



**MEP • MANUFACTURING  
EXTENSION PARTNERSHIP**

# MEP Advisory Board **2015 ANNUAL REPORT**





# MEP Advisory Board Report for 2015

## Letter from the MEP Advisory Board

The MEP Advisory Board had a very exciting year in 2015. This year, the Board welcomed back Carroll Thomas to MEP as the new Director of the program. The Board had worked very closely with Dr. Phillip Singerman over the last two years, while he was the Acting Director and then engaged closely with Ms. Thomas in her new role. The Board was excited to hear about the vision for the program – “To Change the Way the World Defines Manufacturing” and looks forward to continue providing an external perspective as MEP embarks on this next chapter.

The Advisory Board met in January, May and September of 2015 and many times in conjunction with other MEP Center-related meetings. In addition to the three full Board meetings, two subcommittees were formed in late 2014 that the Board continued to participate in during 2015. The Board worked closely with NIST MEP staff to help provide direction around the areas of Technology Acceleration and Board Governance, two very important topics of interest to the program.

Moving into 2016, the Advisory Board is interested in reengaging with MEP senior leadership to help provide direction and advice as MEP creates its 2017 – 2022 strategic plan. The Board also hopes to see continued progress on the work of the two subcommittees and in particular working closely to continue improving the opportunities to better connect research and technologies at NIST and other federal labs with U.S. small and mid-sized manufacturers. In addition, the Board continues to promote any and all efforts to permanently readjust the cost share to 1:1 in order for MEP Centers to better deliver on mission and reach more small and midsize manufacturers.

The Advisory Board remains committed to the MEP program and the opportunity to assist U.S. manufacturers.



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Vickie Wessel, Chair  
President  
Spirit Electronics, Inc.  
Phoenix, Arizona



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Jeffrey Wilcox, Vice Chair  
Vice President for Engineering  
Lockheed Martin  
Bethesda, Maryland



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Dr. Carolyn L. Cason  
University of Texas – Arlington  
Arlington, Texas

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Dr. Roy A. Church, President  
Lorain County Community College  
Elyria, Ohio

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Dennis Dotson  
Dotson Iron Casting  
Mankato, Minnesota

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Eileen Guarino, President & CEO  
Greno Industries  
Scotia, New York

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Bernadine Hawes, Research Analyst  
Community Marketing Concepts  
Philadelphia, Pennsylvania

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Thomas M. Lee, President & CEO  
Vulcan, Inc.  
Foley, Alabama

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William Shorma, President & CEO  
Rush-Co.  
Springfield, South Dakota

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Ed Wolbert, President  
Transco Products, Inc.  
Chicago, Illinois

## About the Manufacturing Extension Partnership

The Omnibus Trade and Competitiveness Act of 1988 created the Manufacturing Extension Partnership program (MEP) to improve the competitiveness of U.S.-based manufacturing by making manufacturing technologies, processes, and services available. Over the last twenty-seven years, MEP has focused on bridging the manufacturing productivity gap, identifying opportunities for growth, and encouraging technology deployment.

Growing from a pilot project of just three Centers to a national network of affiliated organizations in every state and Puerto Rico, MEP provides its manufacturing customers with a wide array of fundamental services in business and process improvements. Today, the MEP Centers and their partners, including community colleges, associations, and private consultants provide manufacturers with the services needed to reduce bottom-line expenses and grow top-line profits, both necessary to thrive in the global marketplace.



## About the Manufacturing Extension Partnership Advisory Board

In August 2007, Congress passed the America Competes Act (P.L. 110-69) establishing the Manufacturing Extension Partnership Advisory Board. The last [Board Charter](#), which was signed in 2015, states that the Board will meet three times per year. The Board meets to provide advice and recommendations on:

- The programs, plans and policies of MEP;
- The soundness of MEP's plans and strategies; and
- Current performance in relation to MEP program plans.



The MEP Advisory Board consists of members broadly representing the interests and needs of the manufacturing sector. The MEP Advisory Board met three times in 2015 and performed its chartered functions. In addition, individual Board members served on committees, worked directly with the MEP staff, and attended relevant meetings to collect information on MEP program status and planning activities.

This report highlights the Advisory Board observations, findings and recommendations. Detailed meeting minutes are available on the [MEP website](#).

## Board Members in 2015

The NIST MEP Advisory Board Charter indicates that the Board be comprised of 10 members, broadly representative of stakeholders, appointed by the Director of NIST. The requirements indicate that at least 2 members be employed by or on an advisory board for the MEP centers, and at least 5 other members be from U.S. small businesses in the manufacturing sector. Board terms consist of three years and are limited to two consecutive full terms. A Board member is ineligible for appointment during the one-year period following the expiration of the second term.



**VICKIE WESSEL,  
Chair**

**Second Term expires: May 2017**

Vickie Wessel is the founder and President of Spirit Electronics, LLC. She has more than 36 years of business leadership in sales, marketing, procurement, operations, contracts, finance, and quality systems management. Since its founding in 1979, Spirit has grown to support broad line electronic component distribution, supply chain solutions, and component value-added services. Vickie's innovative and business focused leadership and her continuous pursuit of quality and customer satisfaction has resulted in Spirit achieving many supplier excellence awards from Spirit's customers, Distributor of the Year by Arizona's Minority Business Development Agency, Distributor of the Year by the Grand Canyon Minority

Supplier Development Council, and Region IX Subcontractor of the Year by the United States Small Business Administration. She was a recipient of AIA's "Amelia Earhart Award," recognizing women who achieve excellence in the aerospace and defense industry. Vickie's passion for improving the contracting environment for the benefit of small businesses throughout the nation is evidenced by her active affiliation with the National Minority Supplier Development Council, the Pacific Southwest Minority Supplier Development Council, and the Women's Business Enterprise National Council. She currently serves as Vice President of the Foundation Board of the Electronic Components Industry Association, the Advisory Board of RevAz, and the Advisory Board of Enterprise Bank.



**JEFFREY WILCOX,  
Vice Chair**

**First Term expires: May 2016**

Jeffrey J. Wilcox is the Vice President for Engineering at the Lockheed Martin Corporation, responsible for leading the development and execution of engineering strategy for the Lockheed Martin Engineering Enterprise and its 60,000 engineers, scientists, and technologists. Throughout his career, Mr. Wilcox has led several critical initiatives for the Lockheed Martin Corporation, including Engineering for Affordability, the Systems and Software Initiative, the Advanced Manufacturing Initiative, and the Energy Solutions Center launch. Prior to joining Lockheed Martin, Mr. Wilcox served as Senior Vice President at Science Applications International Corporation (SAIC) in McLean, Virginia. Mr. Wilcox graduated from Drexel University with a master's degree in Electrical Engineering and Case Western Reserve University, Cleveland, Ohio with a degree in Biomedical Engineering. He serves on the Drexel University Leadership Council, the Stevens Institute of Technology School of Systems and Enterprises Advisory Board, the Aerospace Industries Association (AIA) Technical Operations Council, the MIT Open CourseWare Next Decade Alliance Advisory Council, and the US Manufacturing Competitiveness Initiative (USMCI) Steering Committee. Mr. Wilcox is an American Institute of Aeronautics and Astronautics (AIAA) Associate Fellow and a Senior Member of the Institute of Electrical and Electronics Engineers (IEEE).



**CAROLYN CASON**

**First Term expires: May 2017**

Carolyn L. Cason, Professor Ermita at The University of Texas at Arlington, has had a distinguished career as scientist, teacher, academic leader and innovator. She began her professional career as a critical care nurse and has held university teaching appointments for over 35 years. She joined the University of Texas at Arlington in 1997 as Professor and Associate Dean for Research in the College of Nursing and served as the university's Vice President for Research from 2010 to June 2015. She envisioned and built the nation's first comprehensive healthcare simulation research and development center, the Smart Hospital, creating the prototype for the nation. She led the efforts that created Smart Care (a living laboratory dedicated to developing non-invasive, pervasive technology to monitor health changes and support independent living) and the Shimadzu Institute for Research Technologies (a \$25m core facility supporting chemistry, biology, nanotechnology, and material science research). In 2014 she was named a Charter Fellow, National Academy of Inventors and in October 2015, she was inducted as Fellow, American Academy of Nursing. She serves on a number of boards including that for Tech Fort Worth, a seed incubator/accelerator supporting entrepreneurs commercializing innovative technologies.



## **ROY A. CHURCH**

**First Term expires: May 2016**

Dr. Roy A. Church is President of Lorain County Community College (Elyria, Ohio). He has served thirty-six years as a leader in comprehensive community colleges and has led the transformation of Lorain County Community College as its president since 1987. Dr. Church's hallmark initiatives during his tenure include building collaborative private and public partnerships to support education, workforce and economic development. Among these accomplishments include: establishing a renowned University Partnership Program involving 12 universities delivering over 40 bachelor and graduate degrees; the only Edison Technology Incubator on a college campus in Ohio; a \$14 million pre-seed fund for regional technology start-ups; a 46,000 square foot commercialization center for sensors and microsystems; and a 75,000 square foot Advanced Technology Center supporting advanced manufacturing containing the National Science Foundation Weld-Ed Center and rapid prototyping lab. Dr. Church co-chairs the Ohio Board of Regents Articulation and Transfer Advisory Council, Cooperative Education and Internship Advisory Committee and Complete College Ohio Task Force. He also served on the State Advisory Committee on Adult Career-Technical Programs and the Ohio Board of Regents Technology Transfer and Commercialization Task Force. Regionally, Dr. Church serves on the Northeast Ohio Council on Higher Education, NorTech Board of Directors, Manufacturing Advocacy and Growth Network (MAGNET) and Fund for Our Economic Future.



## **DENNIS DOTSON**

**Second Term expires: May 2016**

Dennis Dotson is a third generation foundryman serving as Chairman of Dotson Iron Castings in Mankato, Minnesota. The company is in the top tier of foundry suppliers and has been acknowledged by the industry's society as the "Metalcaster of the Year" out of 2,000 North American facilities. Denny has been very active in the industry serving on various Boards, past president of the Ductile Iron Society and is the current president of the American Foundry Society. He is also chairman of People Driven Performance, a startup company focused on internal communications. Dennis has a strong commitment to education and is a trustee emeritus of the Minnesota State Colleges and Universities, the governing Board for the 35 post-secondary state institutions. He is a U.S. Navy veteran and a graduate of the University of Notre Dame (1967 BBA) and the University of Chicago (1968 MBA). He currently serves on the Board of Enterprise Minnesota (a NIST MEP affiliate). The constant in his career has been the involvement in many new community, educational, and business startups.





## **EILEEN GUARINO**

Second Term expires: May 2017

Eileen Guarino is currently President and COO of Greno Industries located in Scotia, New York. Ms. Guarino attended the University of South Carolina. Early in her career, Ms. Guarino was a buyer for a clothing company which represented apparel in various resort locations throughout SC, Florida and Georgia. There she developed a women's clothing line that retailed in nine locations. Her responsibilities ranged from coordination of the annual buys to importing fabrics to be manufactured in the US. In 1988, Ms. Guarino relocated to upstate New York, where she lent her talents to her new career in the manufacturing parts business as what she calls "part of the Greno team." Greno Industries is a family owned business, and is a recognized minority women owned business in New York State. Ms. Guarino has worked to expand the company's clients to now include successful relationships in new markets throughout Europe and Asia, as well as leading the company's strategic planning growth efforts of its 60,000 sq. ft. manufacturing facility. As a result of her "Greno team" approach, she works to enhance the personal and professional growth of employees to be trained in Six Sigma and Lean Principles. One of her successes in her business career, of which she is most proud, was creating and implementing an in house high school MFG internship training program with local high school students. Ms. Guarino was the past President of the Tech Valley Global Business Network, and current Vice President of the Center of Executives Network of Manufacturing. She is also an active civic member in her chambers of commerce and the Women's Business Enterprise Network Council.



## **BERNADINE HAWES**

First Term expires: May 2017

Bernadine Hawes is an executive level nonprofit professional and economic development specialist working in the areas of project management, strategy development, compliance, and evaluation. Her most recent achievement has been the authorship of a best practices manual for small business and economic development which was funded in part through a grant from the U.S. Small Business Administration to American Cities Foundation. Ms. Hawes began her career at the University City Science Center (Philadelphia) starting as a senior-level project administrator and later Vice President. Currently she is a senior research analyst for Community Marketing Concepts. Ms. Hawes is Chairwoman of the Delaware Valley Industrial Resource Center. She also serves as on the Board of the PEC Community Development Corporation which focuses on community development initiatives in Philadelphia, is Chair of the PEC Foundation, and serves on the Advisory Board of the Philadelphia Urban League Entrepreneurship Center. Born and raised in Washington, DC, Ms. Hawes has an MS Degree from the University of Pennsylvania. She is summa cum laud graduate of Lincoln University (Pa). She has been the national co-chair of Penn's Black Alumni Society and former member of Penn's Brister Society for Diversity Inclusion.



### THOMAS M. LEE

First Term expires: May 2017

Thomas M. (Tommy) Lee has been employed by Vulcan, Inc., an aluminum manufacturing company in Foley, Alabama, since 1985. He currently is President and CEO, and also Secretary/Treasurer of Vulcan Scholarships, Inc. Prior to joining Vulcan, Mr. Lee was employed by Alabama Power Company for eight years as a Commercial Sales Engineer.

Mr. Lee moved with his family from Birmingham to Foley in 1968 and has called South Alabama home for 45 years. He graduated from Foley High School in 1974 and received his B.S. degree in Industrial Engineering from Auburn University in 1978. He and his wife, Sandra, live in Gulf Shores and together they have 3 children: David 30, Anna 27 and Marcus 22. Mr. Lee has been active in the community since graduating from college. He is a former Chairman of the South Baldwin Chamber of Commerce and a past winner of the Walton M. Vines Free Enterprise Person of the Year. He was a member of Class XVIII of Leadership Alabama and has been president of several civic, local school and professional organizations. Currently he serves as the 2nd Vice Chair of the Business Council of Alabama.



### WILLIAM SHORMA

(resigned from Board in August 2015 due to appointment to state legislature)

William Shorma is currently President and CEO of Rush-Co. in Springfield, SD, which manufactures highly engineered metal and cover systems and designs custom fabric solutions for nearly any problem or industrial application. Previously he served as President of Shur-Co and the Wahpeton Canvas Company. Mr. Shorma serves as a member of several Boards of Directors, including the South Dakota Junior Achievement, the Sioux Corporation, MMI in Montgomery AL, and the South Dakota Youth Business Adventure Camp. He is also a Board Member and Past State Chair of the South Dakota State Chamber of Commerce. He was named South Dakota Businessman of the Year by the University of South Dakota School of Business. Mr. Shorma earned his degree at the North Dakota State College of Science.





## **ED WOLBERT**

**Second Term expires: May 2017**

Ed Wolbert is the President of Transco Products Inc., a leading U.S. medium-sized manufacturer and contractor dedicated to nuclear power. Mr. Wolbert has been in the nuclear power industry for over 35 years, has been with Transco for the last 32 years, and has served as its president for the last 20 years. Mr. Wolbert oversees the daily strategic direction and tactical operations of the company, including direct guidance of its foreign activities. Mr. Wolbert is a member of the American Nuclear Society, and is also a member of ASTM (serving on the C16 committee). Mr. Wolbert continues to serve on the Department of Commerce's Civil Nuclear Trade Advisory Committee (CINTAC), after previously been both the committee's vice-chairman and chairman, and has been a vocal advocate and champion for small/medium size enterprises in the nuclear power market.





## Advisory Board Activities in 2015

The Advisory Board conducted three meetings in 2015.

The January 2015 meeting was held on the NIST campus in Gaithersburg, Maryland. During the meeting, Board members were able to participate in tours of some of the laboratory facilities to obtain a better understanding of some of the manufacturing related activities in which NIST is involved. The second meeting was held in May 2015 in Phoenix, Arizona in conjunction with an MEP System Update Meeting. The final meeting of 2015 was held in September in Dallas, Texas. This meeting was also done in conjunction with an MEP System Update Meeting. These last two meetings provided an opportunity for the MEP Board members to interact with the local MEP Center Directors and their staff. Many Center Directors attended the Advisory Board meetings as well to learn more about the priorities and strategies of the Board.

In 2015, the MEP Advisory Board focused on a number of priority items:

- Providing guidance and recommendations on MEP's efforts in technology acceleration
- Providing guidance and recommendations on MEP Center Board governance
- Reviewing the progress of the MEP System competition

In 2014, MEP welcomed four new Board members, many of whom also sit on a local MEP Center Board. One of the new members, Bill Shorma, President & CEO of Rush-Co had to resign from the Board in late 2015 due to being appointed to the state legislature. MEP is in the process of filling that vacancy and two other upcoming vacancies as well.

## Strategic Planning Efforts

At the May 2015 meeting, Dr. Singerman provided an overview of several activities that MEP has carried out in support of the strategic objectives outlined in MEP's strategic plan.

### **Strategic Goal: Enhance the Economic Competitiveness of U.S. Manufacturers (Enhance Competitiveness)**

- Strategic Objective: Deliver services that create value for all manufacturers, particularly focusing on small and mid-sized enterprises (SMEs)
  - ✓ 2015 Actions: Increased focus on SMEs is a major goal of the re-competition; permanently adjusting the cost share to 1:1 will provide Centers with flexibility to work with SMEs
- Strategic Objective: Enable Centers to make new manufacturing technology, techniques and practices usable by U.S. based SMEs
  - ✓ 2015 Actions: MEP Advisory Board Subcommittee on Technology Acceleration developed a detailed action plan reviewed by the Board in May

A close-up photograph of several wrapped caramels. The packaging is primarily green and white, with the brand name 'BÉQUET CARAMELS' and 'Celtic Sea Salt' visible. The caramels are tied with green ribbons.

**Strategic Goal: Serve as a Voice to and a Voice for Manufacturing  
(Champion Manufacturing)**

- Strategic Objective: Champion the importance of SMEs and ensure their inclusion in the economic competitiveness policies and programs of the U.S. government
  - ✓ 2015 Actions: Active participation in White House led initiatives in supply chain, NNMI, and workforce
- Strategic Objective: Increase the role of National and Center Boards
  - ✓ 2015 Actions: MEP Advisory Board Subcommittee on Board Governance developed a detailed action plan reviewed by the Board in May
  - ✓ 2015 Actions: MEP Advisory Board Subcommittee on Technology Acceleration developed a detailed action plan reviewed by the Board in May

**Strategic Goal: Support National, State and Regional Manufacturing Eco-Systems and Partnerships (Support Partnerships)**

- Strategic Objective: Provide Centers with local flexibility and adaptability to operate based on regional priorities and client needs
  - ✓ 2015 Actions: Re-competition provides Centers with the opportunity to align their strategies with their regional partners; permanently adjusting the cost share to 1:1 will provide Centers with flexibility to more actively participate in regional initiatives
- Strategic Objective: Support national policy goals
  - ✓ 2015 Actions: Leveraging on-going work at the Center level in workforce, supply chain, technology transfer; identifying national opportunities in defense adjustment, and the “maker movement”

**Strategic Goal: Develop MEP’s capabilities as a learning organization and high performance system  
(Develop Capabilities)**

- Strategic Objective: Promote system learning
  - ✓ 2015 Actions: Reinstating the National Summit in 2017
- Strategic Objective: Continue administrative reform
  - ✓ 2015 Actions: Center reporting burden has been reduced for current Centers and re-competed Centers; Increased attention to financial reporting and compliance; Improved timeliness of grant processing procedures



## Technology Acceleration

Late in 2014 the Advisory Board formed a subcommittee focused on Technology Acceleration to provide guidance in shaping MEP's Technology Acceleration strategy and activities, which was led by Jeff Wilcox, Vice Chair. The Technology Acceleration Subcommittee developed a charter, plan for gathering research, and implementation plan. The subcommittee briefed the full Board at every meeting on their recommendations and progress against them. At the May 2015 meeting, the Advisory Board was unanimous in agreement to move forward with the Implementation Plan. Major recommendations that came from the subcommittee are listed below.

### **Subcommittee Recommendations to MEP Advisory Board**

#### *Setting Priorities:*

- Adopt a rubric of agreed-upon criteria for evaluating future Technology Acceleration opportunities, setting priorities, and investing and allocating resources.
- Give priority to developing and implementing Technology Acceleration opportunities with NIST labs and National Network for Manufacturing Innovation (NNMI) Institutes over the next year, while also pursuing the emerging collaboration with DOE labs.

#### *Barriers and Incentives: Reduce Risk:*

- The MEP system should work diligently to enable permanent change in the cost share requirement to 1:1 to reduce Centers' risk of experimenting with Technology Acceleration services.
- Provide more competitive/supplemental funding to Centers willing to experiment with Technology Acceleration strategies, tool development, and partner development.

#### *Professional Development/System Learning:*


- Develop an 18-month plan for system learning across the MEP system that would include education on new technologies, their implications, and Technology Acceleration strategies employed by Centers.
- Launch a Technology Acceleration Working Group to encourage peer-to-peer learning and build relationships that strengthen the network.

#### *Performance Measures:*

- Review MEP Center performance measures to explore quantitative and qualitative options for capturing impacts or other ways for acknowledging Centers' work as they engage in Technology Acceleration activities.
- Work with Centers to encourage and assist in developing useful metrics for Technology Acceleration activities.

#### *Scale-Up and Sustainability:*

- Work with Centers to consider formal options for how to best stay informed about the growing number of cross-cutting technologies and emerging opportunities in order to fully engage and leverage the value of the MEP Centers.



In addition to the Technology Acceleration Subcommittee activities, NIST MEP shared with the Advisory Board other examples of ongoing activities resulting from the focus on Technology Acceleration including working with the NNMI and better collaboration with the NIST laboratories. At the January 2015 meeting, Dr. Richard Cavanaugh, then Acting Associate Director for NIST Laboratory Programs, spoke to the Board about the various laboratories, programs, and initiatives that are happening at NIST. As referenced above, the Board was able to tour three NIST facilities including the Manufacturing Robotics Testbed, the Center for Automotive Lightweighting, and the Additive Manufacturing Facility. All of these present opportunities for the MEP Centers and the program will continue to explore how Centers and their manufacturing clients can benefit from these facilities. At the May 2015 meeting, staff from the Digital Manufacturing and Design Innovation Institute (DMDII) were in attendance and spoke briefly about the opportunities that exist between the Institute, MEP Centers and their manufacturing clients. The DMDII is a federally funded research and development organization that encourages companies across America to deploy digital manufacturing and design technologies so those companies can become more efficient and cost-competitive.

## Board Governance

Also late in 2014, the Advisory Board formed a subcommittee on Board Governance that was led by Vickie Wessel, Chair. The subcommittee was tasked with developing opportunities to improve Board governance and identifying distinctive practices. The purpose of forming this subcommittee was to help implement the strategic objective of increasing roles of the National and Center Boards. The Board Governance Subcommittee examined how to increase connectivity between the National Board and Center Boards, ensure that Board members serve as manufacturing advocates, and strengthen Board accountability. The team received input from NIST MEP, the Advisory Board, Center Boards and Center Directors.

The goals and objectives of this subcommittee were to:

- Evaluate mechanisms and facilitate linkages to increase communication between the MEP Advisory Board and MEP Center Boards
- Inventory distinctive practices across Center Boards
- Develop and evaluate performance systems for Fiduciary and Advisory Boards

The subcommittee developed an implementation plan to help achieve each of the major goals and objectives.

Objective #1- Evaluate mechanisms and facilitate linkages to increase communication between the MEP Advisory Board and MEP Center Boards. The approach for this objective was to develop a communications plan which lays out regular interactions between the Boards. At the March 2016 meeting, Center Boards and the National Board members will come together in a joint meeting to discuss opportunities for better engagement.

Objective #2 - Inventory distinctive practices across Center Boards. In order to achieve this objective, the subcommittee decided to establish a tiered framework and Distinctive Practice Program, which included three levels: (1) Research Validated Distinctive Practice, (2) Field Tested Distinctive Practice and (3) Promising Practice. Distinctive practices would also be looked at across the following categories: Mission, Leadership, Conduct of Operations, Financial Health, and Board Organization and Development.



Objective #3 - Develop and evaluate performance systems for Fiduciary and Advisory Boards. After reviewing various systems of Board monitoring, attributes and measures of successful Boards, and a monitoring approach, the subcommittee to evaluate Board self-assessment tools and share examples of assessments the system using with the MEP Centers.

At the May 2015 meeting, the Advisory Board gave unanimous consent to move forward with the Implementation plan of the Board Governance Subcommittee.

## MEP System Competition

In March 2014, the Government Accountability Office recommended that MEP update its distribution of funds, which were allocated according to the award each Center received when it was first established – some as much as 20 years ago. As a result of this recommendation, MEP developed a strategy for executing four separate state competitions over three years beginning in 2014 and concluding in 2017. The process for this competition and the status of each round was reviewed with the Advisory Board at each meeting.



### Round 1 MEP State Competition

In August 2014, NIST announced the Round 1 Federal Funding Opportunity (FFO) competition for the Centers in Colorado, Connecticut, Indiana, Michigan, New Hampshire, North Carolina, Oregon, Tennessee, Texas, and Virginia. These 10 states were the first step in a multi-year effort to update MEP's funding structure to better match resources with needs. The states for this round as well as subsequent rounds were chosen based on a combination of factors including the timing of their current award, geographic diversity, and the GAO recommendation to realign the distribution of Center funds across the system.

On October 15, 2014, MEP received proposals from the states above, which were reviewed by government and independent experts and evaluated against a number of criteria, including demonstration of a thorough understanding of market needs and how proposed service offerings would meet those needs. The reviewers also looked at the proposed business models, performance measurements and metrics, partnership potential, staff qualifications and program management, as well as financial and non-federal cost-share plans.

On February 24, 2015, NIST announced the award of 10 new cooperative agreements totaling \$26M per year with a 5-year period of performance based on availability of funds and continued successful performance. These awards had a start date of July 1, 2015.

The Round 1 awardees were:

- **Colorado:** Manufacturer's Edge (Boulder) - \$1,668,359
- **Connecticut:** CONNSTEP, Inc., (Rocky Hill) - \$1,476,247
- **Indiana:** Purdue University/Indiana MEP (Indianapolis) - \$2,758,688
- **Michigan:** Industrial Technology Institute/Michigan Manufacturing Technology Center (Plymouth) - \$4,299,175
- **New Hampshire:** New Hampshire Manufacturing Extension Partnership (Concord) - \$628,176
- **North Carolina:** North Carolina State University/North Carolina Manufacturing Extension Partnership (Raleigh) - \$3,036,183



- **Oregon:** Oregon Manufacturing Extension Partnership (Tigard) - \$1,792,029
- **Tennessee:** University of Tennessee, Center for Industrial Services/Tennessee Manufacturing Extension Partnership (Nashville) - \$1,976,348
- **Texas:** The University of Texas at Arlington/Texas Manufacturing Assistance Center (Arlington) - \$6,700,881
- **Virginia:** A.L. Philpott Manufacturing Extension Partnership/GENEDGE Alliance (Martinsville) - \$1,722,571



### Round 2 MEP State Competition

On March 9, 2015, a FFO was issued for MEP Centers in the states of Alaska, Idaho, Illinois, Minnesota, New Jersey, New York, Ohio, Oklahoma, Utah, Washington, West Virginia, and Wisconsin. On June 1, 2015, MEP received proposals and again they were reviewed by government and independent experts and evaluated against a number of criteria.

In September and November 2015, NIST announced the award of 10 new cooperative agreements totaling \$25M per year with a 5-year period of performance based on availability of funds and continued successful performance. These awards had a start date of January 1, 2016.

- **Alaska:** Southwest Alaska Municipal Conference (Anchorage) – \$269,687
- **Idaho:** Boise State University (Idaho TechHelp, Boise) - \$640,236
- **Illinois:** Illinois Manufacturing Excellence Center (Peoria) - \$5,029,910
- **Minnesota:** Enterprise Minnesota, Inc. (Minneapolis) - \$2,653,649
- **New Jersey:** New Jersey Manufacturing Extension Program, Inc. (Cedar Knolls) - \$2,814,432
- **New York:** New York State Department of Economic Development (Albany) - \$5,985,194
- **Oklahoma:** Oklahoma Alliance for Manufacturing Excellence, Inc. (Tulsa) - \$1,309,080
- **Washington:** Washington Manufacturing Services DBA Impact Washington (Mukilteo) - \$2,534,872
- **West Virginia:** West Virginia University Research Corporation (Morgantown) - \$500,000
- **Wisconsin:** Wisconsin Center for Manufacturing & Productivity, Inc. (Madison) - \$3,250,792

Awards were not made in the state of Ohio or Utah and these states will be included in the Round 3 competition.

In order to ensure all potential applicants are aware of these FFOs, the MEP program increased the outreach through many of our partner organizations and also conducted Regional Forums in advance of the FFO being published to allow potential applicants to gain a better understanding of the program and ask questions.



### Round 3 & 4 MEP State Competition

MEP announced the Round 3 competition in January 2016. Applicants awarded under this FFO will have a start date of approximately October 2016. States planned for this competition round include **Alabama, Arkansas, California, Georgia, Louisiana, Massachusetts, Missouri, Montana, Ohio, Pennsylvania, Puerto Rico, Utah, and Vermont.**

The targeted time-frame for the Round 4 FFO is approximately July 2016 and applicants awarded under this FFO will have a start date of approximately April 2017. States planned for this competition round include **Delaware, Hawaii, Iowa, Kansas, Maine, Mississippi, New Mexico, Nevada, North Dakota, South Carolina, and Wyoming.**

## NIST MEP Budget

Support for the MEP program has been strong throughout the last few years. The FY2016 appropriations received are at \$130M, which remained the same as FY2015 funding. The President’s FY2017 budget request for MEP was released on February 10, 2016 and is for \$142M in funding. The majority of MEP’s funding is in direct support of the MEP system’s work with manufacturing firms, such as awards to Centers or contracts to train MEP Center staff.

### FY2015 – FY2017

	FY2015 Enacted	FY2016 Enacted	FY2017 Requested
<b>Hollings Manufacturing Extension Partnership</b>	\$130M	\$130M	\$141M

Any increases in funding would be used to provide direct support to the MEP Centers and their clients. In addition, the funding increases would allow MEP to complete the MEP system competition to ensure that all MEP Centers receive the appropriate amount of funding proportionate to the number of SMEs in their state. The MEP Advisory Board appreciates the continued support of the Administration and Congress to provide funding for the MEP program. In addition, the Board recognizes and commends NIST MEP for its diligence in managing its budget.



## Readjusting the Cost Share to 1:1

Over the past four years the cost share issue has been exhaustively analyzed by various congressionally directed reports and independent studies, including: GAO Reports in 2011 and 2014; the National Research Council on the National Academies 2013 Report; and a NIST Report and NIST MEP Advisory Board Report from 2013 on *Analysis and Findings of the Cost Share Requirements for the Hollings Manufacturing Extension Partnership Program*. The major finding of the reports was that the 2:1 requirement impeded the ability of the Centers to fulfill their public mission, e.g., serve hard to reach rural firms, participate in regional economic activities, and support important national priorities such as workforce development and manufacturing scale up.

The Advisory Board report concluded that a cost share policy supports the mission of the program and its statutory goals, but recommended readjusting the cost share requirement to 1:1 “in order to optimize the federal investment and provide for the long-term sustainability of the program.” The Advisory Board also observed that the goal should be “maximizing program performance through a balanced application of evaluation mechanisms that appropriately include but are not limited to cost share (e.g., center performance metrics)”

The National Research Council’s report on 21<sup>st</sup> Century Manufacturing found that the “fixed” 2:1 matching requirement is “frozen in place,” limits the adaptability of the system, impedes NIST’s ability to reward performance, amplifies declines in State support, drives MEP centers to focus on clients’ ability to pay rather than on outreach to small and under-served companies, and creates a “fog of in-kind contributions.” The NRC recommended changing the matching requirement to “one-to-one” which would improve the financial stability of MEP centers, encourage long term planning and transition to next generation strategies,

provide more flexibility in managing the program, and bring MEP cost share in line with other Commerce programs.

In the Administration’s FY15 budget request, the Administration noted that in FY2013 MEP had begun a broad based strategic planning process and developed an operational reform agenda. In support of these reforms, the Administration urged Congress to consider the potential benefits of adjusting the cost share requirement from the current 2:1 ratio in order to provide greater flexibility and incentives to develop innovative tools, increase service to rural, young and entrepreneurial firms, and support workforce development, technology transfer, manufacturing scale-up and enhanced domestic supply chain competitiveness.

Subsequently, in July 2014 the House passed H.R. 5035, the “NIST Reauthorization Act of 2014” which would, among other reforms, require mandatory recompetition of centers after 10 years of continuous operation, permanently adjust the cost share to 1:1, require the local Center advisory boards to strengthen accountability and compliance mechanisms, and provided for increased private sector representation on the national MEP advisory board. In May 2015 the House passed H.R. 1806, the “America COMPETES Reauthorization Act of 2015” which contained the same provisions as in H.R. 5035.

The MEP Advisory Board reiterates its strong interest in and support for getting the cost share permanently changed to 1:1.



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