

The following Centers of Excellence Program Guideline Changes and updates were approved by the State Advisory Council on Science and Technology

Feb 13, 2006

Director Nicole Toomey Davis

Centers support for licensed technologies

- Past: once a technology was licensed to a company, the Center could no longer be funded or support the technology.
- Opportunity: Permit a Center to continue to support a licensed technology for a certain period of time or under certain conditions in order to better support the transition from university to industry.

New Guideline:

- When a Center-supported technology is licensed to an existing established firm, the Center can use the COE funding to support that technology through the end of the current fiscal year (i.e. current contract).
- When a Center-supported technology is licensed to a startup/spinout, the Center can use the COE funding to support that technology through the end of the current fiscal year (i.e. current contract).
- In addition, the Center may apply for renewal of funding from the COE program (subject to the normal term of up to 4 years), to enable the Center and Business Team to continue to support the technology AND those commercial applications UNTIL a) the startup/spinout completes an arms-length financing transaction with a value equal to or greater than \$500,000 or b) the startup/spinout is awarded one or more contracts with a value equal to or greater than \$500,000.
- In all situations, if there are still significant applications of the technology available for licensing (other vertical markets) the Center may apply for renewal of funding from the COE program on a competitive basis.

Ability to Start the COE Funding Clock over for new Opportunities

- Past: Once a Center was “done” with one round of funding, they could not really “come back” into the program unless it was a “new Center” (with new PI)
- Opportunity:
Proposed: Dynamic Centers teams and PIs have many areas of research that can provide new Market Opportunities
- COE should encourage them to continue to bring new technologies to the program for new Market Opportunities

New Guideline:

A former Center of Excellence (one that has “graduated”), may return to the program and request a new series of funding years, typically up to 4 years, as long as the technology that is being proposed for commercialization is different enough from the original Center to create new market, business and licensing opportunities. However, it should NOT be used to extend the life of a Center that failed to achieve their commercialization goals. The Center may either keep its same name with a differentiating designation (example “Center II”), OR may propose under a new name. The PI may be the same PI or may be a different PI (but there is no requirement to make a change).

Matching Requirements for schools that do not offer Doctoral degrees

During the 2006 legislative session, the Utah State Legislature passed, with no dissenting votes, SB 112, Centers of Excellence Amendments. One of amendments included in this bill narrowed the requirement of the 2:1 match to schools that offer Doctoral degrees (language listed below). This statutory change also required match guidelines for schools that do not offer doctoral degrees. The new guidelines are listed below.

Statutory Change

"The Legislature recommends that the governor consider the allocation of economic development funds for Centers of Excellence to be matched by industry and federal grants on at least a two-for-one basis for colleges and universities in the state that offer any doctoral degrees"

New Guidelines:

- For a non-doctoral-degree granting school, a stand-alone Center will be required to have its Centers of Excellence funds to be matched by industry and federal grants on at least a 1:1 basis.
- When a non-doctoral-degree granting school partners with a school that does grant doctoral degrees, the non-doctoral-degree granting school will not be required to have a match for their portion of the COE funding. The doctoral-granting school will be required to meet their 2:1 match as per statute.

Note: The COE Statute specifies that, “Proposals or consortia that combine and coordinate related research at two or more colleges and universities shall be encouraged.”

Center Designation – Funding + 3 years

- Past: Conflicting interpretations of use of “Utah Center of Excellence” Title

New Guideline:

A Center can use the “Utah Center of Excellence Designation” (and logo) for the term of funding plus 3 years. After that they can refer to being a “former Utah Center of

Excellence”. If, after 3 years, a Center is still actively supporting the commercialization of the technology which was funded through the Center, they may apply to the Director for an extension of the use of the title.

Clarification: The name of the Center (“Center for New Technology”) is not covered by this guideline and it is up to the college/university, PI and team to determine its appropriate use.

Additional Item of Clarification from the Feb 13, 2006 Meeting of the SAC

The council concurs with the Director that PI’s/Researchers do NOT have to be tenured to be considered as a Director for a Center of Excellence.

Accountability of Licensing Decisions in Centers of Excellence

During the 2006 legislative session, the Utah State Legislature passed, with no dissenting votes, SB 112, Centers of Excellence Amendments. The Second Statutory Change in SB 112 is detailed below.

“The Governor's Office of Economic Development shall develop a process to determine whether a college or university that receives a grant under this part must return the grant proceeds if the technology that is developed with the grant proceeds is licensed to a licensee that:

(i) does not maintain a manufacturing or service location in the state from which the licensee or a sublicensee exploits the technology; or

(ii) initially maintains a manufacturing or service location in the state from which the licensee or a sublicensee exploits the technology, but within five years after issuance of the license the licensee or sublicensee transfers the manufacturing or service location for the technology to a location out of the state.”

The Governor’s Office of Economic Development is currently in the process of establishing the process specified in the statute. The State Advisory Council on Science and Technology, as requested by the Office, has convened a task force to make recommendations to GOED on this process. In addition, the Governor’s Office of Economic Development Board will provide final review and approval of the process.