



September 19, 2006

Majority Leader William Frist
U.S. Senate
Washington, DC 20510

Dear Majority Leader Frist,

Nearly four years after the Electronic Industries Alliance (EIA) and the Telecommunications Industry Association (TIA) began to devote our resources to promoting a bipartisan national vision and strategy on innovation and global competitiveness, 2006 has proved to be a critical year for action. Between the President's State of the Union call for an American Competitiveness Initiative (ACI) and the numerous bipartisan bills introduced in Congress addressing the ACI goals and other areas important to U.S. competitiveness, we hoped to label 2006 the "Year of Innovation." We write today asking for your help in achieving victory before the close of the 109th Congress.

Among the most important pieces of the competitiveness agenda this year is the final passage of the **Commerce, Justice and State and Energy Appropriations Acts** that will mark the first step in increased investment in the physical sciences in key federal research offices, including the National Science Foundation (NSF), the National Institute of Standards & Technology (NIST) and the Department of Energy's Office of Science. Bills passed by the full House and the Senate Appropriations Committee have funded the ACI's three target agencies at the President's requested level of about \$10 billion in FY2007, demonstrating Congress' crucial support and commitment to fostering innovation in our country. Approving FY2007 research funding requests is a critical step toward meeting the goal of doubling investment in these three offices over the next 10 years. We ask for your strong support in ensuring that these appropriations bills are voted on in the Senate, conferenced and sent to the President so he can sign them into law by the end of the year.

Two other key components of the competitiveness agenda that are top priorities for our member companies are the provisions that would seamlessly extend and enhance the **R&D tax credit** and provide **reform for highly skilled worker visas**. Since 1981, businesses have relied on the R&D credit to make responsible decisions about future U.S.-based R&D activities, but the uncertain nature of the credit nine months after its lapse and the failure to enact broadly supported provisions that make it more widely available threaten to undermine innovative research in our country. Companies are nearly at the end of the third quarter, and it is critical that a bill providing for a seamless extension and enhancements be sent to the President before the end of September.

In addition, we urge you to focus this year on ensuring that U.S. employers have access to highly skilled workers who foster prosperity, through provisions that would: exempt U.S.-educated foreign workers with advanced degrees from the H-1B and employment-based green card quotas; create flexible and market-based H-1B market caps so that U.S. employers are not locked out of hiring the best people for a year at a time; and provide exemptions for employment-based green cards for immigrant spouses and children from the annual cap, making more visas available to highly educated workers.

We are deeply appreciative of the bipartisan effort that has been made in the Senate to advance the innovation agenda. The **National Competitiveness Investment Act** is the culmination of a great deal of work done by a number of Members (and their invaluable staff members), including Senators Alexander, Bingaman, Domenici, Ensign, Enzi, Hutchison, Inouye, Kennedy, Lieberman and Stevens. While there will still need to be some tough choices made in this bill, which includes many worthy goals, EIA, TIA and our member companies – nearly 1,300 manufacturers and service providers at the heart of the information and communications technology (ICT) and innovation economy – are pleased to see many of the recommendations from EIA’s policy playbook, *The Technology Industry at an Innovation Crossroads*, and TIA’s white paper, *Investing in Communications for Tomorrow’s Innovations*, in this legislation. Among a few of our key priorities, we would note:

- summer programs – and financial incentives – that will strengthen the skills of experienced K-12 science, technology, engineering and math (STEM) teachers;
- increased funding for the Manufacturing Extension Partnership and other elements of NIST;
- encouragement of high-risk, high-reward research at various federal agencies, including NASA and the Department of Energy;
- the inclusion of business community representatives in ensuring that state STEM curricula are aligned with the needs of the 21st century workforce;
- increased funding for NSF, including programs targeting STEM education;
- the establishment of a grant program for basic research in advanced ICT, as well as the creation of an Advisory Board that includes industry representation; and
- the creation of a President’s Council on Innovation & Competitiveness, recognizing that this must be an Administration-wide and -coordinated effort.

We believe these provisions, along with targeted appropriations, seamless extension and enhancement of the R&D tax credit and reform for skilled worker visas, are an excellent base upon which to build a strengthened U.S. innovation economy that will continue to create high-skilled, high-paid jobs and foster continued entrepreneurship and groundbreaking scientific discovery.

The call for a national innovation vision and strategy is no less urgent today than it was when we began our work four years ago, and we are grateful for the thoughtful ideas that have been presented and embraced by policymakers and by President Bush. EIA, TIA and our members deeply appreciate your support of the important pieces of legislation introduced this year and are eager to help in any way that we can as you work towards passage of a comprehensive innovation package before the end of the 109th Congress.

Sincerely,



Dave McCurdy
President & CEO
Electronic Industries Alliance



Matt Flanigan
President
Telecommunications Industry Association

cc: Senate Minority Leader Harry Reid
Senate Majority Whip Mitch McConnell
Senate Minority Whip Richard Durbin