our economy is larger today than it was prior to the recession. While productivity and GDP are higher than ever, median household income is in decline and we still have over 23 million Americans unemployed or underemployed. In response to increasing global competition and new advances in technology, companies are learning to do more with less.

Two solutions can help address this challenge: innovation and education.

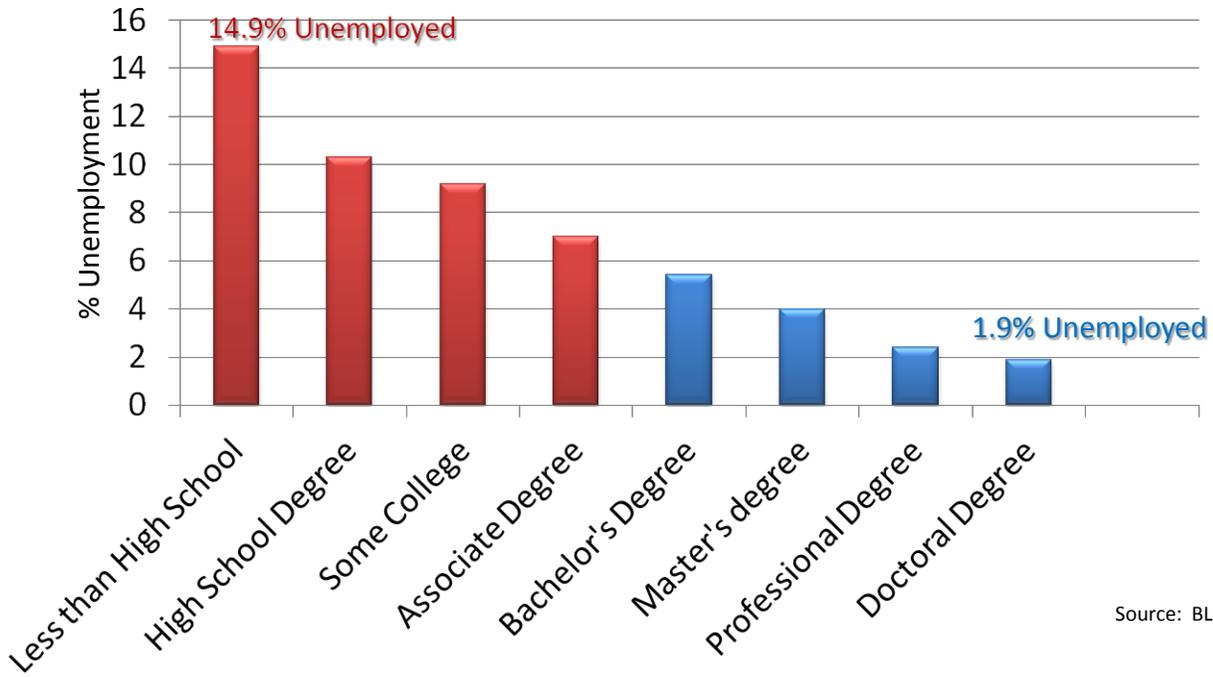
- While incumbent industries are adapting and becoming more productive, they are not hiring at the rate we need to close the employment gap. Emerging industries with breakthrough innovations will create the new jobs that enable us to compete in today's and tomorrow's economy. This report highlights steps we're taking to make Colorado and the nation a leader in the 21st century.
- The unemployment rate for college graduates was never higher than four and a half percent during the height of the recession, yet only nine out of 100 kids living in poverty can expect to graduate from a four year college. It is imperative that we reform our education system to ensure all kids are prepared to compete in the global marketplace.

Our Economic Challenge: Growing Economy Not Lifting Wages or Adding Jobs



Education Matters: Higher Education Level Boosts Employment

Unemployment Levels by Educational Attainment



Source: BLS, 2011

COLORADO COMPETES: ACTION IN 2011-2012

Report Recommendations:

- **Better Collaboration:** Colorado's federal delegation, state government and industry must do a better job of working together because the state's ability to take full advantage of the potential of its innovation-based economy has been hampered by ineffective communication and political considerations.
- **Predictable Business Environment:** Government policy must be more predictable and implemented over a longer term.

Delegation Collaboration: Along with joining efforts by the Governor and other members of the delegation, Senator Bennet has made collaboration a priority and has led efforts to bring the delegation together on issues important to the innovation economy in our state:

Wind PTC Extension: Senator Bennet led a letter with seven other members of the Colorado delegation [calling on a congressional conference committee](#) to extend the wind energy production tax credit. He also worked with Senator Jerry Moran

(R-KS) on a bipartisan amendment to the transportation bill to extend the credit and is an original cosponsor of a freestanding bill that would also extend the credit. Wind energy supports about 6,000 jobs in our state and tens of thousands more across the country. Congress' failure to take a long term view on extending the bipartisan credit threatens the ability of the industry as a whole to plan for its long term viability.

Arrow Electronics Headquarters: Senator Bennet brought the delegation together in a letter in support of Arrow Electronics moving its headquarters to the state to supplement Colorado OEDIT's efforts. Last year, the company announced that Colorado would be its new home.

National Solar Observatory (NSO) Headquarters: Senator Bennet led a letter from the Colorado delegation and Governor Hickenlooper expressing support for relocating the NSO headquarters to Colorado. In September, AURA recommended Boulder as the new location for the [NSO headquarters](#).

Spaceport: The [entire delegation](#) signed a Bennet-initiated letter to the FAA Associate Administrator for Commercial Space Transportation outlining the benefits of locating a spaceport in Colorado and demonstrating unified

congressional support for the project. In addition, Senator Bennet coordinated a delegation-wide support letter for a \$200,000 Space Transportation Infrastructure Matching (STIM) Grant for the project.

"The University of Colorado Boulder has enjoyed strong support from Senator Bennet on a number of initiatives central to the mission of the campus. His leadership was instrumental in our winning the bid for the National Solar Observatory. In combination with our existing strengths in space science, the NSO's relocation here makes Colorado the unquestioned international leader in solar research. Similarly, Senator Bennet has been a relentless advocate in promoting continued federal investment in fundamental and applied research by supporting stronger budgets at agencies like NOAA and NASA. Finally, his cosponsorship of the IDEA Act – to facilitate visa acquisition for graduate students in science and engineering – shows that he is committed to securing a foundation of innovation and discovery that will keep the United States strong in the years ahead.

— *Stein Sture, Vice Chancellor for Research, University of Colorado Boulder*

"Colorado is a good example of a state that has weathered the economic crisis reasonably well because of the jobs brought to the state by the wind technology and manufacturing industry. We've seen job growth in smaller, component providers, as well as supply chain partners to the large manufacturers, indicating the breadth of the impact this industry has on the entire state. If the United States wants to bring back its manufacturing base — in both small and large companies — the wind industry is one of the best places to start."

— *Christine Shapard, Executive Director, Colorado Cleantech Industry Association*

Report Recommendation:

- **SWAT Team:** We ask that you pull together a Colorado Innovation SWAT Team with the sole purpose of growing and expanding the innovation economy in Colorado. The SWAT Team will do so through taking advantage of new opportunities and staying on top of our state's existing assets.

Creation of a Colorado Innovation Economy SWAT Team: Senator Bennet is working with the leadership and board of Colorado Concern, a statewide organization of 100 business leaders, to set up the foundation to form a SWAT Team. The purpose of the SWAT Team is to encourage bipartisan and unified collaboration among key government and industry leaders to better compete for strategic initiatives that will advance Colorado's economy. Initiatives may include advocating for federal programs key to Colorado (e.g., NASA program funding) or working together to attract a federal government asset.

Report Recommendations:

- **Attracting Capital:** Any path forward must address the challenge of getting more capital into our state and include ideas on how to attract money into small and emerging companies struggling to advance innovative technology from research and development through commercialization.
- **More Efficient SBIR Program:** We recommend taking a close look at the SBIR program and shortening the time between application and grant award.

Crowdfunding as a New Option to Raise Equity Capital: As part of the 2012 JOBS Act, Senator Bennet [led the effort to include legislation](#) enabling entrepreneurs, start-ups, and companies to raise money and offer equity financing via Internet crowdfunding platforms and social media. The bipartisan CROWDFUND Act, which Bennet coauthored with a Republican and a Democratic Senator, provided a balanced approach – offering investor protections while expanding business' access to capital.

"From November to March, versions of crowdfunding legislation... became mired in the Senate due to concerns over potential fraud. According to Sen. Michael Bennet... one of the JOBS Act's backers and arguably its savior, the concerns have been addressed... Bennet introduced an eleventh-hour amendment, along with Sen. Jeff Merkley (D-OR) and Sen. Scott Brown (R-MA)... Senate staffers claimed that Bennet's bill was a "significant course correction at the last minute,"... Bennet's work behind the scenes, along with those of Merkley and Brown was what made the difference, according to one staffer.

— *Carl Franzen, Talking Points Memo*

Reducing Financial Regulatory Burden for Companies to Scale:

The 2012 JOBS Act also included modifications to the Securities and Exchange Commission (SEC) rules to help early-stage and high-growth companies raise capital. The law directs the SEC to: (a) raise the cap under Regulation A from \$5M to \$50M; (b) update Regulation D to allow companies to solicit funds from a wider network of accredited investors; (c) increase the SEC reporting threshold from 500 to 2000 shareholders; and (d) defer Sarbanes-Oxley Section 404(b) compliance up to five years for companies with under \$1B in annual revenues after they complete their Initial Public Offering (IPO).

Letter to SBA on Wait Times for SBIR Grants: Senator Bennet [sent a letter](#) asking the SBA to clarify how it plans to respond to concerns voiced by several Colorado companies and entrepreneurs about the long wait times they endure when applying for funding under the SBIR program. Additionally, in December 2011, Michael supported a six year reauthorization of the SBIR program that became law and included provisions to expedite the processing of SBIR grants. The SBA responded to Bennet earlier this year reporting that it was in the process of implementing the provision in the reauthoriza-

tion and making programs more efficient. The new approach is called SBIR 2.0. Michael will continue to monitor SBIR 2.0's progress.

"Senator Bennet has demonstrated a strong commitment to fostering small business growth and innovation in Colorado. His ongoing efforts to improve the funding climate and availability of capital will help advanced technology industries like biotechnology, clean technology, and aerospace continue to drive job creation and economic growth in this state. Senator Bennet's support of objective, competitive funding programs like the SBIR process is of particular value, since this is an area in which government and private industry can generate significant win-win outcomes."

— *Scott Deeter, President and CEO of Ventria Bioscience, Fort Collins*

Report Recommendations:

- **Regional Patent Office:** Part of improving the efficiency of the US Patent Office is the establishment of regional satellite offices across the country, including one in Colorado to cover the Rocky Mountain region.
- **Better Collaboration:** Colorado's federal delegation, state government and industry must do a better job of working together because the state's ability to take full advantage of the potential of its innovation-based economy has been hampered by ineffective communication and political considerations.

Successful Bid to Bring a Patent Office to Colorado: In July 2012, the Department of Commerce announced the [selection of Denver](#) as the location for a new satellite patent office. Over the past two years, Bennet led several letters from the Colorado Delegation to President Obama, USPTO Director David Kappos, and Commerce Secretaries Gary Locke and John Bryson, urging them to consider Colorado for a job-creating satellite office. The efforts have also been supported by Colorado's veterans community, multiple business leaders, and Wyoming Senator Mike Enzi. A report compiled by Bennet, the Metro Denver Economic Development Corporation, and the Colorado business community included an economic study that estimates a satellite office in Denver would bring hundreds of direct jobs and even more indirect jobs, as well as lead to economic activity totaling \$440 million over the first five years of operation. The report was part of Bennet's continued efforts to bring the patent office to Colorado. Last year, he secured an amendment, cosponsored by Colorado U.S. Senator Mark Udall, in the patent reform law that empowers the USPTO to establish three new satellite patent offices across the country by 2014.

"Bennet led the charge in Washington, D.C. to clear the path for additional patent offices, setting the stage for Colorado to compete. He co-sponsored an amendment to patent reform law in 2010 with U.S. Sen. Mark Udall, D-Colo., which authorized the Department of Commerce to establish the new patent offices."

— *Peter Marcus, Colorado Statesman*

Report Recommendations:

- **Regulatory Reform:** Though each of our industries interacts with different federal agencies, we are all hampered by a federal regulatory structure that seems more intent on catching our mistakes, than working with us to help us succeed. In an economy where competition is fierce, we are spending greater and greater time and resources complying with sometimes conflicting federal requirements.

Update Regulations That Stifle American Satellite Exports: With significant input from Colorado's aerospace community, Senator Bennet [introduced legislation](#) to give the Administration the ability to put non-sensitive satellites under commercial regulations instead of

"Export control reform is critical to helping our businesses become more efficient and competitive, while at the same time, better protect the critical technologies that are national assets. Senator Bennet's bill is an important early step in the overall reform process."

— *Michael Gass, CEO, ULA*

trafficking and arms regulations.

Under current law, the Administration does not have authority to determine the appropriate export controls for satellites and space-related items even if they have civilian applications and are available commercially abroad. As a result, non-sensitive commercial satellites are subject to the same export regulations governing defense-related materials. This puts U.S. manufacturers at a competitive disadvantage in the global market against foreign competitors not subject to these regulations. The House of Representatives also recently passed legislation that would enable the President to regulate satellites and related items under commercial regulations.

“The medical technology industry is an American success story... Let me thank Senator Bennet for his leadership and focus on driving continuous efficiency and effectiveness of FDA regulations. Recently introduced policy proposals represent Senator Bennet’s commitment to this important issue.”

— *David B. Perez, president & CEO of Terumo BCT in Lakewood*

“The interface of IT and bioscience, also known as Bioinformatics, is changing the face of health-care as we know it today. Decreasing barriers to the development of new medical technologies is key to innovation, lowering health care costs and ultimately improving the quality of healthcare.”

— *Holli Riebel, President and CEO of the Colorado BioScience Association*

Working Towards an FDA that Fosters Innovation and

Competitiveness: Senator Bennet has been a leader on building an FDA that fosters innovation and competitiveness. In August 2011, he invited FDA Commissioner Hamburg to meet with Colorado’s bioscience CEOs and top researchers to discuss the need to modernize the FDA regulatory system. Following the discussion he sent a letter to the Commissioner urging the FDA to reform regulations so that they foster innovation and competitiveness and serve as a driver of the global economy.

FDA Reauthorization: Senator Bennet successfully secured provisions in [FDA reform legislation](#) to bring breakthrough treatments to patients more quickly, advance medical device innovations and prevent critical drug shortages. The bipartisan legislation passed the Senate and House and was signed into law in July.

Drug Innovation & Breakthrough Products

- A bipartisan measure led by Bennet, along with Senators Orrin Hatch (R-UT) and Richard Burr (R-NC), to expedite U.S. Food and Drug Administration (FDA) approval and provide more flexibility for breakthrough drugs or treatments that show dramatic responses early in development, while still ensuring drug safety and efficacy.

Medical Device Innovation

- A bipartisan Bennet provision to reduce regulatory burdens that unnecessarily delay new medical devices from reaching the market, as well as one to give the Food and Drug Administration the tools it needs to improve oversight and tracking of medical devices after they are approved.

Drug Safety

- A Bennet-led bipartisan effort that enhances the ability of the FDA and increases oversight of the pharmaceutical industry to ensure U.S. prescription and over-the-counter drugs are both safe and effective – regardless of where they are made.

Report Recommendation:

- **21st Century Public Education System:** We recommend working together to make Colorado's public STEM education the best in the country.

Building a Competitive Public Education System: Senator Bennet participated in the bipartisan group that negotiated education reform legislation to supply communities the tools they need to provide an excellent education to their children. The bipartisan legislation:

- Rolls back the federal role in public education to focus on shared goals and outcomes, not prescriptive inputs and top-down mandates.
- Creates bottom-up innovation and rethinks our approach to hiring, supporting and retaining great teachers and principals.
- Sets fewer, clearer and higher college-and career-ready standards while empowering states and school districts with the flexibility and support they need to achieve them; and
- Sets aside funding to create an Advance Research Projects Agency--Education (ARPA-ED) to aggressively pursue technological breakthroughs and transform educational technology and empower teaching and learning.

Report Recommendations:

- **STEM Visa Reform:** During our discussions, several members of this group cited specific examples of qualified people whom they cannot recruit and hire from overseas because the process is too burdensome. In most other cases, unreasonable delays make the process extremely ineffective for business use. Many visa applicants are trained in U.S. universities, but rather than remaining to build companies or assist U.S. companies, they are leaving to do the same in their birth countries. We recommend that you advocate for a pilot program in Colorado that streamlines the visa program for high-tech workers.

Streamlined Citizenship Program for STEM Graduates: Senator Bennet introduced legislation that would create a new green card category for foreign students graduating from American colleges and universities with advanced degrees in Science, Technology, Engineering and Mathematics (STEM).

Start-Up Visa Act: Senator Bennet cosponsored the StartUp Visa Act of 2011, which would allow immigrant entrepreneurs to receive a two year visa if they can show that a qualified U.S. investor is willing to invest in the immigrant's startup venture.

Report Recommendation:

- **List of Grant Opportunities:** We recommend creating an easily searchable database of available grant or research funding opportunities.

Creation of a Comprehensive Guide to the Grant Programs Provided through Health Care Reform: Senator Bennet released a comprehensive, easily searchable [guide](#) to grant programs, demonstration projects and workforce development initiatives included in the Affordable Care Act. The guide provides the eligibility requirements, application timeline and the department and office in charge of the program. The guide also provides information about the most recent appropriation of the grant.