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IN FOCUS

Tech Hubs and Build to Scale (B2S) Program Updates and Considerations

September 9, 2026

The Economic Development Administration (EDA), a bureau of the U.S. Department of Commerce (DOC), administers grants to assist state and local stakeholders with developing the conditions and amenities necessary to grow businesses, create jobs, and expand local opportunities for private investment. Regional Technology and Innovation Hubs (Tech Hubs) and Build to Scale (B2S) are two EDA programs that focus on fostering innovation and technological advancement as a means to drive economic development and growth. The programs are often referred to as regional innovation programs and are authorized under the Stevenson-Wydler Technology Innovation Act of 1980, as amended (15 U.S.C. §§3701 et seq.). This In Focus provides a comparison of the programs' roles, structure, and activities. This report also summarizes the two programs' appropriations and other funding from FY2023 through FY2026, recent award activity, and select issues for Congress.

Background and Program Comparisons

EDA's B2S and Tech Hubs programs are viewed as complementary because they support similar policy objectives through different types of investments. Both programs focus on activities that contribute to regional economic development and innovation objectives, with Tech Hubs having additional economic and national security goals. Both programs focus on the expansion of businesses in key technology focus areas such as biotechnology, quantum information sciences, semiconductors, and advanced materials science, among others. B2S supports organizations that assist entrepreneurs with innovation and technology development, including capital access as well as the processes of adopting, demonstrating, commercializing, and deploying new technologies. Similarly, the Tech Hubs *strategy implementation grants* (SIGs) may be used to support technology development as well as entrepreneurship development activities. SIGs may fund site connectivity infrastructure and workforce training activities, which B2S does not directly support.

The two programs vary in award structure in several ways. For example, EDA administers the Tech Hubs program in two phases with two types of awards: *strategy development grants* (SDGs), awarded in Phase 1, and SIGs, awarded in Phase 2. In FY2024, EDA administered one type of B2S award (i.e., the Implementation Challenge) under a single NOFO. Prior to FY2024, EDA had administered different B2S awards (i.e., the Venture and Capital Challenges) under a single NOFO.

Additionally, individual B2S awardees receive funding for a single project activity, which may be for operational and program support. Past B2S awardees include entrepreneurial support organizations focused on assisting technology entrepreneurs. In comparison, Congress designed the Tech Hubs program to provide large-scale, place-based investments in regional innovation ecosystems. Instead of funding a single project or activity, Tech Hubs awards support multiple, simultaneous projects in one geographic location. The Tech Hubs program requires a collaborative approach to economic development since designated Tech Hubs are to be led by a consortium of public and private stakeholders with representatives from industry, education, government, and other specified groups. B2S activities may also contribute to regional economic growth, but awardees are not required to form a consortium.

Among other differences, the programs also vary in terms of typical award sizes. Tech Hubs SDGs have been approximately $500,000 while the Tech Hubs SIGs have been larger—intended to be long-term investments. In EDA's initial funding rounds, SIGs ranged between $19 million and $51 million per hub. In FY2024, the B2S award ceiling was $5 million per award.

In recent years, EDA incentivized B2S, Tech Hubs, and other program applicants to coordinate regional innovation efforts. In its FY2024 B2S guidance, EDA prioritized applications if they demonstrated that the project aligned with that of a designated Tech Hub. In FY2024, applicants to EDA's Good Jobs Challenge received additional review points if they proposed workforce development activities associated with a Tech Hub.

Program Funding Authorized and Appropriations Approved

P.L. 117-167 established EDA's Tech Hubs program in FY2022 and authorized $10 billion in appropriations over five years (FY2023-FY2027). From FY2023 through FY2026, EDA received a total of $623 million in appropriated funds and potentially up to $500 million in other funding for the program (see **Table 1**). Specifically, the Servicemember Quality of Life Improvement and National Defense Authorization Act for Fiscal Year 2025 (P.L. 118-159) required the Federal Communications Commission (FCC) to initiate an auction of federally held spectrum, and to deposit any proceeds from the auction into a fund within the U.S. Treasury for the Tech Hubs and other federal programs. As authorized by P.L. 118-159, DOC borrowed $220 million from Treasury prior to the FCC auction for the Tech Hubs program. If proceeds from the auction remain after repayment of the DOC and other loans, an additional amount of up to $280 million could be made available to the Tech Hubs program. The FCC auction concluded in June 2026. Under P.L. 118-159, any funding resulting from the spectrum auction (up to $500 million) must be expended by the end of 2033.

P.L. 111-358 created the B2S program in 2011. P.L. 116-92 extended the program's funding authorization through FY2024 (at $50 million per year subject to appropriations) and clarified certain terms. From FY2023 through FY2026, EDA received a total of $200 million in appropriations for B2S (see **Table 1**).

Table 1. Appropriated and Other Funding for EDA Tech Hubs and B2S Programs

(in millions of nominal dollars)

Fiscal Year	Public Law (P.L.)	Tech Hubs Amount	B2S Amount
FY2023	P.L. 117-328	$41 (Division B) $459 (Division N)	$50
FY2024	P.L. 118-42	$41	$50
FY2025	P.L. 119-4	$41	—
FY2025	P.L. 118-159	Div. D provided up to $500 from proceeds from a spectrum auction	$50
FY2026	P.L. 119-74	$41	$50
Total		**up to $1,123**	**$200**

Source: CRS, using appropriations laws, explanatory statements, and EDA, *FY2027 Congressional Justification (CJ)*.

Notes: FY2025 amounts reflect budget authority amounts in the *FY2027 CJ*.

FY2023-FY2026 Award Activity

EDA last issued a B2S Notice of Funding Opportunity (NOFO) in FY2024 and last issued a Tech Hubs NOFO in FY2025.

Tech Hubs

Following the inaugural, multi-phase Tech Hubs competition in FY2023, EDA announced several rounds of Tech Hubs awards, including awards for strategy development, implementation, and consortium accelerator activities, as noted below.

- In October 2023, under Phase 1 of the initial competition, EDA announced the designation of 31 Tech Hubs and approximately $12 million total for 29 SDGs.
- In July 2024, under Phase 2 of the initial competition, EDA announced $504 million in SIG awards for 12 of the 31 designated Tech Hubs. EDA also announced consortium accelerator awards of $500,000 each to the remaining 19 designated Tech Hubs.
- In January 2025, EDA announced that it would make six additional SIGs totaling approximately $210 million.
- In May 2025, DOC announced that EDA would not move forward with the six SIGs announced in January 2025, and that the remaining 19 designated Tech Hubs would be able to submit or re-submit applications under a revised NOFO.
- In September 2025, EDA released the FY2025 NOFO, which was open to the 19 designated Tech Hubs that did not receive SIGs under Phase 2 of the initial competition.
- In July 2026, DOC announced that EDA would award a total of $169 million in SIGs. Of the awardees announced in July 2026, two Tech Hubs from the January 2025 award announcement that had not received funding at that time were included (e.g., Forest Bioproducts Advanced Manufacturing Tech Hub in Maine; Critical Minerals and Materials for Advanced Energy Tech Hub in Missouri).

B2S

From FY2023 through FY2026, EDA made over 60 B2S awards totaling approximately $54 million in 38 states and Puerto Rico.

Policy Considerations

Congress may consider modifying authorizing statutes to specify whether the B2S, Tech Hubs, and other programs should have complementary or distinct roles. For complementary roles, Congress may review options to further incentivize B2S and Tech Hubs grantees' alignment with each other and/or with other federal programs that have regional innovation objectives (e.g., National Science Foundation's Regional Innovation Engines [NSF Engines]). For distinct roles, Congress may consider options to further differentiate the programs, including the coordination of awards across programs and regions.

Congress may evaluate the B2S and Tech Hubs outcomes and reports as well as how the programs may have addressed certain challenges in specific phases of technology development or in specific places. Congress could encourage the dissemination of leading practices or encourage EDA to develop or expand learning networks with grantees working within the same regional ecosystems across programs and across regions. This could include NSF Engines awardees, among others. Expanding agencies' collaboration, learning, and integration activities may involve additional administrative capacity and resources.

Upon initial designation in 2023, Tech Hubs were eligible for certain additional benefits. For example, Tech Hubs were able to access technical assistance (TA) from other federal agencies such as the Department of Transportation and the Small Business Administration. They were also eligible for assistance with export activities, foreign direct investment, and intellectual property. Congress may consider reviewing the TA provided to Tech Hubs and its impact, as well as whether the TA should be modified or expanded to include B2S awardees.

Congress may also consider appropriations to continue the implementation of existing Tech Hubs' long-term strategies and/or to designate and fund new Tech Hubs. Over four years, Congress has approved approximately 11% of the total amount of Tech Hubs appropriations that were authorized under its initial five-year funding authorization period. Congress may consider addressing the program's funding authorization period beyond FY2027 as well.

Congress may consider legislation to address select terms, cost share rate, appropriations, eligible activities, or other aspects of the B2S program. Legislation introduced in the 119th Congress to reauthorize B2S would expand the definition of certain terms (e.g., *regional innovation initiative, venture development organization*), provide discretion to EDA to decrease the non-federal cost share rate, and direct outreach and collaboration with specific types of communities, as well as the coordination of data collection with other federal agencies and regional innovation programs (see H.R. 8866 and S. 5198). The bills would authorize a total of $250 million for FY2026 through FY2030. The bills would require the EDA to issue B2S awards and allow existing unobligated funds to be used for awards. S. 5198 would require a B2S NOFO to be issued within 90 days of enactment. Neither bill specified how often awards must be made.

Julie M. Lawhorn, Analyst in Economic Development Policy

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