THIRD WAY

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Chair Schweikert, Vice Chair Schmitt, Ranking Member Hassan, and members of the committee, thank you for inviting me to testify today. My name is Ruth Whittaker, and I am the Director of Technology Policy at Third Way, a national think tank that champions moderate policy and political ideas. I appreciate the opportunity to explore policies that will support innovation and advance technological discovery.

America's tech industry leads the world in innovation. Frontier technologies like artificial intelligence and advanced robotics present enormous opportunities to increase economic growth by augmenting human productivity, speeding up research, and allowing us more time for deep thinking and creativity. But our continued leadership in innovation is not guaranteed. We are competing in a global marketplace, and other countries have mobilized in support of their own industries. The federal government has an important role to play in supporting American innovation.

First, federal resources should be directed to support early-stage research and development and help small and medium-sized businesses take advantage of technological progress.

We were pleased to see reforms to the R&D tax credits included in the tax bill earlier this year.[1] Those reforms will make it easier for small businesses and startups to innovate and grow. However, more can be done. In previous years, less than 30% of eligible businesses claimed R&D credits, a gap driven largely by small and medium-sized businesses.[2] Congress should work with the Internal Revenue Service and the Small Business Administration to ensure eligible businesses are aware of the tax credit changes and how they can take advantage of them.

Congress can also support the development of AI specifically by improving access to high-quality data and compute power. Congress should pass the CREATE AI Act to make the National Artificial Intelligence Research Resource permanent.[3]

Second, the federal government must continue to support America's universities and research institutions. These institutions play an important role in the innovation ecosystem. They create a pipeline of talent and ideas for the private sector, and they can

focus on research with enormous potential social benefits without worrying about profitability. We are concerned by the recent cuts to funding and cancellation of grants for scientific research, which risk dulling our competitive edge.

We cannot hamstring any stage of innovation, especially when other countries are looking to supplant us as the global tech leader. American firms face increasingly sophisticated competition in the global marketplace, particularly from China. The Chinese government has mobilized vast resources in support of its tech industry with the goal of becoming the global leader in AI by 2030.[4] American AI is still the best in the world, but Chinese systems do pose a threat.[5] It is critical for our long-term economic competitiveness and national security that AI systems developed with American values win in the global market.

Just as it is not guaranteed that America will continue to lead when it comes to technological innovation, it is not guaranteed that the economic growth that comes with innovation will reach everyone in the country. **Our third recommendation is that the federal government should take action to ensure that our workforce is resilient enough to adapt to the coming changes**.

Frontier technologies have the potential to affect every industry and can change the way we work at every level of our career. Federal action to support workforce resilience should therefore cover a continuum to support workers at every stage.

That starts with understanding the landscape. The Department of Labor should collect more data on how employers are adopting AI, how it is affecting job opportunities, and what skills and backgrounds are most in-demand.

We then have to start early. Our education system should incorporate AI and other advanced technologies into the curriculum and ensure students are getting the training they need for the future workforce.

We should also provide more postsecondary opportunities outside of traditional 4-year colleges. The United States should significantly expand apprenticeships and other credential programs, and we should prioritize their adoption in fast-growing industries to ensure American workers can meet the demand. We should also support retraining and upskilling opportunities for people already in the workforce. As technology changes, workers' skills will also need to evolve. The federal government should work with the private sector to understand their labor needs and ensure workers have the resources they need to keep up.

Finally, we must modernize the safety net. We can be optimistic about technology while acknowledging that disruption is inevitable. The unemployment insurance system needs

updating, and other support programs should be easier to access for workers who are hurt or face periods of transition.

The government should not stand in the way of technological innovation. Instead, it should focus on areas of maximum impact: supporting scientific research, helping small businesses grow, and supporting workers through any resulting market disruptions. Thank you for holding this important discussion today. I look forward to discussing more opportunities for the federal government to adopt pro-innovation policies.

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[1] "R&D Tax Credits and Deductions Explained", *Bloomberg Tax*, 3 Nov. 2025, https://pro.bloombergtax.com/insights/federal-tax/rd-tax-credit-and-deducting-rd-expenditures/#are-r-d-expenses-deductible

[2] Kubiak, Lauren, "How to Qualify for and Claim the R&D Tax Credit", *CO--*, U.S. Chamber of Commerce, 13 Nov. 2023. https://www.uschamber.com/co/run/finance/research-and-development-tax-credit

[3] United States Congress, House of Representatives. CREATE AI Act, *Congress.*gov, https://www.congress.gov/bill/119th-congress/house-bill/2385/text. 119th Congress, House Resolution 2385.

[4] Chan, Kyle, et al. "Full Stack: China's Evolving Industrial Policy for AI." *RAND Corporation*, 26 June 2025, https://www.rand.org/pubs/perspectives/PEA4012-1.html#:~:text=Beijing%20is%20using%20a%20wide,Zuoyebang%2C%20Yuanfudao

[5] Heim, Lennart. "China's AI Models Are Closing the Gap--but America's Real Advantage Lies Elsewhere", *RAND Corporation*, 2 May 2025. https://www.rand.org/pubs/commentary/2025/05/chinas-ai-models-are-closing-the-gap-but-americas-real.html#:~:text=What's%20more%2C%20the%20economics%20of,a%20much%20larger%20total%20capacity.