

Time for a Federal-State National Economic Development Partnership

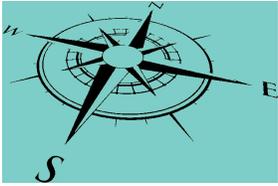
A key component to any national advanced industry strategy—and one that should receive welcome bipartisan agreement—should be to help all 50 states expand their state development strategies and better align them to the overall mission of outcompeting China.

FOUR BIPARTISAN STEPS TO FORGE A FEDERAL-STATE PARTNERSHIP FOR ECONOMIC DEVELOPMENT — While it is critical to continue pressing for a robust national development strategy—particularly one focused on countering China’s rise in the advanced industries at the heart of the high-tech economy—it’s also time for Congress to use the bipartisan support of state development efforts to establish and expand federal-state development partnerships. To accomplish this, Congress should do four things [documented as goals in this StratML rendition]

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DEMONSTRATION ONLY



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Description:

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Stakeholder(s):

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Information Technology and Innovation Foundation :

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Vision

Outcompeting China

Mission

To help all 50 states expand and align their industry strategies

Values

Industry

Development

Strategy

Alignment

Bipartisanship

Competitiveness

1. Grants

Establish a Grant Program for States to Attract Foreign Direct Investment or Reshoring (or Retaining) Advanced Technology Production to the United States

Stakeholder(s)

States

Attracting more foreign “greenfield investment” and reshoring more U.S. investment is key to expanding advanced technology production. Yet, in 2019, less than 1 percent of all foreign direct investment into the United States involved new manufacturing facilities; almost all involved foreign companies purchasing U.S. companies. And while U.S. reshoring has increased somewhat since then, it is still relatively anemic. The United States needs to do more to attract foreign greenfield facilities and to reshore advanced technology sectors.

1.1. Funding

Appropriate \$5 billion a year for such a program

To do that, Congress should establish a program to be managed by Select USA (a program of the U.S. Department of Commerce), whereby each state would be able to submit for matching funds one project a year that could be greenfield FDI, reshoring, or a project that without incentives would locate outside the United States.

Stakeholder(s):

Select USA :

(a program of the U.S. Department of Commerce

Congress :

Congress should allocate \$5 billion a year for such a program and provide grants to states based on their share of U.S. population.

Advanced Technology Sectors :

Projects that qualify should be in traded-sector, advanced technology sectors not based on natural resources.

1.2. Allocation

Allocate grants to states based on their share of U.S. population

Stakeholder(s):

States :

States should be able to qualify for one project a year, and should have to match federal funds at a rate of at least 50 cents on the dollar.

2. Strategies

Significantly Expand the Regional Innovation Strategies Program

Stakeholder(s)

Economic Development Administration :

The Regional Innovation Strategies program, operated by the Economic Development Administration, provides matching funds for private and state or local investment into programs that address regional gaps in the commercialization of innovation.

Regional Innovation Strategies Program :

The program supports a variety of efforts, including access to a continuum of investment capital, appropriate physical infrastructure (which might include affordable laboratory space, co-working environments, or science and research districts), a system of mentoring that matches industry-seasoned talent with emerging technologies and entrepreneurs, and a diverse and well-trained workforce. But, at less than \$50 million, funding is insufficient for the task.

2.1. Funding

Appropriate at least \$500 million per year for the program

Stakeholder(s):

Congress :

Congress should appropriate at least \$500 million per year for the program and include requirements

that state and local activities align where possible with overall national advanced industry development goals.

2.2. Alignment

Require State and local activities to align national advanced industry development goals

3. Program

Expand NIST's Manufacturing Extension Program

Stakeholder(s)

Manufacturing Extension Program :

The NIST Manufacturing Extension Program (MEP) is a model federal-state economic development partnership.

States

NIST

Manufacturers :

Focused on helping small and mid-sized manufacturers adopt better technology and undertake other modernization efforts, it is co-funded by NIST and states (and companies), but is operated locally.

3.1. Funding

Increase funding for MEP to at least \$600 million

For every \$1 dedicated to MEP there is a return of \$34 in firms sales. Yet despite being a highly successful program, MEP funding has steadily declined as a share of GDP—and funding is significantly lower (as a share of GDP) than similar programs in competitor nations like Japan and Germany.

Stakeholder(s):

Congress :

As such, Congress should increase funding for MEP over the next few years from the current level of around \$140 million to at least \$600 million. And it

should charge MEP with focusing more on helping U.S. manufacturers adopt “smart manufacturing systems.”

3.2. Smart Systems

Help U.S. manufacturers adopt smart manufacturing systems

Stakeholder(s):

U.S. Manufacturers

4. Initiatives

Expand Support to Communities for Manufacturing Initiatives

Stakeholder(s)

Communities

4.1. Competitiveness

Analyze industrial competitiveness

Policymakers clearly need the ability to analyze industrial competitiveness at the national level, and ...

Stakeholder(s):

Policymakers

4.2. States

Think holistically about State manufacturing capacity, strengths, and weaknesses

... states need to think holistically about their manufacturing capacity, strengths, and weaknesses.

Stakeholder(s):

States

4.3. Regions & Clusters

Assess manufacturing capacity, strengths, and weaknesses at the regional and cluster levels

Similarly, assessments need to take place at the regional or cluster levels.

Stakeholder(s):

Manufacturing Communities

Partnership :

This was the objective of the Investing in Manufacturing Communities Partnership (IMCP), initially launched during the Obama administration, which provided grant awards to communities that demonstrate best practices in attracting and expanding manufacturing by bringing together key local stakeholders and using long-term planning that integrates targeted public and private investments across a community's industrial ecosystem to create broad-based prosperity. The IMCP program invested more than \$23 million to support 49 IMCP projects across 26 states, and it's estimated that

IMCP-supported projects to date have saved more than 1,080 jobs and generated nearly \$855 million in private investment.

Congress :

The proposed Made In America Manufacturing Communities Act would extend the success of IMCP by authorizing a public-private program to enhance the way the United States leverages federal economic development funds to encourage American communities to focus not only on attracting individual investments one at a time, but also on transforming themselves into globally competitive manufacturing hubs.

4.4. Funding

Allocate at least \$100 million to support both the DMSCP and IMCP initiatives

Congress should allocate at least \$100 million to support both the DMSCP and IMCP initiatives.

Stakeholder(s):

Defense Manufacturing Communities Support Program :

While the current administration has not carried the IMCP program forward, The FY 2019 National Defense Authorization Act allocated \$20 million for a Defense Manufacturing Communities Support Program (DMCSP) that seeks to “make long-term investments in critical skills, facilities, research and devel-

opment, and small business support in order to strengthen the national security innovation base by designing and supporting consortiums as defense manufacturing communities.”

Congress

Administrative Information

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