

**WRITTEN TESTIMONY BY SECRETARY PENNY PRITZKER
U.S. DEPARTMENT OF COMMERCE
FISCAL YEAR 2015 BUDGET REQUEST**

Chairman Wolf, Ranking Member Fattah, and members of the Subcommittee, thank you for this opportunity to discuss with you President Obama's Fiscal Year 2015 (FY15) budget request for the Department of Commerce. The investments included in the FY15 budget request build upon the important investments you enacted in FY14 and I am grateful for your support.

Our FY15 budget requests \$8.8 billion, a seven percent increase over FY 2014. This budget supports the Department's "Open for Business Agenda" by promoting trade and investment; spurring innovation; fueling our data-driven economy; and producing environmental intelligence. Investing in these areas builds on President Obama's vision for creating economic opportunity for all Americans. This Budget will help drive economic growth and job creation and reflects his confidence in the Department's ability to help businesses grow, compete, and innovate as the voice of business in the Administration.

The President's vision for creating economic growth is further supported through the Department's request in the Opportunity, Growth, and Security Initiative. This fully paid for initiative lays out a roadmap for additional investments in critical areas such as research and development, climate resilience, economic development, and manufacturing.

We are committed to working with the Congress to pass a budget that will continue to help create the conditions necessary for businesses to grow and hire, and for the U.S. economy to thrive.

Promoting Trade and Investment

Increasing trade and investment is a critical component of growing our economy. Exports have driven nearly one-third of economic growth since 2009 and support 11.3 million jobs. 96 percent of companies that export are Small and Medium enterprises (SMEs). Today, 95 percent of potential customers are outside our borders and growing the number of export-related jobs, which pay 18 percent more on average, will require expanding our ability to reach these foreign markets. To promote exports and greater investment in the U.S., including foreign direct investment and U.S. companies reinvesting in America, the budget includes \$497 million for the International Trade Administration (ITA), an eight percent increase

over the 2014 enacted level. I want to thank the Committee for their support of SelectUSA in FY 2014 and we plan to put more muscle behind this new program, which will bring more foreign investment dollars to the United States and encourage American companies to reinvest in America.

To reinforce the important role that investment plays in the health of our economy, the budget also proposes to rename the International Trade Administration to the International Trade and Investment Administration. This new name more accurately reflects the Commerce Department's commitment to expanding exports while also making inbound investment and reshoring a bigger part of the DNA of our economy. 5.6 million jobs are supported by inbound investment and the trends are in our favor to attract more. The additional resources requested in the FY15 Budget will enable ITIA, and specifically SelectUSA, to help more states and regions attract additional investments and create more jobs.

Funding requested for ITIA includes \$15 million, a \$7.7 million increase from FY14, to accelerate operations of the Interagency Trade Enforcement Center (ITEC), an interagency effort to address unfair trade practices and barriers to boost U.S. exports, and \$20 million, a \$13 million increase from FY14, to expand SelectUSA.

The Budget includes \$4 million for the Bureau of Economic Analysis (BEA) to improve the measurement and understanding of U.S. foreign direct investment in support of the SelectUSA initiative. The additional funds will support increased export promotion activities in underserved markets around the world. The budget also supports the Administration's BusinessUSA initiative, a one-stop shop to connect business with federal government resources more effectively and efficiently.

The budget includes \$111 million for the Bureau of Industry and Security (BIS), a \$9 million increase, to enforce our export control laws to ensure that our national security is protected even as we foster trade. This will support BIS's continuing work on export control reform, which will help advance national security and economic competitiveness by better focusing U.S. controls on transactions to destinations or end users of concern, while facilitating secure trade for controlled items with U.S. allies and close partners by expanding export control officers operations, enhancing current intelligence efforts, and expanding the bureau's national enforcement and analytical capabilities.

Spurring Innovation

Much of what makes America unique is our spirit of innovation and entrepreneurship. Today, the United States has 6 million workers employed in technology and the highest concentration of knowledge and technology intensive industries in the world, representing 40 percent of our GDP.

To foster a more innovative U.S. economy, the budget will support increased regional and national capacity for innovative manufacturing, continue to support research and development (R&D) that leads to transformative changes in technology, promote intellectual property policy that supports innovation, and continue to strengthen the Nation's digital economy.

The budget provides \$141 million, a \$13 million increase over the FY14 enacted level, for the Hollings Manufacturing Extension Partnership (MEP), with an increased focus on expanding technology and supply chain capabilities to support technology adoption by smaller manufacturers to improve their competitiveness.

The budget also provides \$15 million for the Advanced Manufacturing Technology Consortia (AMTech), a public-private partnership that will support industry-led consortia developing technologies to address major manufacturing challenges faced by American businesses. The Administration has also launched four manufacturing institutes to date and is planning to launch at least four additional manufacturing institutes in 2014 utilizing existing federal funding.

The budget provides \$680 million for the National Institute of Standards and Technology (NIST) laboratories, an increase of \$29 million over FY14, to accelerate advances in top research priorities, including advanced manufacturing, forensics, cybersecurity and disaster resilience, and improved scientific facilities. Included in this amount is \$6 million for NIST to accelerate and expand technology transfer across the federal government, which will enhance the competitiveness of U.S. industry by sharing innovations and knowledge from federal labs. NIST contributes to the success of businesses on issues ranging from cybersecurity to advanced manufacturing. This funding will enable NIST to continue to support economic growth in the future.

To continue expanding broadband capacity and promoting policies to ensure a free and open internet, the Budget requests a total of \$51 million for the National Telecommunications and Information Administration (NTIA), an increase of \$5

million over FY14. This increase will support increasing wireless broadband access and critical telecommunications policy coordination.

The budget includes \$210 million for the Economic Development Administration (EDA) to support innovative economic development planning, regional capacity building, and capital projects. This includes \$25 million for the Regional Innovation Strategies Program to promote economic development projects that spur entrepreneurship and innovation at the regional level. This investment will make our nation and communities more competitive.

The budget also includes \$28.3 million for the Minority Business Development Agency (MBDA) that will enable the agency to continue supporting the national growth of minority-owned U.S. businesses, with additional focus on impacting regional economies and expanding into new markets. Minority owned firms make a significant and valuable contribution to our economy and export at a higher rate compared to all U.S. firms. This investment will promote further growth.

Through implementation of the America Invents Act, the U.S. Patent and Trademark Office (USPTO) continues to make it easier for American entrepreneurs and businesses to bring their inventions to the marketplace sooner, converting ideas into new products and new jobs. Last year alone, the USPTO received more than 35,000 design patent applications and recently commemorated its 700,000th design patent. PTO's estimated fee collections in FY15 are \$3.4 billion.

The budget also proposes several legislative reforms designed to improve the transparency and efficiency of the American patent system, complementing a series of administrative actions the Administration announced in June 2013, which will help protect innovators from frivolous litigation and ensure the highest-quality patents in our system.

Fueling a Data-Driven Economy

Data powers the 21st century economy, and Commerce Department data touches every American and helps existing businesses make better decisions while also providing opportunities for more entrepreneurs to launch startups. The budget will support data-related efforts ranging from our preparations for the 2020 Census to unleashing more NOAA data through public-private partnerships. Each day, NOAA collects and produces 20 terabytes of environmental data – from weather

forecasts to climate change to ocean currents. Yet, only a small percentage of this valuable data, roughly two terabytes, is made easily accessible to the public

The budget includes \$754 million, an increase of \$260 million over the 2014 enacted level, for the U.S. Census Bureau to research and test innovative design methods necessary to achieve an efficient and effective 2020 Decennial Census. The budget also requests \$12 million to invest in the development of three Commerce statistical measures that will improve evidence-based decision making across the federal government and the private sector. This includes \$5 million for the Census Bureau to improve the supplemental poverty measure to allow for more fair and accurate indexing and analysis of poverty programs.

The budget also includes \$5 million for the Census Bureau to increase access to critical business datasets and create a new field of research into the conditions and outcomes of business investments in research, development, and innovation by expanding existing data projects. An additional \$2 million within BEA will initiate “Big Data for Small Business,” a new data program that will collect a Small Business GDP measure to support decision-making by business owners and investors as well as small business analyses.

Gathering and Acting on Environmental Intelligence

The President’s budget makes crucial investments in our environment, including efforts to protect our natural resources and to help businesses and communities adapt to a changing planet. Through our network of satellites, ships, and world-wide sensors, the Department generates models, assessments, forecasts, and tools that provide information to help communities and businesses prepare for and prosper in a changing environment. Importantly, the proposed budget will also keep our satellite programs on track by providing \$2 billion to fully fund the National Oceanic and Atmospheric Administration’s (NOAA’s) next generation of weather satellites, which are critical to its ability to provide accurate information to decision-makers throughout the government and private sector, as well as time-sensitive weather forecasts and warnings that help protect lives and property. This includes \$60 million to procure additional weather instruments for the polar program and helps address the robustness of the polar constellation.

The budget requests \$519 million for the National Ocean Service to make critical investments in products, services and capabilities that will improve the resilience of the Nation’s coasts. The budget also requests \$917 million for the National Marine Fisheries Service to conserve, protect, and manage living marine resources,

including important increases for next-generation stock assessments, and electronic monitoring and coral reef protection.

Conclusion

The smart investments proposed in President's FY 15 budget will support a globally competitive economy by promoting trade and investment, spurring innovation, fueling a data-driven economy, and gathering and acting on environmental intelligence. I look forward to working with the Committee to achieve these important goals.