May 2, 2005

The Hon. Frank Wolf
Chairman
Subcommittee on Science, State, Justice, Commerce and Related Agencies
House Committee on Appropriations
H - 309
The Capitol
Washington, DC 20515 - 6017

Dear Chairman Wolf;

The undersigned companies, associations, universities and colleges and professional societies write to you on behalf of more than one million scientists and engineers, and 90 percent of America’s industrial capacity. We urge Congress to increase investment in the National Institute of Standards and Technology (NIST) — which is vital to our industrial innovation, global competitiveness, and national security — by at least 7 percent overall from its FY 2005 level of funding, i.e. from $695.3 million to $744 million.

Under the Administration’s FY 2006 request, overall NIST funding has been slashed by 23.5%, or $163.4 million to only $532 million. While not a large agency, ongoing damage to NIST must be seen as part of a larger pattern of erosion of U.S. scientific talent and capability.

It is vitally important that we understand the causal link between federal investment in our innovation infrastructure, and the ensuing benefits which result from this investment. In particular, we ask your support for the following NIST Programs:

1. **NIST Laboratories**

The world-leading standards and measurement work carried on by NIST for a century underlies every test or experiment carried out in industry and higher education and provides the foundation for U.S. quality control, innovation and competitiveness. Any list of specific applications is lengthy and impressive. A cursory glance of essential programs would include: building and fire codes (including smoke detector sensitivity standards which have prevented many fire-related deaths every year); dealing with the terrorist threat; bullet-proof body armor; precision machining and semiconductor manufacturing; nanotechnology; cyber security; health care quality; voting technology; new fuel composition technologies; and the energy efficiency of appliances.

The NIST Labs appropriation from Congress provides a foundation for NIST laboratories to conduct critical, and compensated, work on behalf of numerous other Executive Branch agencies like the Department of Homeland Security, the U.S. Department of Energy, the Department of Defense, EPA, etc.
Many independent studies show that every dollar invested in NIST measurement and standards programs returns at least three dollars in national economic benefits. In the last few years, NIST scientists have garnered two Nobel prizes in physics, yet the cuts in the FY '06 budget guarantee risk a significant reduction in force because the President’s budget proposal does not include sufficient funds for other NIST priority programs.

We support the Administration’s request to provide $420.6 million for NIST’s laboratory programs. Unfortunately, as recent Congressional hearings have demonstrated, it is unclear how much of this amount will actually go toward NIST Labs programs and how much will be needed to shut down the Advanced Technology Program (ATP) which is scheduled for elimination. Finally, a 12.7% increase in NIST Labs’ budget will only partly compensate for damaging cuts which occurred two years ago.


We oppose slashing the MEP Program, which would be cut 56.5% from $107.5 million to $46.8 million. Instead, we request Congressional support for MEP of at least $115 million. This would enable MEP to conduct activities at last year’s level, plus an additional 7 percent increase of $8 million to cope with inflationary increases and enable the same level of effort from FY ’05.

The MEP is a nationwide network of centers that supports centers that provide hands-on technical and business assistance to smaller manufacturers. Working through not-for-profit managed centers, the Centers are funded by federal, state, local and private resources to serve manufacturers. That makes it possible for even the smallest firms to tap into the expertise of knowledgeable manufacturing and business specialists all over the U.S.

Centers often help small firms overcome barriers in locating and obtaining private-sector resources. MEP has assisted over 149,000 firms to date. In a survey of NIST MEP clients served from October 2002 through September 2003, 4,865 companies around the country reported that as a result of NIST MEP services, they: created or retained 50,000 jobs; increased sales by $1.5 billion; retained another $2.6 billion in sales; and invested $912 million in modernization.

As American manufacturing stagnates and U.S. manufacturing jobs continue to flow overseas (more than 2.3 million in the past three years alone), Congress should fund MEP at a minimal level to help our manufacturing sector remain competitive.

3. Advanced Technology Program (ATP)

NIST’s Advanced Technology Program (ATP) has been one of the most successful of all federal R&D programs. ATP bridges the gap between the lone researcher with a break-through idea, the entrepreneur, the research lab and the market place.

ATP creates new jobs and helps struggling small companies survive their perilous journey through the “valley of death,” i.e. the period between invention and proof of concept of a technology, and the actual financing, development and commercialization of the technology. ATP has awarded 709 project grants from a universe of more than 5,200 deserving applications over the past decade.

We can only conjecture what potential inventions and technologies were passed over by ATP’s dedicated staff due to budget restraints. We will never know for sure what patents were lost and what industries of the 21st Century could have enjoyed a U.S. base of operations but for “budgetary savings” that short-changed ATP, our economy and our workforce during the last Recession.
Out of 709 projects selected by the ATP since its inception, well over half of the projects included one or more universities as subcontractors or joint-venture members. Seventy-nine percent of all single-company awards are won by small firms, and half of all joint ventures are led by small or medium-sized companies. The ATP is the most thoroughly reviewed federal R&D program -- and it has held up to the scrutiny. A National Academies of Science panel headed by Intel co-founder Gordon Moore (of "Moore’s Law" renown) found as follows: “The ATP is an effective federal partnership program ... [I]t appears to have been successful in achieving its core objective, that is, enabling or facilitating private-sector R&D projects ... where social returns are likely to exceed private returns to private investors.”

We request that ATP be funded at the level recommended in the Senate Budget Resolution adopted in March 23 of this year: $142.3 million.

4. Baldrige Quality Award

Also not to be overlooked are the Baldrige Quality Award – we support the Administration request to increase its funding by 4.9% to $5.7 million from $5.4 million. This small sum is matched by about 20 times that effort in industry — and each year thousands of organizations use the Baldrige criteria to improve their own performance standards. A hypothetical portfolio of the stocks of Baldrige award-winners has outperformed the S&P 500 Index in 9 years out of 10, and by margins of up to 6:1. How many federal programs far surpass original expectations?

Conclusion

NIST is a vital agency whose work to make American industry the most efficient and productive in the world should be promoted, not cut back.

Deep cuts in NIST’s budget are totally inappropriate at a time when America’s foreign competitors are closing in on us with a wide array of technologies and strategies. With our innovation “ecosystems” being challenged worldwide on virtually all fronts, America cannot afford to short-change NIST and our nation’s innovation future.

Sincerely,

The Undersigned

(Please see attached listing current as of May 2, 2005)
Support Signatures for NIST Funding Letter
May 2, 2005
Bolded Entry indicates Endorsing Organization or Individual

Kellie Johnson
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Gunther Baubock
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Dr. Peter S. Unger, President
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Coalition for NIST Funding

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