

The logo for the American Small Manufacturers Coalition features the word "American" in a bold, sans-serif font on the left. To its right is a decorative graphic of a series of black dots of varying sizes, arranged in a curved path that suggests a rising arc or a stylized 'S'. To the right of this graphic, the words "Small Manufacturers" and "Coalition" are stacked vertically in a larger, bold, sans-serif font.

American Small Manufacturers Coalition

Impact of \$47-million Manufacturing Extension Partnership Budget

The President's 57 percent budget reduction would devastate the Manufacturing Extension Partnership. It would harm America's innovation delivery system at the very time when the nation's small and mid-sized manufacturers face enormous challenges yet are needed to advance the American economy.

Manufacturing matters. It provides 16.3 million good-wage jobs, 75 percent of U.S. exports, and 67 percent of private-sector research and development. The nation's 350,000 small manufacturers are the backbone of the nation's economy, and the Manufacturing Extension Partnership (MEP) is the only national initiative to help the U.S. industrial base be an innovative high-tech global competitor, to increase domestic manufacturers' contribution to national defense and homeland security, and to retain thousands of high-wage, family-friendly manufacturing jobs.

A 57-percent budget cut – from \$109 million to \$46.8 million – will have negative consequences, in part because MEP centers used up their reserves to survive a budget setback a year ago. Based on independent survey data, annual consequences include:

- America's small manufacturers will not realize \$839 million in increased sales or \$388 million in cost savings.
- America's small manufacturers will lose \$1.49 billion in sales (retained sales).
- America's industrial workers will lose an additional 28,480 jobs.
- America's small manufacturers will not make \$516 million in new investments.
- The U.S. Treasury will lose \$378 million in tax revenue.

The MEP network was created by legislation signed by President Reagan in 1988. Former President Bush expanded the program; and, under President Clinton, MEP became a national system, with offices in all 50 states. With strong bipartisan support, Congress provided \$109 million in fiscal 2005.

MEP is part of the U.S. Department of Commerce, National Institute for Standards and Technology (NIST). MEP – a partnership of the private sector and federal, state, and local governments – is highly regarded by independent reviewers; the Bureau of the Census, for instance, found that MEP clients experienced productivity gains more than four times greater than comparable firms that did not use MEP.