



CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE

September 15, 2014

**H.R. 2996**  
**Revitalize American Manufacturing and Innovation Act of 2014**

*As ordered reported by the House Committee on Science, Space, and Technology  
on July 25, 2014*

**SUMMARY**

H.R. 2996 would establish the Network for Manufacturing Innovation Program (NMIP) within the National Institute of Standards and Technology (NIST). Under the program, NIST would award grants to establish a network of centers of innovation to improve the competitiveness of domestic manufacturers. H.R. 2996 also would reauthorize a program to develop regional clusters of businesses that operate in similar or complementary industries. Finally, the bill would require the Government Accountability Office (GAO) to assess the NMIP every two years and direct NIST to develop a strategic plan for advanced manufacturing that would be updated every four years.

CBO estimates that implementing H.R. 2996 would cost \$105 million over the 2015-2019 period, assuming appropriation actions consistent with the bill. Enacting H.R. 2996 also would affect direct spending; therefore, pay-as-you-go procedures apply. CBO estimates, however, that such effects would be insignificant. Enacting H.R. 2996 would not affect revenues.

H.R. 2996 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA), and any costs to state, local, or tribal governments, including matching funds, would be incurred as conditions of receiving federal assistance.

**ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary effect of H.R. 2996 is shown in the following table. The costs of this legislation fall within budget functions 370 (commerce and housing credit) and 450 (community development).

	By Fiscal Year, in Millions of Dollars					2015- 2019
	2015	2016	2017	2018	2019	
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION<sup>a</sup></b>						
Network for Manufacturing Innovation						
Estimated Authorization Level <sup>b</sup>	30	30	30	30	30	150
Estimated Outlays	3	9	17	23	26	77
Regional Innovation Program						
Authorization Level	10	10	10	10	10	50
Estimated Outlays	1	3	5	8	10	25
Reports						
Estimated Authorization Level	2	0	1	2	*	5
Estimated Outlays	1	1	0	1	1	4
Total Changes						
Estimated Authorization Level	42	40	41	42	40	205
Estimated Outlays	5	12	21	31	36	105

Note: \* = less than \$500,000; components may not sum to totals because of rounding.

a. CBO estimates that enacting H.R. 2996 also would have an insignificant effect on direct spending.

b. An additional \$150 million would be authorized to be appropriated over the 2020-2024 period.

## BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 2996 will be enacted near the end of 2014, that the necessary amounts will be appropriated near the beginning of each fiscal year, and that spending will follow historical patterns for similar programs.

### Spending Subject to Appropriation

**Network for Manufacturing Innovation.** H.R. 2996 would authorize NIST to establish a network of centers to support research and development, education, training, and other efforts to improve the capacity of domestic manufacturers to use advanced technology. Under the bill, NIST would be required to develop a strategic plan for the program and a system to award and oversee grants to eligible applicants, and to report to the Congress annually on program performance.

H.R. 2996 would authorize appropriations of \$300 million over the 2015-2024 period to establish the network; the bill would authorize a portion of that amount (\$50 million) to be transferred from future appropriations for other programs at NIST and the balance (\$250 million) to be transferred from future appropriations for the Energy Efficiency and Renewable Energy (EERE) program at the Department of Energy (DOE). In 2013, DOE obligated \$128 million for advanced manufacturing activities from the EERE program. We expect that the transfers would be spread evenly over the period they are authorized.

Based on information from NIST, CBO expects that the agency would eventually create four institutes with the funds authorized under the bill. Those new institutes would join four existing institutes that were created with funds from the Departments of Defense and Energy and four other institutes currently under development. CBO estimates that fully funding the NMIP would require appropriations totaling \$150 million over the 2015-2019 period and cost \$77 million over the same period. The remaining \$150 million would be authorized over the 2020-2024 period.

**Regional Innovation Program.** H.R. 2996 would reauthorize a program to encourage the development of regional innovation clusters—that is, networks of similar or complementary entities that, among other things, are located within a certain geographic area, are engaged with a specific industry sector, and share specialized infrastructure, labor markets, and services. As part of the program, the bill would support research and information collection efforts that would provide data on the activities of regional clusters.

H.R. 2996 would provide authority for \$10 million per year over the 2015-2019 period from funds for economic development assistance programs. This amount is similar to the amount provided by the Congress for this activity in 2014. Based on historical spending patterns, CBO estimates that that fully funding those provisions of H.R. 2996 would require appropriations totaling \$50 million over the 2015-2019 period and cost \$25 million over the same period.

**Reports.** The bill also would require NIST to develop a national strategic plan for advanced manufacturing that would be updated every four years and require a report to the Congress by GAO assessing NMIP operations every two years.

Based on information from the agencies, CBO estimates that preparing the strategic plan and the GAO reports would cost about \$4 million over the 2015-2019 period, assuming appropriation of the necessary amounts.

## **Direct Spending**

H.R. 2996 would authorize NIST to accept funds from private entities to carry out the NMIP and would make those amounts available to the agency without further appropriation. Based on information from NIST, CBO estimates that this provision would have an insignificant effect on net direct spending because amounts collected would be small, less than \$500,000 per year. Any additional collections would be spent by the agency.

## **PAY-AS-YOU-GO CONSIDERATIONS**

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. CBO estimates that enacting H.R. 2996 would affect direct spending because the bill would authorize NIST to accept and spend gifts from private entities without further appropriation action, but those effects would be insignificant. Enacting H.R. 2996 would not affect revenues.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

H.R. 2996 contains no intergovernmental or private-sector mandates as defined in UMRA, and any costs to state, local, or tribal governments, including matching funds, would be incurred as conditions of receiving federal assistance.

## **PREVIOUS CBO ESTIMATE**

On June 6, 2014, CBO transmitted a cost estimate for S. 1468, the Revitalize American Manufacturing and Innovation Act of 2014, as ordered reported by the Committee on Commerce, Science, and Transportation on April 9, 2014. The Senate bill would authorize the appropriation of \$300 million in 2015 to develop the NMIP; CBO estimates that implementing S. 1468 would cost \$255 million over the 2015-2019 period.

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