



ACIL Position Statement on Unfair University Competition

ACIL is the trade association representing commercial scientific, engineering and testing firms. The companies that comprise this \$11 billion industry offer a broad range of laboratory, testing, inspection, research and consulting services.

Clients look to independent testing firms for several reasons: as a source for objective data, free from bias; for specialized services not available in-house; and to support a product's claims. Almost daily, million-dollar decisions are made based on the data independent laboratories produce.

ACIL supports competition. Competition drives innovation, creates jobs and diversifies our economy. The playing field for competition must be fair, however. Competition that comes from universities as taxpayer- and government-supported entities presents a serious obstacle to the fair and legitimate pursuit of business.

ACIL believes that universities play a vital role in our society and should limit their activities to inherently educational functions, as defined herewith:

1. The activities are basic and fundamental in nature.
2. They are suitable for inclusion in a student's thesis.
3. The results are intended for prompt publication in a reputable scientific journal.
4. They are consistent with educational objectives and enhance academic goals.

They should not attempt to be a primary provider of commercial services that duplicate those offered in the private sector.

For laboratories and commercial businesses of all types, the problem of unfair competition is growing from universities and supported by local taxpayers, federal funds, granted equipment, tax exemptions, free labor, and other unfair advantages.

Further, many universities are exempt from the accreditation and certification requirements demanded of private sector firms. The cost of becoming accredited puts private testing firms at an additional economic disadvantage. More important is the implication for public health and safety, since accreditation is widely accepted as a means of measuring a laboratory's competence and assuring data quality. No laboratory should be exempt from such quality assurance and control measures.

Accordingly, ACIL continues its historic commitment to combat unfair competition by universities. In its pursuit of a level playing field, ACIL will:

- Continue to dialog and work with university associations to explore ways universities can be more effective in recognizing and policing unfair commercial testing activities.
- Cooperating with appropriate Congressional Committees and individual members of Congress in their efforts to deal with unfair competition.

- Challenging specific examples of ACIL member abuses by universities.
- Encouraging the enforcement of the unrelated business income tax (UBIT) of the IRS code as it may relate to universities engaging in commercial activities.
- Investigating cases of violation of NSF important Notice 122 prohibiting the use of granted equipment to unfairly compete with private companies.

It is ACIL's goal, in cooperation with university ethics officials, local, state and federal government officials and the U.S. Congress, to push for meaningful reforms for more efficient and effective universities, better able to serve the American public by not unfairly competing with private businesses.