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SCIENCE FOUNDATION ARIZONA UNVEILS INVESTMENT STRATEGY

*Plan Will Fund Best Ideas with Greatest Strategic Value to Building
Arizona's Future and its World Competitiveness*

PHOENIX, Ariz. (November 15, 2006)—[Science Foundation Arizona](http://www.sfaz.org) (SFaz) today announced its investment strategy to award grants in research and education aimed at enhancing Arizona's science, engineering, medical research and technology competitiveness. Through its strategic focus, SFaz intends to help build world-class science and engineering infrastructure as a key ingredient that will better serve Arizona's citizens by fostering innovative research programs. Roll out of the investment strategy represents one year of funding and the starting point to a longer-term strategy. SFaz will begin accepting applications for some programs starting December 2006. Detailed program announcements will be available at www.sfaz.org.

“This is only the beginning of investments that will help diversify and expand our high-tech economic sector by focusing strategically on opportunities that will create a competitive advantage and help leverage significant future federal and private R&D investments in Arizona,” said Dr. William Harris, President and CEO, Science Foundation Arizona. “It's about supporting a knowledge-driven economy where we can effectively compete in the 21st century, leaving a better legacy for future generations.”

The grants will be given on a competitive basis and will be focused around promising research opportunities in Arizona that can seed the next generation of high-technology companies by helping identify them early, and seeding the very best prospects with resources needed to increase the probability of their success. Additionally, program grants will be focused on efforts to help strengthen science and math in Arizona's K-12 system, particularly in rural Arizona.

Continued Harris, “We want Arizona to become the place where top-notch researchers and industry-academic partnerships create an advantage for our State.”

Funding for the investment strategy will come from Arizona's “21st Century Fund”, an initiative established by the Governor and Legislature last session, which provides an initial \$35 million for these investments. This funding comes through the Commerce and Economic Development Commission (CEDC) in the Arizona Department of Commerce.

“The SFaz programs are intended to build infrastructure to support the previous investments made by the State, accelerate progress and to attract new talent. Investment areas selected for this first funding year are intended to generate significant long term impact,” said Don Budinger, Chairman of the Board, Science Foundation Arizona. “An unwavering focus on excellence and being opportunistic will greatly benefit Arizona.”

Strategic Investment Plan FY 2006-2007

SFAz will make awards grants based on the following strategies:

- Investment in research in strategic areas to create a competitive advantage for research and researchers in Arizona — 83% of total budget;
- Catalyzing the development of new small businesses based on R&D in strategic areas — 6% of total budget;
- Supporting investments to improve K-12 science and mathematics performance — 10% of budget total.

The initial strategic investment plan is comprised of five cornerstone programs for which awards may be granted:

1. Graduate Students Fellowship: This program will challenge Arizona's research-performing institution's leadership to set quality standards for their key graduate programs and to use this investment to transform competent graduate programs into world-competitive programs. SFAz will award a scholarship of up to \$50,000 for each student designated an SFAz Graduate Fellow. Up to 80 first-year science, math and engineering top graduate students nationally and internationally will be supported.
2. Competitive Advantage Awards (CAA): The CAA program will invest in researchers of exceptional quality to create a competitive advantage for future Federal funding. SFAz will fund the most competitive and strategically important programs across the State at a range of \$100K to \$400K. These funds will be used to support activities necessary to the development of outstanding and highly competitive research and technology development proposals.
3. Strategic Research Groups (SRG): SFAz will solicit proposals from research-performing institutions to seed partnerships between researchers from the research-performing institutions and industry in strategic areas. Each proposal must define how it manages and/or exploits intellectual property to the advantage of Arizona. The SFAz target is to establish up to 10 SRGs in 2007. The purpose of this investment is to increase the probability of Arizona attracting major, federal research center funding or large group grants.
4. Small Business Catalytic (SBC) Funding: This program focuses on making "seed" investments in innovation at Arizona's research-performing institutions that will have high-impact commercial outcomes. SFAz awards are intended to leverage the potential of Arizona's researchers to secure much larger amounts of funding for technology commercialization. Companies created as a result of SFAz funding must remain in Arizona for a minimum of five years. The purpose of this investment is to create a catalyst for technology development, company formation and high-tech job creation in Arizona.
5. K-12 Student and Teacher Discovery: SFAz will initiate a program of research internships for high school science and mathematics teachers in the summer of 2007. Up to 150 science and math teachers will work in paid research-based programs throughout the State during summer months and will be designated SFAz teacher scholars. The student focus of the program will broaden the participation of K-12 students in scientific discovery activities, particularly for students from rural Arizona. It can include science summer camps, competitions based on student projects and research experiences, or similar programs that promote student discovery experiences in math, science and/or technology. The purpose of these programs target students

and teachers in an effort to stimulate experiences in math, science and/or technology bringing the excitement of discovery back to the classroom.

The SFaz investment strategy will be based on open competition, based on external peer review.

“Experience with Federal R&D investments and in other countries demonstrates that a competitive process provides the greatest opportunity to optimize the return on investment,” said Harris. “Thus, the SFaz investment strategy focuses on excellence and innovation as measured by world standards, where funding will go to the best ideas with the greatest strategic value.”

The bid process will be governed by requests for proposals. The criteria SFaz will use to evaluate the proposals will be:

- Quality of the proposal;
- Quality and merit of the current track record of the principal investigator(s);
- Strategic value and competitive advantage for Arizona.

“Other countries are making progress more rapidly than Arizona and most other states. If we are behind in R&D and high technology, our economy will be increasingly vulnerable to a number of new global challenges,” said Budinger.

“In order to be innovative now, it is essential to work harder and faster. These investments SFaz will guide are to help build the tools necessary for making real and truly significant progress in the next several years,” noted Harris.

For further details and information, visit www.sfaz.org.

About Science Foundation Arizona

Science Foundation Arizona (SFaz) is a 501(C)(3) nonprofit organization initiated in 2006 by the Greater Phoenix Leadership, Inc., Southern Arizona Leadership Council and the Flagstaff 40. Its goal is to build and strengthen scientific, engineering, and medical research programs and infrastructure in areas of greatest strategic value to Arizona’s competitiveness in the global economy. SFaz will invest in partnerships between non-profit research institutions and industry; other science, engineering and math programs; and in the education pipeline to help Arizona create a knowledge-driven economy.

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