



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

January 22, 2014

H.R. 2981
**Technology and Research Accelerating National Security and Future
Economic Resiliency Act of 2013**

*As ordered reported by the House Committee on Science, Space, and Technology
on December 5, 2013*

SUMMARY

H.R. 2981 would broaden a program that requires certain federal agencies to set aside portions of their research and development programs for small businesses. Specifically, the bill would require each federal agency that participates in the Small Business Technology Transfer (STTR) program to provide grants to eligible higher-education institutions or other research institutions to bring federally funded research and technology projects to market more quickly. The bill would require the Small Business Administration (SBA) to include information about the grants, including a list of recipients and their use of the funds, in its public database.

CBO estimates that implementing H.R. 2981 would cost \$6 million over the 2014-2019 period, assuming appropriation of the necessary amounts. Pay-as-you-go procedures do not apply to this legislation because it would not affect direct spending or revenues.

H.R. 2981 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 2981 is shown in the following table. The costs of this legislation fall within several program areas including budget functions 050 (national defense), 250 (general science, space, and technology), 270 (energy), 370 (commerce and housing credit), and 550 (health).

	By Fiscal Year, in Millions of Dollars						2014- 2019
	2014	2015	2016	2017	2018	2019	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION							
Estimated Authorization Level	1	1	2	2	0	0	6
Estimated Outlays	*	2	2	2	*	*	6

Note: * = less than \$500,000.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the bill will be enacted in fiscal year 2014, that the necessary funds will be appropriated each year, and that spending will follow historical patterns for this activity.

Under current law, the STTR program, which expires at the end of fiscal year 2017, requires federal agencies with extramural budgets for research and development (R&D) that exceed \$1 billion per year to set aside 0.4 to 0.45 percent of that budget for cooperative research between small businesses and a federal laboratory or nonprofit research institution. (Extramural budgets consist of expenditures for activities not performed by agency employees.) Five agencies currently participate in the STTR program: the Departments of Defense, Energy, and Health and Human Services, as well as the National Aeronautics and Space Administration and the National Science Foundation (NSF). In fiscal year 2010 (the most current information available), those agencies' combined extramural budgets for R&D totaled more than \$85 billion, and about \$245 million of that total was made available for the STTR program.

H.R. 2981 would set aside a portion of the amounts available for the STTR program to award grants to research institutions (educational, nonprofit, and federal laboratories) for activities that would speed up the process to bring products based on federally funded research and technology to market. Based on information from participating agencies, CBO expects a total of 15 additional staff positions would be needed to handle the administrative requirements associated with the expanded program. CBO estimates that implementing H.R. 2981 would cost about \$2 million each year for additional personnel and overhead expenses. However, the costs would be lower in 2014 because CBO expects the bill to be enacted later in the fiscal year and in 2015 because CBO expects agencies will take advantage of a pilot program that allows them to substitute an estimated \$1 million of R&D funds for administrative costs that would otherwise be paid from the agencies'

regular appropriation. Therefore, CBO estimates that implementing H.R. 2981 would have a net discretionary cost of \$6 million over the 2014-2019 period.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 2981 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

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