



TEAM: BUSINESS CLIMATE

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SUBJECT: ACCELERATING INNOVATION COMMERCIALIZATION THROUGH FEDERAL R&D INVESTMENT AND ENTREPRENEURIAL WORKFORCE DEVELOPMENT

Business Climate Supporting Data and Context

REGIONAL INNOVATION ASSETS:

- UC Davis: Over \$1 billion in research funding annually, with strengths in life sciences, food and agriculture, semiconductors, AI, and advanced manufacturing
- Aggie Square: \$1.1 billion life science innovation center focusing on cell & gene therapy, genomics, digital health
- Cal EPIC: Battery and zero-emission vehicle applied research center supporting next-generation automotive and defense industries. Recent recipient of \$4 million for EV charging test facility.
- The Plant: biomanufacturing commercialization facility designed for 2028 completion
- HMCI (Human Machine Collaboration Institute): AI research collaboration and workforce development for AI/robotics funded by the City of Rancho Cordova at \$5 million and strong partnership with NVIDIA and Solidigm
- Woodland Research & Technology Park: 350-acre agri-food tech innovation catalyst

FEDERAL R&D IMPACT:

- According to UC Berkeley, one-third of patents in the United States rely on federal research
- Federal funding addresses the "valley of death" technology transfer gap critical to commercialization
- Regional innovation ecosystems support tens of thousands of jobs dependent on federal R&D partnerships



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POLICY ALIGNMENT:

- Supports California Jobs First Regional Plan priorities in semiconductor and precision manufacturing
- Aligns with DOD Battery Strategy implementation needs
- Complements National Security Memorandum on Food and Agriculture resilience
- Reinforces CHIPS and Science Act regional innovation engine objectives

SBIR/STTR PROGRAM IMPORTANCE:

- Provides non-dilutive capital for early-stage technology validation
- Bridges gap between research and venture capital readiness
- Enables de-risking of innovations in emerging sectors (biomass, hydrogen, semiconductors, biomanufacturing)
- Critical for startups in capital-intensive sectors requiring extended development timelines

WORKFORCE AND ENTREPRENEURSHIP:

- Over 700,000 college students within 100 miles of the Capital Region
- Four major economic sectors require innovation-ready talent: business services, precision manufacturing, working lands, and R&D
- Entrepreneurial training creates dual benefit: new venture creation and innovation capacity within existing companies
- Childcare and healthcare access barriers disproportionately affect potential entrepreneurs and innovation sector workers

BUSINESS CLIMATE CONTEXT:

- Capital Region is 50th largest metropolitan exporting region in U.S. with \$7.5 billion in exports (2023)
- Key export sectors align with national security priorities: semiconductors, chemicals, agricultural products, processed foods
- Recent major investments include Bosch (\$1.9B semiconductor facility), SK Hynix/Solidigm (\$9B NAND acquisition)
- 39% of Greater Sacramento Economic Council's FDI pipeline represents foreign direct investment, primarily from Germany, South Korea, and Israel

CAP TO CAP

- Concentration in energy technology, mobility, life sciences, and manufacturing sectors