



Summary of *New Programs*

H.R. 5325, the America COMPETES Reauthorization Act of 2010

Although there is no official CBO score for this bill, we estimate authorizations of **almost \$47 billion** in this bill, which creates **six new programs that are unnecessary and potentially duplicative**:

Department of Energy (DOE) “Energy Innovation Hubs”

The Energy Innovation Hubs are intended to solve high level energy challenges by bringing government, academic, and industry experts together under one roof to support activities at all stages of the research and development (R&D).

CONCERNS: The need for a new Energy “Hubs” R&D program is unclear, particularly given the extent to which the proposed R&D activities appear duplicative of activities supported elsewhere in the Department. For example, while the Administration is proposing to establish a “Batteries and Energy Storage Hub,” at least four other programs within DOE are already spending well over \$100 million on batteries and energy storage R&D.

COST: \$440 million

Department of Energy (DOE) “Clean Energy Consortium” Program

Added during floor debate through an amendment offered by Representative Markey (D-MA), the Clean Energy Consortium program is intended to “support collaborative, cross-disciplinary research and development in areas not being served by the private sector in order to develop and accelerate the commercial application of innovative clean energy technologies.”

CONCERNS: The purpose and activities of the clean energy consortium program are nearly identical to those of the Energy Innovation Hubs program, which itself is duplicative of existing programs as noted above.

COST: Undetermined

National Science Foundation (NSF) Pilot Program on Prizes

Creates a pilot program to award up to five cash prizes for any area of research the Foundation supports.

CONCERNS: The NSF already has the authority to hold prize competitions. Further, the NSF Director recently testified that NSF is not the appropriate agency for this type of prize competition.

COST: \$12 million (cash prizes ranging from \$1 million to \$3 million)

Department of Commerce (DOC) Loan Guarantee Program

Creates new loan guarantee program at DOC's Economic Development Administration for small- and medium-size manufacturers to re-equip, expand, or establish manufacturing facilities that use an innovative technology¹ or an innovative process² in manufacturing.

CONCERNS: The bill language is so vague that essentially anything that is "significantly improved" compared to current marketplace technology is eligible. Based on this definition, nothing would prohibit loan guarantees for the following activities: manufacturing "very" high definition plasma TVs, luxury purses, makeup, shoes, jewelry, video game consoles, jet skis, speedboats, musical instruments, etc.

COST: \$300 million

DOC "Regional Innovation Clusters"

Authorizes DOC's Economic Development Administration to fund "regional innovation clusters" to "facilitate market development of products and services." The "Clusters" program was closely modeled based on a 2008 Brookings report recommending Federally-funded industry clusters.

CONCERNS: The activities eligible for cluster funding not only go far beyond R&D, but likely beyond what most consider an appropriate role for the Federal government. While the bill language is extremely vague, cluster activities recommended in the Brookings report include "marketing," "brand-building" and direct funding for product development and commercialization activities.

COST: \$600 million

National Institute of Standards and Technology (NIST) "Innovative Services Initiative"

Creates a new program under MEP to assist small- and medium- sized manufacturers to reduce their energy usage and environmental waste and to accelerate the domestic commercialization of new product technologies.

CONCERNS: This is a narrowly focused program, using money that could be going to support MEP Centers.

COST: no language limiting spending for this

¹ *INNOVATIVE TECHNOLOGY-* The term 'innovative technology' means a technology that is significantly improved as compared to the technology in general use in the commercial marketplace in the United States at the time the loan guarantee is issued.

² *INNOVATIVE PROCESS-* The term 'innovative process' means a process that is significantly improved as compared to the process in general use in the commercial marketplace in the United States at the time the loan guarantee is issued.