



Office of Science and Technology Policy
Executive Office of the President
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PROMOTING INNOVATION

The President is committed to harnessing the power of technologies, and investing in the next generation of technologies, to achieve his three main goals for America: winning the war on terrorism, protecting the homeland, and strengthening the economy. This commitment is reflected in the President's 2004 Budget, which provides significant new resources to help ensure that America remains the most innovative nation in the world by:

- **Investing in Research and Development.** The President's Budget provides for an unprecedented \$123 billion investment in R&D, up seven percent from the 2003 request level. The President, recognizing that fundamental research is the fuel for future technology development, has requested a five percent increase for basic research in the 2004 Budget—to more than \$27 billion. Key areas of investment include:
 - **Networking and Information Technology Research and Development.** Industries that produce information technology generate some of the best and highest paying new jobs in our nation, and strongly contribute to productivity growth. Recognizing the importance of investments in IT research in helping to promote innovation in this sector, the 2004 Budget provides for an increase of six percent – to \$2.2 billion – in funding for key research efforts in computing and networking.
 - **Nanotechnology.** The President's Budget includes \$847 million in funding aimed at advancing fundamental understanding of nanoscale phenomena – unique properties of matter that occur at the level of clusters of atoms and molecules. This increased understanding promises to underlie future revolutionary advances that will contribute to improvements in medicine, manufacturing, high-performance materials, information technology, and environmental technologies.
 - **Science and Technology to Combat Terrorism.** America's success in preventing, detecting, and responding to terrorist activities will depend on the development of new technological tools. The President's Budget continues the Administration's strong support of research and development to counter emerging terrorist threats by providing over \$900 million in funding for R&D within the Department of Homeland Security.
- **Increasing the Federal Investment in Information Technology.** The President's Budget includes a \$6.4 billion increase in information technology spending, bringing the total to \$59.1 billion. These new expenditures will be carefully targeted to drive better government performance in critical areas, such as winning the war on terrorism, and speeding the delivery of critical government services. E-Government, an important pillar of the President's Management Agenda, is bringing about real reform in the management of government.

Stimulating Private Investment in R&D and Protecting Intellectual Property. The President recognizes the importance of creating an environment in which entrepreneurs can turn innovative ideas into new products, new companies, and new jobs. Thus the President's Budget calls for making the Research and Experimentation tax credit permanent in order to stimulate private sector investment in R&D. In addition, the President proposes spending \$1.4 billion, \$70 million more than in the 2003 Budget request, to enable the Patent and Trademark Office (PTO) to begin implementation of a strategic plan aimed at improving the quality of patents that are issued and shortening the time it takes to get a patent. The proposal also significantly increases PTO's access to its fees.