



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

May 25, 2001

S. 517

National Laboratories Partnership Improvement Act of 2001

*As ordered reported by the Senate Committee on Energy and Natural Resources
on May 16, 2001*

SUMMARY

S. 517 would authorize several new programs at the Department of Energy (DOE) that would foster technology partnerships between DOE and nonfederal entities. The bill would authorize the appropriation of \$10 million a year for three years for a Technology Infrastructure Pilot Program at certain DOE laboratories and facilities. It would direct the department to expand support for small businesses at those facilities and to appoint an ombudsman to facilitate the resolution of complaints or disputes. DOE also would be authorized to waive provisions in licenses that are retained by the government under cooperative research and development agreements (CRADAs) over the next five years and to develop alternative contractual arrangements for research and development projects. Finally, the bill would direct DOE to allocate a fixed percentage of the amounts appropriated for the National Nuclear Security Administration (NNSA) for CRADAs, and to prepare various reports.

Assuming appropriation of the necessary amounts, CBO estimates that implementing this bill would cost about \$50 million over the 2002-2006 period. The provisions regarding CRADAs could affect the collection and spending of royalties and other payments governed by licensing agreements, but CBO estimates that the net effect on direct spending would be negligible. Because the bill could affect direct spending, pay-as-you-go procedures would apply.

S. 517 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 S. 517 is shown in the following table. The costs of this legislation fall within budget functions 050 (national defense), 250 (general science, space and technology, and 270 (energy).

	By Fiscal Year, in Millions of Dollars					
	2001	2002	2003	2004	2005	2006
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law for Technology Partnerships						
Authorization Level ^a	5	5	0	0	0	0
Estimated Outlays	0	1	2	2	0	0
Proposed Changes						
Estimated Authorization Level	0	15	15	15	5	5
Estimated Outlays	0	3	11	15	13	8
Spending Under S. 517						
Estimated Authorization Level	5	20	15	15	5	5
Estimated Outlays	0	4	13	17	13	8

a. Public Law 106-398 authorized \$5 million in 2001 and 2002 for a technology partnership program, but no funds have yet been appropriated.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the authorized and estimated amounts will be appropriated for each year, beginning in 2002. We assume outlays will follow historical spending patterns for similar programs.

Spending Subject to Appropriation

CBO estimates that implementing this bill would cost a total of \$50 million over the next five years, assuming appropriation of the necessary amounts. Most of this funding would support the pilot program, which would promote opportunities for commercial research and technology development with 10 national laboratories or facilities. The \$10 million authorized for each of the next three fiscal years would be in addition to the \$5 million already authorized for such pilot programs at the national security labs for 2002. Under the

bill, the pilot program would require that at least 50 percent of the funding to be provided from nonfederal sources; we expect that spending would start slowly.

In addition, based on information from DOE, CBO estimates that the bill's requirement that DOE expand support for small businesses would cost about \$5 million annually, assuming appropriation of the necessary funds.

Direct Spending

The provisions in S. 517 regarding CRADAs could affect direct spending because the federal government collects and spends royalties and other payments under these licensing agreements. Under current law, the government may grant nonfederal entities patent licenses or assignments for inventions resulting from CRADAs and other collaborative arrangements. Federal agencies are authorized to spend any royalties or payments resulting from such licenses or assignments without further appropriation.

The provisions allowing DOE to waive license provisions could reduce royalties from existing as well as future CRADAs, but CBO estimates that the net effect would not be significant because agencies are able to spend any such collections without further appropriation. The provisions that would allocate a portion of the NNSA's funding for CRADAs could increase licensing activity and royalties at some point in the future, but the net effect would be negligible because any proceeds would be spent by DOE.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. CBO estimates that the provisions in S. 517 regarding CRADAs and licensing arrangements could affect direct spending, but we estimate that the net effect would not be significant.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 517 contains no intergovernmental mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. Any costs or benefits accruing to intergovernmental entities, including public universities, from participation in the Technology Infrastructure Pilot Program would be voluntary.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

This bill contains no new private-sector mandates as defined in UMRA.

ESTIMATE PREPARED BY:

Federal Costs: Kathleen Gramp

Impact on State, Local, and Tribal Governments: Victoria Heid Hall

Impact on the Private Sector: Lauren Marks

ESTIMATE APPROVED BY:

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis