



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 1, 2007
(House Rules)

STATEMENT OF ADMINISTRATION POLICY
H.R. 1868 – Technology Innovation and Manufacturing Stimulation Act of 2007
(Rep. Wu (D) Oregon and 5 cosponsors)

The Administration opposes House passage of H.R. 1868 in its current form. The bill conflicts with the Administration's Research and Development Criteria by diverting funds from critical, high-return basic research to support subsidized management consulting activities and a Technology Innovation Program (TIP) modeled on the Advanced Technology Program that was proceeding toward termination last Congress, as the Administration has proposed for the past five years. These external commercial support programs would be authorized at a total of \$223 million in Fiscal Year 2008, and would increase by more than 18 percent in FY 2009. The Administration does not support the level of funding or the focus and structure of the programs as currently reflected in the bill. The Administration recognizes that a Manager's Amendment may be offered that is intended to improve the bill by refocusing TIP awards on areas of national need. However, the bill still permits grants to large corporations, limits the role of universities and national laboratories, and does not target major societal challenges.

The Administration continues to believe that investing in basic research is a higher priority. Last year the President proposed doubling support for high-payoff physical science research in the National Institute of Standards and Technology (NIST), the National Science Foundation, and the Department of Energy's Office of Science over the coming decade as part of the American Competitiveness Initiative (ACI). Compared with the amounts required to double NIST's core research and facilities funding, H.R. 1868 provides \$22 million less in FY 2008 than the President requested and authorizes less funding than the Administration recommends in FYs 2009 and 2010. Such investment in NIST's core measurement and standards capabilities has demonstrated a significant, and often exceptional, return to the economy. Studies commissioned by NIST to evaluate the economic impacts of its core standards activities generally show benefits far greater than costs – the benefit-cost ratio across 19 of these studies averaged 44:1, indicative of the great leveraging of NIST's work in the economy. The research funding increases for NIST proposed in the ACI have been broadly endorsed by the science community, most recently in the "American Innovation Proclamation"— a package of targeted recommendations by America's business and higher education leaders.

The House bill would divert NIST resources from core basic research activities toward less meritorious industrial policy. The Administration urges the House to amend the bill to address these concerns.

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