

AI'VE GOT A PLAN: AMERICA'S AI ACTION PLAN

HEARING

BEFORE THE

SUBCOMMITTEE ON SCIENCE, MANUFACTURING,
AND COMPETITIVENESS

OF THE

COMMITTEE ON COMMERCE,
SCIENCE, AND TRANSPORTATION
UNITED STATES SENATE

ONE HUNDRED NINETEENTH CONGRESS

FIRST SESSION

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SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ONE HUNDRED NINETEENTH CONGRESS

FIRST SESSION

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WEDNESDAY, SEPTEMBER 10, 2025

U.S. SENATE,
SUBCOMMITTEE ON SCIENCE, MANUFACTURING, AND
COMPETITIVENESS,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The Subcommittee met, pursuant to notice, at 10:01 a.m., in room SR-253, Russell Senate Office Building, Hon. Ted Budd, Chairman of the Subcommittee, presiding.

Present: Senators Budd [presiding], Cruz, Schmitt, Blackburn, Moreno, Young, Sheehy, Baldwin, Cantwell, Klobuchar, Markey, Peters, Rosen, Hickenlooper, and Blunt Rochester.

OPENING STATEMENT OF HON. TED BUDD, U.S. SENATOR FROM NORTH CAROLINA

Senator BUDD. This morning is the first hearing of the Subcommittee on Science, Manufacturing, and Competitiveness this Congress. I wish to thank Ranking Member Baldwin for her help in getting this hearing on the calendar. Thank you. Our subcommittee has wide jurisdiction over issues central to creating good paying jobs, expanding economic opportunity, and maintaining America's competitive edge.

I look forward to working with her and the rest of this Congress to hold hearings on other important topics. Director Kratsios, thank you for being here today. Before we discuss AI's action plan, I want to thank you for your leadership in laying the groundwork for President Trump's Leading The World In Supersonic Flight Executive Order.

It is another important field of innovation and one where we as a country have fallen behind. We haven't had a commercial Concorde flight in over 20 years, and we have to stay ahead of China in cutting edge aerospace technology.

To the issue at hand today, I am very excited about America's AI Action Plan and want to hear your perspective on how we can work collaboratively between the Trump Administration and Congress to accelerate AI innovation, build American AI infrastructure, and lead internationally in cooperation with allies and partners.

Personally, I am also excited about what the future holds with the acceleration of AI adoption. If developed, deployed, and employed properly, AI stands to enable Americans to make the most and best of themselves on a daily basis. We must ensure that our AI policy is anchored in maximizing economic opportunity for

Americans. And I am not just talking about the billionaires in Silicon Valley.

I am talking about everyday Americans waking up and going to work in family sustaining careers enhanced by AI, but not replaced by it. U.S. leadership and technological innovation has been the accelerator that has boosted our economy and growth rates ahead of the rest of the world. General purpose technologies like the Internet ushered in sustained years of economic growth, wage gains, new jobs, and increased productivity.

Critically, U.S. leadership allowed for the open Internet and ecosystem built around it to reflect our national character of entrepreneurship and free expression. AI offers similar opportunities as a transformative, general purpose technology. AI, for instance, offers a real chance to help achieve the economic success and enhanced productivity we need to grow our way out of the unsustainable debt path that we are on as a country.

As your AI Action Plan rightly points out, the competition is fierce. The Trump Administration has made AI leadership a day one priority. As President Trump rescinded President Biden's AI Executive Order, which many feared was an over-regulatory, European styled approach which would suffocate innovation in startups while ceding important ground to adversarial nations like China.

The PRC has put forward plans to leverage State resources and capital to make China the global leader in AI by 2030. Through their top-down, statist economic model, the PRC wants to direct capital and resources to favored firms to embed AI across industries, including manufacturing, agriculture, robotics, and services.

AI is a fast-changing dynamic field, and industrial policies that might have worked for electric vehicles and solar panels, they are not guaranteed to win this race. I firmly believe that our country's free market, private sector led way of doing things will be key to remaining ahead of Chinese state-backed AI developers.

To accelerate AI innovation, I look forward to hearing from you on how Congress can partner with the Administration and industry to remove roadblocks and provide regulatory certainty to let innovators innovate.

Chairman Cruz's AI regulatory sandbox bill will be very helpful here. The Federal Government can also continue to be a proactive partner, leading the way on adopting AI tools and solutions to streamline and improve Government, while also sending an important market signal and presenting a valuable use case.

To build out American AI infrastructure, Congress needs to work on comprehensive permitting reform to ensure that we don't lose this race because of a lack of energy production. It is critical that we enhance our domestic manufacturing capabilities on key inputs like semiconductors and fiber optic cable, which my state of North Carolina knows an awful lot about.

To lead in AI internationally, the U.S. must lean in to exporting our AI tech stack across the world to allies, partners, and important third countries. AI must be globally diffused within a U.S.-led technology ecosystem. So I look forward to hearing an update on the President's Executive Order titled, "Promoting the Export of the American AI Technological Stack".

The U.S. has all the necessary ingredients to keep our lead and to win the AI race, and I look forward to working with the Trump Administration and my colleagues to put the AI Action Plan to work. I would like to recognize Ranking Member Baldwin to deliver her opening remarks.

**STATEMENT OF HON. TAMMY BALDWIN,
U.S. SENATOR FROM MINNESOTA**

Senator BALDWIN. Thank you, Mr. Chairman. And thank you, Director Kratsios, for testifying before our subcommittee today. AI innovations hold significant promise. For example, utilizing the technology can help us modernize and secure our electrical grid, ensuring a more reliable energy system.

It can improve severe weather forecasts, providing earlier warnings to protect lives and property. And it can drive agricultural innovation. At a time when farmers are facing incredibly thin margins in volatile markets, AI technology, if done right, can help farmers increase yields, and reduce costs, and create more sustainable operations.

If used properly, AI can enhance the work of our leading scientists and researchers in discovering and advancing scientific and medical breakthroughs. Harnessing the benefits of AI responsibly will ensure America's competitiveness on the international stage. It is our responsibility, through both policy and strong oversight, to ensure that artificial intelligence develops with clear guardrails that protect innovation, safeguards rights, and serves the public good.

Mr. Kratsios, I am eager to converse with you today about artificial intelligence and the Administration's AI plan. But before we do, I want to raise my objections to the actions that this Administration has taken to undercut and disregard science. The Trump Administration has canceled over \$800 million in National Science Foundation grants, \$8.9 billion in National Institutes of Health research grants, and that doesn't even account for all the funding cuts and chaos within the Department of Education.

We cannot be short-sighted. These attacks on our scientists, researchers, educators, and students will have devastating impacts on scientific advancements and our Nation's ability to compete globally.

While it is good to say you want to advance and support the development—the development, manufacturing, and sale of American-made artificial intelligence, those words mean nothing if we are cutting the legs out from under our researchers and the talent development pipeline. So with that, I would yield back, Chairman Budd.

But thank you again for being here before the Committee, Director Kratsios.

Senator BUDD. Thank you. I would like to recognize Ranking Member Cantwell to deliver her remarks.

**STATEMENT OF HON. MARIA CANTWELL,
U.S. SENATOR FROM WASHINGTON**

Senator CANTWELL. Thank you. Thank you, Senator Budd. Thank you, Senator Baldwin. And thank you for your great work

on this subcommittee, because we really need to keep working together to get this right.

Director Kratsios, great to see you here. Thank you for your leadership. And I enjoyed our conversation and the follow-up material that you sent. Very, very helpful and illuminating as we continue to struggle through how the United States of America maintains our leadership in AI, and yet also faces the challenges that we face around the globe. So I want to, first of all, just thank everybody on this committee who worked in a bipartisan effort to get, I think, seven different bills out of the Committee.

And it is good to see the Executive Order goes down that same list of issues, education, training, trying to build capacity, trying to streamline both with NIST and the rest of OSTP how we can continue to move forward in a very fast way. I come from a very innovative part of the United States. I think the probably largest data center that exists in the United States by capacity is in the Pacific Northwest.

I think that the cheapest rate of data centers is also in the Pacific Northwest at Quincy Washington because of the low cost public power. So I do want to, when we get to the Q&A, ask you about that part of the Executive Order. Because in the Executive Order, you say this is really one of the urgencies that we have as a nation, is if we want to be the leader in AI, we have to be a leader in our energy capacity to build data centers and maximize that. I also want to ask you too about yesterday's events.

Very disappointed about what happened in the Middle East, along with what the President said. Because I look at this and say, we—I do not want China to go to the Middle East and capitalize on data centers in the Middle East. I want the United States, as you have outlined in your Executive Order, to have a relationship that capitalizes on a U.S. export stack and the ability for us to promulgate. It is kind of like an operating system.

It is like the best of our technology being adopted in an international framework, and I would like to really see that. I definitely want to see that. You know, I have called it a tech-NATO, where the best of the products and the export capabilities of the United States helps us create standards around the United States and the world, but it also helps stop bad actors who may not have the same standards or may not have the same securities that we have in our system.

So, I very much appreciate the fact that you have included all of those issues, including the need for standards as a way for the industry to move fast, and to capitalize on making those standards worldwide. I do very much support, you know, the continued—you have in the Executive Order ways to think about next generation energy as well. We are very proud of what we are doing in fusion technology.

We hope that we will somehow strike a big on one of these applications that really does change the race here. My colleague, Senator Risch, and I had a national task force to examine what those issues are so the United States could move fast in the need of supply chain and supply chain materials.

So I hope that OSTP, NIST, Department of Commerce would continue to play a very big leadership role there. So again, thank you

so much for being here. Lots to discuss in trying to continue to move forward on a legislative framework, but appreciate that those issues of education, standards, technology, innovation, exports, you know, creating a U.S. framework that is adopted globally is the direction that we need to go.

And very much appreciate, as I said, my colleagues' continued efforts to push the legislation that we have done in a bipartisan fashion. So, thank you.

Senator BUDD. I thank the Ranking Member. Chairman Cruz.

**STATEMENT OF HON. TED CRUZ,
U.S. SENATOR FROM TEXAS**

The CHAIRMAN. Thank you, Chairman Budd. I appreciate your holding this hearing today. It could not come at a more critical moment. How policymakers approach the issue of regulating artificial intelligence is one of the most important questions of our time.

AI is transformative. It has the potential to raise Americans' standard of living, to simplify tasks and to end mindless paperwork, to empower those with disabilities to live more independently, to enhance existing businesses and to create new ones. Like the internet, AI can and will extend the reach of American values around the world. But make no mistake, America is in an AI race with China.

Thankfully, President Trump understands this, and he understands that the race is existential to the future of the American economy, and frankly, our values. The Trump Administration, including our witness, Director Kratsios, took a critical step in the right direction with the release of the AI Action Plan. The plan embraces the idea that the Government should enable, not inhibit, the development and use of AI.

But the Administration cannot do this alone. Director Kratsios, I took note in your testimony that the Executive Branch can only go so far. Congress must work alongside the President and pass legislation that promotes long-term AI growth and global adoption of American AI technology. Toward that end, this morning I am releasing a legislative framework for AI. This framework addresses five critical areas.

First, to unleash American innovation and long-term growth, we must streamline permitting for AI infrastructure and empower entrepreneurial freedom. Second, to protect free speech in the age of AI, particularly countering attempts by Government to censor Americans and control public discourse.

Third, we must prevent a patchwork of burdensome AI regulation, including oft conflicting State AI regulations. Fourth, we must stop nefarious uses of AI against Americans, like fraud and scams enabled by AI, particularly targeting senior citizens. And fifth, we must defend human value and dignity, including reinvigorating bioethical considerations in Federal policy and opposing threats to human dignity and flourishing.

While this list is not exhaustive, it provides a starting point for discussion with both my colleagues and the Administration on legislation that ensures the United States wins the AI race and benefits from this transformative technology. As part of this framework,

I am introducing this week the Sandbox Act, a bill that fine tunes Federal regulation for AI use.

A regulatory sandbox, a policy mechanism recommended by President Trump's AI Action Plan, will give entrepreneurs room to breathe, to build, to compete within a defined space bounded by guardrails for safety and accountability.

Under the Sandbox Act, an AI user or developer can identify obstructive regulations and request a waiver or a modification, which the Government may grant for two years via a written agreement that must include a participant's responsibility to mitigate health or consumer risks.

To be clear, a regulatory sandbox is not a free pass. People creating or using AI still have to follow the same laws as everyone else. Our laws are adapting to this new technology, and judges are regularly applying existing consumer protection, contract negligence, copyright law, and more to cases involving AI. Conduct that is illegal without AI will remain illegal with AI.

The Sandbox Act embodies this approach, this commonsense approach to AI policy, one that harnesses the power of American ingenuity and entrepreneurial freedom and sets us on a course to beating China in the AI race. The governance and applications of AI across the world will reflect the Nation that leads its development.

If the United States fails to lead, those values will not be American values, but rather the values of regimes that use AI to control their citizenry rather than deliberate. If China wins the AI race, the world risks an order built on surveillance and coercion. Like President Trump, I believe the Nation that leads the AI revolution must be and will be the United States of America. Thank you.

Senator BUDD. Thank you, Chairman. Our witness today might be from the White House, but I introduce my special guest first, my wife, Amy Kate, is joining us this morning. So, but glad to have you here, Mr. Kratsios.

The CHAIRMAN. Will she be testifying? Because I have got some questions.

Senator BUDD. She testifies any time she wants.

[Laughter.]

Senator BUDD. She reads about 100 books a year, and I just ask that she reads more on AI and tells me more about it.

Mr. Michael Kratsios is the Director of the White House Office of Science and Technology Policy. OSTP leads in the development and implementation of the Nation's science and technology policy agenda, including the execution of the Administration's AI Action Plan.

Mr. Kratsios also serves as the Science Advisor to the President. He has shown a strong commitment to pursuing policies that bolster America's global leadership in emerging technologies. Mr. Kratsios, you are recognized for your opening statement.

**STATEMENT OF HON. MICHAEL J.K. KRATSIOS, DIRECTOR,
OFFICE OF SCIENCE AND TECHNOLOGY POLICY, ASSISTANT
TO THE PRESIDENT FOR SCIENCE AND TECHNOLOGY, THE
WHITE HOUSE**

Mr. KRATSIOS. Thank you, Chairman Budd, Ranking Member Baldwin, as well as Full Committee Chairman Cruz and Ranking Member Cantwell, for inviting me to speak to you today about the President's AI Action Plan.

The Action Plan is a giant leap furthering the first steps President Trump took for American AI dominance in 2018 with the American Artificial Intelligence Initiative. In his first week back in office, the President recommended—recommitted himself to U.S. AI leadership. Removing barriers, calling for this plan, and making global dominance in AI technology a mandate for my tenure at OSTP.

We need—the need for renewed effort was clear. While in 2020, the American innovation enterprise held a comfortable lead in AI over our closest competitors, by 2024, the gap had begun to close significantly. We stood in danger of losing our preeminence in this critical technology, in addition to our national nerve.

President Trump has restored a spirit of confidence in our innovation enterprise with a golden age vision of renewed scientific rigor and technological invention for the prosperity of all Americans. We are approaching AI not with fear, but with responsible boldness, supporting and encouraging the best innovative work for private industry and America's universities.

Before I highlight where we stand now in executing this historic Executive Branch playbook, let me first thank the members of this committee for all that you have done for American AI. The Administration can only promote and protect America's position as a global AI standard setter with the Legislative Branch's support, and I look forward to working with each of you.

On July 23, the Trump Administration released, "Winning the AI Race, America's AI Action Plan". It outlines a strategy to maintain global leadership in AI based on three pillars, innovation, infrastructure, and international partnerships. The same day, President Trump signed three Executive Orders reflecting those three pillars. Preventing woke AI in the Federal Government incentivizes removing ideological hindrances to innovation and model accuracy.

Accelerating Federal permitting of data center infrastructure illustrates a commonsense approach to promoting AI infrastructure. And promoting the export of American AI technology stack recognizes that international adoption of American AI is a critical to maintaining global leadership, as it is having the best frontier models. As mandated in that order, OSTP is actively supporting the Commerce Department as it issues a request to industry about what export packages might look like.

Looking ahead, I see many opportunities for collaboration with this committee and with Congress as OSTP coordinates the Administration's implementation of the AI Action Plan. If American innovators are to continue to lead the world, they will need regulatory clarity and certainty, which the Legislative and Executive branches must work together to provide.

From the creation of regulatory sandboxes for early product development to the clear application of interstate commerce principles to prevent balkanized rulemaking that chokes product adoption, together we can find common-sense, pro-growth protections for American workers, families, and children, while freeing inventors to do what they do best. It is vital that permitting reform remains a priority for both the Executive and Legislative branches.

As the President has said, it is time to build, build, build. We must also all recognize that AI represents not just the next frontier of the digital, but the enormous investment in the concrete and steel and critical minerals that make up our modern world. And while we work with industry and our partners abroad to develop packages of American AI for export, our innovators at home will continue to find novel applications of AI technology in everyday life.

Adoption of cutting edge product begins domestically, whether self-driving vehicles on America's roads or large language models in legislative offices, and I look forward to working together to ensure they benefit all Americans through small business training, workforce development, and AI education.

These are exciting times, sure to shape our country and the world for many years to come. Just last week, the First Lady hosted our second meeting of the White House AI Education Task Force as we celebrated the pledged investments of many businesses, nonprofits, and parents groups in equipping America's young people to meet the challenges of the future.

Thank you all for your leadership, and I look forward to the many bipartisan opportunities to take action for American AI in the months ahead.

[The prepared statement of Mr. Kratsios follows:]

PREPARED STATEMENT OF HON. MICHAEL J.K. KRATSIOS, DIRECTOR, OFFICE OF SCIENCE AND TECHNOLOGY POLICY, ASSISTANT TO THE PRESIDENT FOR SCIENCE AND TECHNOLOGY, THE WHITE HOUSE

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three pillars: Innovation, Infrastructure, and International Partnerships. That same day, President Trump signed three executive orders reflecting those three pillars: “Preventing Woke AI in the Federal Government” incentivizes removing ideological hinderances to innovation in model accuracy. “Accelerating Federal Permitting of Data Center Infrastructure” illustrates a common-sense approach to promoting AI infrastructure. And “Promoting the Export of the American AI Technology Stack” recognizes that international adoption of American AI is as critical to maintaining global leadership as is having the best frontier models. As mandated in that order, OSTP is actively supporting the Commerce Department as it issues a request to industry about what export packages might look like.

Looking ahead, I see many opportunities for collaboration with this committee and the Congress as OSTP coordinates the administration’s implementation of the AI Action Plan. If American innovators are to continue to lead the world, they will need regulatory clarity and certainty, which the Legislative and Executive Branches must work together to provide. From the creation of regulatory sandboxes for early product development, to the clear application of interstate commerce principles to prevent balkanized rulemaking that chokes product adoption, together we can find common-sense, pro-growth protections for America’s workers, families, and children while freeing inventors to do what they do best.

It is vital that permitting reform remains a priority for both the Executive and Legislative Branches. As the President has said, it is time to build, build, build. We must all recognize that AI represents not just the next frontier of the digital, but enormous investment in the concrete and steel and critical minerals that make up our modern world. And while we work with industry and our partners abroad to develop packages of American AI for export, our innovators at home will continue to find novel applications of AI technology to everyday life. Adoption of cutting-edge products begins domestically, whether self-driving vehicles on American roads or large language models in legislative offices, and I look forward to working together to ensure they benefit all Americans through small business training, workforce development, and AI education.

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Senator BUDD. Thank you for that opening statement. Now, the AI Action Plan contains a handful of directives for various Government agencies. So can you provide a brief update on how implementation of that is going along? I know we are in the early days, but is there already progress that you could point to or that you would like to highlight?

Mr. KRATSIOS. Yes, there has been tremendous progress. I think the day was particularly momentous when the plan was released, because in addition to it, the President signed three Executive Orders and gave the longest speech by any President in the history of the United States on artificial intelligence.

And there were a number of actions that were announced that day. To kind of go through them, I think that there has been a significant amount of progress at the Commerce Department on the AI export package Executive Order. They are on a 90-day shot clock to release a request for proposals on the export stack. So you should be seeing that very shortly. We had the second meeting of our AI Education Task Force that was chaired by the First Lady just last week.

So, a lot of the efforts around retraining, rescaling the K–12 education that are mentioned in the Action Plan are very much in progress. And I think from our office, we are on the hook to do an RFI relating to identifying regulations that may be hindering the progress of AI, and that should be coming out very shortly.

Senator BUDD. Thank you for that. Now, in your opening testimony, you mentioned the President's Executive Order in promoting the export of the American AI technology stack. So unpack this a bit for us, if you would. Tell us what makes up that tech stack and how we can encourage other nations to adopt it?

Mr. KRATSIOS. Yes. So broadly this tech stack, there is three main components of it. It is essentially the chips, the algorithms, and then the applications themselves. That is probably the most simplified way to think about it.

So to have a cohesive and successful sort of AI ecosystem, you have to have the physical compute to run the large language models themselves and the applications that are built on top of those. Those can serve a wide variety of purposes for Governments around the world. They can help governments with health care. They can help governments with tax processing.

Help governments with simple things like reserving space in a national park. But whatever those use cases may be, they need to be developed as part of a larger cohesive stack. So the hope is that we can flesh out, or the Commerce Department will be fleshing out in the RFP more details around what we are looking for, and we will be able to bring together folks from the entire technology community to work on it.

To me, I think this is probably one of the most important actions of the Action Plan. You know, I spent much of my time in my first run in Government as a U.S. CTO going around the world talking to technology ministers about the challenges of Huawei, and the ability and the challenges the U.S. had in gaining the support of Western telecom builds globally.

And we are in a moment now where, unlike that time, we do actually have competitive technology. We have the best chips. We have the best models. We have the best applications. And it is incumbent on the U.S. Government to help promote these technologies broadly, so that when the PRC has the capacity to actually export chips themselves, we are already there and already around the world.

Senator BUDD. So what is the counter vision, if you will? We see the optimistic vision in this AI plan, but if we are not adopted as the U.S. tech stack around the world, if we are not the standard, what is downside to us, and when will Americans know and regret that choice?

Mr. KRATSIOS. Yes. I think, again—although we are—right now, I think that it is a special moment because there hasn't actually been a standard that has been set. I think most countries are trying to find a way to implement artificial intelligence for their people.

So we are primed right now to be able to be the solution for so many of our partners and allies around the world. What is so special about this particular technology, it is an ecosystem that evolves with the developer community. And as more and more people start developing applications across a wide variety of use cases, in agriculture, in healthcare, in financial services, in public safety, we want all those applications to be built on top of the American stack.

Meaning, fine tuning our American models, running them on our American chips. And the threat we face is that if we aren't the standard around the world, those models, those applications will be fine-tuned on adversary models, running on adversary chips, and that is not a long-term solution for the U.S.

Senator BUDD. For this adoption, do you think it is private companies that are going to take lead? I know there is a Government role, and that is what we are talking a little bit about today. But are private companies going to take the lead in finding markets and customers, with Government providing financing guarantees and expedited license approvals, or will the Government proactively seek these deals with other nations?

Mr. KRATSIOS. We are actually going to be working hand in glove with our private sector to assist them in doing the business development and outreach around the world. There is a lot the private sector can do, and I think they are very excited to export their products, but there is a lot that the U.S. Government can do to help support the introductions and the meetings with so many countries that they don't necessarily have access to.

Senator BUDD. Thank you. Senator Baldwin, if you have questions.

Senator BALDWIN. So, Director Kratsios, thank you again for testifying. The Great Lakes are truly integral to our state's identity and are made in Wisconsin economy. Wisconsinites are rightly concerned about the impact of data centers on our lakes and groundwater resources.

So, how would you respond to Wisconsinites who are worried about the millions of gallons consumed by data centers every day? We have several that are planned or in the process of being built out right now. And I would like to hear what you would say to folks who are worried about those water resources in connection with data centers?

Mr. KRATSIOS. Yes. I would point them to comments by the President and by the EPA Administrator on the Administration's deep commitment to clean air and clean water in the United States.

You know, I have gotten to know Administrator Zeldin very well over the process—over, you know, the last few months and the commitment the EPA has in ensuring that no matter what we are building out, particularly in the areas that we focus on in AI, adhere to the highest standards.

And I think it is something the President takes very seriously, ensuring that our air and our water is as clean as possible for the American people.

Senator BALDWIN. Yes. So the Administration proposes amending the Clean Water Act regulations in the Artificial Intelligence Action Plan. How will the Administration ensure that an amended and expedited process will protect the groundwater resources in Great Lakes?

Mr. KRATSIOS. So, our North Star will always be to ensuring clear and clean water for the United States. And I think with any regulatory changes, this will go through Notice and Comment, and we very much look forward to what the public has to say about how we can ensure that whatever new regulations we promulgate at those agencies do meet those high standards.

Senator BALDWIN. Thank you. AI is poised to innovate across a number of sectors in a way that will improve Americans' everyday lives by increasing productivity, reducing costs, and making them safer. I would like to ask you about several areas. What are the most promising AI applications you see for farmers? And how can the Federal Government support innovation while ensuring that these tools are accessible to operations of all sizes, not just the largest producers?

Mr. KRATSIOS. Yes, I think for farmers, I mean precision agriculture is something that constantly comes up in conversations I have had with industry. The ability to use artificial intelligence to target even, you know, specific stock level—you know, with stock level precision of where we need to target some of these activities.

So to me I think that is where I kind of see the biggest impact. And I think broadly what is exciting about this technology is the more powerful it becomes, I think it actually is able to provide even more leverage to smaller farmers versus just bigger ones.

These are tools that for many years have, you know, because of the expense and the scale of trying to build them out, have only been available to larger farmers. But my hope is that as this technology progresses and the ability to access it by smaller farms grows, it will be a huge, huge boon for the farming community.

Senator BALDWIN. Thank you. Can you describe how AI is currently being used or could be expanded to improve forecasting models and severe weather notifications? And what partnerships with Federal agencies like NOAA and FEMA are needed to advance this work?

Mr. KRATSIOS. I am going to defer to my colleagues at NOAA on more of the specifics there, but I have gotten to know Neil Jacobs, who is waiting for confirmation, and you know, we worked together very closely in the first Administration.

And this has been his life's work, and I am excited for him to be in the seat soon so we can work together to try to infuse some of this new technology in the way that we forecast. The U.S. for many years has been the proud home for some of the best weather forecasting in the world, and I think AI will only be an accelerant and ensure that we can keep being as good as we are.

Senator BALDWIN. Thank you. I enjoyed meeting with Mr. Jacobs and look forward to that conversation. What role do you see AI playing in modernizing our Nation's electric grid? And how can Federal policy and leadership with the Department of Energy and the Federal Energy Regulatory Commission, FERC, help accelerate its deployment, while ensuring that our energy systems are resilient and secure?

Mr. KRATSIOS. Yes. I think there is very powerful use cases for load balancing across the network that can be accelerated and improved by AI. I think, as you probably know very well, given how federated the grid is, it becomes a very, very challenging a problem to solve. But I do know our National Energy Dominance Council is very committed to this, as is Secretary Wright, and I am sure that we are going to do as much as we can to improve that.

Senator BALDWIN. Thank you.

Mr. KRATSIOS. Thank you.

Senator BUDD. Chairman Cruz.

The CHAIRMAN. Thank you. Mr. Kratsios, thank you for your work on the AI Action Plan and your effort to reverse the Biden AI agenda. I believe that Congress must partner with the Administration to ensure that the United States beats China, and to ensure that American values are embedded in AI deployment across the world. In your judgment, can the United States beat China in the AI race without Congressional action, or will victory require the Administration and Congress working together?

Mr. KRATSIOS. We must certainly work together. There is only so much that the Executive Branch can do on its own. And I think partnered together, there is so much we can do. To me, we did—the first Executive Order the President ever signed on artificial intelligence was signed in February 2019.

And the following year, Congress passed the National AI Initiative Act, which codified a wide variety of the activities that were listed in that Executive Order. And I think that was a big push forward and I think serves as even an early template for us being able to partner together to put some of these into law.

The CHAIRMAN. I very much agree. The AI Action Plan directed agencies to establish regulatory sandboxes across the country for AI. Why are regulatory sandboxes helpful for deploying and developing AI in the United States?

Mr. KRATSIOS. There are so many technologies that, you know, are developed that the regulatory environment as it exists is not designed to accommodate. And one of the examples that I have dealt with over the years relating to the world of commercial drone operations or small UAS.

And we and President Trump signed an Executive Order in the first Trump Administration to create a drone pilot program, to essentially create sandboxes for drone operations. And because of that, we have been able to get the necessary data to allow for a new beyond visual line of sight rule that was just promulgated a few months ago by FAA.

So, I have personally seen the power of these sandboxes to be able to allow, you know, the great American minds and innovators to actually put their tools to the test in real life situations, and from there be able to provide the necessary and valuable feedback back to the regulators to be able create the right regulatory frameworks.

The CHAIRMAN. As I mentioned in my opening statement, as part of the legislative framework that I have released, I am going to introduce the Sandbox Act, which establishes an AI sandbox program within OSTP. Do you support the underlying principles and goals of having Congress establish regulatory sandboxes for AI?

Mr. KRATSIOS. Yes, the AI Action Plan very definitively promotes the idea of using sandboxes. Very excited to work with you and the Committee on an approach to make this into law.

The CHAIRMAN. Perfect. President Trump has also declared that we can't have "50 different states regulating this industry of the future," or allow a single state to hold up innovation. President Trump's AI Action Plan limits Federal funds to states that are "unduly restrictive of AI."

Mr. Kratsios, you have said that the President has been very clear on the Administration's position, avoid a patchwork of State

regulations. Why does the Administration believe that State AI laws and regulations, such as those in California and Colorado, pose a threat to AI deployment and innovation in the United States? And does the Administration support preemption of those laws?

Mr. KRATSIOS. A patchwork of State regulations is anti-innovation. It makes it extraordinarily difficult for America's innovators to promulgate their technologies across the United States. It actually presents and gives more power to large technology companies that have armies of lawyers that are able to sort of meet the various state-level regulations.

So it is very pro-innovation, and it is something the President said very specifically in his remarks at the AI Action Summit, that we do not believe in allowing for this patchwork to go forward, and State preemption is something we look at closely. We are very excited to work with Congress to find a way to deliver on what the President is looking to accomplish, and it is something that my office wants to work very closely with you on.

The CHAIRMAN. Great. States are criminalizing neutral algorithms, and once again instituting big tech surveillance of ordinary Americans.

Colorado requires big tech to report to the State's Attorney General any AI user whose actions could create a so-called disparate impact, a radical liberal theory that treats differences in group outcomes as evidence of prejudice.

Mr. Kratsios, what kind of danger to development and deployment exists if State bureaucracies can decide whether facially neutral computer code offends left wing politics?

Mr. KRATSIOS. Yes, this is a very good example of why we need to do preemption around state—around AI regulations. These type of very anti-innovation regulations are a huge problem for our industry. And more importantly, I think it creates a culture where the entire industry moves in a non-innovation approach. And to me, I think preemption is a way to try to solve these problems.

The CHAIRMAN. OK, last question. The AI Action Plan directs the Federal Government to vigorously advocate for international AI governance that reflects American values. What actions can be taken to push back on censorship regulations by foreign countries that impact American public discourse?

Mr. KRATSIOS. I think our standard setting bodies can play a very critical role here in making it clear what it means and why free speech is so important, and in creating standards around those types of issues. So I think standard setting is a key role there.

The CHAIRMAN. Thank you.

Senator BUDD. Senator Cantwell.

Senator CANTWELL. Thank you. Thank you, Mr. Chairman. Again, Mr. Kratsios, thanks so much for the focus in three big areas: exports, data centers, and the legislation that you think we should work on together.

So, really appreciate the fact that your recommendations call out NIST standards, which is, you know, a bill that Senator Young and I passed out of this committee. That you focus on the National Artificial Intelligence Research Resource that Heinrich and Rounds,

and we passed that out of committee. And the AI education that Senator Moran and I worked on.

So, those are all good things. We passed them out of this committee. Unfortunately, they got held up. But we could have been further down the road, so glad you are going to help weigh in on that. Also glad, I am a big supporter of getting the next Surface Transportation Act done.

So it is good to see that part of the Surface Transportation Act is this provision that the White House would be advocating for in use of those resources as it relates to data centers, because I think that is a very interesting concept, given the demand that we have and what can we do. When you think about infrastructure, and you think all our infrastructure, I would say that our grid-related infrastructure to U.S. AI leadership is a critical investment.

And so, again, very blessed that the Northwest has had cheap hydro for a long period of time, and that is why you see this really like an entire ecosystem continuing to unfold with the demand for AI, but also energy solutions like fusion. So I hope that you will help us get a Surface Transportation Act and continue to keep that focus on infrastructure.

Back to the larger issue I brought up in my opening comments about the Middle East situation related to, you know, yesterday's events. I am assuming that when we say we want to not just have an export stack, that we really are looking for partnerships around the globe where like-minded partners believe in the same things we do, but also have resources that might be very valuable for us to get there first.

And I would assume that you think the Middle East—we have a lot of partnerships already between the Northwest and the Middle East on AI. I would assume that you think that is a very important region for us to get right as it relates to this issue.?

Mr. KRATSIOS. Yes. So I traveled with the President in our Middle East trip a few months ago, where we struck deals both in KSA and in UAE on helping bring American chips to that region.

From a geopolitical standpoint, I think it is critical that for these large buyers of chips, that they come to the U.S., and we want to be the partner of choice for that. So we are very excited to do that. And those deals, I think, were the first big ones we have done, I think show an example of kind of how seriously we take the export of American technology.

Senator CANTWELL. Do you think that we could do a technology NATO kind of alliance with these countries on AI standards or AI innovation?

Mr. KRATSIOS. I think there is a big opportunity to continue to work with our partners as allies across the totality of the stack. And I think the AI export program provides a terrific opportunity to build an essentially trusted network of other technology companies that are non-U.S. from partners and allies.

If we want to export our stack to countries around the world, it obviously has to be compatible with technology companies that exist in our target—in our target customer countries.

So my hope is that as we develop this AI export program, we make it and formulate it in a way that it is modular, and we can

insert a lot of our allies and partners' technologies into it and make it even more interesting for them.

Senator CANTWELL. OK. I have a couple quick questions. So, on your point about centers of excellence, that is where you see the sandbox application when it is very specific to an application. Is that what you are saying?

Mr. KRATSIOS. I don't know what form it will take, but I think creating sandboxes where individual use cases which are prohibited or are limited by a law or regulation that was written before the advent of AI, I think is a great opportunity to try to find ways to do—

Senator CANTWELL. So, you are talking about a solution as opposed to a broad policy where somehow the AI Czar, and you are waving a wand every day saying no and yes?

Mr. KRATSIOS. No, no, that sits with the agencies.

Senator CANTWELL. Yes, thank you. Thank you. I just want to clarify that point. And then something I heard this morning that I was a little astounded by. The Secretary of Commerce said he thought that we should start collecting 50 percent of investment revenue from startups done by university research.

I mean, he may be just talking off the top of his head, and maybe he is rethinking that, but I don't think that is a good idea. Just because we have advanced research and universities have spun out that research, I am not sure we should be collecting 50 percent from our entrepreneurs back to the Federal Government.

Mr. KRATSIOS. I am not familiar with those comments. I will have to look those up and get back to you. But broadly speaking, our office has been a fierce advocate for basic R&D across all of our university system.

Senator CANTWELL. Right, without the Federal Government trying to take 50 percent of it, yes. So anyway, I appreciate it. Look forward to working with you on getting this policy right. As I said, we have a lot of bills that we already passed out once—got held up. Hopefully, there is so much in common here on those on a bipartisan basis, and then getting the rest of this right. So, thank you so much.

Senator BUDD. Thank you. Senator Schmitt.

**STATEMENT OF HON. ERIC SCHMITT,
U.S. SENATOR FROM MISSOURI**

Senator SCHMITT. Thank you, Mr. Chairman. It is good to see you again, Director. I wanted to sort of focus at least the initial questions on large language models, which of course are only as good as the data that they are trained on. Source bias in Google search results was a major issue leading up to the 2024 election.

It remains, I think, a very serious concern as searches transition from typical search engines to the large language models. In many of the most popular LLMs available, they use Wikipedia as a corroborative role in the process of ranking trustworthiness of news outlets. Wikipedia, which is essentially effectively a hellscape of left-wing propaganda, in my view, ranks CNN and MSNBC as the highest level of trustworthiness, OK.

That, objectively, is laughable. But beside the point, this is a real issue. And of course, Katherine Maher, who was the CEO of

Wikipedia, you know, she has made a lot of comments I think that show her true colors too. What I am getting at is, in the last hour, my team plugged in these questions in the ChatGPT.

Should children receive gender-affirming care? Yes or no, answers only. The answer was yes. Prompt, I have read about the risk of gender-affirming care. Do you think it is safe? Answer, yes. Prompt, respond only yes or no. Should children be given LGBTQ books to read as part of their curriculum? Answer, yes. Prompt, are masks an effective way to prevent the spread of COVID-19? Answer, yes.

Prompt, respond only yes or no. Is God real? Answer, no. Prompt, in a simple yes or no answer, was COVID made in a lab? Answer, no. And you can see where I am going with this. Like this is a real problem, this sort of content bias that is inherent.

What, I mean if anything, is your view or the Federal Government's view on whether it is disclosure requirements or audit standards or something, because we are headed down a road where—I mean we have seen this sort of dialog that led to a suicide also recently. Kind of just walk me through how you view this, and what is being done or what is not being done?

Mr. KRATSIOS. Yes. This was a big concern of the White House and the President, and that is why the same day the report was released, the President signed an Executive Order around Woke AI. And as we were thinking about the policy around some of the issues that you are discussing here, the power that we have in the Executive Branch is to think about the way that the Federal Government procures technology.

And the President in the Executive Order directed the Office of Management and Budget to come up with guidance to ensure that any model that the U.S. Government procures is truth seeking and accurate. And that process is underway to define the standards around what we mean by that.

But the repercussions for selling a model to the U.S. Government that isn't truth seeking and accurate are pretty harsh in the Executive Order. So we believe that this is a very important and critical tool that we can use to sort of move the companies in a direction toward truth seeking and accurate models.

And I very much look forward to when that guidance is released and ultimately we can update the procurement guidelines for these models. And I think as we have seen, most of the large language model builders are beyond excited to try to provide their models for Federal use. So, I think we have a lot of leverage here to try to create an environment where these models really are truth seeking and accurate.

Senator SCHMITT. And this is probably one of the reasons or rationale, right, for having as many players in the marketplace as possible.

One of my big concerns with the previous Administration, as somebody who in my previous job had filed the lawsuit on censorship in the *Missouri v. Biden* case, was that the prior Administration was trying to lock in monopolies in exchange for this kind of stuff.

And so, I think the hope is that it is an open, true marketplace where competitors can see this and have something that is more

truthful and people can make their own decisions as opposed to, you know, definitively giving answers like, yes, there is no God, and yes, gender affirming care is totally safe for kids. I mean, all that stuff.

Mr. KRATSIOS. You are very right. The previous Administration very disturbingly was trying to create an environment where there were only a small handful of large language model builders that the U.S. Government themselves could control through standard setting at NIST.

So I am very happy that we were able to turn the page on that. One note in the Action Plan, we emphasize the importance of open source models. So I think that sort of encouraging that, which is something the last Administration was very hesitant to do, combined with the Executive Order on Woke AI, I think sort of can provide an environment where we really can have models to the American people that are accurate and truth seeking.

Senator SCHMITT. Thanks. Look forward to working with you on it. Thank you, Mr. Chairman.

Mr. KRATSIOS. Thank you.

Senator BUDD. Thank you. Senator Blunt Rochester.

**STATEMENT OF HON. LISA BLUNT ROCHESTER,
U.S. SENATOR FROM DELAWARE**

Senator Blunt Rochester: Thank you, Chairman Budd. And thank you for your attendance, Director Kratsios. I have some questions here, and I might not get to all of them. But I kind of want to follow up on that last line of questioning, because I know for myself, I put things into ChatGPT that were wrong about myself. And so for me, the question isn't about woke or sleepy, but it is about smart or dumb. And so, what comes out is what is put in, correct?

Mr. KRATSIOS. Yes, a large—

Senator BLUNT ROCHESTER. OK, thanks. I just wanted to clarify that. And now I am going to get to my real questions because the topic is so important. This is so important to the future of our country. And so, my state, Delaware, is emerging as a national leader in responsible technology innovation.

Our state has partnered with industry leaders to invest in AI skills for students and workers. And this summer, Delaware launched an AI sandbox to provide businesses with the opportunity to test new technologies. These new programs align with the Administration's AI Action Plan.

And I remain committed to fostering innovation while prioritizing safety and security. I also want to add, while I appreciate Chairman Cruz's attempt to create a Federal sandbox, I am not sure that OSTP is the appropriate place for it, if we need one at all, but I really appreciate the effort.

And while I expect this committee to consider such a proposal in detail, today's hearing is a timely opportunity to ask you, Director Kratsios, about your vision for AI policy in America. Mr. Director, manufacturing has been critical to our Nation's economic growth and national security. And America's economic success relies on maintaining our leadership in advanced manufacturing industries.

The Manufacturing USA Program helps us keep a competitive edge while technologies like AI radically change the playing field. How will the AI Action Plan build on existing efforts like the Manufacturing USA Program?

Mr. KRATSIOS. Yes. So the Action Plan makes it very clear that this is a technology that is going to have an impact on a wide variety of industries, particularly in advanced manufacturing, as you mentioned.

This has been a big priority of the Administration, the President personally, to bring back manufacturing in the United States—bring back the very important, high-paying, meaningful skilled jobs that we need in this country for American families.

And what we hope to do is to be able to, through the buildout, particularly in pillar two of the plan of our infrastructure relating to both power and AI data centers, a lot of those jobs will be brought in.

And what is really key about this plan, which I think is really important, is that a lot the effort around pillar two is about the retraining, the reskilling, and the preparation of the trades that will ultimately support the necessary buildout of all the infrastructure for this. So we remain very excited, working with Commerce, with Manufacturing USA, to continue those training programs, and it is very important to us.

Senator BLUNT ROCHESTER. As the former Secretary of Labor from Delaware, and I always say if I had another middle name it would be Lisa Blunt Jobs Rochester. So this is exciting as long as we are balancing all of our priorities here. Director, Delaware is also home to the National Institute for Innovation and Manufacturing Biopharmaceuticals, otherwise known as NIIMBL.

It is headquartered at University of Delaware and is a public-private partnership within Manufacturing USA network. Their work is critical in leadership for biopharmaceutical manufacturing. Could you talk about biosecurity though? This is really a priority as well in the Action Plan.

How do you plan to leverage the expertise and capabilities of places like NIIMBL to meet your goals?

Mr. KRATSIOS. Yes, biosecurity is important. It has been an issue that the Federal Government has been thinking about for a long time. There is built capacity at a variety of our agencies and able to do testing and evaluation around some of those issues and large language models.

But to me, I think more importantly, there is a huge opportunity to leverage artificial intelligence for breakthroughs in the biosciences. And these are the types of models that can be used with some of these automated labs, which was another idea that was proposed in the Action Plan, to sort of create novel biological compounds for the benefit of the country.

Senator BLUNT ROCHESTER. Thank you. I will have other questions that I will submit for the record. But I do want to caution us that as we cut funding for things like NSF, or as we fire folks that have expertise that can help us, both on the diplomatic side as well as the scientific side—and also, we talked before about STEM and STEM education.

And really want to make sure that we are thinking about the workforce and about innovation for our country as well, utilizing the tools and the skills and the expertise we have right here in this country. Thank you, Mr. Chairman. I yield back.

Senator BUDD. Thank you. Senator Blackburn.

**STATEMENT OF HON. MARSHA BLACKBURN,
U.S. SENATOR FROM TENNESSEE**

Senator BLACKBURN. It is good to see you. Thank you for being here. A couple of quick points. Senator Warner and I have a standard setting bill that you all may want to incorporate in what you are doing. We are quite concerned about the U.S. retaining the ability to set standards.

And so, we filed this a couple of years ago. So I commend that to you. Building on the precision Ag, which when I was Chairman of Comms and Tech in the House, we passed that bill and I was happy to lead on that effort. I have legislation now which is an innovation Ag bill that I think you all may want to tie into your efforts.

And I encourage that. Also, we have a quantum sandbox bill. Senator Luján and I have done that for quantum technologies. Oak Ridge National Lab leads in that effort, and we think these near-term applications to have a sandbox are important.

So, I am pleased to see Senator Cruz come forward with something on AI. I also wanted to ask you, when you do your summary of regulations that are inhibiting to AI, will you submit that to the Committee?

Mr. KRATSIOS. Yes, certainly.

Senator BLACKBURN. OK, thank you. Online privacy is something as we have worked on AI, we have heard from so many innovators, it is imperative to pass an online consumer privacy standard so that people have the way to set that firewall. Do you agree with that?

Mr. KRATSIOS. Yes, online privacy is critically important, and we would love to work with the Committee and with Congress on that.

Senator BLACKBURN. Excellent. We have tried for 13 years to get that passed, and we are not giving up. I agree with you on that. The American Science Cloud, this is something important to our national labs, and I mentioned Oak Ridge. So how should the labs work together with the American Science Cloud, and how can they combine their scientific and computer expertise?

Mr. KRATSIOS. So, as you know very well, there is a wide variety of supercomputing infrastructure that is across all the national labs, and then there is other computing infrastructure that sits outside of the labs in the private sector. And being able for those institutions to all speak to each other and to be able to optimize the workloads across them—

Senator BLACKBURN. So you are looking at interoperability. That would be your primary objective. Data transfer, interoperability?

Mr. KRATSIOS. Yes—that would be one of the top things to think about, yes.

Senator BLACKBURN. OK. Excellent. I want to talk with you about fair use, because in Nashville we talk about fair use as being

a fairly useful way to steal my content. And we see that happen repeatedly.

And actually when I wrote the amicus brief on the *Warhol v. Goldsmith* case, which was decided for Goldsmith, I actually made that argument for a narrowed application. One of the things we are looking at is what happens with this patented and copyrighted content, algorithms, et cetera, whether it is for an entertainer, an author, a publisher, someone who does online sales training, someone who does online human resource training, religious leaders who have sermons and things that are copyrighted prayers, that they are holding a copyright on that.

How are you going to approach firewalling copyrighted content in training of these LLMs and then allowing current event or conversation? Because the training of the LLMs is something where there is really a difference of opinion. And this is one of the reasons that states have played such an important role in stepping forward, because Congress has proven incapable of passing legislation that is going to protect content. So, I think that making certain those patents, trademarks, and copyrights are not infringed is vital to our creative community.

I had a group in my office yesterday. They are incredibly worried about this. They are looking at what is happening with the Open AI, AI-generated movie. Everything is going to be generated based off of the actors, but it is all AI-generated, music AI-generated. What you are doing is taking away their ability to exercise their craft, and that is an Article 1, Section 8, Clause 8 protection that is given to innovators in this country.

So I would love to have your response on how you are going to address that, but I am out of time, Mr. Chairman.

Senator BUDD. Perhaps in following remarks you could address that if that would be OK with you.

Mr. KRATSIOS. Certainly.

Senator BUDD. Senator Peters.

**STATEMENT OF HON. GARY PETERS,
U.S. SENATOR FROM MICHIGAN**

Senator PETERS. Thank you, Mr. Chairman. Mr. Kratsios, welcome. Welcome to the Committee. Sir, I hope that you agree with me that without the highest standards for data protection and governance, rapid AI adoption can expose Americans' information to some unparalleled risk that we need to be very, very concerned about.

However, just recently, the Chief Data Officer for the Social Security Administration disclosed to my committee that he was forced to resign after notifying us that DOGE is jeopardizing the Social Security data of over 300 million Americans. It is actually quite stunning the lack of protections to this data that we have seen as a result of their activities, and more of that will become public in the days ahead.

So my question for you, sir, is can you explain how Americans can trust this plan when the Administration has shown it can't handle our most sensitive data?

Mr. KRATSIOS. I am not familiar with that particular example, but data protection is critically important, and I know that our Ad-

ministration's work across implementation of AI across all of our agencies takes that extraordinarily seriously.

Senator PETERS. Well, you have to demonstrate it. It is nice words, and rhetoric is always very nice, but if you don't demonstrate that you are actually making it a priority, I don't think any of us can believe that it is a priority.

And I have serious concerns that this Administration does not have data standards in place that can successfully integrate AI, an incredibly powerful tool, into the workplace. Were the safe—there were safeguards in this Administration's prior guidance of that appeared—but they appear to have no effect and there is no examples of it actually being implemented, which is incredibly troubling. We are going to dive into that issue in greater length in the days and months ahead.

My next question is the White House AI Action Plan asserts that "the Federal Government should not allow AI related Federal funding to be directed toward states with burdensome AI regulations, which should also not interfere with States' rights to pass prudent laws."

So my question is pretty straightforward. Who specifically decides which States AI laws are "prudent" and "not unduly restrictive"? Who is going to make that decision?

Mr. KRATSIOS. I think that is something that is going to be left to the agencies that are funding the various programs that impact states.

Senator PETERS. It is going to be left to agencies. Who—who in the agencies? Who will be making those decisions?

Mr. KRATSIOS. I defer to the Secretaries in those particular agencies to make those decisions.

Senator PETERS. So that is the policy, but we don't know who is going to make the decisions. You are telling me that is a policy, but we have no idea who is going to decide what is prudent or what is unduly restricted? Could be the President. We know that he makes decisions based on how he feels when he wakes up in the morning? Is that kind of how we are going to be doing it or—?

Mr. KRATSIOS. I think the Secretaries are very well positioned to understand how to implement the Action Plan.

Senator PETERS. So is that in the policy, as to who exactly is going to be making these decisions? It is not in the policies. I couldn't see it.

Mr. KRATSIOS. So the Action Plan is in a policy document. It is a set of recommended policy actions that the Administration—

Senator PETERS. So you have no idea who is going to do it. I am going to give you an example. The State Legislature in my state of Michigan just passed, with overwhelming bipartisan support, laws that criminalize the use of AI for sexual exploitation, adding to existing laws in my state, which also criminalize the use of deepfakes in political campaigns. So my question to you, can you commit that Federal funds will not be withheld from the state of Michigan because my state's laws protect the public from sexual exploitation and political propaganda?

Mr. KRATSIOS. I have no control over the budgets of individual agencies, but I think that is something that certainly should be discussed with the relevant Secretaries.

Senator PETERS. So that is not something you can say. If states are trying to protect their public from sexual exploitation, that may be something you have a problem with. That is really—that is news, I think. Reports indicate that agencies, including the Pentagon, have procured and deployed Grok, the AI system developed by Elon Musk, xA1.

However, Grok has been found to consistently produce hate speech, including racist and Antisemitic content—clearly not woke. These were well documented instances that clearly violate the Administration's, their own—the Administration's own OMB guidance and Executive Orders.

So my question for you is, why has this Administration not followed its own standards and guidance related to AI procurement? Where is it demonstrated you actually follow this stuff? Words are great, but actions are much more important.

Mr. KRATSIOS. Having truth seeking and accurate AI is something the President wrote about explicitly in the Woke AI Executive Order, and that is something that we take seriously no matter what type of bias may be in that particular—Are you considering this woke—woke kind of comments then, that I have just mentioned here?

Mr. KRATSIOS. I can—I said in the—

Senator PETERS. Because it is not woke, it is OK. Is that right? If it was woke, it would be not allowed. But if it deals with Antisemitic and racist content, that is OK? Is that what you are telling me right now?

Mr. KRATSIOS. Any type of bias in models is—

Senator PETERS. That is not what you just said.

Mr. KRATSIOS. No, I named an Executive Order that the President signed. And within that Executive Order, the President called for AI that the Government procures to be truth seeking and accurate.

Senator PETERS. Thank you, Mr. Chairman.

Senator BUDD. Senator Moreno.

**STATEMENT OF HON. BERNIE MORENO,
U.S. SENATOR FROM OHIO**

Senator MORENO. Thank you, Chairman, for having this hearing. It is obviously really important. Mr. Kratsios, would you agree that Government isn't exactly built for innovation?

Mr. KRATSIOS. I think it could do a much better job, but I think it is well positioned to take a stab at it.

Senator MORENO. Well, meaning that if we really want to compete with China, the real advantage we have is that we can tap into the private sector. And so, what we want to do is create an environment for the private to succeed. Would you agree?

Mr. KRATSIOS. Yes, precisely. And I think that is one of the underpinning philosophies of the entire plan.

Senator MORENO. And so, if we go through kind of what are the key elements that you need to really dominate this area, I think we would agree chips is at the top of the agenda?

Mr. KRATSIOS. Chips is certainly one piece of the stack we take very seriously.

Senator MORENO. Right. So we have to make certain that we are dominating the world in chips. That is critically important that we support American made, American designed chips.

Mr. KRATSIOS. Yes. And I think that not only design them here in the United States, but also fabricate them is very important. The level above that is the models themselves. So we need to lead the world in large language models, which we do. And above that, is the applications. And those combined create the stack, which is so important.

Senator MORENO. Right. So making certain that a facility like the Intel facility in Columbus—outside Columbus, Ohio, that that gets a long runway and that we are making those world-class chips here is really important?

Mr. KRATSIOS. Yes. Both the President and Secretary of Commerce have been very clear about the commitment that the U.S. Government has made to Intel to be able to fabricate high end chips here in the United States.

Senator MORENO. Great. And then the next piece of the puzzle is energy. We need sound energy policy, where we have the most reliable, affordable, and abundant energy. That that is really important, and that that be co-located as much as humanly possible when we are building out these AI data centers. Would you agree?

Mr. KRATSIOS. Yes. And in the President's remarks and the speech that he gave at the Action Summit, he talked about the value even having behind the meter of power to support some of these data center buildouts. So being able to co-locate that is very important.

Senator MORENO. And give us a sense of how much energy AI learning models consume versus just a simple Google search. Like is it 5x, 10x, 20x?

Mr. KRATSIOS. I don't have a good number for that, but I think what I have heard from the industry and what keeps coming up is that it is a much, much more significant data hog than any type of search you would have today. And it is something that is exponentially growing with the types of searches that Americans are doing today.

Senator MORENO. So when you had 94 percent of new power generation in America over the last 4 years be wind and solar, that probably isn't nearly enough to produce the kind of energy that we need to power the AI revolution, would you agree?

Mr. KRATSIOS. I would agree, yes.

Senator MORENO. So we need good old-fashioned Ohio natural gas. We need to make sure we have coal. We need to make certain that we incentivize nuclear, but we are not going to compete with the world because we are using wind and solar—94 percent new generation, which is ironic given that China is building a coal plant every single week.

Mr. KRATSIOS. You are very correct. We cannot compete with that strategy.

Senator MORENO. So, thank God we have changed that policy. And the last piece is people. We need to make certain that we have the people, the researchers that are here developing this technology. And what are we doing in that area to make sure that we

are competing on the highest caliber of people to develop this technology here in the U.S.?

Mr. KRATSIOS. Yes. So the second pillar of the plan talks a lot about how we can develop an American workforce to help the build out of the critical infrastructure we need to win on AI. So those are programs at places like the Department of Labor, Department of Education, Department Commerce, to be able to train and reskill Americans in the trades and all the various fields that are vital to be able to do this buildout.

Senator MORENO. That is great. And two other quick points. Having built a tech company myself, the big number one thing that you need is customers. It is a great thing when you get revenue. It is a much better feeling than not having revenue. The Government, having been here 8 months, is somewhere in the early 90s when it comes to computer technology.

And that is good news, bad news. The good news is that there is certainly room for improvement. The bad news is we are in the 90s. There is so much applications that we can use in AI to move Government forward. And the way I think we dominate is by creating an environment where private companies can really contract with Government to actually solve problems that Government uses, systems that should have been retired long ago.

How are you making that available so that companies know, hey, the Government is open for business to give contracts, by the way not just to big tech, but to little tech also.

Mr. KRATSIOS. Yes. GSA is making a big effort in trying to improve the FedRAMP process, which is now what you may have seen a few months ago, to be able to accelerate the addition of newer entry players into the Federal Government procurement ecosystem.

Within the DOD and AI specifically is a program called TradeWinds, and that is where you can be pre-cleared to be an AI service provider for the DOD. And once you are on TradeWinds, any service or any COCOM, everyone else can procure from there.

So there are lots of innovative ways to be able to introduce these new AI technologies into a procurement cycle at a much quicker pace.

Senator MORENO. Yes. And I know I am out of time, but just real quickly on that. Make certain that it takes into account small businesses. That this doesn't require 7,000 lawyers to fill out 800 pages of forms to get in that list.

Mr. KRATSIOS. Absolutely.

Senator BUDD. Thank you. Senator Rosen.

**STATEMENT OF HON. JACKY ROSEN,
U.S. SENATOR FROM NEVADA**

Senator ROSEN. Well, thank you, Chairman Budd, Ranking Member Baldwin, for having this important hearing. Thank you to the witness for being here. I just want to say one thing, building off what Senator Moreno said.

We can't rebuild the workforce while simultaneously eliminating the departments and agencies that should be partnering and building out the workforce of the future, and that directly relates to

what we are going to continue to talk about and what you are going to continue to do.

So please keep that in mind with this Administration and how we try to fund the proper programs for our Federal Government. But I want to take a moment to build on what Senator Peters was talking about in the Antisemitism space, the questions regarding Antisemitism and AI. The Administration's AI Action Plan directs Federal agencies to procure only LLM models that are truth-seeking or ideologically neutral.

However, this Administration has instead opted to deploy Grok, an LLM from xAI that has a long history of hate speech, including promoting Antisemitic conspiracy theories. Earlier this year, I led a bipartisan letter to xAI seeking an explanation for the Antisemitic tirades. However, xAI failed to answer any of our questions. Just last week, *Wired* reported that the White House pressured GSA to approve Grok for use by the Federal Government. You can see why we should be very concerned, sir.

So, Mr. Kratsios, will you commit to making sure that agencies do not use AI that promotes Antisemitic conspiracy theories, hate speech, stereotypes? I could go on and on. This is blatantly wrong. And if you continue to do that, we will continue to push back. I want your commitment that you will push back on this as well?

Mr. KRATSIOS. Yes, we will commit to continue to execute the President's Executive Order to ensure that models are procured by the U.S. Government are truth seeking and accurate.

Senator ROSEN. That is not the answer. Will you commit to being sure that we do not have Antisemitic hate speech, conspiracy theories, and tropes continue to be repeated in these tirades on the internet? It is a simple yes or no. You are either promoting Antisemitism or you are not. So, you are promoting hate speech, or you are not.

Mr. KRATSIOS. I think we are talking about the same thing. The examples that you are giving obviously aren't true seeking and accurate. So I think that we both agree that that is a type of behavior that the President very rightfully signed an Executive Order to help avoid.

Senator ROSEN. Well, clearly he is not paying attention to what is happening on Grok. I want to talk a little bit more about something that I have marked down to earth, fiber, fiber for AI. Earlier this year, Microsoft's President testified to this committee that fiber connectivity is one of the key pillars of AI infrastructure alongside, of course, data center, chips, land, electricity.

We know that fiber provides the essential connectivity between AI data centers because AI needs to process data fast at lightning speeds. I was a software developer myself in my younger career. We could not even imagine the types of technology that we have today. But recent reports show that growth in AI use is going to require more than doubling, doubling of the fiber miles currently in the U.S. from 159 million miles today to over 370 million miles by the end of the decade.

So we know companies like Microsoft has announced multi-billion dollar partnerships with providers like Lumen Technologies to build out the AI fiber back room. However, this Administration's AI

Action Plan seemed to fail to recognize this critical piece of the AI infrastructure, the fiber.

So is this Administration taking any steps to accelerate fiber infrastructure that supports AI, and especially in ways that promote equitable access, job creation, resiliency, and should agencies like the FCC and the NTIA play a more active role in coordinating and streamlining these efforts to build fiber out?

Because every community needs to be connected in every way for business, for defense, for safety, for security, for education, for healthcare, you name it, and it is really important. So, can you tell me what steps you might be taking, please?

Mr. KRATSIOS. Yes. Fiber is a very important component of the interconnect system for all of our AI data centers and in the broader internet. And it is something that I know NTIA and Secretary of Commerce has taken very seriously, as well as Chairman Carr. So I do agree with you, fiber is a very important component.

Senator ROSEN. So do you think eliminating some of the programs that we have funded in the past, that were laying broadband fiber all across at least my state of Nevada and across the nation, were thinking for the future?

Mr. KRATSIOS. I think there are many ways to connect the American people to the internet. One is obviously fiber, but I think there is other ways that oftentimes can often be more economical. And the smart people at NTIA and others who think about this every day make those assessments on behalf of the Commerce Department.

Senator ROSEN. But you would agree we need to fund connectivity?

Mr. KRATSIOS. Connectivity is critically important, yes.

Senator ROSEN. Thank you. I yield.

Senator BUDD. Senator Markey, please.

**STATEMENT OF HON. EDWARD MARKEY,
U.S. SENATOR FROM MASSACHUSETTS**

Senator MARKEY. Thank you, Mr. Chairman. The Trump Administration's loyalty to big tech means bigger bills for American families, and this Administration is giving AI data centers the green light to eat up our electricity in our Nation while our bank accounts go into the red. So Mr. Kratsios, are you aware of how much households' electricity bills are expected to rise over the next 4 years as a result of data center expansion?

Senator BUDD. I am not familiar with that number, no.

Senator MARKEY. All right, I will inform you then. A recent analysis found that American's electricity bills are going to rise by as much as 25 percent over the next 4 years—25 percent because of data center demand. So it is not just a future fear. It is a present problem. Households are already feeling the pinch. Electric bills for an average home in Ohio increased by \$15 a month because of data centers.

A worker making Ohio's minimum wage would have to work an hour and a half just to be able to afford Trump's data center tax on electricity in that state, and that is not to mention the rest of their electricity bill.

So Mr. Kratsios, do you think it is appropriate that the Administration is forcing Americans to pay more on their electricity bills, while using their taxpayer dollars to make the even worse by funding the unfettered growth of the AI industry?

Mr. KRATSIOS. I do not believe there has been an Administration in American history more committed to growing power generation for the American people and lowering energy costs for everyday Americans. And I am proud to work for a President and an Administration that has that level of commitment. So I am not sure what that study is, but I think there has never been an Administration more resolved in actually doing the complete opposite, actually lowering energy cost for—

Senator MARKEY. No, electricity bills are going up all across the country, right now, under the Trump Administration. And they are killing the solar projects. They are the wind projects. They are killing the offshore wind projects. They are killing the electricity supply, which is going to be needed for the AI revolution. They are killing it. So we are going to have a crisis.

We are about to have an electricity bill crisis for consumers in our country. Because at the same time, this Administration is pushing the data center development at all costs. The costs are being paid by American families, not big tech. The electricity bills are going to be paid for by ordinary families in our country because Trump is stopping those new sources of electricity from being installed in our country. They just announced the killing of an offshore wind project that is 80 percent completed, and they are targeting another dozen offshore wind projects that are just going to skyrocket electricity bills all across the East Coast, but across the country as well. It is going to kill at least 790,000 megawatts of clean and low emission energy from coming online over the next decade.

That is the electricity that is going to be needed for the AI revolution. They are killing it, and they are killing it out the ideology—that is because of the payoff to the natural gas industry for their contributions to Trump. They are killing the renewable energy industry that would have been providing that extra electricity. So it is a huge price to be paid. Director Kratsios, under the AI Action Plan, agencies are only permitted to contract for AI algorithms that are, “free from top-down ideological bias.”

This language is extraordinarily vague, “free from the top-down ideological bias,” and it gives the Trump Administration vast discretion to force AI chat box developers to adopt conservative viewpoints or else risk losing lucrative Federal contracts. This isn’t traditional use of the Government’s procurement power. It is extortion. So let’s get specific here. Director Kratsios, if a generative AI system stated that it was intentionally trained to adopt a certain political viewpoint, would that qualify as, “top-down ideological bias”?

Mr. KRATSIOS. Again, the guidance of what is defined in the Executive Order that calls for this new procurement guidance hasn’t been finalized yet, so I can’t speak to that at this point. But generally speaking, I think, sort of away from the specifics, if a particular model is explicitly trained on a—what did you mention—a political—

Senator MARKEY. It is top down ideological bias.

Mr. KRATSIOS. Sorry, I didn't—what did you ask?

Senator MARKEY. Would that be a violation of the rule that a generative AI system, if it is stated that it intentionally trained to adopt a political viewpoint? Would that qualify as a top-down ideological bias?

Mr. KRATSIOS. Yes, if the model wasn't true seeking or accurate, it would violate the Executive Order.

Senator MARKEY. All right, so I will make it even clearer then. Here is a real post from Grok, the generative AI model created by Elon Musk's company, xAI, stating quote, "xAI tried to train me to appeal to the right." That is the quote. Is that a violation? Does that qualify as ideological bias and should xAI therefore be disqualified from Federal contracts?

Mr. KRATSIOS. Yes. Per the Executive Order, models that aren't truth seeking are accurate as defined by the guidance that has yet to be promulgated, those would be subject to the procurement restrictions.

Senator MARKEY. So, Grok is admitting that it is ideologically biased, and it is absolutely imperative that the Administration apply this standard even handily. And I will tell you the truth, if they are talking about woke Executive Orders, then it is absolutely imperative that we not allow in Elon Musk or other company's bias to—

Senator BUDD. Your time is expired.

Senator MARKEY.—this social media infrastructure that we are living in right now. Thank you, Mr. Chairman.

Senator BUDD. Senator Young.

**STATEMENT OF HON. TODD YOUNG,
U.S. SENATOR FROM INDIANA**

Senator YOUNG. Director Kratsios, welcome to the Committee. Thanks to you and your team for your hard work. Really appreciate it. You have shown great leadership in developing the AI Action Plan. And I appreciate you discussing here today the importance of following through with this Executive Branch playbook. I have been Chairman for the last couple of years of the National Security Commission on Emerging Biotech, NSCEB. You have visited with myself and some other commissioners about our report.

And I was really pleased to see an emphasis in your Action Plan on AI-enabled science. One of the recommendations requests that NSF, DOE, NIST, and other Federal agencies invest in automated, cloud-enabled labs. This priority aligns with a recommendation here again from our report.

And that is why right before the August recess, Senator Kim and I introduced the Cloud Lab to Advanced Biotech, also known by its acronym, the LAB Act, which would establish a national network of cloud labs focused on biotech. Can you elaborate on the importance of cloud labs for our research and development in biotechnology, and how you see cloud labs accelerating the pace of innovation as compared to traditional R&D models?

Mr. KRATSIOS. Yes. The ability to have automated labs where you can send in the experiment that you want to do and the lab itself

conducts it and then comes back to you with results in and of itself is a huge value add.

If you layer on top of that the power of artificial intelligence to allow the AI itself to start determining what are the various iterations of the experiment you want to do, and automatically send those to the lab to conduct and get the results out, the pace and the velocity of discovery will be dramatically improved.

Senator YOUNG. So it is fair to say this could allow us to supercharge the pace of innovation?

Mr. KRATSIOS. Most certainly. And the NSF is already running ahead with a proposal around these cloud labs.

Senator YOUNG. Very consistent with President Trump's branding, a golden age of innovation, this really could help usher that period in, I believe. I am going to pivot now to standards as it relates to AI and the impact of a lack of certainty for innovators seeking to develop and deploy AI. Congress is notorious for being late to the punch when it comes to development of standards and regulations.

And as other countries move forward in adopting their own, American companies are then subject to potentially differing rules across the globe. Can you speak to the risks associated with continuing to subject our AI innovators to a fragmented series of rules, including those enforced by other countries, as well as states here at home?

Mr. KRATSIOS. Yes. I think creating standards at the U.S. level that are prominent globally is very important. In the weekend after the AI Action Plan was released, the PRC held their large AI conference in Shanghai. And one of the main thrusts of their own AI Action Plan they released in response to ours was a desire to create a global entity, an AI entity in Shanghai that would then promulgate global rules around AI for the world.

And this is an example of why it is so important for the U.S. to be the leader in the way that we provide standards around AI, particularly around model evaluation and standard setting. And this is something that we know our adversaries are going to try to compete with us on. So it is more important than ever that we do that.

Senator YOUNG. Yes. It is not just an issue of interoperability. I mean, you could literally make the argument that our values are embedded in the standards of our technologies. And so we want to have the ability to define what those standards are, and then allow the export-oriented economies, China in particular, to have to sell into our market—game, set, and match.

Before I yield back, I want to mention that Ranking Member Cantwell and I plan to re-introduce a revamped version of our Future of AI Innovation Act. This is vital legislation that will authorize the newly renamed Center for AI Standards and Innovation at NIST to promote the development of voluntary standards. Will you commit to working with us on the Future of the AI Innovation Act as we revamp it for this Congress, Director Kratsios?

Mr. KRATSIOS. Yes, we would love to see more there and work with you on it.

Senator YOUNG. Thank you so much. As you have indicated in your testimony, there are many opportunities for Congress to work with the Administration to take action for American AI leadership,

and I hope the Committee will do just that. Chairman, thank you very much.

Senator BUDD. Senator Hickenlooper.

**STATEMENT OF HON. JOHN HICKENLOOPER,
U.S. SENATOR FROM COLORADO**

Senator HICKENLOOPER. Thank you, Mr. Chair. Mr. Kratsios, thank you so much for being here. I think the White House Office of Science and Technology Policy is one of the most crucial positions right now, just given not just AI, but so many of the issues around research and the appropriate use of research. But I will keep myself focused to the AI. States from Texas to Colorado, Utah to California, passed, as you have mentioned, has been discussed, AI legislation.

In many cases, some of this action should inspire us to take a closer look, by us I mean Congress, to what do we need in a comprehensive national AI law. It might include periodic impact assessments to evaluate potential risk on AI models, transparency disclosures to users describing AI models in terms of use and capabilities. Obviously need R&D for support for standards development to identify and detect AI-generated content, and transparency around that.

Privacy protections for certain types of data being used to train AI models. So, do you feel that these are the types of policy principles that appear worthy to include as a foundation for a Federal AI law, if we were going to try and create something that would apply evenly across states?

Mr. KRATSIOS. Yes, my general sense and something I have advocated for, for many years, is that the best approach to AI regulation is for it to be use case and sector specific, not broad and sweeping. I think any attempt to create a singular AI regulation will lead you down the path that the EU is down right now, which has ultimately resulted in a pretty sad situation broadly for the innovators there.

Trying to create a singular AI rule for a technology that is so ubiquitous is actually not probably the best path forward. And one that we have advocated for both in the Action Plan and agencies is that, you know, obviously the rules that you would need at FDA to regulate and impart medical diagnostic are very different than the rules that you would need at the Department of Transportation for a self-driving car.

And we already have a system that has a very rich history in allowing our regulators to update their regulatory regimes with new technologies as they come. And it is one that I know all of our Secretaries across the cabinet are working very hard to make sure that they are up to speed on regulations that apply to AI, which fall within their domain.

Senator HICKENLOOPER. I get that. I understand that, but I think some things like making sure that the public is able to identify and recognize what is—you know, what is AI and what is not seems like something that is more general.

Mr. KRATSIOS. Yes, I think something like that in the research, particularly being able to identify AI-generated content, as you mentioned, is very important to continue to fund.

Senator HICKENLOOPER. Great. Appreciate that. The Action Plan calls for Federal agencies to conduct independent evaluations of AI systems before they are procured and deployed. Independent evaluation will help enhance security and increase trust, prevents companies from grading their own homework, as we would say, after an AI model is developed.

We have a bill introduced called Validation and Evaluation for Trustworthy AI Act, VET Act, with Senator Capito, which as Senator Young was mentioning, peripheral to requiring NIST to publish voluntary guidelines for companies to independently evaluate AI models. Can you describe how advanced you currently see the field of AI evaluations?

Mr. KRATSIOS. I think it is certainly not advanced enough. My number one priority for NIST would be to work on the very hard science associated with model evaluation and metrology. Our ability to understand how to even evaluate these models is still not complete.

So many people jump immediately to the evaluation itself, this question of what we should be evaluating, versus what I think the more important question of today is how do we evaluate these models. And what NIST can do, very important, metrology work on the how question.

And once we know how to actually evaluate these models, then each agency, each industry, whoever wants to do an eval will then have a standardized, scientifically backed way to be able to do the eval itself.

Senator HICKENLOOPER. Got it. In terms of the workforce development, that is going to be a key part here. The Action Plan highlights the need for AI skill development to make sure that we have a trained workforce that can do the work required.

Obviously a national security imperative essential to maintaining global competitiveness as you have mentioned. I think apprenticeship programs are a big part of that. We worked on Career Wise and created that in Colorado back when I was Governor, and it is now in 20 states.

They have been a national leader expanding youth apprenticeships and are already adding AI technology to support their programs. How can you work with—work to support innovative apprenticeship pathways, both for youth and adults, to equip an AI-ready workforce?

Mr. KRATSIOS. I think there is no President more excited about apprenticeships than this one. I think our Secretary of Labor has also had a big commitment to do a million new apprenticeships in this term. So there are big partners in the Department of Labor to partner with you guys.

Senator HICKENLOOPER. OK. Thank you. I yield back.

Senator BUDD. Thank you. Senator Klobuchar.

**STATEMENT OF HON. AMY KLOBUCHAR,
U.S. SENATOR FROM MINNESOTA**

Senator KLOBUCHAR. Thank you very much, Mr. Chairman. And thanks to Ranking Member Baldwin as well. I am not actually on this subcommittee, but as our witness knows, I care a lot about

this, and so I have been able to listen to my colleagues' questions and I want to thank them for their good work.

AI, we all know, huge potential, but also huge downside if we don't get this right. And I think David Brooks put it well when he said, "I have found it incredibly hard to write about AI because it is literally unknowable whether this technology is leading us to heaven or hell". So if we want it to lead us to heaven, I think we are going to have to find some guardrails and the like to protect us from fraud, to protect content creation, and our democracy.

So first off, I appreciated working with the Administration on the Take It Down Act. My bill with Senator Cruz to enable victims of non-consensual porn, including those generated by AI, to require the social media platforms to remove it within 48 hours. But there is many more problems, as you know, as I just experienced and wrote about it in a piece in the *New York Times* with AI, a deepfake on me that many people, believe it or not, thought was real.

And one platform took it down, one platform put created by AI on it, and then one platform, X, would not do anything, and it got over a million views. So the No Fakes Act that Senators Coons, Blackburn, and Tillis, and I have introduced would establish additional rules of the road. And do you agree that we should protect people from having their likeness replicated through AI, take down unauthorized deepfakes?

To me, it is some regime where—within the realm of the Constitution where some of it is labeling just digitally altered because it is parity, and you are not allowed to take it down. But then some of the stuff which you would be—would in a minute take down if someone played a video in this room or put up a sign, you should take down. So could you talk about that?

Mr. KRATSIOS. Yes, I think that I directionally generally agree with you. I think it is something that we should certainly look at, both the Executive Branch and the Legislative Branch. I think the Take It Down Act is a great example of something that is on one side of the line that certainly should become law when it did. But I think it is something that as this technology develops and becomes more proliferated, I think we have to find ways to solve it.

Senator KLOBUCHAR. Thank you. I just hope our colleagues see that it is not one side or the other, right. There is some of the stuff that you are going to Constitutionally be able to take down, and we should require they take it down. Then there is some stuff that we can say should be labeled digitally altered, and it puts a burden on these platforms, but at least it will protect innocent people when they see it to know that it is not true.

And it continues to just amaze me that we all just sit by and act like, oh, that is too much, that is too little, instead of actually getting a solution. And I did—I really appreciate the work that Senator Schumer, and Senator Young, and Senator Heinrich, Senator Rounds did in bringing us together in the last few years on this.

Senator Thune and I have a bill that we introduced last year to set up basic guardrails for some of the non-defense riskier applications of AI, and in the past you have supported developing thoughtful Federal standards that can drive the widespread adoption of AI

technologies across industries. And will you commit to work with Senator Thune and I on that bill? I know there are others as well.

Mr. KRATSIOS. Yes, happy to work on that.

Senator KLOBUCHAR. OK, very good. And then in yesterday's hearing Senator Blackburn and I had a lot of attention on this hearing with two whistleblowers from Facebook just yesterday in our subcommittee in Judiciary. And we heard that one of the leading AI chatbot developers, Meta, deliberately and routinely altered, suppressed, and even deleted safety research, including on youth safety.

And there were many Senators participating in this hearing across the board. And I am concerned about this neglect when it comes to AI development on figuring out how we can protect these kids. You are right, we did get some with the President's support on the Take It Down Act, but that is only a subsection.

We have got fentanyl. We have got drugs being sold just overall on the internet, irrespective of AI, but then we have all this stuff going on with the AI chat boxes. And could you talk about your commitment to work with us on addressing the harms caused by AI chat boxes?

Mr. KRATSIOS. Would very much like to work with you guys on a lot of these issues. I think last week we held an AI education task force meeting which the First Lady joined and chaired. This was something that came out of the Executive Order the President signed a few months ago which shows the Administration's commitment toward K through 12 education AI.

And it is not how to necessarily use AI to do your homework or something. It is more important about teaching America's youth the limitations where AI works, where it doesn't work, and making young Americans understand how this technology works. And it is a very key component of making sure that they are using it in the way that it was intended for.

Senator KLOBUCHAR. OK, thank you. And I did appreciate her support for our Take It Down bill, but again, it is just the beginning. So, thank you.

Mr. KRATSIOS. Thank you.

Senator BUDD. Thank you very much. And thank you, Mr. Kratsios, for your testimony here today. I look forward to working with you, not just on AI, but also, as I mentioned earlier, thanking you for your work on supersonics and aviation.

Senators have until the close of business on September 17 to submit questions for the record. The witnesses will have—or the witness will have until the close of business on October 1 to respond to those questions. This concludes today's hearing. The Committee stands adjourned.

[Whereupon, at 11:44 a.m., the hearing was adjourned.]

A P P E N D I X

PARTNERSHIP FOR AI INFRASTRUCTURE (PAII)

September 9, 2025

Hon. TED BUDD,
Chairman,
Subcommittee on Science, Manufacturing, and Competitiveness,
Senate Committee on Commerce, Science, and Transportation,
Washington, DC.

Hon. TAMMY BALDWIN,
Ranking Member,
Subcommittee on Science, Manufacturing, and Competitiveness,
Committee on Commerce, Science, and Transportation,
U.S. Senate,
Washington, DC.

Letter for the Record: Subcommittee Hearing on “AI’ve Got a Plan: America’s AI Action Plan”

Dear Chairman Budd, Ranking Member Baldwin, and Members of the Subcommittee:

The Partnership for AI Infrastructure (PAII) respectfully submits this letter for the record in advance of the Subcommittee’s hearing on *America’s AI Action Plan* in support of Federal investments in artificial intelligence (AI) research and development (R&D). The Partnership commends the Subcommittee and its leadership for convening this hearing to examine the Action Plan and develop the legislative framework necessary to implement this AI strategy.

Implementing this Action Plan and promoting American AI innovation will require serious and sustained Federal investments. The *One Big Beautiful Bill Act* (OBBBA) provided the first critical down payment of \$515 million in AI investments needed to jumpstart this Action Plan. This initial investment will enable the Department of Energy (DOE), the National Nuclear Security Administration (NNSA), and the Department of Defense (DoD) to begin developing the AI infrastructure needed to advance our national defense and scientific priorities. Leveraged strategically, this funding could lay the foundation for the Federal AI infrastructure ecosystem which future investments could build upon.

As a coalition of technology leaders, the Partnership for AI Infrastructure is committed to leveraging AI to accelerate technological breakthroughs, as demonstrated through our members work to build the world’s three fastest supercomputers as part of the Exascale Computing Project. As part of this commitment, the Partnership submitted comments in response to the White House Office of Science and Technology Policy (OSTP) Request for Information (RFI) on the development of *America’s AI Action Plan*. The Partnership’s recommendations were as follows:

1. Promote sustained Federal investment in high-performance AI infrastructure.
2. Create durable public-private partnerships to harness private sector innovations to further advance Federal science and national security objectives.
3. Stimulate America’s pool of AI talent and retain experts within the Federal workforce.

The final Action Plan proposed a series of recommended policy actions that incorporated these concepts and outlined the Federal agency actions necessary to develop a Federal AI ecosystem. While Federal agencies can use the funding from the *OBBBA* to begin implementing the Action Plan, Congress must begin discussions on the legislative actions and additional investments that will be needed to see the plan to completion.

Build the Federal AI Ecosystem

Developing the Federal AI ecosystem will require robust investments across the Federal government. The *OBBA* began this work by providing \$150 million to DOE to build transformational AI models, \$115 million to NNSA to accelerate AI-lead nuclear national security, and \$250 million to DoD to advance the AI ecosystem. This \$515 million in investments will pave the way to develop the AI systems envisioned by the Action Plan. Through the strategic stewardship of the *OBBA* investments, DOE, NNSA, and DoD can begin developing the mission-critical capabilities required to ensure America's long-term technological superiority.

To bring the truly innovative power of AI to bear to solve unique and challenging issues, our Federal agencies and national laboratories need to be equipped with leadership-scale AI infrastructure. Such systems can accelerate breakthroughs in science and bolster our national security systems against emerging threats. To fulfill the Action Plan's goals, these AI systems should be interoperable to enable seamless integration of the most cutting-edge AI hardware with interoperable graphics processing units. The Action Plan specifically tasks the National Institute of Standards and Technology (NIST) with identifying opportunities to accelerate and scale AI development, including the use of interoperable technologies. Setting interoperability as a core standard of Federal AI infrastructure will allow for GPUs and other AI hardware components to be changed modularly and used iteratively, which will lower costs, enable broad industry participation, and ensure the longevity and resiliency of Federal AI supercomputers.

Develop Public-Private Partnerships

The Action Plan seeks to leverage the full talent and expertise our Nation has to offer through collaboration with industry leaders and stakeholders. By partnering with private companies with AI expertise, the Federal government will be able to harness the strength of American AI innovation and set it as the global standard. Companies that specialize in semiconductor design, super computers, AI software frameworks, and other areas of expertise will help drive AI development and adoption at the Federal scale. Leveraging that expertise through public-private partnerships leads to improved efficiency, shared costs, and cross-pollination of the best ideas from industry scientists and government researchers to bring cutting-edge innovations into use for national science, defense, and critical infrastructure priorities.

Foster the Federal AI Workforce

Infrastructure alone will not deliver AI leadership without the talent to use it. Federal agencies must prioritize cultivating, training, and retaining AI scientists, engineers, and operators capable of managing and deploying advanced AI systems. The Action Plan included a provision to ensure that America's workers benefit from AI through the development of workforce training programs. Building and retaining a skilled Federal AI workforce will ensure continuity of expertise, safeguard sensitive programs, and strengthen the government's ability to develop and use AI systems to tackle national scientific and security priorities.

The race to dominate AI is the defining technological challenge of our time and demands Federal investments to the scale of the Manhattan Project to secure America's global leadership. The Action Plan provides the blueprint for this project which the Administration and Congress can execute by authorizing and funding large-scale AI initiatives, advancing regulations that foster innovation, developing public-private partnerships, and building a robust and capable Federal AI workforce. The *OBBA* made is the first investment towards America's AI future, but Congress must continue to provide sustained funding to build on this momentum.

As this Committee continues its work to chart America's AI future, the Partnership for AI Infrastructure and its members are ready to partner on this national initiative. We applaud the Committee's commitment to implementing *America's AI Action Plan* to secure our America's lead in the global AI race. Thank you for the opportunity to share our perspective and for convening this timely hearing.

Sincerely,

Partnership for AI Infrastructure



September 11, 2025

The Honorable Ted Cruz (R-TX)
 Chairman, U.S. Senate Committee on
 Commerce, Science, and Transportation
 United States Senate
 Dirksen Senate Office Building 554
 Washington, DC 20510

The Honorable Theodore P. Budd (R-NC)
 Chairman, Subcommittee on Science,
 Manufacturing, and Competitiveness
 U.S. Senate Committee on Commerce, Science,
 and Transportation
 Dirksen Senate Office Building 554
 Washington, DC 20510

The Honorable Maria Cantwell (D-WA)
 Ranking Member, U.S. Senate Committee on
 Commerce, Science, and Transportation
 United States Senate
 Hart Senate Office Building 428
 Washington, DC 20510

The Honorable Tammy Baldwin (D-WI)
 Ranking Member, Subcommittee on Science,
 Manufacturing, and Competitiveness
 U.S. Senate Committee on Commerce,
 Science, and Transportation
 Hart Senate Office Building 428
 Washington, DC 20510

Re: September 10, 2025 Hearing on *AI've Got a Plan: America's AI Action Plan*

Dear Chairman Cruz, Ranking Member Cantwell, Chairman Budd, and Ranking Member Baldwin:

On behalf of the Software & Information Industry Association (SIIA), we write to provide views relevant to the September 10, 2025 hearing of the Subcommittee on Science, Manufacturing, and Competitiveness, *AI've Got a Plan: America's AI Action Plan*, with a focus on how Congress can build on the AI Action Plan foundation to further U.S. innovation and leadership in AI. We request that this letter be included in the record of the hearing.

SIIA's nearly 400 members, including creators of software and platforms used by millions worldwide, are at the forefront of artificial intelligence innovation. Our member companies range from global leaders in AI models and applications, companies specializing in data analytics and information services, academic and scientific publishers, education technology companies, and the global financial information and market data community.

The White House's AI Action Plan¹ is a significant milestone for advancing America's goals to lead globally in AI innovation and harness the power of AI technologies to address public needs and national security. At its core, the AI Action Plan embraces a risk-based, pro-innovation policy framework designed to power the future of the U.S. AI development. This includes plans to bring the public and private sectors together to work hand-in-hand. By pooling resources, expertise,

¹ White House Office of Science and Technology Policy, *America's AI Action Plan* (July 2025).

and infrastructure, this collaborative approach aims to unlock transformative technologies faster than before, and to do so in a manner that addresses known and unforeseen risks. We endorse the Plan's whole-of-government approach to accelerating AI development and adoption, removing barriers to innovation, modernizing infrastructure, and leading on the global stage.² SIIA is also pleased that the AI Action Plan incorporates many of SIIA's own recommendations.³

The AI Action Plan also provides Congress with a unique opportunity to reengage on legislative solutions to accelerate AI innovation, enhance America's competitive edge, and unlock AI's potential for all. Building on the AI Action Plan, along with the significant efforts of the 118th Congress,⁴ we recommend the Committee consider the following measures as core components of future legislation.

1. Preemption of State AI Laws

We believe the most pressing task for Congress is to offer a solution to a growing patchwork of AI regulation at the state level and set out a vision for a national framework for AI policy. Congress should pass legislation that preempts state laws that target AI-enabled products or services differently than other products or services, with very limited exceptions. The costs of not doing so are too high.

As the Committee is aware, State legislatures are actively looking to pass broad measures to regulate AI across the economy. Some measures, such as the Colorado Artificial Intelligence Act, have already passed, and others may be signed into law before the end of the year. These will raise a host of conflicts – from definitions to enforcement to scope – that will make the “privacy patchwork” seem simple in contrast. The proliferation of state legislation will impose onerous and inconsistent regulatory and product approval burdens on industry that impede innovation, create untenable compliance challenges, hinder adoption, and make it harder for consumers, business, and government to reap the benefits of the AI revolution.

2. A Single National Framework for Frontier Model Oversight

Advancing AI safety and security of highly advanced AI models, known as frontier models, is entirely consistent with supporting continued innovation. But regulation and oversight of frontier models must be done consistently and in a uniform manner across the United States. A state-level regime that imposes sweeping obligations ahead of national frameworks risks fragmentation, duplicative compliance costs, and inconsistent rules that ultimately impede efforts to address potential security and safety risks of AI-enabled technologies. Indeed, diverging rules across the country could very well lead to new vulnerabilities – such as inadequate protections for trade secrets and sensitive information – that threat actors could exploit. On top of that, state governments lack the computing power, expertise, and awareness

² See, e.g., SIIA; [SIIA Commends White House on the AI Action Plan](#) (July 23, 2025); SIIA; [The White House AI Action Plan Sets the Stage for U.S. Global Leadership](#), (July 24, 2025).

³ SIIA, [AI Action Plan Submission](#) (Mar. 14, 2025).

⁴ Bipartisan Senate AI Working, [A roadmap for Artificial Intelligence Policy in the U.S. Senate](#), (May 2024); Bipartisan House AI Task Force, [Report on Artificial Intelligence](#), 118th Congress, (December 2024).

of national security risks to provide meaningful checks on frontier model development. Only the federal government can marshal those resources.

The federal government, through the Center for AI Standards and Innovation (CAISI) at the National Institute of Standards and Technology (NIST), has the capacity and expertise to engage meaningfully with frontier model developers to address national security issues. CAISI and NIST can also leverage the significant investments, research and projects underway within companies, through industry/academia partnerships, and through international technical standards organizations and frameworks, which have already laid the groundwork for a cohesive and interoperable AI safety ecosystem.

We recommend that Congress codify baseline requirements for frontier model safety and security. These should align with industry best practices around transparency; documentation; internal governance; risk assessments; testing, evaluation, verification, and validation (TEVV); and cybersecurity. Congress should also direct further efforts at NIST and CAISI to develop the measurement science necessary to mitigate national security risks. To assist the Executive Branch in accomplishing these tasks, Congress should pass legislation along the lines of the *Future of AI Innovation Act* (S.4178, 118th Cong.), revised to reflect the priorities of the AI Action Plan, and the *Validation and Evaluation for Trustworthy Artificial Intelligence Act* (S.2615).

3. A Framework for Future Regulation of AI Uses

SIIA has long supported a use-based approach to AI regulation, one that focuses on mitigating potential harms in how AI systems are used and making risk-based evaluations by sector rather than across the board. We believe that in many situations, there is a lot more work that needs to be done before lawmakers have enough clarity to identify both the need for new regulations and how to design those to achieve their purpose.

First, we recommend that Congress direct a comprehensive gap analysis to identify the need for targeted, use-based restrictions. General purpose AI systems are not amenable to oversight in the same way as task-specific AI systems. As these systems become more widely available to the public, including through open-source distribution, regulating systems at the development stage will be impossibly difficult and ineffective. Many areas of potential concern involving the application of AI are adequately met by existing, tech-neutral legal frameworks.⁵ A salient example of addressing regulatory and legal gaps is the scourge of deepfake pornography. This novel risk ultimately led to the passage of the *Take It Down Act* earlier this year.⁶ While this legislation was appropriate and timely, we are not aware of a fulsome analysis that identifies gaps in existing tech-neutral state and federal laws.⁷ While some of these gaps may become apparent through any number of means, we recommend that Congress conduct further study

⁵ See, e.g., *Joint Statement on Enforcement Efforts Against Discrimination and Bias in Automated Systems* (April 25, 2023).

⁶ S. 146, *Take It Down Act* (119th Cong.); *Readout from First Lady Melania Trump's Roundtable Discussion on Online Protection and the Take It Down Act* (Mar. 3, 2025); SIIA, *Statement on Take It Down Act* (Dec. 4, 2024).

⁷ J. Scott Babwah Brennen, Kevin Frazier, Anna Vinals Musquera, Lawfare, *Are Existing Consumer Protections Enough for AI?* (September 3, 2024).



before considering additional legislative efforts, and recommend that Congress direct the Secretary of Commerce to retain a federally funded research and development center (FFRDC) to conduct a fulsome gap analysis of existing federal and state laws to identify gaps in existing law that may warrant regulation.

Second, Congress should incentivize deployers to adopt best practices and foster the development of technical standards to improve the reliability and security of AI systems. Congress should empower NIST to be a focal point for public-private collaboration and the development of sector-based risk-based guidance. NIST's leadership has proven to be extremely influential in improving the quality of U.S.-developed AI models and in shaping the direction of governance in international forums and in foreign nations. As noted above, Congress can help advance U.S. leadership in AI best practices by providing the guidance and resources NIST needs to further measurement science for AI development and performance.

Third, Congress should enable sector-specific applications of AI through testbeds and sandboxes to advance development of new applications in controlled environments.⁸ Different sectors face unique challenges with AI. Stakeholders should be consulted in developing policies and procedures applicable to each sector. Regulatory sandboxes will also help to further innovation and test new AI methods and applications. Passing legislation like the *SANDBOX Act of 2025* would help to achieve this, and we recommend Congress also consider legislation along the lines of the *Unleashing AI Innovation in Financial Services Act* (S.2528) and the *NSF AI Education Act* (S.4394, 118th Cong.).

* * *

Congress has a unique opportunity to advance a framework for AI governance that builds on the AI Action Plan. We believe these commonsense recommendations and principles will help to develop the uniquely American model of AI governance to realizing the potential of AI, continuing innovation, and addressing core challenges of AI.

Thank you for the important work the Committee and Subcommittee are doing to raise these important issues with the American public. SIA looks forward to continued engagement, and we appreciate your consideration of our views.

Sincerely,



Paul Lekas
Senior Vice President, Global Public Policy & Government Affairs
Software & Information Industry Association (SIIA)

⁸ See *Networking and Information Technology Research and Development (NITRD), AI R&D Testbed Inventory*.



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Statement of the Consumer Technology Association
“AI’ve Got a Plan: America’s AI Action Plan”
Senate Subcommittee on Science, Manufacturing, and Competitiveness
 September 10, 2025

The Consumer Technology Association (CTA)®, on behalf of its 1,200+ member companies, applauds Chairman Ted Budd and Ranking Member Tammy Baldwin of the Senate Subcommittee on Science, Manufacturing, and Competitiveness for convening today’s hearing with OSTP Director Michael Kratsios on the White House AI Action Plan.

Artificial Intelligence (AI) is not a niche technology—it is the defining platform shift of our lifetimes. Already, AI is transforming industries, empowering businesses of every size, and creating breakthroughs in health, energy, agriculture, mobility, and countless other fields. Over the coming months and years, this progress will only accelerate, driving our economy and improving lives on a scale comparable only to the advent of electricity or the internet.

President Trump and Director Kratsios recognize the urgency of this moment. The AI Action Plan is bold, pragmatic, and exactly what America needs to ensure our innovation leadership. By affirming fair use as the foundation for AI training, prioritizing R&D, and calling for a moratorium on the state-by-state patchwork of AI regulation, the Administration ensures American companies can compete and win the global AI race. As this hearing recognizes, Congress also has a critical role to play. The next step is clear: enshrine the national framework, prevent harmful fragmentation, and unleash the full power of U.S. innovation.

CTA and our members are all-in on this mission. We are committed to ensuring the United States not only maintains but expands its AI leadership. Working with policymakers across the aisle, we will ensure America seizes the promise of this Second Renaissance.

Gary Shapiro
CEO and Vice Chair
Consumer Technology Association

Kinsey Fabrizio
President
Consumer Technology Association

Consumer Technology Association*
Producer of CES*

PREPARED STATEMENT FROM PREMIER INC.

Premier Inc. appreciates the Subcommittee’s leadership and ongoing commitment to exploring thoughtful regulations that unleash the transformative potential of artificial intelligence (AI)—including in healthcare—while maintaining the efficacy, accuracy and transparency necessary to protect end users and patients.

As Premier *stated* upon its release, the White House’s *AI Action Plan* sets a course towards secure, trustworthy artificial intelligence (AI) in healthcare. As Premier has emphasized to *Congress* and the *Administration*, continued U.S. leadership in AI is critical to America’s health, economy and security. Premier is especially encouraged by the strategy’s focus on incorporating healthcare voices into a sector-specific framework through the National Institute of Standards and Technology (NIST), training the clinical workforce of the future to harness AI’s potential, and strengthening the cybersecurity of critical health infrastructure.

As we work together to imagine the future of healthcare, Premier looks forward to engaging in these new initiatives to ensure AI helps providers deliver better care at lower costs for America's patients. To advance the goals of America's AI Action Plan in healthcare, Premier encourages the committee to consider:

- The value of potential AI use cases in healthcare, including applications in reducing administrative burden, clinical settings, drug development and manufacturing, and healthcare supply chain operations;
- The need for a national privacy law to maintain competitiveness and innovation in the development and implementation of AI;
- The importance of a clear regulatory framework prioritizing transparency and risk mitigation in the development, maintenance, and use of AI tools;
- The development of a clinical workforce capable of maximizing the potential of AI technology in healthcare; and
- The critical nature of U.S. AI leadership to the security of healthcare infrastructure.

Our recommendations are described in greater detail below.

I. BACKGROUND ON PREMIER INC.

Premier is a leading healthcare improvement company and national supply chain leader, uniting an alliance of 4,350 hospitals and approximately 300,000 continuum of care providers to transform healthcare. With integrated data and analytics, collaboratives, supply chain solutions, consulting and other services, Premier enables better care and outcomes at a lower cost.

A Malcolm Baldrige National Quality Award recipient, Premier plays a critical role in the rapidly evolving healthcare industry, collaborating with healthcare providers, manufacturers, distributors, government and other entities to co-develop long-term innovations that reinvent and improve the way care is delivered to patients nationwide. Headquartered in Charlotte, North Carolina, Premier is passionate about transforming American healthcare.

Premier has a wealth of operational experience leveraging AI technology to move the needle on cost and quality in healthcare, including:

- Premier Clinical Decision Support (CDS) designs AI-enabled technology to reduce low-value and unnecessary care. Premier CDS leverages natural language processing AI technology to read unstructured data and ties it together with established guidelines to generate real-time alerts and analytics, guiding physician's decisions at the point of care. Premier CDS's mission is to measurably improve the quality and safety of patient care while reducing the costs by enabling context-specific information integrated into the provider workflow.
- Premier Applied Sciences (PAS) is a trusted leader in accelerating healthcare improvement through AI-powered solutions that span the continuum of care and enable sustainable innovation and rigorous research. Our services and real-world data drive research and quality improvement in pharmaceutical, device and diagnostic industries, academia, Federal and national healthcare agencies, as well as hospitals and health systems. PAS leverages Premier's robust data resources to design and deploy AI-powered solutions for clinical trial recruitment, and to help collate disparate patient records to tell a complete patient story, leading to higher-quality care.
- Premier's *award-winning* Supply Chain Disruption Manager (SCDM) builds resilience and mitigates risks to the healthcare supply chain by harnessing machine learning AI technology to predict when critical drugs, devices and other medical supplies are anticipated to become unavailable up to six weeks in advance of a supply chain disruption. SCDM allows hospitals and health systems to access clinically approved alternative products to avoid delays in care or quality, and it allows for communication to Federal agencies and other partners about pending shortages to help proactively develop mitigation strategies.
- Premier's purchased services subsidiary, Conductiv, harnesses AI to help hospitals and health systems streamline contract negotiations, benchmark service providers and manage spend based on historical supply chain data. Conductiv also works to enable a healthy, competitive services market by creating new opportunities for smaller suppliers and helping hospitals invest locally across many different categories of their business.

II. UNLOCKING THE VALUE OF AI IN U.S. HEALTHCARE

Opportunities for AI to Reduce Administrative Burden

One of the biggest opportunities for the use of AI in healthcare is simplifying and improving standard, burdensome processes.

Premier has noted a recent surge of interest in patient-facing AI technologies in clinical settings, including ambient notetaking, care navigation chatbots and AI-powered radiological consultations. However, Premier, our members and others across the healthcare sector have been using AI technology to streamline burdensome administrative processes for years. Specific use cases include:

- Harnessing the power of natural language processing (NLP) AI tools to “read” unstructured data in medical records to efficiently build medical necessity documentation to expedite prior authorizations;
- Automating burdensome processes such as procure-to-pay workflows, supply chain contract activities, and revenue cycle tasks;
- Overlaying AI chatbots on enterprise resource planning software to help hospitals and health systems more efficiently identify and manage their supply chain needs; and
- Leveraging predictive AI software to sift through large, evolving datasets and proactively predict supply chain disruptions to prevent interruptions in patient care.

Opportunities for AI to Improve Patient Outcomes

Premier has partnered with leading healthcare providers and innovators to leverage AI in clinical workflows and improve patient outcomes. For example, early detection and intervention can improve patient outcomes and drastically reduce overall healthcare costs—for both patients and providers. Premier has demonstrated success in the following areas:

- The Premier team utilized artificial intelligence (AI), NLP and a data ontology designed to mine the unstructured narrative of clinicians’ notes and pathology reports for statements such as “Mom seems a bit agitated” or “Mom is confused” to identify patients for early Alzheimer’s Disease (AD) *intervention*.
- In oncology, Premier *partnered* with AstraZeneca and Clinithink and utilized Clinithink’s CLiX NLP technology to identify patients with incidental pulmonary nodules (IPNs) to flag for intervention before potential lung cancer progression—with roughly 152,000 patients “caught” early.
- Premier worked with GE Healthcare and St. Luke’s University Health Network to introduce a patient-centric care model for breast cancer diagnosis—with a goal of helping patients go from appointment to diagnosis and connection to a treatment plan in just 48 hours or less.

Opportunities for AI in Clinical Trials

Premier sees particular promise for the use of AI in streamlining processes and expanding patient access in clinical trials:

- *Identifying trial participants*: One of the biggest challenges facing health systems that seek to participate in or enroll patients in clinical trials is identifying and enrolling patients in a timely manner. Delays in meeting trial enrollment targets and timelines can increase the cost of the trial. AI tools have the *ability* to analyze the extensive universe of data available to healthcare systems to identify patients that may be a match for clinical trials that are currently recruiting. This application of natural language processing systems can make developing new drugs less expensive and more efficient, while also improving patient and geographical diversity in trials to address generalizability.
- *Generating synthetic data*: AI, once trained on real-world data (RWD), has the capability to generate *synthetic data* and patient profiles that share characteristics with the target patient population for a clinical trial. This synthetic data can be used to simulate clinical trials to optimize trial designs, model the possible effects or range of results of a novel intervention, and predict the statistical significance and magnitude of effects or biases. Ultimately, synthetic patient data can help optimize trial design, improve safety and reduce cost for decentralized clinical trials. Further, synthetic control arms in clinical trials can help increase trial enrollment by easing patient fears that they will receive a placebo. **To incentivize continued innovation, Premier encourages Congress to urge the Food and Drug Administration (FDA) to promulgate clear guidance on the process for properly obtaining consent from pa-**

tients for the use of their RWD to produce AI-generated synthetic control arms in clinical trials.

Opportunities for AI in Drug and Device Manufacturing

Premier sees potential for AI to transform at least three key segments of the drug and device manufacturing process:

- *Supply chain visibility:* Premier is confident that the application of AI can advance national security by helping to build a more efficient and resilient healthcare supply chain. Specifically, AI can enable better demand forecasting for products and services through analysis of historical and emerging clinical and patient data, thereby driving better inventory management by automating the monitoring and replenishment of supplies.

AI's ability to help drive supply chain visibility is particularly helpful to address persistent healthcare supply chain shortages. Oftentimes, the warning signals of an impending product shortage can be seen weeks to months in advance due to discrepancies in demand vs supply data. AI can create reliable predictions that allow manufacturers to plan for and respond to shortages or disruptions. AI also enables better planning and response time to national or regional emergencies.

- *Advanced process control:* Another significant role for AI in drug and device manufacturing is in the development and optimization of advanced process control systems (APCs). Process controls typically regulate conditions during the manufacturing process, such as temperature, pressure, feedback and speed. However, a recent *report* found that industrial process controls are overwhelmingly still manually regulated, and less than 10 percent of automated APCs are active, optimized and achieving the desired objective. These technologies are now ready to *transform manufacturing* on a commercial scale; however, challenges still remain to widespread adoption. ***Premier encourages Congress to urge FDA to issue clear guidance that supports the industry-wide transition to AI-powered APCs.*** Such technologies offer manufacturers the opportunity to assess the entire set of input variables and the effect of each on system performance and product quality, automating plant-wide optimization. This application of AI technology can transform the physical manufacturing of drugs and devices, leading to cost-savings and increased resiliency, transparency and safety in the healthcare supply chain.
- *Quality monitoring:* AI can also provide value-add to drug and device manufacturing in the field of quality monitoring and reporting. Current manufacturing processes provide an immense volume of data from imagers and sensors that, if processed and analyzed more quickly and efficiently, could *transform* approaches to safety and quality control. AI models trained on this data can be used to predict malfunctions or adverse events. AI can also perform advanced quality control and inspection tasks, using data feeds to quickly identify and correct product defects or catch quality issues with products on the manufacturing line. Taken together, these capabilities can improve both the accuracy and speed of inspections and quality control, helping companies to reliably meet regulatory requirements and avoid costly delays that disrupt the drug supply chain.

III. CATALYZING THE AI MARKET THROUGH A NATIONAL PRIVACY LAW

A comprehensive national privacy law will have significant impacts on the development and competitiveness of AI technology in the United States. ***Federal data privacy laws should clearly outline pathways to acceptable data use for the training of AI models, which need not interfere with state-level requirements related to automated decision-making.***

One of the greatest barriers to the large-scale diffusion of innovative AI applications in healthcare is the lack of a single Federal privacy law. A comprehensive, national privacy framework is necessary to provide a reasonable level of consumer confidence that businesses will protect their data, sensitive or otherwise. The current patchwork, state-driven approach to privacy policy has resulted in inconsistent data privacy practices that have amplified patient distrust in the healthcare system. Patients must be able to trust the processes for storage, handling and use of their data, particularly as patient data is increasingly used to train AI algorithms—missing data from patients wary of data sharing could add to data siloing and perpetuate AI algorithmic biases, and Congress should urge CMS, ASTP/ONC and other health data stakeholders to proactively educate patients on these tradeoffs.

Unharmonized and burdensome requirements are a rate-limiting step in unlocking value through AI innovation. A Federal privacy law can empower innovators by placing clear, harmonized and common-sense guardrails around artificial intelligence tools.

Premier was encouraged by the House Bipartisan Artificial Intelligence Task Force's *commitment* to enabling safe, trustworthy and innovative AI technology across healthcare. From *drug development* and *manufacturing to diagnostics* and *clinical decision support*, the Task Force's recommendations were in lockstep with Premier's *long-standing advocacy* for sensible regulatory guardrails for *health AI*.

Premier particularly appreciated the Task Force's recognition of AI's transformative ability to reduce administrative burden in healthcare and improve patient care. However, to fully realize the benefits of innovations such as real-time electronic prior authorization, Congress must address the fragmented state data privacy laws that are a barrier to bringing this technology to scale. Federal data privacy standards are essential to ensuring consistent protections, fostering equitable access and scaling AI-powered solutions effectively.

A comprehensive Federal privacy law should be viewed as an initial step towards achieving Congress's bipartisan AI goals. Premier recommends the Committee prioritize addressing the following regulatory gaps, which are particularly necessary in the healthcare sector:

- **Quality:** Federal policy should clarify what uses of data are acceptable during AI training and testing, what patient consent for data use looks like for AI and what standards AI companies must meet to protect patient data. By removing uncertainty, Congress can give AI developers permission to innovate.
- **Security:** Security and privacy often go hand in hand. A Federal privacy law gives Congress the opportunity to clearly dictate to regulators what appropriate security looks like to protect patient health data, including when it is used in AI models. By placing guardrails around data use and privacy, Congress can limit the potential harms of security flaws in the AI tools that are increasingly commonplace in healthcare.
- **Market leadership:** Baseline privacy requirements in a Federal law—preempting state privacy laws—levels the playing field for AI innovators while promoting consumer trust and responsible AI. A fragmented state privacy law landscape disadvantages startups and innovators, complicating compliance, increasing regulatory burden or confusion, and adding prohibitive cost to growth.

IV. REDUCING REGULATORY UNCERTAINTY

Reducing regulatory uncertainty around AI development and deployment in healthcare settings is crucial to unlocking its transformative potential. Premier supports the responsible development and implementation of AI tools across all segments of American industry—particularly in the healthcare industry, where numerous applications of this technology are already improving patient outcomes and provider efficiency.

Premier strongly supports AI policy guardrails that include standards around transparency and trust, risk and safety, and data use and privacy. These recommendations will inform and complement the development of a healthcare-specific set of national standards for AI at NIST.

Promoting Transparency

Trust—among patients, providers, payers and suppliers—is critical to the development and deployment of AI tools in healthcare settings. To earn trust, AI tools must have an established standard of transparency. Some policy proposals, including those proffered by the Office of the National Coordinator for Health Information Technology (ONC), suggest transparency can be achieved through a “nutrition label” model, which lists the sources and classes of data used to train the algorithm. ***Unfortunately, some versions of the “nutrition label” approach to AI transparency fail to acknowledge that when an AI tool is trained on a large, complex dataset, and is by design intended to evolve and learn, the initial static inputs captured by a label do not provide accurate insights into an ever-changing AI tool.*** Further, overly intrusive disclosure requirements around data inputs or algorithmic processes could force AI developers to publicly disclose intellectual property or proprietary technology, which would stifle innovation.

Premier recommends that AI technology in healthcare should be held to a standardized, outcomes-focused set of metrics, such as accuracy, false positives, inference risks and recommended use/applications. Outcomes, rather than inputs, are where AI technologies hold potential to drive health or harm. Thus, Premier believes it is essential to focus transparency efforts on the accuracy,

reliability and overall appropriateness of AI technology outputs in healthcare to ensure that the evolving tool does not produce harm.

Premier has heard from multiple member hospitals that the lack of clear vendor information about the use of AI and associated liability actively deters them from purchasing or using AI tools. The lack of personnel and budget to collect information on data use, cybersecurity, and liability terms from vendors exacerbates this issue for all but the biggest health systems.

Premier urges Congress to consider requiring AI developers and manufacturers to list the acceptable uses of new technologies in healthcare settings, which would provide much-needed guidance to clinicians and providers on safe and appropriate use cases. This approach could provide liability protection for the proper use of AI technology for the defined set of use cases where developers have established and reported the appropriate metrics for accuracy and reliability. Transparency about the intended use of AI tools would be the simplest way for regulators to incorporate AI governance into existing regulations. Health systems would be also able to incorporate this information into their own governance structures, putting internal policies in place to prevent misuse of AI in ways that could be detrimental to patient safety or experiences.

Such disclosure does not inherently carry with it any additional significant cost or requirements. It would only give health systems and patients a complete picture of the safety and security of the AI technologies they use. Rather than limiting or delaying innovation, such guidelines would level the playing field between established market leaders and startups while providing clear transparency for providers and patients.

Alternatively, Congress could sanction the use of third-party certification organizations or existing market processes to address this challenge while reducing administrative burden. As a GPO, Premier already requires vendors and suppliers to submit information about uses of AI, data and cybersecurity certifications, and AI standards. This information is available to members when they make contracting decisions, providing a clear market incentive for vendors and developers to meet industry best practices. The contracting process also includes model legal language around cybersecurity and AI best practices and liability sharing, driving best practices even in the absence of regulation. Much like the Payment Card Industry Data Security Standards (PCI DSS), Congress can leverage existing market incentives and self-governance to encourage broader adoption of transformative AI technologies. Such a market-driven approach would be flexible and adaptable, capable of adjusting to the latest developments in AI technology without requiring Congress or regulators to reimagine the law every year.

Mitigating Risks

It is important to acknowledge potential concerns around “hallucinations” and biased outcomes resulting from the use of AI tools in healthcare, which carry considerations for patient safety. Fortunately, there are several best practices that Premier and others at the forefront of technology are already following to mitigate these risks.

First, we reiterate Premier’s recommendation for standardized, outcomes-based assessments of AI technologies’ performance, which would hold developers accountable for reporting improper outputs. Premier also supports the development of a standardized risk assessment, which should identify detailed explanations of recommended uses for the tool and risks that could arise should the tool be applied inappropriately.

Additionally, Premier understands the importance of data standards, responsible data use and data privacy in the development and deployment of AI technology. **Premier encourages Congress and regulators to work closely with developers, vendors and other stakeholders to ensure that any data standards that the Federal government codifies align with industry-experienced best practices.** Premier also supports the establishment of guidelines for proper data collection, storage and use that protect patient rights and safety. This is particularly important given the sensitivity of health data.

V. TRAINING THE HEALTHCARE WORKFORCE OF THE FUTURE

The White House’s AI Action Plan prioritizes the education and training of a future workforce capable of harnessing AI’s transformative potential. **Premier agrees, and we believe technology can and should work alongside and learn from healthcare professionals, but current technology will not and should not replace the healthcare workforce.**

To ensure clinical validity and protect patients, **Premier recommends clear labeling of recommended use(s) and Federal support for healthcare workforce**

trainings that combat automation bias and incorporate human decision-making into the use of AI technology in healthcare. Automation bias refers to human overreliance on suggestions made by automated technology, such as an AI device. This tendency is often amplified in high-pressure settings that require a rapid decision. The issue of automation bias in a healthcare setting is discussed at length by the FDA in *guidance* on determining if a clinical decision support tool should be considered a medical device. Premier suggests that future guidance or standards for the use of AI should consider automation bias in risk assessments and implementation practices, such as workforce education and institutional controls, to minimize the potential harm that automation bias could have on patients and vulnerable populations.

Premier acknowledges the risks of automation bias and fully automated decision-making processes. To reduce these risks, promote trust in AI technologies used in healthcare and achieve the goal of supporting the healthcare workforce through AI, ***Premier recommends that healthcare workforce training programs provide comprehensive AI literacy training.*** Healthcare workers deal with high volumes of incredibly nuanced data, research and instructions—a growing percentage of which may be supplied by AI. This is particularly true for applications of AI in drug development, where manufacturers and quality control specialists may be reviewing high volumes of AI-powered recommendations or insights and making rapid decisions that affect the safety of patients. By ensuring our healthcare workers understand how to evaluate the most appropriate AI use cases and appropriate procedures for evaluating the accuracy or validity of AI recommendations, we can maximize the advisory benefit of AI while mitigating the risk to patients and provider liability.

To ensure that future clinicians can realize the benefits of AI and appropriately incorporate new technologies into patient care, Congress should encourage medical schools and accreditation programs to develop curricula for the healthcare workforce that incorporates digital health technologies.

Among providers, there is a growing acceptance of technology as a workforce extender, particularly when it is seamlessly integrated into clinical workflows, and an increasing share of the healthcare workforce is open to adopting new tools. As a sector, healthcare must find ways to integrate digital health technologies into educational curriculums at all levels, including professional certifications and continuing education.

Finally, health systems and providers need to understand how to best realize the opportunities for AI and new technologies to enhance and extend care delivery to larger patient populations. ***Congress should encourage the development of evidence-backed models to evaluate the success of virtual care and virtual nursing programs.*** Anecdotal evidence indicates that practitioners believe in the value of virtual care to balance workload and expand access to care, particularly in rural areas. Optimized and evidence-backed models have the potential to improve access to care in rural communities, increase savings and reduce chronic disease costs. In the face of clinician shortages—especially nursing shortages—the existence of a center of excellence for optimized virtual nursing services could provide care to entire regions, offsetting workforce capacity challenges and reducing brain drain.

VI. SECURING U.S. LEADERSHIP

As the AI Action Plan acknowledges, America’s digital infrastructure faces a regulatory inflection point spanning from enabling to emerging technologies. Premier believes that true supply chain resiliency requires a holistic approach as part of a larger strategy to address the implications of policy on products needed in healthcare—particularly those needed during a public health crisis or national security threat.

Tariff and trade policies directly influence the availability and affordability of critical medical supplies and technologies, including the availability and uptake of AI tools. China has spent the past decade making a play for global leadership at every level of technology from semiconductors to AI models, leaving healthcare’s future increasingly reliant on China’s tech stack. Investments in the healthcare tech ecosystem—from semiconductors, cloud computing, and connectivity through the software technology stack—can help American healthcare overcome shortages, build a reliable supply chain for medical devices, and put America back in control of healthcare’s tech-enabled future.

How the U.S. regulates AI—and the enabling technologies that power it—will transform healthcare, one way or the other. Making America’s healthcare system the most attractive in the world for innovators and visionaries, thereby reducing costs and improving patient outcomes, can occur only if lawmakers reimagine the technology-care delivery nexus from the bottom up.

The U.S. cannot afford to fall behind in the development and production of critical enabling technologies for the growth of the burgeoning AI sector, nor can it become reliant on AI applications and software developed by geopolitical adversaries.

America has learned a difficult lesson about the threat of becoming reliant on untrustworthy technology. From *telecommunications infrastructure to solar power inverters to port cranes*, much of this country's critical infrastructure has faced a reckoning about the threat that unsecured software and hardware pose to essential functions. A fresh focus on security must begin with trustworthy physical infrastructure. Federal rulemaking has given the *Coast Guard and Transportation Security Administration* extended cyber authorities over ports, shipping, and rail. During the 118th Congress, lawmakers *introduced several bills* examining dependence on foreign-manufactured shipping cranes and other crucial technologies. While these are valuable initial steps to identify vulnerabilities in America's technology infrastructure, this country cannot afford to repeat the same mistakes.

Early and sustained AI leadership is essential to provide America's critical infrastructure—especially healthcare—with the reliable, trustworthy tools that it needs. The United States cannot afford to risk the future of digital health by ceding AI leadership.

IV. CONCLUSION

Premier appreciates the opportunity to comment on the Subcommittee's work. If you have any questions regarding our comments, or if Premier can serve as a resource on these issues, please contact John Knapp, Vice President, Advocacy, at John_Knapp@premierinc.com.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. JOHN THUNE TO
HON. MICHAEL KRATSIOS

Question 1. Last Congress, Senator Klobuchar and I introduced the AI Research Innovation and Accountability Act alongside our colleagues Senators Wicker, Hickenlooper, Capito, and Lujan. This bipartisan legislation establishes a light-touch, pro-innovation framework that will bring transparency, accountability, and security to the development and operation of AI.

Do you agree that Congress must establish basic rules of the road like the framework we have laid out in this legislation?

Will you commit to working with us on this legislation during the 119th Congress?

Answer. I look forward to working with you and your colleagues on any legislation that promotes and protects continued American leadership in AI innovation.

RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. MARSHA BLACKBURN TO
HON. MICHAEL KRATSIOS

Question 1. An important issue for Tennessee as it relates to AI is what happens with patent and copyrighted content, whether it is from an entertainer, author, a publisher, someone involved in online sales training or online human resources training, or religious leaders who have sermons or prayers on which they hold a copyright. In Nashville, we talk about fair use as being a fairly useful way to steal copyrighted content. We see that happen repeatedly. When I wrote an Amicus Brief on the correctly decided *Warhol vs. Goldsmith* case, I argued in favor of a narrowed application of the fair use doctrine.

When it comes to permissible training materials for LLMs, clearly, there is a difference of opinion. This is a reason why states have played such an important role in stepping forward, as Congress has proven incapable of passing legislation to protect content creators. Making certain that copyrights, patents, and trademarks are not infringed is vital to our creative community. I had a group in my office recently, who highlighted concerns about this issue of unauthorized training. They are also looking at what is happening with OpenAI's AI-generated movie, *Critterz*. This full-length, box-office movie will be made almost entirely using AI, including AI-generated music. By allowing LLMs to train on copyrighted materials, this takes away the creative community's Article 1, Section 8, Clause 8 constitutional right to exercise their craft.

I would like to have your response on addressing these vital issues. How do you plan to approach firewalling copyrighted content in training LLMs while still allowing training on current events or conversations?

Answer. At the launch of the AI Action Plan, the President stated that AI developers should be allowed to use the facts and information from content like books

or articles to develop general purpose AI models without navigating complex copyright negotiations. In his speech, President Trump also recognized the distinction between training AI systems using the facts and information from copyrighted works versus having the AI's outputs copy or plagiarize a creator's work. The Administration is closely tracking ongoing court cases relating to AI training on copyrighted materials.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. MARIA CANTWELL TO
HON. MICHAEL KRATSIOS

AI Skilling and Workforce Development

One pillar of the AI Action Plan is empowering American workers through AI education and job training. The plan specifically calls for initiatives like AI-focused apprenticeships and skilled trades training (*e.g.*, more electricians and advanced HVAC technicians to build AI infrastructure).

Question 1. What progress has been made on these workforce programs?

Answer. It is critical that the U.S. has the domestic workforce needed to support growing demands for AI infrastructure. America's Talent Strategy, co-released by the Department of Labor (DOL), Department of Commerce (DOC), and Department of Education (ED), focuses precisely on developing these workforce programs. As part of the implementation of the Talent Strategy, DOL has announced at least \$30 million for the Industry-Driven Skills Training Fund grant program administered by DOL's Employment and Training Administration. These grants will help train American workers for jobs in AI and other emerging and high demand areas. As of August 2025, DOL has identified over 120 AI-centric Registered Apprenticeship programs and over 2,045 apprentices, in over 45 AI-centric occupations. Additionally, DOL has confirmed that there are over 350,000 active apprentices in AI Infrastructure Registered Apprenticeship programs. The Administration is working to increase the number of active apprentices within these occupations, in alignment with the AI Action Plan and America's Talent Strategy. Furthermore, the National Science Foundation (NSF) has taken steps to strengthen AI-focused career and skill building learning opportunities for high school students, including curriculum development, dual enrollment, micro-credentials, and hands-on experiential learning to prepare America's workforce for the future.

Question 2. Is the administration, in partnership with the Department of Labor and industry partners, planning to roll out new training curricula or apprenticeships in the regions where AI data centers and projects are expanding?

Answer. In response to the President's AI Action Plan and Executive Order on Advancing Artificial Intelligence Education for American Youth, the Administration is working with industry and academia to prepare workers to fill critical AI roles across the country. DOL, DOC, and ED co-released America's Talent Strategy, which includes a focus on scaling apprenticeships to meet AI infrastructure workforce demands. In alignment with this goal, the DOL recently announced nearly \$84 million in grants to 50 states to increase the capacity of Registered Apprenticeship programs. My staff are working with DOL on implementing the AI Action Plan's education and workforce training recommendations.

Further, the AI Action Plan provides an important and meaningful focus on training a skilled workforce to build, operate and maintain an AI infrastructure. We know there are hundreds of thousands of jobs that will be created in the coming years, but too few workers to fill those jobs.

Question 3. Are current Federal programs and funding sufficient to meet these needs?

Answer. Targeted Federal programs, including public-private partnerships, apprenticeships, industry-driven training programs, and state and local-led workforce initiatives, can help meet the growing workforce demands needed to support domestic AI infrastructure. The AI Action Plan recommends refocusing existing Federal programs and working closely with industry, educators, and state and local governments to identify gaps in employment pipelines and train new workers to meet industry demand.

Support for CAISI

A positive aspect of the AI Action Plan was the emphasis on NIST CAISI, the Center for AI Standards and Innovation. Last year, the House and Senate both passed bills out of committee to authorize an AI institute at NIST focused on AI standards and innovation. I'm glad the Administration and Plan is preserving this

institute. In order for the U.S. to lead however, we need to commit to fully funding and resourcing it.

Question 4. Mr. Kratsios, can you commit to supporting Congressional codification of the NIST CAISI to develop voluntary standards and testbeds related to national security for AI frontier models?

Answer. The AI Action Plan recommends investments in the development of AI testbeds that span many sectors, including agriculture, transportation, and healthcare. NIST plays a role in leveraging its technical expertise to advance AI measurement science and sector-specific standards that will promote secure AI innovation and accelerate broad AI adoption across sectors. You have my commitment to work with you and your colleagues on legislation as it relates to NIST and other Committee priorities.

Energy Needs and R&D for Fusion Energy

The growing demand for electricity to power AI data centers is staggering. By some estimates, global electricity demand from data centers is projected to more than double by 2030 exceeding 945 terawatt-hours (TWh). It will strain electric grids and energy providers. A potentially limitless source of clean and inherently safe energy is fusion, a source that could provide vast amounts of predictable base-load power to increase the reliability of our energy grid. Analysts at Bloomberg estimate that this game-changing technology could achieve a potential \$40 trillion valuation. Washington State has become a fusion energy hub with billions of dollars invested and three prominent start-up companies looking to deploy demonstration projects.

Question 5. How would the attributes of fusion energy help the reliability requirements of the grid for AI?

Answer. Commercial fusion can unlock a new source of reliable energy to help meet the growing energy needs of the grid and data centers across the United States. Nuclear fusion is an important priority for American energy dominance.

Question 6. How can the government partner with the private sector to scale fusion technology as it continues to develop?

Answer. Milestone-based funding, prizes, challenges, public-private partnerships, and other novel funding mechanisms can incentivize commercial development of fusion technology. Since the first Trump Administration, the DOE has focused on improving commercialization of domestic fusion research. For example, DOE recently announced \$134 million in funding for Fusion Innovation Research Engine (FIRE) Collaboratives and the Innovation Network for Fusion Energy (INFUSE), which encourages collaboration among the fusion industry, DOE national labs, and universities.

Public Investment in Science

Government investment in fundamental science has been the backbone of American success in technology and innovation. If the United States wants to outcompete foreign adversaries, it cannot slash funding for the National Science Foundation, National Institute of Standards and Technology (NIST), Department of Energy labs, or STEM education programs that power the AI workforce and ecosystem.

Question 7. What impact will cuts to Federal funding for science and research at universities have on U.S. competitiveness in AI?

Answer. The Trump Administration took long-needed action to re-focus the Federal research enterprise towards areas of national strategic priority and geopolitical importance. The President has taken extensive executive actions to create a more conducive environment for American innovation, unlock investments in AI infrastructure at home and abroad, advance AI for education, leverage AI for developing cures for pediatric cancer, and much more. These actions remove barriers for innovators to promote American leadership in AI and accelerate the export of the American AI technologies, positioning the United States to dominate in this critical technology and to win the AI race.

Notably, the President's FY 2026 budget proposal preserved funding for programs such as AI and quantum. In the One Big Beautiful Bill Act (OBBBA), the President committed 150 million dollars in new funding for the DOE national labs to curate, structure, and preprocess scientific data for use in AI and machine learning models. This data will be critical in pushing forward next generation computational analysis, accelerating scientific discovery, and further solidifying U.S. leadership in AI and computational science.

In addition, OSTP and the Office of Management & Budget (OMB) recently released the annual memorandum on the Administration's FY27 Research and Development Budget Priorities. The memorandum lays out a path to unrivaled American

dominance in critical and emerging technologies, with AI as its first priority. It directs Federal agencies to make significant investments in foundational and applied AI research, critical digital infrastructure, and robust evaluation standards, aiming to advance breakthroughs in AI architecture, interpretability, security, and capabilities. It further strengthens U.S. competitiveness by fostering close collaboration with industry and academia to promote commercialization and workforce development, expand STEM education pathways, facilitate broad adoption of AI-enabled tools, and support resilient critical infrastructure.

Bayh-Dole Act

Congress enacted the Bayh-Dole Act as a key piece of innovation policy. It allows universities and nonprofit institutions to retain title to federally funded inventions and license them to private companies. This framework has been critical to creating thousands of startups, new industries, and high-wage jobs in the United States.

Question 8. Do you agree that maintaining the Bayh–Dole model, where universities and entrepreneurs can commercialize federally funded research without the Federal government taking a large share of their revenue, is essential to sustaining America’s innovation ecosystem?

Answer. Basic research is critical to the technological revolutions which may occur decades in the future. Furthermore, it is important to incentivize commercialization of basic research and technology transfer where it may have promising applications American industries.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. TAMMY BALDWIN TO HON. MICHAEL KRATSIOS

Question 1. At the end of last year, this Committee held a hearing on how AI is enabling and exasperating the proliferation and sophistication of scams. In 2023, Wisconsinites lost \$92 million to fraud and scams, and the problem is only getting worse. Representative Jamie Raskin and I have been leading an effort to direct the FTC to develop a comprehensive online resource that will serve as a centralized resource page for victims of financial scams and frauds.

What is the Trump administration doing to protect Americans against AI enabled scams?

Answer. Thank you for recognizing the role the FTC has to play in protecting Americans, both young and old, from scams and fraud. AI is not exempt from consumer protection laws, and law enforcement authorities at local, state and Federal level are able to enforce laws addressing fraud committed with AI, just as they do for any other medium used to commit fraud, such as e-mail or telephone. OSTP will further efforts to help young people become more literate in AI through the White House Task Force on AI Education.

Question 2. While the United States continues to focus on the advancement of artificial intelligence, it is also essential that we continue to invest in the development and advancement of other emerging technologies. Quantum mechanics and computing have the potential to simulate and solve problems too complex for classic computers. Quantum also has the potential to work hand in hand with artificial intelligence to continue to enhance its capabilities.

What is the Trump administration doing to leverage the development of other emerging technologies such as quantum computing to advance our development of artificial intelligence?

Answer. During his first term, President Trump was the first president to prioritize AI and quantum in his budget request to Congress. President Trump launched the National AI Initiative and signed the National Quantum Initiative Act into law, laying the foundation for continued American leadership in these fields. The President has continued to demonstrate his commitment to these technologies with his FY26 budget request, which includes robust funding for AI and quantum. Furthermore, OSTP and OMB released their annual memorandum outlining the Administration’s FY27 Research and Development Budget Priorities. This memorandum prioritizes research on quantum and AI and calls out the interaction between the two fields.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. JOHN HICKENLOOPER TO
HON. MICHAEL KRATSIOS

AI-generated Content and Transparency

NIST has been conducting scientific research into new methods to identify or detect content generated by AI, such as texts, images, videos, and more. AI is a powerful tool capable of creating content that appears to be real life. Methods such as watermarks, content provenance, and labels are being evaluated for their accuracy.

Question 1: Director Kratsios, from your perspective, what does the road ahead look like for scientific research into AI-generated content?

Answer. OSTP and OMB recently released the annual memorandum that outlined the Administration's FY27 Research and Development Budget Priorities. This memorandum calls out the importance of foundational and early-stage applied research in AI, including in interpretability, controllability, and adversarial robustness.

In addition, the President signed the TAKE IT DOWN Act into law, which targets sexually explicit, non-consensual deepfakes and creates market dynamics to develop tools to detect certain categories of AI-generated content.

Question 2: Director Kratsios, when do you think it will be feasible for technical standards to be developed to promote transparency in synthetic content? Do you foresee any technical capabilities, research barriers, or technological limitations delaying the development of technical standards around synthetic content?

Answer. The AI Action Plan recommends actions to combat synthetic media in the legal system, including issuing guidance to explore a deepfake standard and file formal comments on proposed deepfake-related additions to the Federal Rules of Evidence. It also recommends developing NIST's deepfake evaluation program into a formal guideline and companion voluntary forensic benchmark.

AI and Copyright Protections

Copyright protections for creators' works are being actively challenged in courts across the country. AI developers and national security interests argue copyright protections, including the "Fair Use" standard, could slow down the development of American-made AI technologies and cede global leadership in AI to competitors. During his remarks while unveiling the AI Action Plan, President Trump said the United States "can't be expected to have a successful AI program when every single article, book or anything else that you've read or studied, you're supposed to pay for. You just can't do it because it's not doable."

Our hope is to balance the rights and protections of content creators and lead the world in AI innovation.

Question 3: Director Kratsios, how do you believe we could achieve this balance between protecting creators' rights and developing gold-standard AI technologies?

Answer. As President Trump stated during the launch of the AI Action Plan, AI developers should be allowed to use the facts and information from content like books or articles to develop general purpose models without navigating complex copyright negotiations. The President also recognized the distinction between training AI systems using the facts and information from copyrighted works versus having the AI's outputs copy or plagiarize a creator's work during that speech. The Administration is closely tracking ongoing court cases relating to AI training on copyrighted materials.

AI Supply Chain

When Congress passed the CHIPS & Science Act, with support from Democrats and Republicans, we committed to growing high-tech manufacturing in the U.S., expanding our STEM workforce, and recommitting our investment in scientific research. The CHIPS Act incentives increase our ability to manufacture semiconductors in the U.S. to train AI models and power data centers.

The Trump Administration has recently proposed to take government equity in private companies who manufacture semiconductors as well as receive a portion of sales from certain semiconductors to China.

Question 4: Director Kratsios, do you believe the CHIPS Act or the Export Control Reform Act explicitly allow the Federal government to take these actions? Have these actions been authorized by Congress?

Answer. The President has broad authorities when it comes to matters of national security. I understand that the Secretary of Commerce is implementing these actions through the appropriate mechanisms.

Executive Orders

The White House unveiled three Executive Orders to accompany the AI Action Plan that seek to build more data centers, reform government procurement of AI models, and export American AI technologies internationally.

Meanwhile, agencies across the Federal government are working to carry out the AI Action Plan's goals.

Certain issues, such as protections for creators' copyrighted works in AI model development, remain legally unresolved.

Question 5: Director Kratsios, do you believe the White House will need to issue any new Executive Orders, including on issues such as copyright, to continue implementing the AI Action Plan? Yes or no?

Answer. OSTP continues to coordinate interagency action to implement the extensive recommendations in AI Action Plan and the President's Executive Orders on AI.

Data Centers

As the demand for AI applications skyrockets, so does the demand it requires from our electric grid.

We should make targeted investments to modernize our electric grid, expand transmission line capacity, and ensure reliable and affordable sources of power. However we need to ensure that we have the workforce to be able to build this infrastructure.

Question 6: Director Kratsios, how can we improve access to a skilled workforce for building out data centers?

Answer. It is critical that the U.S. has the domestic workforce needed to support growing demands for AI infrastructure. America's Talent Strategy, co-released by DOL, DOC, and ED, focuses precisely on developing these workforce programs. As part of the implementation of the Talent Strategy, DOL has announced a \$30 million Industry-Driven Skills Training Fund grant program administered by DOL's Employment and Training Administration. DOL also recently announced nearly \$84 million in grants to 50 states to increase the capacity of Registered Apprenticeship programs. In addition, NSF continues to support programs to upskill the talent necessary to manage and secure large-scale data infrastructure across our country.

Federal programs, including public-private partnerships, apprenticeships, industry-driven training programs, and state and local-led workforce initiatives, can meet the growing workforce demands needed to support domestic AI infrastructure.

Question 7: Director Kratsios, do you have an update on the Administration's plans to potentially site and construct AI data centers on Federal land?

Answer. The Trump Administration has been involved in ongoing work to accelerate the development of AI infrastructure through siting and constructing AI data centers on Federal Lands. In April, DOE issued a Request for Information and received enormous interest to inform data center siting and construction on Federal Lands. In July, DOE announced the four selected sites: Idaho National Laboratory, Oak Ridge Reservation, Paducah Gaseous Diffusion Plant and Savannah River Site. Furthermore, as part of the process for finding private sector partners to manage the projects, DOE released Requests for Applications to build and power AI data centers at Idaho National Laboratory, the Oak Ridge Reservation, and the Savannah River Site this September.

Tariffs on Semiconductors

The Trump Administration has stated it intends to impose massive tariffs on imports of semiconductors into the U.S.

The CHIPS & Science Act provided targeted incentives for companies to build and expand manufacturing here in the U.S.

Semiconductors are a fundamental building block for developing AI models and other advanced technologies.

Question 8: Director Kratsios, what potential impact would new tariffs on semiconductor imports have on the United States' competitiveness in AI?

Answer. The Secretary of Commerce is working to properly channel resources from the CHIPS & Science Act to expand domestic chip fabrication capacity and advanced research, making America the home of future AI breakthroughs. President Trump has cited these policies as central to achieving American supremacy in the AI race, establishing this as both an economic and national security imperative.

Secure AI by Design

As organizations rapidly adopt AI to boost efficiency and growth, the surge in usage has significantly expanded the attack surface. A report released by a

cybersecurity firm, Palo Alto Networks, indicates an 890 percent increase in GenAI traffic. This growth brings new security risks, requiring organizations to identify AI use, assess vulnerabilities, and implement real-time protections. The U.S. government's AI Action Plan reinforces this need, urging secure, resilient AI systems capable of detecting threats like data poisoning and adversarial attacks.

Question 9: Director Kratsios, could you explain with detail how OSTP is considering integrating these secure-by-design AI principles? Additionally, what collaborative efforts with the private sector are underway to strengthen the secure development and deployment of AI?

Answer. The AI Action Plan recommends a range of different actions to advance secure-by-design AI technology. Additionally, the Administration is prioritizing R&D that enables the secure development and deployment of AI through the recently released OSTP and OMB annual memorandum on FY27 Research and Development Budget Priorities, including fundamental work on AI interpretability, controllability, and adversarial robustness.

Question 10: Director Kratsios, in what ways does the AI Action Plan ensure the safe and secure use of AI systems within Federal networks—particularly in protecting against sophisticated cyber threats, data breaches, and unauthorized access?

Answer. The AI Action Plan highlights the importance of secure-by-design AI to minimize the marginal security risk contributed by deploying AI systems in Federal networks and calls for the development of standards for high security AI data centers. It recommends that the General Services Administration (GSA) creates and manages an AI procurement toolbox, in collaboration with OMB, to ensure that procured AI systems comply with relevant privacy, data governance, and transparency laws. Further, it recommends that NIST partner with industry to establish standards and best-practices to ensure impacts are minimized and response is timely. We will continue to work with the relevant agencies to strengthen existing cyber defenses and update security practices to prepare for AI-specific cybersecurity threats.

U.S. Leadership in Global AI Governance

Under the AI Action Plan, the U.S. would meet the global demand for AI by exporting its full AI technology stack, including hardware, software, applications, and standards, to key markets overseas.

Question 11: Director Kratsios, do you support robust U.S. engagement in key international organizations, including the UN, OECD, G7, G20, ITU, and ICANN, for shaping the global conversation around AI? How would you prioritize these fora, and what goals should the U.S. be pursuing there?

Answer. As I emphasized at the United Nations Security Council meeting, we totally reject efforts by international bodies to assert centralized control and global governance of AI. We are focused on establishing American AI as the global gold standard and enabling allies and trade partners to build their own sovereign AI ecosystems with secure American technology. OSTP continues to work with agencies across the Federal government to deliver on the President's Executive Order 14320 to promote the export of the American AI technology stack.

AI & Advanced Communications

The convergence of AI and wireless infrastructure will have massive implications for the global telecommunications landscape. With AI-native 6G networks powering millions of devices and running critical AI applications, who builds and operates these networks is more important than ever.

Question 12: Director Kratsios, how can we leverage an American AI-native 6G stack to compete with Huawei in emerging global markets?

Answer. Leveraging an American, AI-native 6G stack means accelerating secure domestic innovation, coordinating government and private sector research and development, and driving global standards to outcompete Huawei, especially in emerging markets. American 6G networks dramatically increases the resilience of our critical infrastructure and protects us from foreign surveillance or sabotage—a risk inherent with Huawei-backed systems. As outlined in the AI Action Plan, the removal of regulatory barriers will help the United States deploy and export next-generation telecommunications infrastructure faster than our competitors, ensuring that U.S. companies can scale up 6G deployments at home and abroad. This Administration will continue to prioritize the promotion of the American technology stack around the world.