

Keystone Innovation Zone Program

Prosperous past, exciting future.

History

- Between 1995 and 2000, approximately 30,000 Pennsylvania graduates migrated and took their talent to regions outside of Pennsylvania.
- These graduates represent incredible economic potential for Pennsylvania's communities.
- Dynamic steps were taken to retain Pennsylvania's students through the creation of the KIZ Program.
- A cornerstone of Governor Rendell's economic stimulus package, the KIZ program was created because we know that investing in Pennsylvania's technology-based projects will create high-wage, high-skilled jobs and strengthen Pennsylvania's overall economy.

History

- The Ben Franklin Technology Development Authority (BFTDA) supplies the administrative funding for KIZs; KIZs are required to provide a 1:1 match.
- The KIZ program works in tandem with DCED's more mature technology investment initiatives and other economic stimulus package programs and allows KIZ institutions of higher education and KIZ companies to be eligible for priority review of various DCED grant and loan programs.
- The combination of these initiatives have made Pennsylvania a world-class hotbed for technology-based economy development.

Details and Accomplishments

- Currently Program provides:
 - Up to \$250,000 for initial operational grant.
 - Four (4) funding cycles total; funding declines by 25% per year based on initial operational grant.
- Twenty-nine (29) Zones with ninety-one (91) Institutions of Higher Education participating in the program.
- The BFTDA has awarded in excess of \$11.1 Million in initial and follow-on funding cycles.
- Five (5) KIZs received Round 4 funding from the BFTDA (Southside Bethlehem KIZ, Lackawanna County KIZ, Luzerne County KIZ, Greater Oakland KIZ, Greater Johnstown KIZ) with two (2) more eligible for round four (4) funding in FY 08-09.

Accomplishments

- Since Inception of Program - KIZ accomplishments:
 - 2,360 Jobs Created
 - 3,253 Jobs Retained
 - 2,863 Businesses Assisted
 - More than \$416.5 Million Leveraged
 - 187 Newly created companies including 73 entrepreneurial spin-outs, 60 university spin-offs and 54 industry spin-offs

Success with Companion Programs

- Keystone Innovation Grants (KIG)
 - \$3 Million granted FY 05-06 to 13 Institutions of Higher Ed
 - \$3.5 Million granted FY 06-07 to 22 Institutions of Higher Ed
 - Impact to date
 - » 233 Jobs Created
 - » 243 Jobs Retained
 - » 520 Businesses Assisted
 - » Over \$80.2 Million Leveraged
 - » 67 New Company Formations including 24 industry spin-outs and 43 university spin-outs

Success with Companion Programs

- Keystone Innovation Starter Kits (KISK)
 - \$2.8 Million granted FY 05-06 to 15 Institutions of Higher Ed
 - \$3.2 Million granted FY 06-07 to 17 Institutions of Higher Ed
 - \$3.0 Million granted FY 07-08 to 15 Institutions of Higher Ed
 - Impact to Date
 - » 60 Jobs Created
 - » 36 Jobs Retained
 - » 37 Businesses Assisted
 - » 29 research faculty and/or technicians hired at Institutions of Higher Education
 - » Research \$\$ Leveraged: \$10.5
 - » Students in Newly Formed Classes: > 640

Success with Companion Programs

- Tradable KIZ Tax Credits
 - First seventy-two (72) KIZ tax credits awarded on December 15, 2006 for a total \$5.3
 - Sixty-nine (69) transactions totaling \$4.5 million
 - The tax credits sold at 89% of face value going to KIZ companies
 - On December 15, 2007, a second round of KIZ tax credits were awarded to one hundred (100) KIZ companies totaling more than \$7.1 million
 - Currently thirty-one (31) pending applications for transfer in excess of \$1.5 million
 - Forty-three (43) transactions totaling more than \$2.5 Million
 - The tax Credits sold at 91.94% of face value going to KIZ companies

Goals

- Develop & Implement TBED plans/strategies (including marketing)
- Become “one stop shop” for technology companies
- Increase number of entrepreneurs
- Increase funding opportunities for companies
 - VC/Federal/Angel
- Increase the number of high paying, family sustaining jobs
- Increase the opportunities for industry experience by students (co-op, interns)

Goals cont.

- Increase the forums for Industry/University/Entrepreneur/Economic developers interaction (statewide/local/regional)
- Increased partnerships/cooperation between universities (formal agreement)
- Increase licensing agreements and new company formations
- Increase hiring of new research faculty in cutting edge disciplines

Challenges

- KIZ priorities aligning with regional economic development priorities
- Aligning TBED assets
- State developing improved resource delivery
- Funding/Resources
- Keeping partners engaged through current companion programs
- Diversity of the zones' assets
- 80/20 rule

Management and Tactics

- Model template path for Regional TBED plans
 - Percent of dollars for planning industry sector focus
- Create/organize forums
Industry/University/Entrepreneur/Economic developers
interaction (statewide/local/regional)
- Increase staffing resources at DCED
- Sustaining current companion programs
- DCED on-going dollars commitment

Management and Tactics, cont.

- Increased coordination between Internal DCED & External Partners
- Increased exposure of coordinators to other networks
- Increased DCED marketing efforts for KIZs and network
- On-going focus on performance outcome measures

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