

The Joint Select Committee on Future Maine Prosperity October 10, 2007 Meeting

MEETING SUMMARY

Members in attendance: Sen. Damon, Sen. Courtney, Sen. Plowman, Rep. Piotti, Rep. Gould, Rep. Loring, Rep. Sutherland, Rep. Weaver, Rep. Rector, Rep. Smith, Rep. Watson, Rep. Woodbury, Rep. Simpson, Rep. Fitts, Rep. Hamper

Members absent: Sen. Bartlett

1. Welcome and Introductions

- Opening Remarks from co-chairs Senator Damon and Representative Piotti; charting the course for the Committee; review of the Joint Order; and duties of the Committee
- Discussion of expectations and goals of Committee members

2. Panel Discussion on Cultivating Sustainable and Long-Term Prosperity in Maine, Followed by Question & Answer Period with Committee

• Panelists:

- Jake Ward, Assistant Vice President for Research, Economic Development and Government Relations at the University of Maine
- Betsy Biemann, President of the Maine Technology Institute; and
- Catherine Renault, Director of the Office of Innovation and the Governor's Science Advisor

▶ *Important Points Made by Presenters*

▪ **CLUSTERS FOR R&D**

- ◆ Researchers are focusing on clusters for regional R&D. A cluster is a group of organizations, including a core of private sector companies, that is characterized by the following: a high degree of innovation, entrepreneurial energy, experience and leadership; a critical mass of well-networked companies and strong industry associations; a high degree of knowledge sharing among members of the cluster; access to capital; a specialized workforce; and commercial potential.
- ◆ The University of Southern Maine is conducting a study of cluster development that is expected to be completed in December 2007.

▪ **INVESTMENT IN INNOVATION**

- ◆ We have invested \$300 million in R& D since 1996, which has resulted in diversification of our economy and strengthened our research capacity; companies that get assistance from MTI and the patent program pay higher wages.
- ◆ Investments in innovation create higher paying jobs and create economic growth; the goal of the State's Science and Technology Action Plan is to have consistent investment of \$120 million annually (at this time we're spending about \$20 million now, not including the potential bonds)
- ◆ Innovation is an important tool for rural economic development.

- ◆ Maine is one of only a few states that measure and evaluate the impact of the State's public investments in R&D.
- ◆ A large amount of economic growth in Maine has come from firms less than 5 years old in new industries/technologies.
- ◆ Maine has invested heavily in our non-profit research laboratories; efforts have been funded thru EPSCOR and competitive funds (enabled by 3 rounds of bond funding- '99, '03 and '05); General Fund money and Maine Economic Improvement Fund contributions have also been very important to our success.
- ◆ Maine has had no lack of good ideas- but a lack of sustainability.
- ◆ The Maine Patent Program, the Small Enterprise Growth Fund, and R&D tax credits all play a critical role in our innovation economy.
- ◆ However, R&D investment levels have not been sufficiently consistent or substantial enough to allow us to catch up with other states.
- ◆ The strategic plan at DECD focuses on 4 main strategies: support innovation and entrepreneurship to diversify our economy and raise productivity; support green initiatives/ natural resource sustainability; attract multigenerational/multicultural workforce; and expand international trade.
- **THE GLOBAL ECONOMY**
 - ◆ The State needs to focus on specialized training programs to ensure there will be a trained workforce in the technology centers that the State is trying to grow.
 - ◆ The global economy has made partnerships and research relationships critical; we should encourage companies in New England to expand in Maine and develop our regional partnerships.
 - ◆ The road to prosperity is to grow the economic pie; increase our per capita income; increase accountability in how investments are done; and improve our productivity.
- **EDUCATIONAL INITIATIVES**
 - ◆ K-12 educational initiatives that focus on attracting students to careers in science and engineering are critical.
 - ◆ We need to rebuild our culture of discovery; we need to nurture connections between educators, government leaders, private sector entrepreneurs and business leaders.
- **INNOVATION AND SMALL COMPANIES**
 - ◆ There are only 53 companies in Maine that meet the large company criteria- that is a problem because they tend to be anchors for smaller companies.
 - ◆ Large companies tend to focus on surviving financially and they do not have time to focus their energies on innovation- we need to help facilitate linking them with smaller companies and innovators to help spur innovation.
 - ◆ The trend with federal grant money is now to require that there is a commercialization strategy from universities and people doing basic research.
- **MTI**
 - ◆ MTI is cultivating prosperity across the State.
 - ◆ ¾ of all proposals received by MTI are not funded; however MTI works diligently to help people understand why their proposals were not accepted,

and how to develop and strengthen proposals so that they create stronger projects that could be funded in the future.

- ◆ MTI funds are competitively awarded based on the strength of the project, whether the technology is promising and the route to the market is realistic, and whether it will create good jobs and spur innovation.
 - ◆ 5,000 hours of volunteer time is contributed to MTI from local business people and technology experts who help review MTI proposals. Peer reviewers are also commissioned from outside of the State to review proposals.
 - ◆ MTI helps businesses to connect with federal fund (Small Business Innovation Research Program funds over \$2 billion a year for companies). MTI helps prepare successful proposals for this type of innovation funding and has tripled the amount of federal funds received over the past few years.
 - ◆ For every \$1 awarded by MTI, \$12 is leveraged.
 - ◆ Maine needs to sustain and grow its investments; vibrant technology clusters are critical.
- **EMINENT SCHOLARS**
 - ◆ Eminent scholars: DECD is looking at attracting them to our research universities with NSF grants, or with laboratories to inspire students and attract funds (bond money does not pay for researchers).
 - ◆ Maine has a culture of perceiving large salaries as not belonging in Maine; we have to change our mindset and our thinking to attract science and technology leaders and enhance our research universities to compete globally.

3. **Panel Discussion on Cultivating Sustainable and Long-Term Prosperity in Maine, Followed by Question & Answer Period with Committee**

- **Panelists:**
 - John Melrose, President of Maine Tomorrow and former Commissioner of the Maine Department of Transportation;
 - Mary Ann Hayes, Executive Director of Maine Rural Partners;
 - Kathy Fuller, Director of the Environmental Office of the Maine Department of Transportation
- ▶ ***Important Points Made by Presenters***
 - **AUTOMOBILE OWNERSHIP**
 - ◆ Maine's population has not changed much, but we have more vehicles registered in the State than we have drivers; we also have many more commuters with longer commutes.
 - ◆ The population outside of the service centers has grown from 37 % to 52%.
 - ◆ The affordability of auto ownership has had a large impact on Mainers; 1/5 of all household expenditures go to transportation (only housing commands more of the household budget).
 - ◆ Cost of vehicle crashes: \$1.1 billion; of that \$360 million is attributable to unsafe roads. Annual vehicle repairs caused by bad roads exceed the amount in the DOT budget.
 - ◆ Roads are classified for their degree of statewide importance: state highways represent one third of road mileage and it carries 88% of all traffic. 12% of miles are arterial roads, which carry 2/3 of all traffic.

- ◆ Ease of access and mobility draws development; overly congested transportation systems are a failure of land use planning and are not good for development.
- ◆ Rural areas need reliable, safe roads and improvements.
- ◆ North-south highway presents opportunity for \$17 million in savings in transportation costs by reducing travel time by 20 minutes.
- ◆ Monomodal transportation model puts all our eggs in one highway basket and does not offer choices and competition; it squanders some of our most important marine assets, especially our ability to move freight by water, which is the most efficient and environmentally benign way, as well as our tremendous rail assets that are not being used.
- ◆ Maine is gradually losing its mobility; we've been coasting on investments of prior generations in our roads.
- ◆ We should support policies that support compact mixed use development; and enhance access management; increase pedestrian use, which is essential to the health and well-being of our communities.
- ◆ We should promote a New England rail and sea transportation asset plan and rethink the state aid highway system (SP 731).
- ◆ Policy shifts: our compact community law is written today as a disincentive; the minute they reach a certain density they have to participate in maintenance of certain highways, and the reimbursement is not sufficient to cover their costs.
- ◆ Traffic movement permits are a disincentive for builders; DOT trying to introduce different factors into the analysis (i.e.: credits for pedestrian access).
- ◆ There is a need for a transfer of development rights program that works on a regional basis; it could be a tool to apply on a regional basis.
- **IMPORTANCE OF A MULTI-MODAL MODEL**
 - ◆ Importance of a multi-modal model; we currently have a big emphasis on the highway model due to our dependence on autos; we need to prepare for the change to a multi-modal model where we make use of our rail and marine transportation.
 - ◆ We should make the travel experience part of the vacation experience in Maine.
 - ◆ Maine should take advantage of its ports of origin; find companies to put their investments at these locations and fill the missing connection with the rail system there.
 - ◆ Searsport is a national asset and the decisions we make should be very careful so that we don't hurt our future interests; it is our biggest area for growth and it has rail access all the way to Montreal. A container coming into Searsport could have a one day advantage getting into Chicago; this would save people sending containers down to New Jersey, it would open up access to Montreal and stabilize the railroad, which would be good for Aroostook.
 - ◆ We should have a plan to further develop Searsport; there have been negotiations to split the island so that a piece goes to conservation, a portion goes to the State as a set aside for transportation use. The state has come a long way to achieve an agreement of joint use of the island and the DOT is working with the community to come to a resolution to preserve options for the future, but also respect the values of the island. By next spring the plan

will identify how much will be set aside for transportation and what the conservation easement will be.

- ◆ Maine is a maritime state and we've got to do more to develop one of our largest assets.

4. Meeting Adjourned

Future Meeting Dates

The Committee will hold its third meeting on **October 23rd**. Future meeting dates are: **November 13th** and **December 11th**.