

Response to Senate Bill 402

Abbreviated Executive Summary

February 25, 2014

In response to eight questions from the General Assembly, the Board of Directors supplied the following responses.

Activities at headquarters: NCBiotech's activities are designed to work together and provide support for the life science industry in North Carolina.

Regional offices: These statewide endeavors connect NCBiotech programs to the region and link together region-specific resources for life science growth.

Staffing: Current staffing is strategically aligned for successful program execution.

Grant and loan programs: These programs are very successful because of their staffing. Review processes and other procedures ensure cost-effective and diligent distribution of tax dollars.

Cash balances: Cash balances cover commitments with modest operating reserve.

Board size: A volunteer board provides professional experience to oversee a broad range of activities. The annual expense is about \$18,000.

Competitive grants through Commerce: NCBiotech activities occur at a much earlier stage than Commerce's activities. Attention to company startup and growth is critical in the life sciences. Activities to close deals is equally necessary.

Detailed answers to these questions on pages 4-28 of the report:

Actions

The following Board actions are under way or completed:

- Eliminated five funding programs, and reduced one funding program and multiple programmatic activities judged less critical to near-term job creation.
- Reduced the regional office budget by \$409,820.
- Reduced staff by 26 percent, or 22 positions.
- Allocated unrestricted cash reserves to the FY 2014 budget in order to continue to support program and funding activities.
- Will continue evaluation of progress in workforce development activities, expenses and activities in the regional offices and partnership with the N.C. Department of Commerce.
- Will enhance policies governing the level of unrestricted cash reserves. Invest or award reserves currently available according to this policy (estimated \$2M).
- Will appoint a Board subcommittee to review board size by June 30, 2014. Committee will consider a balance of regional and professional representation to guide NCBiotech's operations.

Funding

Last year, the Strategic Oversight Committee considered NCBiotech activities and how to best align them with changing industry needs. As a result of the committee's discussions and this report, the following funding requirements are anticipated:

1. New industry/university partnership grant program	\$3.4M
2. Larger loans for small companies (\$500,000)	\$1.5M
3. Expanded economic development award program	\$0.8M
4. Continued work on growing the ag biotech sector	\$0.5M
5. Concentrated attention to biodefense cluster effort	\$1.1M

Total increase in funding:	\$7.3M
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Current funding	\$12.6M
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2014-2015 funding requirements	\$19.9M
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