

110TH CONGRESS
2^D SESSION

S. 3078

To establish a National Innovation Council, to improve the coordination of innovation activities among industries in the United States, for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 3, 2008

Ms. COLLINS (for herself and Mrs. CLINTON) introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

A BILL

To establish a National Innovation Council, to improve the coordination of innovation activities among industries in the United States, for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “National Innovation
5 and Job Creation Act of 2008”.

6 **SEC. 2. DEFINITIONS.**

7 In this Act:

1 (1) BOARD.—The term “Board” means the Na-
2 tional Innovation Council Board appointed under
3 section 4.

4 (2) CLIC.—The term “CLIC” means the
5 CLUSTER Information Center established under
6 section 6.

7 (3) CLUSTER INITIATIVE.—The term “CLUS-
8 TER Initiative” means a formally organized effort
9 to promote cluster growth and competitiveness
10 through collaborative activities among cluster par-
11 ticipants.

12 (4) CLUSTER PROGRAM.—The term “CLUS-
13 TER Program” means the Competitive Leadership
14 for the United States Through its Economic Regions
15 Program established under this Act to create and
16 sustain a series of initiatives to promote economic
17 growth in industry groups.

18 (5) COUNCIL.—The term “Council” means the
19 National Innovation Council established under sec-
20 tion 3.

21 (6) INDUSTRY CLUSTER.—The term “industry
22 cluster” means a geographic concentration of inter-
23 connected businesses, suppliers, service providers,
24 and associated institutions in a particular field.

1 (7) INDUSTRY RESEARCH COUNCIL.—The term
2 “Industry Research Council” means an entity that—

3 (A) is organized for the purpose of advanc-
4 ing innovation;

5 (B) is comprised of at least 5 for profit en-
6 tities; and

7 (C) contributes not less than the minimum
8 amount established by the Council toward any
9 grant awarded by the Council.

10 (8) INNOVATION.—The term “innovation”
11 means the achievement of meaningful increases in
12 productivity through the introduction or diffusion of
13 a new or improved product, service, process, source
14 of supply of materials, business structure, business
15 practice, business model, or methods of production,
16 delivery, distribution, financing, marketing, pack-
17 aging, promoting, or pricing.

18 (9) PRODUCTIVITY.—The term “productivity”
19 means the measure of the quality or quantity of eco-
20 nomic output relative to the input required to
21 produce that output.

22 **SEC. 3. NATIONAL INNOVATION COUNCIL.**

23 (a) ESTABLISHMENT.—

24 (1) IN GENERAL.—There is established a coun-
25 cil in the Executive Office of the President, to be

1 known as the “National Innovation Council”, which
2 shall coordinate Federal innovation policy and pro-
3 vide financial assistance for State and local innova-
4 tion initiatives.

5 (2) DIRECTOR.—The Council shall be under the
6 direction of a Director, who shall be appointed by
7 the President, with the advice and consent of the
8 Senate.

9 (3) STAFF.—

10 (A) IN GENERAL.—The Director shall, in
11 accordance with such policies as the Council
12 shall from time to time prescribe, appoint and
13 fix the compensation of such personnel as may
14 be necessary to enable the Council to perform
15 its duties under this Act.

16 (B) TEMPORARY STAFF.—The Director
17 may appoint, for a limited term or on a tem-
18 porary basis, such professional or technical staff
19 as the Director determines to be necessary to
20 carry out specific functions under this Act for
21 which their expertise is required.

22 (b) POWERS AND RESPONSIBILITIES.—

23 (1) POLICY FORMULATION AND ADVOCACY.—

24 The Council shall be responsible for formulating and

1 advocating for the innovation policy of the Federal
2 Government.

3 (2) ASSISTANCE.—The Council shall achieve
4 the goal described in paragraph (1) by—

5 (A) providing assistance to other Federal
6 agencies with respect to innovation, upon re-
7 quest;

8 (B) assisting the Census Bureau, the Bu-
9 reau of Economic Analysis, the Bureau of
10 Labor Statistics, other major Federal statistical
11 agencies, and the National Science Foundation
12 in developing operational measures of innova-
13 tion that can be included in new or existing eco-
14 nomic data sources, and provide funding to
15 these agencies for this purpose;

16 (C) providing Federal agencies and compa-
17 nies with the information they need to promote
18 innovation and productivity; and

19 (D) assisting companies with activities
20 such as—

21 (i) joint industry-university research
22 partnerships;

23 (ii) technology transfer from labora-
24 tories to businesses;

1 (iii) technology-based entrepreneur-
2 ship;

3 (iv) industrial modernization through
4 adoption of best practice technologies and
5 business practices; and

6 (v) incumbent worker training.

7 (3) INNOVATION MEASUREMENT.—The Council
8 shall create methods of measuring innovation and
9 productivity.

10 (4) RESEARCH PROGRAM.—The Council shall
11 carry out a program of research on innovation and
12 productivity.

13 (5) ADVOCACY.—The Council shall recommend
14 specific measures to improve innovation and produc-
15 tivity in the United States.

16 (c) COLLABORATION.—The Council shall collaborate
17 with, and provide funding to, the Census Bureau, the Bu-
18 reau of Economic Analysis, the Bureau of Labor Statis-
19 tics, other major Federal statistical agencies, and the Na-
20 tional Science Foundation to develop—

21 (1) measures of productivity in the service sec-
22 tor;

23 (2) measures of total factor productivity, re-
24 flecting capital, materials, energy, and purchased

1 services, labor, and other relevant factors as produc-
2 tive inputs for all industries;

3 (3) measures of gross product and productivity
4 for counties and metropolitan areas; and

5 (4) measures of private rates of return from re-
6 search and development.

7 (d) DATA COLLECTION AND ANALYSIS.—The Council
8 shall—

9 (1) collect and analyze data necessary to evalu-
10 ate the impact on productivity resulting from the
11 Council's programs; and

12 (2) require recipients of funding or other assist-
13 ance from the Council to provide information nec-
14 essary to measure improvements in productivity re-
15 sulting from such funding or assistance.

16 (e) ANNUAL REPORT.—The Council shall annually
17 submit to Congress a report, to be known as the National
18 Innovation Report, which shall set forth—

19 (1) the current and foreseeable trends in inno-
20 vation and productivity in the Nation;

21 (2) a review and analysis of recent domestic
22 and international developments affecting innovation
23 and productivity in the Nation;

24 (3) goals for improved innovation and produc-
25 tivity in the Nation;

1 (4) a program designed to improve innovation
2 and productivity in the Nation; and

3 (5) such recommendations for legislation as the
4 President considers desirable.

5 **SEC. 4. NATIONAL INNOVATION COUNCIL BOARD.**

6 (a) ESTABLISHMENT.—The Council shall be under
7 the direction of the National Innovation Council Board,
8 which shall be comprised of 11 voting members to be ap-
9 pointed by the President, with the advice and consent of
10 the Senate.

11 (b) APPOINTMENT CRITERIA.—

12 (1) QUALIFICATIONS.—Each voting member of
13 the Board—

14 (A) shall be eminent in the field of busi-
15 ness, economic development, health care, ap-
16 plied sciences, engineering, education, or public
17 affairs;

18 (B) shall have a record of distinguished
19 service in his or her field; and

20 (C) shall have demonstrated knowledge
21 and appreciation of the value of innovation.

22 (2) REPRESENTATION.—In making appoint-
23 ments under this section, the President shall—

1 (A) give due regard to equitable represen-
2 tation of members who are women or who rep-
3 resent minority groups;

4 (B) provide representation of the views of
5 leaders in economic development and innovation
6 in all areas of the Nation; and

7 (C) appoint not fewer than—

8 (i) 1 representative with a background
9 in manufacturing;

10 (ii) 1 representative with a back-
11 ground in the service industry;

12 (iii) 1 representative of higher edu-
13 cation;

14 (iv) 1 representative of State and local
15 government;

16 (v) 1 representative of organized
17 labor;

18 (vi) 1 representative of the nonprofit
19 sector;

20 (vii) 1 representative of economic de-
21 velopment organizations;

22 (viii) 1 representative of professional
23 associations; and

24 (ix) 1 recognized expert in innovation.

1 (3) TERMS.—Voting members of the Board
2 shall be appointed to 4-year terms.

3 (4) EX OFFICIO MEMBERS.—The Secretary of
4 Commerce and the Secretary of Labor shall serve as
5 ex officio members of the Board.

6 **SEC. 5. TRANSFER OF PROGRAMS AND FUNCTIONS.**

7 There shall be transferred to the Council the func-
8 tions, personnel, assets, and liabilities of—

9 (1) the Manufacturing Extension Partnership
10 Program of the National Institute of Standards and
11 Technology;

12 (2) the Technology Innovation Program of the
13 National Institute of Standards and Technology;

14 (3) the Office of Technology Partnerships of
15 the National Institute of Standards and Technology;

16 (4) the Partnerships for Innovation of the Na-
17 tional Science Foundation;

18 (5) the Industry-University Cooperative Re-
19 search Center Program of the National Science
20 Foundation;

21 (6) the Engineering Research Center Program
22 of the National Science Foundation; and

23 (7) the Workforce Innovation in Regional Eco-
24 nomic Development of the Department of Labor.

1 **SEC. 6. CLUSTER INFORMATION CENTER.**

2 (a) ESTABLISHMENT.—There is established within
3 the Council the CLUSTER Information Center (referred
4 to in this section as the “CLIC”).

5 (b) PURPOSES.—The purpose of the CLIC is to pro-
6 mote the collection, development, and dissemination of
7 data and analysis on industry clusters throughout the
8 United States.

9 (c) DATABASES.—The Director of the Council shall
10 compile databases for the CLIC from existing Federal
11 data sets available from—

- 12 (1) the Census Bureau;
- 13 (2) the Bureau of Economic Analysis;
- 14 (3) the Bureau of Labor Statistics;
- 15 (4) the International Trade Administration;
- 16 (5) the Statistics of Income Program of the In-
17 ternal Revenue Service;
- 18 (6) the Office of Patent Resource Administra-
19 tion in the United States Patent and Trademark Of-
20 fice;
- 21 (7) the National Science Foundation;
- 22 (8) the National Innovation Council;
- 23 (9) other Federal agencies; and
- 24 (10) non-Federal sources, including private
25 databases, as appropriate.

26 (d) FUNCTIONS.—

1 (1) IN GENERAL.—The CLIC shall—

2 (A) support and disseminate research on
3 the formation and evolution of industry clus-
4 ters, CLUSTER Initiatives, and cluster pro-
5 grams;

6 (B) gather, analyze, and disseminate infor-
7 mation on the best practices for the develop-
8 ment of industry clusters, CLUSTER Initia-
9 tives, and cluster programs in the United States
10 and in other countries, specifically determining
11 how productivity, innovation, and competitive
12 advantage can be maximized through industry
13 clusters, CLUSTER Initiatives, and cluster
14 programs;

15 (C) develop technical assistance guides for
16 regional cluster analysis and CLUSTER Initia-
17 tive and initiative program development and op-
18 erations; and

19 (D) bring together representatives of in-
20 dustry clusters, CLUSTER Initiatives, and
21 cluster programs, experts, and scholars to dis-
22 seminate developments in cluster analysis, ini-
23 tiatives, and programs.

1 (2) DATA COLLECTION.—The CLIC shall col-
2 lect and make available data on cluster activity
3 showing—

4 (A) breadth, a geographically-specific pic-
5 ture of the array of clusters in each key indus-
6 try throughout the United States, with data on
7 size, specialization, and competitiveness of the
8 industry clusters in each State, region, and
9 major metropolitan area;

10 (B) depth, for each cluster, detailed data
11 such as regional domestic product contribution,
12 total jobs and earnings by key occupations, es-
13 tablishment size, nature of specialization, pat-
14 ents, Federal research and development spend-
15 ing, citation patterns, and trade; and

16 (C) flow, estimates of supply chain product
17 and service flows within and between industry
18 clusters.

19 (3) REPORT.—The CLIC shall—

20 (A) monitor the extent to which the data
21 available to it is sufficient for proper analysis of
22 cluster activity; and

23 (B) submit a report to Congress that in-
24 cludes recommendations regarding further au-
25 thorization for data collection, as necessary.

1 (4) LIMITATION.—The CLIC may not collect or
2 analyze data which would otherwise be in violation
3 of Federal privacy laws.

4 (5) DISSEMINATION OF ANALYSES.—Data and
5 analysis compiled by the CLIC shall be made avail-
6 able to other Federal agencies, State and local gov-
7 ernments, and nonprofit and for-profit entities, to
8 guide investments in industry cluster activities that
9 will lead to increased productivity, innovation, and
10 competitive advantage, including—

11 (A) cluster development;

12 (B) economic development;

13 (C) workforce development;

14 (D) research and development;

15 (E) business site locations;

16 (F) analysis of United States competitive-
17 ness, by industry, industry cluster, and geog-
18 raphy; and

19 (G) other appropriate activities.

20 (e) CLUSTER INITIATIVE AND CLUSTER PROGRAM
21 REGISTRY.—

22 (1) IN GENERAL.—The CLIC shall maintain a
23 publicly available registry of CLUSTER Initiatives
24 and cluster programs that contain information that

1 is useful to the study and analysis of CLUSTER
2 Initiatives and cluster programs, including—

- 3 (A) organizational structure;
- 4 (B) membership;
- 5 (C) activities;
- 6 (D) funding; and
- 7 (E) perceived impacts of registered CLUS-
8 TER Initiatives and Cluster Programs.

9 (2) INFORMATION COLLECTED.—At the time a
10 CLUSTER Initiative is registered, the CLIC shall
11 collect sufficient information to demonstrate that the
12 CLUSTER Initiative—

13 (A) is an industry-led effort with not fewer
14 than 5 member firms and 1 lead organizing en-
15 tity;

16 (B) involves not fewer than 3 cluster sup-
17 port organizations, such workforce boards, com-
18 munity colleges, universities, and industry asso-
19 ciations; and

20 (C) has a strategy to enhance the competi-
21 tive position of the cluster.

22 (3) PRIORITY FUNDING.—Registered CLUS-
23 TER Initiatives and cluster programs shall receive
24 priority for funding from the Council and the CLIC.

1 (4) USE OF INFORMATION.—Information con-
2 tained in the CLUSTER Initiative and Cluster Pro-
3 gram Registry shall be made available to other Fed-
4 eral agencies, State and local governments, and non-
5 profit and for-profit entities.

6 (f) OUTSIDE CONTRACTS.—The Director of the
7 Council may contract out the operation of the CLIC to
8 an external organization such as another Federal agency,
9 a university, a nonprofit research entity, or a private com-
10 pany.

11 (g) AUTHORIZATION OF APPROPRIATIONS.—There
12 are authorized to be appropriated \$20,000,000 to carry
13 out this section.

14 **SEC. 7. GRANT PROGRAMS.**

15 (a) CLUSTER GRANT PROGRAM.—

16 (1) AUTHORIZATION.—The Council shall award
17 grants to eligible grantees to operate a CLUSTER
18 Grant Program for the purpose of awarding grants
19 to CLUSTER Initiatives in accordance with the re-
20 quirements under this subsection.

21 (2) ELIGIBLE GRANTEES.—A grant may be
22 awarded under this subsection to—

23 (A) a State; or

24 (B) an entity designated by a State or a
25 group of States, which may be a city, a county,

1 another political subdivision of a State, a non-
2 profit organization, or any other economic de-
3 velopment organization.

4 (3) USE OF GRANT FUNDS.—All entities receiv-
5 ing grant funds under this subsection shall ensure
6 that CLUSTER Initiatives supported by such
7 funds—

8 (A) are operated in a manner consistent
9 with the “best practices” established by the
10 CLUSTER Program;

11 (B) are industry-led;

12 (C) are inclusive, seeking any and all orga-
13 nizations that might find benefit from partici-
14 pation, including startups, firms not locally
15 owned, and firms rival to existing members;

16 (D) encourage broad participation by and
17 collaboration among all types of participants;

18 (E) involve key State and local government
19 actors; and

20 (F) participate in the CLIC registry and
21 research activities described in section 6(e).

22 (4) GRANT TYPES.—

23 (A) FEASIBILITY STUDY GRANTS.—

24 (i) IN GENERAL.—A grant in an
25 amount not to exceed \$250,000 shall be

1 awarded to eligible grantees for Cluster
2 Program feasibility studies, planning, and
3 operations.

4 (ii) CONDITIONS.—A feasibility study
5 grant shall be awarded to not fewer than
6 1 eligible grantee in each State on a 1-time
7 basis, with no matching funds required.

8 (B) START UP AND ANNUAL GRANTS.—

9 (i) START UP GRANT.—A 1-year grant
10 in an amount not to exceed \$1,000,000
11 shall be awarded to not fewer than 1 new
12 cluster program in each State to support
13 planning studies, provide technical assist-
14 ance, and fund start-up activities.

15 (ii) ANNUAL GRANT.—An annual
16 grant shall be awarded to not fewer than
17 1 early-stage cluster programs in each
18 State to provide technical assistance and
19 fund operating activities.

20 (iii) RENEWAL.—Grants awarded
21 under clause (ii) may be renewed for a
22 total period not to exceed 5 years (includ-
23 ing any start up grant).

24 (iv) MATCHING FUNDS REQUIRE-
25 MENT.—

1 (I) INITIAL PERIOD.—During the
2 first 2 years in which an eligible enti-
3 ty receives grant funding under this
4 subparagraph, the eligible entity shall
5 provide matching funds in an amount
6 equal to the amount of funds received
7 under this subparagraph.

8 (II) SUBSEQUENT PERIOD.—If
9 the Council determines, in accordance
10 with criteria established by the
11 CLUSTER Program, that an eligible
12 grantee has demonstrated greater ef-
13 fectiveness than other grant recipients
14 during the period described in sub-
15 clause (I), the non-Federal matching
16 requirement for such eligible grantee
17 in future years may be reduced.

18 (C) MATCHING GRANTS FOR CLUSTER INI-
19 TIATIVES.—

20 (i) IN GENERAL.—A grant in an
21 amount of between \$1,000,000 and
22 \$15,000,000 may be awarded, on a com-
23 petitive basis, to Cluster Programs for the
24 purpose of supporting CLUSTER Initia-
25 tives.

1 (ii) MATCHING REQUIREMENT.—An
2 eligible entity receiving a grant under this
3 subparagraph shall provide matching funds
4 in an amount equal to the amount of grant
5 funds received under this subparagraph.

6 (iii) SELECTION CRITERIA.—In select-
7 ing grant recipients under this subpara-
8 graph, the Council shall consider—

9 (I) the probable impact of the
10 proposed effort on the competitiveness
11 of the area's traded sector;

12 (II) if the proposed effort fits
13 within a broader achievable economic
14 development strategy;

15 (III) the capacity and commit-
16 ment of the sponsoring organization;

17 (IV) the degree of support and
18 involvement from relevant State and
19 regional economic and workforce de-
20 velopment organizations, other public
21 purpose institutions (such as univer-
22 sities, community colleges, workforce
23 boards), and the private sector, in-
24 cluding industry associations;

1 (V) the eligible grantee's ex-
2 pected ability to access additional
3 funds from Federal, State, and local
4 sources;

5 (VI) the eligible grantee's capac-
6 ity to sustain activities once grant
7 funds have been expended; and

8 (VII) the extent to which eco-
9 nomic diversity across regions of the
10 United States would be increased
11 through the grant.

12 (5) APPLICATION PROCESS.—The application
13 process for grants awarded under this subsection
14 shall be on a rolling basis.

15 (6) AUTHORIZATION OF APPROPRIATIONS.—
16 There are authorized to be appropriated
17 \$350,000,000 for fiscal year 2009 and each subse-
18 quent fiscal year to carry out this subsection.

19 (b) NATIONAL SECTOR RESEARCH GRANTS.—

20 (1) GRANTS AUTHORIZED.—The Council shall
21 award competitive grants to eligible companies and
22 joint ventures to encourage innovation through re-
23 search partnerships between academic institutions in
24 the United States and industry research alliances.

1 (2) ELIGIBILITY.—Each company and joint
2 venture desiring a grant under this subsection
3 shall—

4 (A) submit an application to the Council
5 containing such information as the Council may
6 reasonably require;

7 (B) form an industry-led research consor-
8 tium consisting of at least 5 companies; and

9 (C) agree to develop a 3- to 10-year tech-
10 nology roadmap that charts out generic science
11 and technology needs that the companies share.

12 (3) FEDERAL COST SHARE.—The Federal share
13 of a project funded by a grant under this subsection
14 shall be not more than 50 percent of the total
15 project costs.

16 (c) PRODUCTIVITY ENHANCEMENT RESEARCH
17 GRANTS.—The Council shall award grants to academic in-
18 stitutions in the United States and to joint ventures com-
19 prised of academic institutions and private companies to
20 support early-stage research into methods of increasing
21 productivity and innovation, with broad application for a
22 range of industries, including—

23 (1) automated manufacturing or service proc-
24 esses;

25 (2) technology-enabled remote service delivery;

1 (3) quality improvement; and

2 (4) other methods of improving productivity
3 and innovation.

4 (d) STATE INNOVATION-BASED ECONOMIC DEVEL-
5 OPMENT PARTNERSHIP GRANTS.—

6 (1) GRANTS AUTHORIZED.—The Council shall
7 award innovation-based economic development part-
8 nership grants to State economic development enti-
9 ties designated by each State.

10 (2) GRANT TYPES.—

11 (A) FEASIBILITY STUDY GRANTS.—

12 (i) IN GENERAL.—A grant in an
13 amount not to exceed \$250,000 shall be
14 awarded to States for feasibility studies,
15 planning, and operations.

16 (ii) CONDITIONS.—A feasibility study
17 grant shall be awarded to not fewer than
18 1 eligible grantee in each State on a 1-time
19 basis, with no matching funds required.

20 (B) START-UP AND ANNUAL GRANTS.—

21 (i) START UP GRANT.—A 1-year grant
22 in an amount not to exceed \$2,000,000
23 shall be awarded to States to support plan-
24 ning studies, provide technical assistance,
25 and fund start-up activities.

1 (ii) ANNUAL GRANTS.—In addition to
2 the grants authorized under clause (i), an-
3 nual grants shall be awarded to States to
4 provide technical assistance and fund oper-
5 ating activities. Grants awarded under this
6 clause may be renewed indefinitely.

7 (iii) MINIMUM GRANTS.—Each State
8 shall be awarded not fewer than 1 grant
9 under this subparagraph.

10 (iv) MATCHING FUNDS REQUIRE-
11 MENT.—A State receiving a start-up grant
12 under this subparagraph shall provide—

13 (I) for the first \$1,000,000 in
14 grant funds, a match of \$1 for every
15 \$2 received in grant funds; and

16 (II) for any additional amount in
17 grant funds, a match of \$2 for every
18 \$1 received in grant funds.

19 (3) IBED PLANS.—

20 (A) INITIAL PLANS.—Each State desiring
21 a grant under this subsection shall submit to
22 the Council an initial innovation-based economic
23 development plan (referred to in this paragraph
24 as the “IBED plan”), which describes—

1 (i) how grant funds would be used to
2 support the creation of alliances for the
3 dissemination of innovation among local
4 governments, businesses, educational insti-
5 tutions, and other institutions;

6 (ii) how companies within the State
7 would benefit from the activities funded
8 through a grant under this subsection; and

9 (iii) how innovation would be dissemi-
10 nated through the activities described in
11 paragraph (4) to companies within the
12 State.

13 (B) REVIEW.—The Council and an outside
14 panel of experts shall—

15 (i) review the initial IBED plans sub-
16 mitted under subparagraph (A); and

17 (ii) notify the States of any suggested
18 modifications to such plans.

19 (C) RESUBMISSION OF PLANS.—States
20 may submit modified IBED plans to the Coun-
21 cil.

22 (D) USE OF PLANS.—The Council shall
23 score IBED plans submitted under this section
24 and award competitive grants to States under
25 this subsection, to the extent available, on the

1 basis of such scores. In scoring plans under this
2 subparagraph, the Council shall award addi-
3 tional points for multistate and regional innova-
4 tion-based economic development efforts.

5 (4) USE OF FUNDS.—Grant funds received
6 under this subsection may be used to establish—

- 7 (A) technology commercialization centers;
- 8 (B) industry-university research centers;
- 9 (C) regional cluster development programs;
- 10 (D) regional skills alliances;
- 11 (E) entrepreneurial support programs;
- 12 (F) science parks; and
- 13 (G) related activities to spur innovation or
14 productivity.

15 (5) FEDERAL COST SHARE.—The Federal share
16 of a project funded by a grant under this subsection
17 shall be not more than $\frac{1}{3}$ of the total project costs.

18 (6) NONCOMPETITIVE GRANTS.—The Council
19 shall award noncompetitive planning and technical
20 assistance grants to States that do not receive a
21 competitive grant under this subsection, which shall
22 be used to improve the quality of the States' pro-
23 posals for subsequent grants under this section.

24 (e) TECHNOLOGY DIFFUSION GRANTS.—

1 (1) GRANTS AUTHORIZED.—The Council shall
2 award grants to manufacturing extension partner-
3 ship centers in each State to promote the diffusion
4 of existing technological innovations to companies in
5 which such innovations are underutilized. Notwith-
6 standing any other provision of law, a manufac-
7 turing extension partnership may use grant funds
8 awarded under this subsection for activities in the
9 service sector that comply with the requirements
10 under this subsection.

11 (2) GRANT TYPES.—

12 (A) FEASIBILITY STUDY GRANTS.—

13 (i) IN GENERAL.—A grant in an
14 amount not to exceed \$250,000 shall be
15 awarded to manufacturing extension part-
16 nership centers for feasibility studies, plan-
17 ning, and operations.

18 (ii) CONDITIONS.—A feasibility study
19 grant shall be awarded to not fewer than
20 1 eligible grantee in each State on a 1-time
21 basis, with no matching funds required.

22 (B) START UP AND ANNUAL GRANTS.—

23 (i) START UP GRANT.—A 1-year grant
24 in an amount not to exceed \$2,000,000
25 shall be awarded to a manufacturing ex-

1 tension partnership center in each State to
2 support planning studies, provide technical
3 assistance, and fund start-up activities.

4 (ii) ANNUAL GRANTS.—In addition to
5 the grants authorized under clause (i), an-
6 nual grants shall be awarded to manufac-
7 turing extension partnership centers in
8 each State provide technical assistance and
9 fund operating activities. Grants awarded
10 under this clause may be renewed indefi-
11 nitely.

12 (iii) MATCHING FUNDS REQUIRE-
13 MENT.—A manufacturing extension part-
14 nership center receiving a grant under this
15 subparagraph shall provide—

16 (I) for the first \$1,000,000 in
17 grant funds, a match of \$1 for every
18 \$2 received in grant funds; and

19 (II) for any additional amount in
20 grant funds, a match of \$2 for every
21 \$1 received in grant funds.

22 (3) USE OF FUNDS.—Grants funds received
23 under this subsection may be used to—

24 (A) establish manufacturing extension
25 partnership centers in each State to provide—

1 (i) support for manufacturing and
2 services; and

3 (ii) innovation awards; and

4 (B) support the diffusion of innovation in
5 any sector of the economy, including the service
6 sector.

7 (4) EVALUATION PROCESS.—In evaluating pro-
8 posals for grants under this subsection, the Council
9 shall—

10 (A) determine the degree to which measur-
11 able productivity gains are expected to be
12 achieved through each applicant’s proposed dif-
13 fusion of innovation;

14 (B) follow the 2-step process established
15 under subsection (d)(3) for grants to carry out
16 the activities described in paragraph (3)(A);
17 and

18 (C) require manufacturing extension part-
19 nership centers to submit a plan to carry out
20 the activities described in paragraph (3)(B).

21 (f) USE OF GRANTS.—Grant funds received under
22 this section shall be used to—

23 (1) perform Council-supported grant work in
24 the United States; and

1 (2) promote the production of any resulting
2 goods or services in the United States.

3 (g) AWARD CRITERIA.—In evaluating proposals for
4 grants under this section, the Council shall—

5 (1) determine, as 1 award factor, the extent to
6 which a grant to each State or manufacturing exten-
7 sion partnership center is expected to increase pro-
8 duction, wages, or employment in the United States;

9 (2) not award any grant which the Council be-
10 lieves could result in a decrease in production,
11 wages, or employment in the United States; and

12 (3) consult with technology-specific boards
13 staffed with experts in fields appropriate to the pro-
14 posals for grants being evaluated.

15 (h) MINIMUM FUNDING LEVEL.—

16 (1) IN GENERAL.—For each of the grant pro-
17 grams established under subsections (a), (d), and
18 (e)—

19 (A) not fewer than 1 grant shall be award-
20 ed to a grantee in each State; and

21 (B) the amount of each grant shall be not
22 less than 80 percent of the average grant
23 awarded in such grant program.

24 (2) POPULATION-BASED ALLOCATIONS.—In
25 each State, the total amount of grant funds awarded

1 to grantees in such State under subsections (a)
2 through (e) shall be not less than 50 percent of the
3 product of—

4 (A) the percentage of the population of the
5 United States who are residents of such State,
6 according to the most recent decennial census;
7 and

8 (B) the total amount of grant funds
9 awarded under subsections (a) through (e).

10 (i) COORDINATION OF FUNDS.—Recipients of grants
11 under this section may use, as matching funds, amounts
12 received from the agencies listed in section 5, to the extent
13 approved by the Council and such agencies.

14 **SEC. 8. AUTHORIZATION OF APPROPRIATIONS.**

15 There are authorized to be appropriated to the Na-
16 tional Innovation Council, for each of the fiscal years 2009
17 through 2013, such sums as may be necessary to carry
18 out this Act.

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