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SBTC opposes HR 5515 Section 858: Consolidated Budget Justification for DoD SBIR/STTR

Section 858 of the FY 2019 NDAA (HR 5515) would require a separate budget justification with “amount obligated or expended, for each appropriation and functional area, for each activity conducted under [DoD’s SBIR/STTR program], with supporting narrative descriptions and rational for the funding levels and a summary and estimate of funding required [for future years].”

We oppose this for the following reasons:

- **SBIR/STTR is the most cost-effective government program we have for boosting American innovation and long term job creation.** Despite high productivity, high tech small businesses only get 1.7% of Federal R&D dollars. Adding new justification hurdles will reduce innovation and jobs when we should be figuring out how to boost these.
- **This is unnecessary and adds to small business regulatory burden:**
 - **Congress already mandates the SBIR/STTR programs’ budget** as a percent of each agency’s external R&D budget. **SBIR/STTR already recognizes and helps offset the underutilized nature of America’s small business innovative entrepreneurial energy.** There is no need for a separate justification, which could even conflict with the SBIR/STTR budget’s legal allocation.
 - **Congress already mandates that DoD provide an annual report on its SBIR/STTR programs,** which DoD to date has not met. The more complicated requirement for budget justification will add substantially to DoD’s oversight burden. Actually requiring the reports will provide a good holistic summary without the costs of this Section.
- **The justification is duplicative** of DoD’s already-required program budget submissions, already submitted in detail by each appropriation and functional area with full justifications. This added justification asks programs to unnecessarily separately justify their SBIR/STTR budgets.
 - **DoD programs already justify their budget plans.** They already describe how they plan to accomplish their mission objectives within their budgets, which could include internal manpower as well as contracts to large businesses, the SBIR/STTR program, small business awarded outside the SBIR/STTR program, educational institutions, and other not-for-profits. SBIR plans are a tactical subset of program plans.
 - **Similar separate justifications are not required of other program tactical plans.**
- **The added unnecessary regulatory burden will restrain American innovation when we need more innovation, not less.**
 - **Added budget rigidity:** Currently DoD can vary SBIR focus in response to current needs.
 - **The details of innovation should be flexible and fast-moving.** Long term justifications slow up the necessary responsiveness and speed required to maintain leadership.
 - **China/other nations are overtaking our technology and innovation lead.**
 - **In the long run, this will hurt American innovation, technology-based sales, and jobs.**
- This provision would require DoD and even OMB to constantly review the SBIR/STTR programs.