



Agricultural Utilization Research Institute

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March 11, 2010

Congressman Collin Peterson
2211 Rayburn HOB
Washington, DC 20515

Dear Congressman Peterson:

Minnesota is home to host of dynamic industries, from agricultural, mining and manufacturing to health care and IT. These industries draw their strength from a key resource –human knowledge. Minnesota’s entrepreneurs are responsible for creating the giants that are known around the world – 3M, Cargill, Medtronic, Best Buy – and tens of thousands of small to medium sized enterprises (SMEs) that are the economic engine of the state and broader region. Minnesota is also home to a rich agricultural legacy. As the second largest employer in Minnesota, agriculture supports approximately 367,000 jobs, with 49% of those jobs reside in Western Minnesota.

For businesses to be competitive, they must be both proactive AND reactive, must be able to leverage their strengths and assets, utilize the latest technology and tools, see around corners and make the uncommon connections. That’s a lot to expect of a business owner/operator who, in today’s tough economy, is just trying to keep the doors open and the lights on. Simultaneously, our rural communities are struggling to keep the next generation of business owners and entrepreneurs from moving to the city and members of our agricultural community are struggling to realize the full benefit of the attention on the new green economy. Many see food, bioenergy, biobased products, and waste product utilization as a true opportunity for economic development in rural areas, but for rural areas to capitalize on these trends, we must be proactive.

The Agricultural Utilization Research Institute (AURI) proposes the creation of the New Generation Innovation Center (NGIC). By focusing on the state’s entrepreneurial and agricultural strengths, the center will:

- Optimize Minnesota’s existing assets to help launch homegrown innovation;
- Create a comparative advantage for Minnesota-based entrepreneurs and small to medium sized enterprises (SMEs) in an effort to grow and retain jobs;
- Support rural prosperity through improved economic vitality of rural communities, reversing the “brain drain” that is occurring in rural communities, by developing new career opportunities and entrepreneurial activities; and
- Increase the recognition that agriculture and Minnesota’s natural resource industries are vital components of economic development.

The NGIC will achieve these outcomes by fostering communities of innovation in the areas of food, bioenergy, biobased products, and coproduct & waste product utilization through its newly designed **Innovation Launching Pad (ILP) Program**. As part of the Center research and operations, the requested funding will support convening a **Rural Prosperity Summit** bringing together the nation’s greatest thought leaders to address innovative new approaches to creating rural prosperity, the creation of **Economic Development Curriculum** that emphasizes the role of innovation and agriculture in rural development, and

the design of a replicable **Rural Innovation Networks Model** to support the broad implementation of the lessons learned in this process. The activities undertaken by the NGIC will focus on delivering a comparative advantage for businesses in rural areas, aiding in job and business creation and retention, and transforming agriculture's role in economic development.

Potential topics that could be addressed through the NGIC that would benefit the 7th district include: wastewater utilization in agricultural processing, green job opportunities in food production, utilization of distillers grains in livestock rations reducing feedstock costs, demonstration of biomass to liquid fuel, and local food production and utilization.

Success for the NGIC will include continued interactions between SMEs, service providers, and industry stakeholders around innovation centered conversations. This project will directly serve at minimum 50 SMEs in rural locations in Minnesota by connecting them with networks to pool assets and optimize the opportunities for businesses to innovate. Additionally, numerous businesses and communities will receive assistance through the lessons learned and the subsequent economic development curriculum and the replicable model for supporting rural innovation networks.

Success for the NGIC will be measured in a number of ways such as continued interactions between those served by the center, service providers, and industry stakeholders around innovation centered conversations. NGIC will also measure the number of individuals and industry members participating. Additionally, NGIC will collect participant provided information on the number of partnerships spawned, new technologies implemented, jobs created or retained, and efficiencies realized through involvement in the programs. Additionally, individuals participating in the Innovation Launching Pad process will have individual action plans and group action plans which will be measured.

Total project costs for the NGIC will be one million dollars. AURI will be supporting this proposal with over \$250,000 of funding and in-kind contributions, including staff time and development. AURI is seeking \$750,000 in federal funding for the one-time costs of establishing the NGIC and Innovation Launching Pad Program, supporting the Rural Prosperity Summit, and funding the economic development curriculum and the Rural Innovations Network Model. Once established, it is anticipated that AURI funding will be able to support the ongoing operation of the NGIC and the ILP program.

This proposal has the potential to transform rural Minnesota by creating a system for catalyzing innovation by harnessing and aligning regional assets in a way that increases competitiveness of new and existing businesses, thereby strengthening and stabilizing rural economies through the creation and retention of jobs.

We, at AURI, believe that Minnesota's entrepreneurial and innovative mentality coupled with our agricultural and natural resource based industries is essential for rural Minnesota prosperity and we look forward to continuing and deepening our commitment to this effort through the NGIC.

Sincerely,



Teresa Spaeth
AURI Executive Director