

## **FACT SHEET: WHITE HOUSE LAUNCHES “STARTUP AMERICA” INITIATIVE**

### *Public and Private Partners Invest in American Entrepreneurs*

“Startup America” is a White House initiative to celebrate, inspire, and accelerate high-growth entrepreneurship throughout the nation. This coordinated public/private effort brings together an alliance of the country’s most innovative entrepreneurs, corporations, universities, foundations, and other leaders, working in concert with a wide range of federal agencies to dramatically increase the prevalence and success of America’s entrepreneurs.

This mission to promote entrepreneurship is a core component of President Obama’s national innovation strategy for achieving sustainable growth and quality jobs. Not only do startups bring a wealth of transformative innovations to market, they also play a critical role in job creation across the United States. Those entrepreneurs who are intent on growing their businesses create the lion’s share of these new jobs, in every part of the country and in every industry. Moreover, it is entrepreneurs in clean energy, medicine, advanced manufacturing, information technology, and other fields who will build the new industries of the 21st century, and solve some of our toughest global challenges.

The core goals of Startup America are to increase the number and scale of new high-growth firms that are creating economic growth, innovation, and quality jobs; celebrate and honor entrepreneurship as a core American value and source of competitive advantage; and inspire and empower an ever-greater diversity of communities and individuals to build great American companies.

When signing the Small Business Jobs Act, and again when proclaiming the first-ever National Entrepreneurs’ Day this past fall, President Obama called on leaders from throughout the business, nonprofit, and university communities to join together with his Administration’s efforts to promote the success of more entrepreneurs across America. The initiatives announced today are the initial response to this “call to action,” uniting a range of public and private commitments to:

- Expand access to capital for high-growth startups throughout the country;
- Expand entrepreneurship education and mentorship programs that empower more Americans not just to get a job, but to create jobs;
- Strengthen commercialization of the about \$148 billion in annual federally-funded research and development, which can generate innovative startups and entirely new industries;
- Identify and remove unnecessary barriers to high-growth startups; and
- Expand collaborations between large companies and startups.

## OBAMA ADMINISTRATION COMMITMENTS

### *Expanding Access to Capital for Entrepreneurs*

#### SBA to Launch Two \$1 Billion Initiatives for Impact Investing and Early-Stage Seed Financing:

The Small Business Administration (SBA) will commit \$2 billion as a match to private sector investment over the next five years in promising high-growth companies. Using existing authority, with no new cost to taxpayers, and the operating infrastructure of the Small Business Investment Company (SBIC) program, SBA-guaranteed bonds will match private capital raised by these privately-owned and managed investment funds and serve as a catalyst for accelerating capital support for startups and high-growth firms.

- \$1 Billion Impact Investment Fund: SBA will commit \$1 billion to those funds that invest growth capital in companies located in underserved communities. This will include investing in economically distressed areas as well as those companies in emerging sectors such as clean energy. SBA will provide up to a 2:1 match to private capital raised by these funds, partnering with private investors to target “impact” investments.
- \$1 Billion Early-Stage Innovation Fund: Early-stage companies face difficult challenges accessing capital, particularly those without the necessary assets or cash flow for traditional bank funding. For high-growth companies, the gap is particularly acute in the so called “Valley of Death” for financing rounds between \$1-4 million. Over the past 4 years only 6% of all venture capital has been deployed in that stage, with 70% of the financings going to only three states – California, Massachusetts and New York. The Innovation Fund will target this gap, providing a 1:1 match to private capital raised by early stage seed funds.

#### Administration Will Propose Permanent Elimination of the Capital Gains Tax on Certain Small

Business Stock: The Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 provides a 100-percent exclusion from tax for capital gains realized on the sale of certain small business stock held for more than five years. The amount of gain eligible for the exclusion is limited to the greater of \$10 million or ten times the taxpayer’s basis in the stock. This provision applies to qualified small business stock issued after December 31, 2010, and before January 1, 2012. The Administration’s FY12 budget proposal would make this provision permanent, increasing private sector investment in small businesses.

#### Treasury Department to Simplify Rules for \$5 Billion in Tax Credits for Private Investment in Lower-Income Communities:

The Treasury Department is working on a set of regulatory reforms to the existing New Markets Tax Credit, which the Administration is proposing to expand from \$3.5 billion to \$5 billion in its FY2012 budget proposal. These reforms will make it easier for community development entities to attract private-sector funds for investment in startups and small businesses operating in lower-income communities. The reforms, which are expected to go into effect later this year, will relax the reinvestment requirements for community development entities investing in certain operating businesses.

Treasury Dept. Convenes Small Business and Entrepreneurs Access to Capital Conference: The Treasury will host a conference March 2011 to explore access to capital for small and entrepreneurial businesses. Access to capital is vital to spurring investment in small and innovative businesses, promoting job creation, and fueling sustainable economic growth. A broad range of options to expand growth capital will be discussed, including venture capital, private equity, public and alternative private markets along with obstacles to securing capital. The conference will encourage input from entrepreneurs, investors and policy makers.

### ***Connecting Mentors and Entrepreneurs***

SBA and Department of Energy Launch Mentorship Program for Clean Tech Startups: The SBA, in partnership with the Department of Energy (DOE) and Advanced Research Projects Agency-Energy (ARPA-E), will fund four private business accelerators. These four programs will have proven records of success and use the funding to support an additional 100 clean energy startups across the country. These accelerators will provide intensive mentorship from seasoned entrepreneurs to a selection of the most promising new companies previously funded by DOE and ARPA-E. This pilot program is the first step in the development of a large, distributed network of entrepreneurs, mentors, and startup accelerators.

Department of Veterans Affairs Launches New Incubators to Help Vets Start High-Growth Businesses: The Department of Veterans Affairs (VA) will establish two of the first integrated business accelerators focused solely on helping our Veterans launch and sustain their own businesses. The first accelerator program offers an interactive website that provides a comprehensive roadmap of the starting a small business and provides assistance in utilizing the diverse set of resources available to support Veteran entrepreneurs. The second program includes a business incubator facility, located in Waukesha, Wisconsin, where early-stage Veteran-owned businesses are mentored by experienced entrepreneurs and trained to develop the skills needed to build a successful businesses.

### ***Making Government Work for Entrepreneurs***

Top Administration Leaders Announce National Tour to Support Public Participation in Removing Barriers to Entrepreneurship: The President has issued an Executive Order and accompanying memorandums to federal agencies to identify and take steps to eliminate or reduce processes that are outdated or overly burdensome to entrepreneurs. As part of this effort to receive feedback from entrepreneurs on the front lines, the Administration will launch online suggestion tools for the public and go on the road to innovation centers like Silicon Valley and North Carolina's Research Triangle Park to hear from entrepreneurs about the challenges they face, share current Administration efforts to support entrepreneurship, and to streamline or eliminate the biggest barriers to startup growth.

Administration Expands "DC-to-VC" Summits on Investing in Healthcare Technology: DC-to-VC events are targeted engagements between federal leadership and venture capitalists,

innovators, and entrepreneurs, focusing on how to address emerging opportunities while simultaneously improving our country's health through better, more efficient care delivery. Led by the Chief Technology Officer of the Department of Health and Human Services, in cooperation with the White House, the Office of the National Coordinator for Health Information Technology, and the Centers for Medicare and Medicaid Services (CMS) Innovation Center, an expanded series of workgroups and discussion roundtables are slated for 2011 that build upon significant previous successes.

### *Accelerating Innovation*

#### Commerce Department's Economic Development Administration To Launch i6 Green:

The EDA's i6 Green, which will be implemented in partnership with six federal departments and agencies, builds on the success of last year's inaugural i6 Challenge. This program, with anticipated funding up to \$12 million, is designed to encourage innovative, ground-breaking ideas that accelerate technology commercialization, new venture formation, and job creation across the United States. This year's challenge focuses on both regional economic development and environmental sustainability. i6 Green will reward communities that utilize Proof of Concept Centers to accelerate technology-led economic development in pursuit of a vibrant, innovative clean economy. These centers will be supported by regional partnerships that draw upon a wide range public, corporate, university, non-profit, and philanthropic stakeholders.

#### U.S. Patent & Trademark Office (USPTO) Gives Applicants Greater Control Over Examination Timing and Enables Fast-Track Examination Within 12 Months:

The USPTO is pursuing an Enhanced Examination Timing Control Initiative (Three-track Examination) to give innovators more control over the application processing and support a more efficient market for innovation. Under this initiative, applicants would be able to request prioritized examination (Track I), obtain processing under the current procedure (Track II), or request a delay lasting up to 30 months (Track III). Entrepreneurs who are seeking capital, or accelerated market penetration, may benefit from the prioritized examination offered by the Track I option. In contrast, those entrepreneurs working to commercialize more embryonic ideas may prefer the extended timeframe associated with Track III. Another benefit to entrepreneurs will be shorter overall examination queues.

## PRIVATE SECTOR COMMITMENTS

### *Growing Entrepreneurial Ecosystems for the Long Run*

America's Top Entrepreneurs and Business Leaders Form New Alliance: The Startup America Partnership ([www.startupamericapartnership.org](http://www.startupamericapartnership.org)) is an alliance of top entrepreneurs, venture capitalists, angel investors, corporations, universities, foundations, and other leaders, joining together to grow the entrepreneurial ecosystems that support innovative, high-growth U.S. startups. Long-term commitments will include:

- *Education:* Expanding high-impact entrepreneurship education programs to more high schools, community colleges, and universities, reaching thousands of additional students.
- *Commercialization:* Clearing the path to market for primary research in more universities, through a combination of regional ecosystem development, faculty engagement, and streamlined technology licensing.
- *Acceleration:* Replicating successful entrepreneurship accelerator programs in more cities and universities, by recruiting more experienced mentors to support more startups.

The Startup America Partnership will soon convene an Entrepreneurship Action Summit, bringing together the greatest entrepreneurs and innovators in America to dramatically accelerate startup success and job creation. The work of the Partnership is made possible by seed funding from the Kauffman Foundation and the Case Foundation.

### *Inspiring the Next Generation of Entrepreneurs*

NFTE Announces New Programs Supporting Young Entrepreneurs and Innovative Teaching and Learning Efforts: The Network for Teaching Entrepreneurship (NFTE), a nonprofit that provides a first-class entrepreneurship education for at-risk high school students from low-income communities, is launching new programs supporting young entrepreneurs and their teachers. Ernst & Young LLP will honor NFTE youth entrepreneurs at regional Ernst & Young Entrepreneur Of The Year Award® galas across the country, bringing important attention to the next generation of young entrepreneurs. The Pearson Foundation is working with NFTE to build its Digital Teacher Network, a free online community for teacher collaboration and training that will be used not only by NFTE's 5,000 certified teachers but also by any educator interested in entrepreneurship. Google is sponsoring two new efforts in NFTE's Bay Area programs: The Flat Classroom Exchange will allow local educators to team-teach the NFTE program in real time and leverage each teacher's individual expertise, while the Makers Class project will integrate NFTE's curriculum with invention and engineering lessons, so that Bay Area students learn the valuable connection between thinking creatively and practically through the process of designing a product and bringing it to market. New Markets Education Partners is providing NFTE with seed capital to launch in 2011 an interactive, online business planning course and social network connecting mentors, teachers, and students, allowing NFTE to reach countless young people in an accessible and fun way and excite them about entrepreneurship and their education.

Blackstone Foundation Expands Scale-up of LaunchPad Entrepreneurship Centers to More Universities: Continuing to fulfill its \$50 million five-year commitment to foster entrepreneurship, the Blackstone Foundation announces a five-region expansion of Blackstone LaunchPad, a program that makes entrepreneurship a viable career path for college and graduate students as well as alumni. Created at the University of Miami, LaunchPad is fully integrated into a college's career center, providing concrete tools and guidance by experienced venture coaches to help aspiring entrepreneurs university-wide transform untested ideas into vital businesses that lead to economic revitalization. Having already established new LaunchPads at Wayne State University and Walsh College in Detroit, the Blackstone Foundation will expand the model to other economically distressed areas.

Marc Ecko Launches "Artists & Instigators Practicum" to Activate Next Generation of Entrepreneurs: Marc Ecko, an entrepreneur and leader in the fashion and media industry, will launch of the first Artists & Instigators (A&I) Practicum at The University of the Arts in Philadelphia. A&I Practicum's virtual entrepreneurship curriculum teaches practical skills for the 21st century by preparing next generation of entrepreneurs to be "first in line for the hire." Participating students will build real-world marketing, design, social media, and research skills in startups that are creating the jobs of the future. Over the next five years, A&I Practicum will invest in 750 startups, offer over 20,000 virtual internships, and provide access to its entrepreneurial curriculum at high schools, community colleges, universities and veteran job retraining programs.

U.S. Chamber of Commerce Expands Programs for Young Entrepreneurs: The U.S. Chamber of Commerce's Campaign for Free Enterprise and the National Chamber Foundation will invest more than \$1M in K-12, college, and post-graduate entrepreneurial education this year by forming new partnerships with Students in Free Enterprise and the Kairos Society and expanding existing partnerships with Junior Achievement and the Extreme Entrepreneurship Tour.

Mott Foundation Announces Virtual Incubation Network for America's Community Colleges: The Charles Stewart Mott Foundation will fund an initiative that will create a Virtual Incubation Network at America's community colleges and led by The American Association of Community Colleges, in partnership with National Association for Community College Entrepreneurship. Virtual incubator models will be tested at ten community college locations in the country. To increase the capacity of the community college to service their startup business community, sites will participate in learning and implementing best practices, demonstrating ways for mature business leaders and emerging small business entrepreneurs to forge productive, symbiotic relationships that stimulate the growth of new local businesses, including areas with significant economic challenges. Practices will be captured and shared to encourage broad implementation across the community college network and in collaboration with other partners.

## ***Connecting Mentors and Entrepreneurs***

TechStars Network Will Accelerate Success of Startups Across America: The new TechStars Network launches with 15 independently owned and operated regional organizations that replicate the model pioneered by TechStars, a successful mentorship-driven startup accelerator operating in New York City, Boston, Seattle, and Boulder. The TechStars Network provides opportunities for networking, sharing best practices, training and ongoing support for members of this regionally diverse network, and includes members from Miami to Seattle and from Nashville to New Orleans. Over the next three years, the TechStars Network will ensure that 5,000 successful and experienced entrepreneurs and investors will mentor and support 6,000 promising young entrepreneurs, increasing their success rate tenfold and creating 25,000 new jobs by 2015.

MassChallenge \$1M Startup Competition and Accelerator to Expand Support for Nation's Highest-Growth Startups: New support from The Blackstone Charitable Foundation, the Fallon Management Company, MassMutual, Johnson & Johnson's Corporate Office of Science & Technology (COSAT), and Microsoft will enable MassChallenge to support over 1,000 entrepreneurs directly in 2011, providing a platform for significant national expansion in 2012 and beyond. MassChallenge runs a \$1M annual startup competition and accelerator to catalyze the launch and success of high-growth, high-impact new businesses. The competition is open to anyone in the world, with any new startup, in any industry. Every entrant receives training, feedback, PR and networking support via expert volunteers from partner organizations, and the highest-potential startups receive 3 months of intensive mentorship and free services, including premium office space in Boston's Innovation District.

Astia Community Expands Support for Women-Led, High-Growth Startups Across America: New commitments from AOL, The Althea Foundation, Fenwick & West, Moss Adams LLP and Silicon Valley Bank, matching prior funding from the Kauffman Foundation, will allow Astia to support twice as many women entrepreneurs. Astia connects women-led startups to investors, industry leaders, advisors, and service providers, encircling the entrepreneur with a comprehensive value-add network. Emphasizing companies in high-tech, clean-tech and life sciences, the not-for-profit helps entrepreneurs to hone business skills, access capital, build networks and develop their executive leadership.

## ***Connecting Corporations and Entrepreneurs***

Intel Commits \$200 Million to Investment in U.S. Startups: Last year, Intel launched the Invest in America Alliance to bring together companies to expand investment in American startups. This year, to advance the goals of Startup America, Intel Capital will commit \$200M of new investment in U.S. companies. Senior Intel leadership will also serve the Startup America Partnership and share best practices from years of successful programs designed to support Intel portfolio companies.

IBM Commits \$150 Million to Accelerate U.S. Entrepreneurs: IBM will invest \$150 million in 2011 to fund programs that promote entrepreneurs and new business opportunities in the United

States. The investment will be used to coach and mentor startup businesses throughout the U.S., expand education, build skills and mentorship programs in collaboration with the academic and venture capital communities, and provide skills and business opportunities to the growing community of software developers who collaborate on emerging technologies.

HP Expands Global Program to Support U.S. Entrepreneurs: HP is investing more than \$4 million in 2011 in HP Learning Initiative for Entrepreneurs (HP LIFE), a global program launched in 2007 that uses educational and technology outreach aimed at helping entrepreneurs and small business owners create and grow commercial opportunities. HP has supported more than 500,000 entrepreneurs worldwide and is expanding HP LIFE to reach more than 100,000 aspiring entrepreneurs in the U.S., in close partnership with Education Development Center Inc. (EDC), a nonprofit organization. Through HP Startup Central, a collaborative ecosystem, the company is also collaborating with technology incubators, investor communities, and entrepreneur support organizations to further fueling innovation and business growth.

Facebook Launches Startup Days to Boost Entrepreneurial Businesses Across the Country: Facebook is itself a six year old startup. As part of Facebook's ongoing commitment to encourage entrepreneurs, the company will launch Startup Days, a new series of 12 to 15 events around the country designed to provide entrepreneurs with access to expertise, resources and engineers to help accelerate their businesses. Startup Days will feature training in new technologies, special guest speakers from Facebook, the investment community and other successful engineers and entrepreneur teams, and networking opportunities with other entrepreneurs, academics and venture capitalists. These events build on Facebook's previous efforts to promote and support startups, including Facebook Platform and Developer Garage, which will be expanded in the coming year along with other initiatives to foster entrepreneurship and innovation.

### ***Accelerating Innovation***

Deshpande Foundation Will Build New Entrepreneurship Center in New Orleans: In its latest "innovation sandbox" project, comparable to a recent \$5 million investment in the cities of Lowell and Lawrence, MA, the Deshpande Foundation will join with The Idea Village and Tulane University to enhance the innovation ecosystem of New Orleans. These innovation ecosystems will foster large-scale entrepreneurship in these cities, building on the skills and talents of the local community, including local business, higher education and non-profits.

JumpStart America Launched to Accelerate Regional Entrepreneurial Ecosystems: JumpStart Inc., a nationally recognized non-profit venture development organization based in Cleveland, Ohio announces JumpStart America, a new national initiative to build robust public, private and philanthropic partnerships to create or accelerate regionally-based innovation and entrepreneurship programs. Most importantly, these efforts will accelerate the efforts and economic impact of thousands of new and existing firms across the U.S. and create hundreds of thousands of new private sector jobs in the next four years. Funders of JumpStart America's initial work include the John S. and James L. Knight Foundation and the Surdna Foundation,

which are supporting a \$40 million effort to accelerate regional entrepreneurial ecosystems in Ohio, Indiana, Michigan, Minnesota, and New York.

National Collegiate Inventors & Innovators Alliance (NCIIA) Unveils Venture Launch Pathway:

NCIIA, in partnership with The Lemelson Foundation, will expand its university entrepreneur-focused grants program, awarding nearly \$1 million of grants to entrepreneurs in 23 universities in fourteen states. NCIIA has committed new funds to expand the Myer Memorial Trust's Venture Launch Pathway at the University of Oregon, enabling significant expansion of its Green Product Design commercialization program. Since 1995, NCIIA has funded more than 370 student teams that have resulted in the launch of 100 companies across the country and an additional \$140 million in follow-on capital investment. NCIIA will provide an additional \$10 million to student innovators and entrepreneurs in the next five years.