

Date: 06/17/2013

TO: Office of Financial Management  
Attention: David Schumacher

From: Chris Coleman  
Innovate Washington (IWA)

Subject: CONTINGENCY PLANNING FOR STATE AGENCY OPERATIONS ON JULY 1

Per your request of June 12, Innovate Washington services that fall into the following categories would be:

**1. Services funded by appropriations in the enacted transportation budget (ESSB 5024).**

None.

**2. Services that do not require an appropriation, e.g., from non-appropriated funds.**

In the short term all Innovate Washington services can rely on non-appropriated funds.

Upon the creation of Innovate Washington previous funds held by Sirti were transferred, and previous funds held by the Washington Technology Center were donated, to the 18A "Investing In Innovation" account. These funds, through subsequent Innovate Washington Board action, have been dedicated to offset state underinvestment in Innovate Washington activities and initiatives.

Innovate Washington, therefore, already expects to expend these 18A / non-appropriated funds annually to support agency activities. Whether these funds are expended initially, at the beginning of the fiscal year, or later, at the end of the fiscal year, is irrelevant.

Beyond the ability to continue to provide agency services the majority of Innovate Washington activities are supported in part or in sum by external funding. The discontinuation of these services, especially since they can be maintained in the short term through non-appropriated funds, would put existing non-state funding, existing companies supported by Innovate Washington, and the potential of future non-state funding at risk. Examples:

*Accelerator Facilities:* Two facilities are operated in Spokane supporting individual company development, WSU research capacity, and STEM education. The majority of costs associated with these facilities are supported through associated market-based rent revenues (through lease agreements).



*Matching for Existing Grants:* Innovate Washington supports multiple grants that, should such support be discontinued, would negatively impact the ability to achieve results according to existing grant timelines. This, in turn, may arguably require discontinuation of the grant activity and return of associated federal funding. Examples include:

I6 Green Challenge / NEBTH: Multi-Partner initiative supporting the development of Washington's clean energy economy as part of a combined \$12.3M project.

EDA Revolving Loan Funds: Supporting high growth technology firms throughout the state through a \$1.45M revolving loan fund. IWA is in the final stages of executing the transfer of the Department of Commerce's Coastal Loan Fund into the existing loan program to create a combined \$2.25M+ statewide funding source.

State Energy Program: Supporting the ongoing maintenance of \$750K of loans made under the Department of Commerce's State Energy Program.

*Execution on new Initiatives:* Multiple initiatives are being either developed or shepherded to conclusion that, if postponed due to a lack of funding, would most likely require permanent discontinuation. Examples may include:

Pacific Northwest Unmanned Aircraft Systems Flight Center: A consortium of Washington-based organizations, led by Innovate Washington, working to establish a designated FAA test site to research and test unmanned aircraft systems and the myriad commercial applications enabled by their use.

Small Business Innovation Research: Existing support provided to Washington companies in the process of securing federal funding or research and commercialization. IWA is required to match SBA funds awarded last year.

Make it in America: Continued follow-up on application made to support the development and growth of Washington manufacturing capabilities.

*Ongoing Company Support:* Company support engagements that are in progress would be discontinued which in turn may put Washington companies at a competitive disadvantage. This would also extend to additional support provided under matching arrangements – for example dedicated support, funded by Innovate Washington and Washington State University, for statewide company outreach and technology transfer development in support of WSU engineering research.

Again – all of the above can be, in the short term, maintained through the use of non-appropriated funds which will in turn not negatively impact the continuity or impact of Innovate Washington services and will allow the State to fulfill its contractual obligations. As Innovate Washington operates many of the above programs under performance contract, no state employees would be necessary to carry out these operations.

### **3. Services to continue based on certain constitutional mandates and federal law.**

None.



**4. Services necessary for the immediate response to issues of public safety, or to avoid catastrophic loss of state property.**

None.

Should you have any questions about the above, please do not hesitate to contact me.

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