

April 21, 2022

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Charles Schumer
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
Washington, DC 20510

Dear Speaker Pelosi, Leader McCarthy, Leader Schumer, and Leader McConnell:

Thank you for prioritizing America's economic competitiveness by advancing expanded investments in science and innovation in the *America COMPETES Act of 2022 (COMPETES)* and the *United States Innovation and Competition Act of 2021 (USICA)*. SSTI, on behalf of our member organizations across the U.S., strongly encourage both chambers and parties to come together and pass this important legislation as quickly as possible.

SSTI, a national nonprofit, was founded in 1996 to strengthen initiatives that create a better future through science, technology, innovation and entrepreneurship. We advance this mission in conjunction with more than 160 state and local governments, institutions of higher education and nonprofit organizations working in regions throughout the country. These entities support the researchers, workers and entrepreneurs who will be impacted most directly by this legislation.

In reaching an agreement on the competitiveness legislation, SSTI encourages the chambers to consider the following priorities:

Regional Technology Hubs

The regions of the country that we associate most strongly with technology leadership—including Silicon Valley, Route 128 near Boston, and the Research Triangle—were in no small part catalyzed by concentrated federal investment of research and development (R&D) funding. In recent decades, state and regional efforts have played a significant role in bolstering regional competitiveness and technology advancement. However, as Congress looks to accelerate a new set of technology hubs as one means of improving America's economic competitiveness and bringing geographic diversity to the economic benefits of innovation, there is no doubt that federal funding can, and should, be a key component of this strategy.

In testimony about regional innovation economies before the House Subcommittee on Research and Technology last June,* SSTI President and CEO Dan Berglund stated that a responsible federal program should: (a) bring all actors together to work collaboratively; (b) develop an approach that is customized to the local strengths, capabilities, needs and culture of the region; and, (c) make long-term, sustained commitments that are of a scale to make a difference.

We are pleased to see that the Regional Technology Hubs authorization language suggested by each chamber would address each of these elements. If this program is passed and funded, it will help build new

* *Building Regional Innovation Economies*, 117th Cong. (2021, June 9) (Testimony of Dan Berglund).
<https://science.house.gov/imo/media/doc/Berglund%20Testimony.pdf>.

centers of American science and technology—not only strengthening our national economic footing but also helping to better distribute the employment and other economic opportunities created by innovation throughout the country.

As proposed in both chambers, Congress should authorize a Regional Technology Hubs program within the Department of Commerce as a means of catalyzing additional regions with science and technology strengths throughout the country.

Further, SSTI recommends the following:

- Congress should adopt the House’s language that an eligible consortium “(1) includes 1 or more of *each of the following*.” This definition will help incorporate a broader range of appropriate entities into the applicant partnership.
- Congress should adopt the Senate language’s emphasis on supporting a greater number of Hubs.
- Congress should ensure that the Department of Commerce can use a portion of the funds to conduct rigorous, third-party assessments of the selected hubs.

SBIR/STTR reauthorization

The Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) program was created by Congress in 1982 and has been the federal government’s most consistent investment in technology development. The Small Business Administration’s data on the program records nearly 30,000 companies that have participated over the decades, leveraging federal funds to develop new products in sectors such as energy, defense and health—including one of every six “significant” medication advances in the past 25 years.[†] These small businesses are a critical link in bringing ideas to the market through new products and technologies that drive American competitiveness.

Despite this long record of success, the SBIR/STTR program is set to expire at the end of current fiscal year. The program only operates through an authorization and therefore must be extended by Congress. If no action is taken in this legislation, we are concerned that thousands of U.S. small businesses will lose access to critical technology development funds just as we are trying to advance the nation’s technological and economic competitiveness.

Congress should adopt the House’s section reauthorizing SBIR/STTR and related authorities through FY 2027 to ensure the continuation of this successful and long-running program.

Visas for entrepreneurs and STEM graduates

As Congress looks to strengthen America’s competitiveness, we should not only invest in the capabilities of our existing workforce but also in attracting the best and most innovative individuals from around the world. Immigrants have always been key drivers of America’s entrepreneurial success, with studies indicating that about 25 percent of startup founders and 55 percent of startups with a valuation of at least \$1 billion were founded or co-founded by an immigrant.[‡]

A direct and low-cost way to attract foreign technical and entrepreneurial talent to the U.S. is to offer visas to people with advanced STEM degrees or who have a promising new company. The House has included

[†] National Academies of Sciences, Engineering and Medicine. (2022). *Assessment of the SBIR and STTR Programs at the National Institutes of Health*. Washington, DC: The National Academies Press. Retrieved:

<https://nap.nationalacademies.org/catalog/26376/assessment-of-the-sbir-and-str-programs-at-the-national-institutes-of-health>.

[‡] Vador, P. (2021, Aug. 4). “Research: Why immigrants are more likely to become entrepreneurs.” *Harvard Business Review*. Retrieved: <https://hbr.org/2021/08/research-why-immigrants-are-more-likely-to-become-entrepreneurs>.

legislation that would accomplish this in its COMPETES bill. While the Senate has no comparable provisions in its version, this is an issue that has been addressed previously in the chamber through bipartisan legislation, including in the *Startup Act*.

Congress should include authorizations for visas that allow immigrants with STEM graduate degrees or promising and growing companies to live and work in the U.S., as these policies ultimately will strengthen America's workforce and economic opportunities.

Support for semiconductor manufacturing

Semiconductors have become integral parts of many manufactured products, and the global chip shortage has contributed to limited supplies of cars and electronics. Sufficient supply of chips is an issue that the federal government should seek to address over both the short and long term. Both chambers have included funding for the *CHIPS for America Act* in their versions of the COMPETES legislation as a way to kick-start U.S.-based manufacturing of semiconductors. Given that chip fabrication plants require years to construct, it seems that we should not further delay policies that will incentivize companies to invest in new, domestic facilities.

Congress should include support for semiconductor manufacturing in the final competitiveness agreement and pass this legislation as quickly as possible.

Department of Energy innovation authorities

The development of better energy sources and improvements in energy efficiency are critical for both our national security and our climate, while also creating new employment and other economic opportunities. Both chambers have recognized the potential value of investing in energy and increased authorization levels of R&D within the Department of Energy. The final legislation can take this recognition a step further by not only supporting additional energy research, but also additional energy innovation to ensure the best new ideas successfully reach the market.

Congress should adopt the House's proposal to authorize new technology transfer and innovation activities to the Department of Energy (Title VI, Subtitle C "Energizing Technology Transfer") in the final bill.

Thank you for your attention to our recommendations. SSTI and our members stand ready to assist your efforts to boost American science, technology, innovation and entrepreneurship as tools for stronger global competitiveness.

Sincerely,

A handwritten signature in black ink, appearing to read "Ben Johnson", with a stylized flourish at the end.

Ben Johnson
Chair, Innovation Advocacy Council
Vice President, Programs, BioSTL