



The Honorable Judd Gregg
Chairman, Subcommittee on Commerce, Justice, State and the Judiciary
Senate Committee on Appropriations
S-146A The Capitol
Washington, DC 20510

September 16, 2004

Dear Chairman Gregg,

On behalf of the more than 2,500 corporate members of the Electronic Industries Alliance (EIA), I want to thank you for developing and facilitating the adoption of legislation this week that will fully fund the Advanced Technology Program (ATP) and the Manufacturing Extension Partnership (MEP) in FY2005. The long-term, high-risk research and development that the ATP encourages and the support for small and medium-sized manufacturers that the MEP provides are the foundation for future jobs and economic growth in the U.S., and our industry has a strong interest in seeing these important programs maintained.

The \$203 million level of funding you approved for the ATP in FY2005 – including \$60.7 million for new awards – is an encouraging and significant increase from FY2004's \$179.1 million. This funding will provide research-intensive companies with grants that will stimulate pre-competitive research in important fields, including electronics, computer hardware, communications and information technology. The bottom-line value of investing in R&D for next-generation innovations is clearer than ever: a *Harvard Business Review* study of high-tech firms shows that next-generation innovations – which represent only 14% of product launches and 38% of revenue – generate 61% of profits. The awards provided through the ATP set the stage for this type of research and strengthen our innovation infrastructure at a time when we face increasing competition on this front from around the world.

We also applaud the \$112 million included for the MEP in FY2005. This program is critical to promoting innovation among small and medium-sized manufacturers in the U.S. as they adapt to structural changes in the economy and seek to remain competitive in global markets. A survey of 2002 and 2003 MEP awardees revealed that 5,000 companies were able to create or retain 35,000 jobs and invest \$94 million in modernization, among other achievements. This program truly helps companies in the U.S., and we appreciate your recognition of its value.

Again, thank you for your critical support for these important programs. We look forward to working with you to maintain these funding levels as the appropriations process moves forward in Congress.

Sincerely,

A handwritten signature in black ink that reads "Dave McCurdy".

Dave McCurdy
President

cc: The Honorable Ted Stevens, Chairman, Senate Committee on Appropriations
The Honorable Robert C. Byrd, Ranking Member, Senate Committee on Appropriations
Members of the Commerce, Justice, State and the Judiciary Subcommittee, Committee on Appropriations