



COMMONWEALTH of VIRGINIA

STATE COUNCIL OF HIGHER EDUCATION FOR VIRGINIA
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Peter Blake
Director

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November 1, 2016

The Honorable Emmett W. Hanger, Jr.
Co-Chair, Senate Committee on Finance
P.O. Box 2
Mount Solon, VA 22843-0002

The Honorable Thomas K. Norment, Jr.
Co-Chair, Senate Committee on Finance
P.O. Box 6205
Williamsburg, VA 23188

The Honorable S. Chris Jones
Chair, House Committee on Appropriations
P.O. Box 5059
Suffolk, Virginia 23435

Re: Virginia Research Investment Committee

Dear Senator Hanger, Senator Norment and Delegate Jones:

Chapter 775 of the 2016 Virginia Acts of Assembly amends Title 23.1, Chapter 31 of the Code of Virginia by adding Article 8: Virginia Research Investment Fund. As defined in Paragraph C of § 23.1-3131, the purpose of the Fund is to “(i) promote research and development excellence in the Commonwealth; (ii) foster innovative and collaborative research, development, and commercialization efforts . . . in projects and programs with a high potential for economic development and job creation opportunities; (iii) position the Commonwealth as a national leader in science-based and technology-based research, development, and commercialization; (iv) attract and effectively recruit and retain eminent researchers to enhance research superiority at public institutions of higher education; and (v) encourage cooperation and collaboration among higher education research institutions, and with the private sector, in areas and with activities that foster economic development and job creation in the Commonwealth.”

§ 23.1-3132 establishes the Virginia Research Investment Committee to “award grants and loans from the Fund.” Paragraph E of § 23.1-3132 requires that the Committee submit to you by November 1 each year a report that includes “details about awards made from the Fund in the immediately preceding fiscal year and updates on the research, development, and commercialization efforts resulting from such awards.”

While the Virginia Research Investment Committee has made no awards from the Fund in its four-month existence, the information here is provided as a summary of its initial activities.

Background

§ 23.1-3132 establishes the Virginia Research Investment Committee (VRIC) as a public body of nine members – five ex officio (the director of the State Council of Higher Education; the Secretary of Finance; the Secretary of Technology; the staff director of the Senate Committee on Finance; and the staff director of the House Committee on Appropriations) and four nonlegislative citizen members who are also members of the Growth and Opportunity for Virginia (GO VA) board (two appointed by the Governor; one appointed by the Senate Committee on Rules; and one appointed by the Speaker of the House). The statute designates the director of the State Council of Higher Education as Committee chair.

Item 255:A.1 of Chapter 780 of the 2016 Virginia Acts of Assembly appropriates to the Virginia Research Investment Fund (VRIF) \$8 million in FY2017 and \$14 million in FY2018 from the general fund. In addition, Item 255:A.2 appropriates \$29 million in FY2017 from the bond funds authorized in Item C-52.10 to “support the purchase of research equipment or laboratory renovations associated with researcher incentive packages and the translation of research into commercial use.” And Item 428:U.5 provides that, should the facility that houses the Center for Innovative Technology be sold, the proceeds (less costs incurred by the Department of General Services) shall be deposited into the VRIF.

Paragraph A of § 23.1-3133 assigns responsibility to the State Council of Higher Education (SCHEV), in consultation with the VRIC, for establishing “guidelines, procedures, and objective criteria for the application for and award of grants and loans from the Fund.” Paragraph C assigns additional responsibility to SCHEV for: (i) receiving applications for grants and loans from the VRIF; (b) assessing applications’ completeness; (c) forwarding complete applications to an existing or SCHEV-created “scientific advisory committee” for review of proposals’ scientific merits; and (d) forwarding favorably-reviewed proposals to the VRIC for its final review and award decisions.

Paragraph B of § 23.1-3133 stipulates that VRIF grants and loans “may be awarded to public institutions of higher education in the Commonwealth or collaborations between [these] public institutions ... and private entities.” It also stipulates that all awards must require “a match of funds at least equal to the amount of the award.”

Activities prior to July 1

The aforementioned new statutes and budget items took effect on July 1. In anticipation of this date, I (as SCHEV director and therefore incumbent VRIC chair) initiated informal conversations with the ex officio VRIC members and the chief research officers of the seven research universities. These preliminary conversations centered on fostering understanding of

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the statutes and potential implications thereof, sharing individuals' expectations, and starting consideration of possible ground rules, objectives and priorities.

My staff and I also began review of guidelines, procedures and criteria employed by relevant state academic-research grantors, including the Commonwealth Health Research Board (CHRB), the Virginia Biosciences Health Research Corporation (VBIIRC, aka "the Catalyst") and the Innovation and Entrepreneurship Investment Authority (IEIA), which oversees CIT's administration of the Commonwealth Research Commercialization Fund (CRCF). We looked for similar programs in other states as well. In addition, we began to draft a position description for a dedicated research-investment associate to be employed fulltime at SCHEV, which heretofore had possessed no formal role or authority in academic research in the Commonwealth.

I also communicated frequently with those involved with the GO VA initiative, as VRIF and GO funds both are to be targeted at job creation and economic development, and as four of the VRIC members were to come from the GO VA board. I was named to and participated in the GO VA workgroup prior to that board being appointed.

Activities since July 1

In addition to continuing to communicate informally with ex officio VRIC members and related stakeholders and constituents in anticipation of the appointment of the GO VA board and subsequent appointment of four of those individuals to the Committee, I issued the SCHEV job advertisement described above in early July. An interview panel representing SCHEV, the Finance Secretariat and the legislative money committees initiated interviews in late August that continued into mid-September. SCHEV's first Associate for Research Investment, Lynn Seuffert, began work on October 11.

My staff also created on the SCHEV website a webpage for the Committee – www.schev.edu/VRIC. Posted here currently are resource materials for members' reference and preliminary analyses conducted and prepared by SCHEV staff; henceforth, all VRIC materials will be posted here. This page also will be the public's electronic portal to the Committee's work and will be the site that public institutions visit to access VRIF application guidelines and procedures.

The four VRIC nonlegislative citizen members, who also are members of the GO VA board, were appointed in late August and early September. I contacted them individually upon their appointment and reviewed with each the information above. My staff followed up via electronic mail with the website and a poll of potential dates for the first Committee meeting.

The Virginia Research Investment Committee met for the first time on October 12, following the first meeting of the GO VA board. Seven members were able to attend. The agenda included discussion of: (i) the enabling legislation and budget allocations; (ii) the

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priorities of the research universities (presented by three university chief research officers, with all research universities and many non-research universities represented in attendance); (iii) related grant programs and their potential to assist with VRIF proposal reviews; (iv) budget Item 478.20 pertaining to the Committee's review and approval or denial of a funding request related to the INOVA Global Genomics and Bioinformatics Research Institute; and (v) priorities for the Committee's next steps. (A draft bylaws document also was on the agenda for discussion but was tabled in the interest of time until the next meeting.) The draft meeting minutes are posted on the VRIC website.

The next meeting of the Committee will take place on December 5, to coincide again with the meeting of the GO VA board. I anticipate offering for discussion drafts of a timeline, committee bylaws, organizing principles and a conceptual framework and potential parameters for the kinds of projects the Committee may seek to incentivize. We will invite representatives of INOVA to present their proposal and actions taken as required for receipt of the funds in Item 478.20. We also will invite staff from CIT to discuss the Research and Technology Strategic Roadmap, which the IEIA is charged with maintaining, and which the research areas/foci therein are to be reflected in the VRIF criteria and awards.

On behalf of the members of the Virginia Research Investment Committee, I thank you for creating the VRIF and VRIC as vehicles to spur academic research in the Commonwealth. We are excited to work with you and our constituents in public higher education and the private sector in the coming years to administer this innovative initiative.

Please contact me at any time with questions or requests for updates or other information. Thank you for your vision, your trust and your support.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter Blake".

Peter Blake

Chair, Virginia Research Investment Committee

c: G. Gilmer Minor, Chair, State Council of Higher Education for Virginia
Members, Virginia Research Investment Committee