

Incubator Network and Startup Success Act

Senators Maggie Hassan and Josh Hawley

Background: [Fewer than half](#) of all startups are still in business after five years. Startup incubators provide critical resources to help businesses navigate these early stages, including low-cost space, access to capital, business counseling, and mentorship opportunities. The programs provided by incubators help transform startups into successful small businesses.

According to a study conducted for the Economic Development Administration, investment in business incubators has a large impact on community economic development, with investment in incubators creating [20 times more jobs](#) than other community investment projects.

The Problem: Despite the economic benefits of startup incubators, access to incubator resources is frequently limited by a startup's location. Startups in rural areas, for example, may have less access to incubator facilities. In general, startups may not have access to innovative programs offered by distant incubators in their state or region.

The Solution: By joining into a network, individual incubators can extend the geographical reach of their programs to startups throughout their region. Incubator networks share resources, information, and best practices among members. Frequently, networks also provide reciprocal privileges in using member incubator facilities and offer common access to assistance programs.

The Incubator Network and Startup Success Act: Though many states and regions have formed incubator networks, they remain underutilized. Further, existing networks often face challenges with management and the facilitation of communication between members. This bill would expand the resources available to startup incubators within a network and to incubators planning to develop a network. Specifically, the bill would:

1. Encourage the development of incubator networks by creating an annual competitive grant program within the Economic Development Agency's Office of Innovation and Entrepreneurship. The bill would allocate \$2 million in annual funding to provide competitive grants of \$50,000 to each incubator that is a member of a current or planned network. Networked incubators would be required to raise private capital to match the award 1-to-1 and to demonstrate that awards could be successfully leveraged to expand access to the programs available throughout the network – including in rural areas. The program would incorporate criteria to ensure that networks are expanding opportunities for women, minorities, veterans, people who experience disabilities, and disadvantaged entrepreneurs.
2. Support and maintain startup incubator networks by creating two positions within the Economic Development Agency charged with administering the competitive grant program. The duties of these positions would include facilitating incubator network activities and coordinating with state economic development agencies. Though incubators can currently network independently, there is frequently no individual responsible for facilitating resource sharing between incubators. This has led to challenges for existing and planned incubator networks.

The Incubator Network and Startup Success Act is endorsed by:
Center for American Entrepreneurship, International Business Innovation Association,
Small Business and Entrepreneurship Council, and Engine