

# DRIVING INNOVATION

Working smarter, not harder.

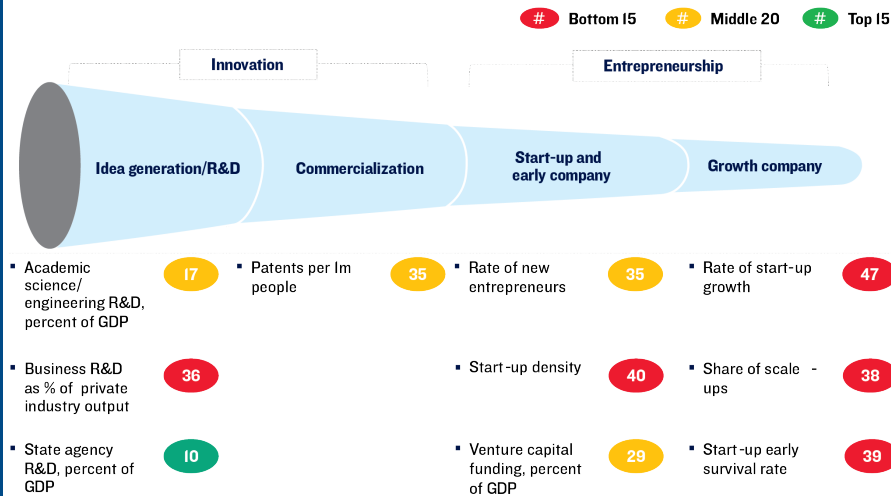
## CHALLENGE

Nebraska was already lagging behind other states in innovation initiatives in 2019, leading Blueprint Nebraska to call for **\$200 million in R&D growth** annually. The plan built a pathway to not only greater productivity and GDP, but new **tech-enabled careers** for all Nebraskans.

The pandemic added two more reasons to answer Blueprint Nebraska's call – embracing tech and innovation builds **economic resilience**.

**Upgrades once considered nice-to-have are now must-haves** to keep pace with changing market conditions, supply chain uncertainty, security threats and a nationwide shortage of available talent.

## Nebraska Innovation Rankings



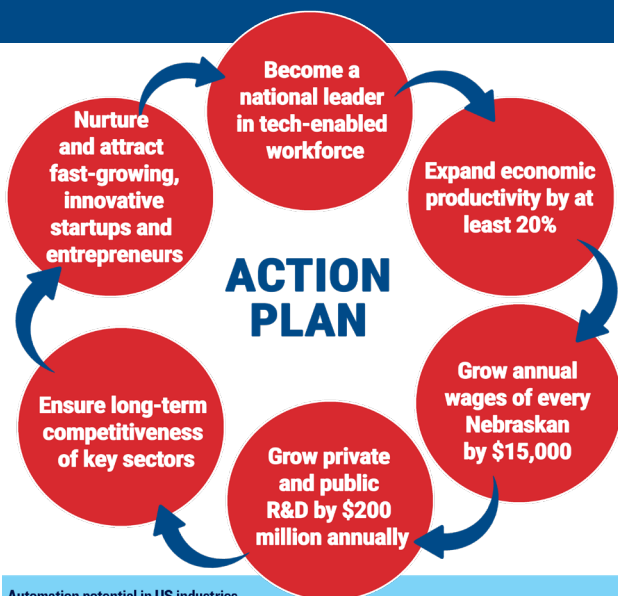
## OPPORTUNITY

**Innovation and automation** will drive much of the progress in **personal prosperity and economic growth** over the next 20 years. And, Nebraska's top economic sectors have the most to gain.

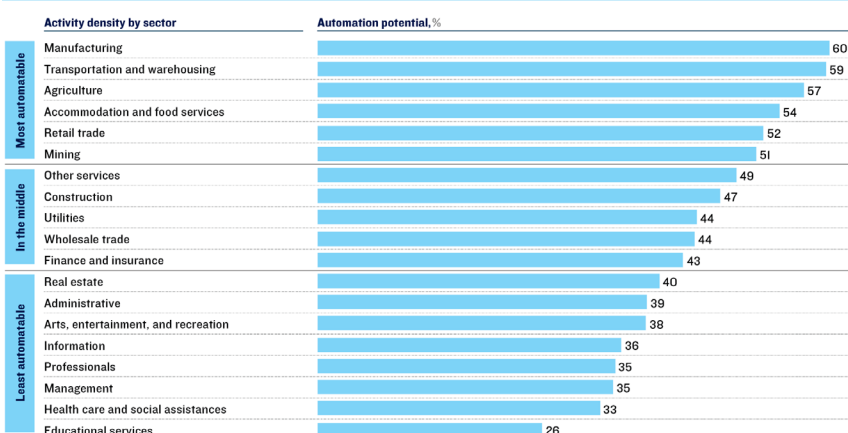
**Career advancement opportunities** expand rather than disappear under thoughtful integration strategies, particularly with broad access to upskilling and training resources.

We can invigorate Nebraska's transformation to tech-enabled commerce with a game-changing investment of American Rescue Plan Act (ARPA) funds into:

- ✓ one-time modernization and technology grants
- ✓ proven Business Innovation Act programs with high return on investment.



Automation potential in US industries



Source: Blueprint Nebraska



## LEGISLATIVE SOLUTION

A one-time, strategic allocation of **American Rescue Plan Act (ARPA)** dollars would stimulate historic public and private investment in:

- ✓ Research and development,
- ✓ Product development,
- ✓ New business startups and scale-ups,
- ✓ Automation and digitization strategies,
- ✓ Operational modernization, and
- ✓ Technology solutions

This commitment, when combined with historic investments in our high-tech workforce, will bring a new-age economic renaissance to our great state.

### POLICY OBJECTIVES

1. Drive high-wage job growth and accessible skill development
2. Spur higher GDP growth to lessen state and local tax burden
3. Future-proof Nebraska's key sectors
4. Encourage and attract entrepreneurial talent
5. Fuel U.S. innovation with Nebraska products and ideas
6. Stay competitive in the global innovation arms race

### U.S. Business Outlook: Technology & Pandemic Recovery

**85%**

Recognize the pandemic has fundamentally changed their business and customer expectations

**75%**

Expect new opportunities for growth post-pandemic

**25%**

Believe they have the expertise and resources to pursue new opportunities

Source: McKinsey & Company "Innovation in a Crisis" (2020)

### I. Offer Unprecedented Modernization and Technology Grants

Direct \$100 million toward a one-time grant program to help business and industry across Nebraska emerge and recover from the pandemic by prioritizing innovation.

### Good Life Game Changer ARPA Proposal Modernization and Technology Grants 2022-2024

Funding	Average Award	Eligibility	Acceptable Uses
\$100 million in one-time grants from ARPA	\$500,000+ depending on sector, timeline and complexity	1:1 match	<ul style="list-style-type: none"><li>- Traditional R&amp;D</li><li>- Capital costs of integrating emerging technology</li><li>- Implementation and engineering services related to technology adoption</li></ul>





## II. Scale Business Innovation Act Impact

The Silicon Prairie is quickly becoming a national hot spot for fast-growing, tech-based startups. The state's Business Innovation Act has played a tremendous role in that outcome.

Fueling the program with an additional \$20 million in ARPA funds will accelerate statewide tech transformation and cement our reputation as a U.S. innovation leader.



## Nebraska Business Innovation Act 2012 - 2021

Funding	Award Size	Eligibility	Acceptable Uses
\$14 million in 2022	<b>Prototype</b> - Up to \$150,000 <b>Academic R&amp;D</b> - Up to \$100,00 phase I - Up to \$400,000 phase II <b>SBIR/STTR</b> - Up to 65% of federal grant; \$100,000 max <b>NE Seed/Commercialization Investment Fund</b> - Subject to application and review	<b>Prototype</b> - 50% private match; 25% value-added ag; not retail - NE business with <500 employees <b>Academic R&amp;D</b> - NE college partnership - 1:1 match; 25% value-added ag - Facilities in NE <b>Federal Research and tech transfer (SBIR/STTR)</b> - At least 51% business in NE <b>Seed/Commercialization Investment Fund</b> - <500 employees	- Product prototypes - Product development and commercialization - Process improvement leading to a new line of revenue

# Nebraska's Innovation Track Record

## A Case for Game-Changing Investment

### BUSINESS INNOVATION ACT

**\$517 Million Annual Economic Impact**



#### Nebraska Business Innovation Act (BIA) ROI Snapshot

	Before ARPA Funding Trends* 6 Years	Projections* with full ARPA Funding 3 Years
Total BIA Awards Reported	\$30.4 million +	\$62 million
Matching Private Capital	\$110 million +	\$224 million
Follow-on Private Capital Raised after BIA Support	\$227 million +	\$462 million
Direct Jobs Created	1,108 direct	2,259
Average Wage of Direct Jobs Created	\$67,064	
Total Portfolio Revenue	\$297 million	\$605 million
Annual Economic Impact to Nebraska's Economy	\$517.1 million	\$1,054 million
Annual State/Local Tax Impact	\$11.7 million	\$23.9 million

\*2020 Update - The Annual Economic Impact of Businesses Supported by Nebraska Business Innovation Act Programs, Bureau of Business Research - Department of Economics, College of Business, University of Nebraska - Lincoln.

From 2007 to 2020, Nebraska increased state R&D funding at

**4X**  
the national average.

(Source: National Science Foundation)

#### U.S. Track Record Innovation Sectors vs. Other Sectors

**↑2.7%**  
Productivity

**↑3.5%**  
Job Creation

**↑1% = ↑2.2%**  
R&D GDP

**↑89%**

Rural business survival with R&D grants

Source: Blueprint Nebraska (2019); USDA, "Impact of the Value-added Producer Grant Program" (2018)



## Good Life Game Changer Proposal Partners

Leaders of chambers and economic development organizations from across the state joined forces on a proposal to quickly ramp up workforce initiatives, talent attraction, innovation and economic infrastructure using American Rescue Plan Act funds. The proposal complements economic development initiatives outlined in the Blueprint Nebraska statewide strategic plan. <https://www.nechamber.com/good-life-game-changer.html>