

Economic Impacts of the US Innovation and Competition Act

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March, 2022

SUMMARY OF FINDINGS

On June 8, 2021, the U.S. Senate passed the United States Innovation and Competition Act (USICA), an ambitious piece of legislation that would dramatically increase federal investments in scientific and technological research and development (R&D). The bill has enjoyed the support of both Democratic and Republican senators, and was overwhelmingly approved by a vote of 68-32. It has been described as “the largest investment in U.S. science and technology leadership since the Apollo era.”

In our latest memo, we make use of the Data for Progress Jobs Model to conduct a macroeconomic analysis of USICA. **We find that the appropriations provisions of this legislation would, if enacted, contribute between \$44 billion and \$51 billion per year to U.S. GDP from 2022 through 2027, and would create or preserve a total of between 2.6 million and 3.0 million jobs over the same period.** Insofar as the bill promises to catalyze productivity-enhancing innovations across sectors, however, there is potential — if difficult to measure — for even greater gains than our estimates suggest.

We also find that **a majority of the jobs created as a result would be concentrated in industries directly or indirectly related to the innovation economy**, such as administrative and support services, education, manufacturing, healthcare, government, and professional, scientific, and technical services. These findings also complement earlier work by Data for Progress making the case for USICA’s investments as **one element in a policy strategy to address the root causes of the recent increase in inflation.**

We estimate that **USICA would authorize about \$240 billion in domestic spending through 2027**, with approximately one third of this spending occurring in the first year after passage. Major individual appropriations include \$81 billion for the National Science Foundation (NSF), \$52.7 billion to spur innovation in the domestic microelectronics industry, \$17.5 billion for the Defense Advanced Research Projects Agency (DARPA), and \$10 billion for NASA’s Artemis program to land the first woman and next man on the moon.

As the House and Senate work to reconcile separate versions of bipartisan competition legislation, there may be opportunities for progressives to strengthen the final bill further. The passage of USICA would be a landmark achievement for American innovation policy and would help preserve our historical stature as a leader in science and technology.