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Legislators Offer Historic Appropriation for State's Innovation Future

Proposed budget allocates \$1.425 billion to NCInnovation, a nonprofit created to advance and commercialize applied research at NC universities

Durham, NC – The Senate budget, released today, allocates \$1.425 billion in non-recurring funds to improve applied research outputs at UNC System schools and to help commercialize the results of that research, particularly in regions outside the state's urban centers.

If approved in the final budget, the funding will be available for drawdown by [NCInnovation](#), a nonprofit organization chaired by retired Truist Financial Corp. CEO Kelly King. The measure includes substantial reporting requirements and clawback provisions.

The parameters of the funding arrangement, and NCInnovation's bylaws, restrict the annual drawdown amount and set robust investment and compliance requirements.

NCInnovation is led by some of the most experienced North Carolinians in business, research, and academia. [Board members](#) include UNC System President Peter Hans, N.C. A&T Chancellor Dr. Harold Martin, Western Carolina University Chancellor Dr. Kelli Brown, ECU Chancellor Dr. Philip Rogers, and UNC Charlotte Chancellor Dr. Sharon Gaber, among others.

Michelle Bolas, the immediate-past Chief Innovation Officer at UNC-Chapel Hill, leads NCInnovation's university collaborations.

Sen. Paul Newton said, **"Innovation at RTP laid the foundation for the Triangle's decades-long growth. But we can't view that success as the end of North Carolina's story because to be satisfied is to fall behind. NCInnovation has a bold model to accelerate applied research and commercial outputs statewide, helping create jobs and secure our state's future."**

Peter Hans, President of the UNC System, said, **"I couldn't be happier with the progress NCInnovation has made in creating a rural economic development model centered around our unrivaled public university system. Anchored in regions outside the traditional research engines, NCInnovation can create a new path for rural growth."**

Jamie Dimon, CEO of JPMorgan Chase & Co., said, **"With business all over the world we**

understand that innovation and scale begins locally, which is why we thought it especially important to support North Carolina's entrepreneurial development through NCInnovation. This model holds great promise to expand North Carolina's technology commercialization and serve as a blueprint to expand American innovation."

Truist Chairman and CEO Bill Rogers said, "At Truist, our purpose is to inspire and build better lives and communities. NCInnovation is doing just that through its focus on applied research and commercialization which increasingly drive state and national success. This purposeful public-private partnership is imperative to North Carolina's economic development."

Ward Nye, Chairman, President, and CEO of Martin Marietta, said, "There's a global race underway for applied research products with commercial applications. NCInnovation's model seeks to give North Carolina a competitive edge, and that may well determine our future growth trajectory."

Kelly King, Chairman of the NCInnovation Board of Directors, said, "I'm grateful to North Carolina's legislators for their many months of work. NCInnovation's model will be a gamechanger for North Carolina, especially our rural areas that have the human talent but need support to press forward on commercializing research outputs."

Bennet Waters, President and CEO of NCInnovation, said, "North Carolina is a national leader in research and development funding, but data shows we lag competing states in commercializing that research and turning it into jobs. NCInnovation was created by some of the state's top business minds to enable a public-private partnership to invest in commercializing our outstanding university research. Our objective is simple: provide local support for talent and research to create jobs and economic opportunities for all North Carolinians."

NCInnovation's Model

For much of the past year, TEconomy Partners, LLC – a leading national economic research firm – was in the field conducting extensive qualitative and quantitative research on North Carolina's innovation ecosystem. (Read an executive summary of their findings [here](#).)

The data reveals good news and bad news. The good news: Our population centers are landing major economic development projects, and North Carolina is an absolute powerhouse on R&D funding. Our \$13 billion in annual academic and industry R&D ranks ahead of the national average and most of our peer competitor states.

However, the outputs of that R&D funding don't measure up to the size of our research base. Despite top universities and human capital, we significantly lag our peers and national averages in commercializing our research. North Carolina ranks just 20th in innovation nationally, has only half the venture capital dollars of the average state, and is not patenting or commercializing on par with our R&D base.

To address these challenges, NCInnovation will deploy a three-pronged strategy targeting regions outside the state's traditional innovation center:

- Develop regional innovation networks to connect industry, academia, and entrepreneurs;
- Leverage applied research to target market-based opportunities;
- Support research commercialization to accelerate innovation growth and scale.

NCInnovation based its model on similar initiatives in other states and countries, and then adapted it to meet North Carolina's particular needs.

The parts of the state that will most benefit from NCInnovation are also the parts of the state with the least-developed innovation landscapes. Establishing a framework that will result in applied research with commercial potential will take time.

More information about NCInnovation's model, research, and supporting data is available at NCInnovation.org.

Over the past two years, NCInnovation has raised more than \$23 million from [state and national](#) organizations, including, among others, **JPMorgan Chase**, **Bank of America**, **Truist Financial Corp.**, **Duke Energy**, **Blue Cross Blue Shield NC**, **Wells Fargo**, and **Martin Marietta**. Those donations will fund most of NCInnovation's staff, overhead, and other expenses for several years. Nearly all state funding will therefore go to NCInnovation's core activities.

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NCInnovation is 501(c)(3) not-for-profit corporation focused intensely on accelerating commercialized innovation from North Carolina's universities. NCInnovation deploys funding, mentors, and support services so that North Carolina university proofs-of-concept turn into companies and create jobs that remain in North Carolina. Learn more at NCInnovation.org.

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