

## United States Senate

WASHINGTON, DC 20510

COMMITTEES:  
APPROPRIATIONS  
COMMERCE  
HEALTH, EDUCATION,  
LABOR, AND PENSIONS

March 16, 2023

The Honorable Alejandra Y. Castillo  
Assistant Secretary of Commerce  
Economic Development Administration  
1401 Constitution Avenue, NW  
Suite 71014  
Washington, DC 20230

Dear Assistant Secretary Castillo,

I write in response to the Economic Development Agency's (EDA) Request for Information (RFI) on Implementation of the Regional Technology and Innovation Hub Program, published in the *Federal Register* on February 14, 2023.

The program was created with my support in the bipartisan *CHIPS and Science Act*, and was provided \$500 million in funding in the Consolidated Appropriations Act of 2023. As a member of both the Commerce and Appropriations Committees that authorized and then appropriated the funds necessary to create the Tech Hubs program, I offer my continued support for the program—and in particular—Wisconsin's interest in securing a regional hub, as well as my perspective on congressional intent as you design and implement the program.

As the Commerce Committee worked to craft its proposal, the program that took shape drew much of its inspiration from a Brookings Institute report that argued for spreading the benefits of technological innovation across the country.<sup>1</sup> Currently, the significant economic benefits of tech innovation have been concentrated in five "superstar" metropolitan areas.<sup>2</sup> Without intervention, these benefits will continue to compound (due to the nature of network effects in economic development) and draw capital and talent away from other regions.

In an effort to share the benefits of the innovation economy more broadly, the Brookings report identified mid-sized cities across the country that are actually well-positioned to develop into "growth centers" of their own. In the report's rankings of regions with the most growth potential, four regions in the top 20 were from Wisconsin and number one overall was Madison. These regions scored the highest because they were most likely to develop into a self-sustaining innovation hub—provided that they receive a commitment of capital from the federal government to serve as the spark. These rankings make clear: Wisconsin would make an ideal

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<sup>1</sup> Atkinson, Robert D., et al. "The case for growth centers: How to spread tech innovation across America". *Brookings*. December 2019. Accessible at: <https://www.brookings.edu/research/growth-centers-how-to-spread-tech-innovation-across-america/>

<sup>2</sup> (San Francisco, San Diego, San Jose, Seattle, and Boston)

location for a tech hub because it has genuine assets in research, industry, and workforce that have combined to form a foundation that—with the right public-private investment—could develop into something greater than the sum of its parts.

As EDA works to stand up the program, I want to take this opportunity to outline a few high-level suggestions. First, I encourage you to fund at least six hubs with implementation grants of at least \$50 million this year. These large investments will serve as magnets for additional capital, particularly in regions that have already demonstrated an ability to attract private funding.

Second, I encourage you to make one of your top criteria for evaluation of hubs the likelihood of success. While that may seem self-evident, overcoming the gravitational pull from the coastal superstar cities will be an incredible challenge. Successful hubs will likely already have a pull of their own that, with federal investment, can be catalyzed into a self-sustaining innovation hub. In order to ensure the new hubs can stand on their own, they have to be distant from the current superstar metropolitan areas, in order to ensure maximum geographic diversity in the national innovation ecosystem. Many members of Congress, myself included, worked hard to ensure that the Tech Hubs program would receive an appropriation in 2023 after passing the *CHIPS and Science Act* last year. The promise of geographical diversity inherent in the program was a key reason we were able to build support for the program's funding. It would be a disappointment if the investment from an implementation grant did not deliver result in new hubs in the American heartland.

Lastly, I would encourage you to consider each region's proximity to manufacturers and high-quality workforce training institutions like tech colleges. As we learned during the pandemic, long supply chains have many hidden risks. For a tech hub to take root, feedback loops will have to be short, so that ideas can move from research, to commercialization, to prototyping, to mass production quickly. Relatedly, the workers who will design and produce these products will need specialized training in emerging technologies. Proximity to technical colleges and organizations that can help workers improve their manufacturing productivity through the use of specialized equipment will be important to any hub's success.

In closing, I appreciate your attention to my submission, which I hope will inform and guide your program design, structure, and evaluation. If you have further questions, please do not hesitate to contact my office.

Sincerely,

A handwritten signature in blue ink that reads "Tammy Baldwin". The signature is written in a cursive, flowing style.

Tammy Baldwin  
United States Senator