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REAUTHORIZE SBIR/STTR NOW:
SMALL BUSINESS NEEDS YOUR ACTION!

The SBIR/STTR programs are unquestionably among the most successful programs in the federal government. Among the successes of these programs are:

- Innovations: With only 3.4% of Federal Extramural R&D Funding, 22% America's Top Innovations are SBIR/STTR funded technologies.[1]
- Patents: SBIR/STTR produces approximately 5500 patents per year, as much as all American colleges/universities combined.
- STEM Jobs: SBIR/STTR Firms collectively employ over **400,000** advanced degree engineers and scientists[2]
- Commercialization: Thousands of commercialization success stories, from all agencies and regions, including current large companies like Qualcomm and Symantec
- Highly Competitive: 1 in 8 Phase I proposals is selected; only 1 in 20 reaches Phase II
- Global Success: SBIR has been copied by 17 countries around the world
- ***SBIR/STTR converts science & Basic Research into innovation and jobs needed for our high tech economy.***

A 2015 study of the Air Force SBIR program[3] found the program to be even more successful at commercialization technology than previously thought. Amongst its findings:

- 58% of awards led to new sales exceeding $1 million, with 13% exceeding $10 million.
- Average salary for new STEM jobs was $67,700/year.
- $4 billion invested (13% of the federal SBIR total) boosted U.S. GDP by at least $25 billion.
- Every Air Force SBIR dollar added $1 to military sales, $2.70 to civilian sales, and 50 cents of follow on investment, in addition to the broader multiplier effect upon the U.S. economy.
- 10% of firms were acquired for their SBIR technology; another 7% licensed the technology or spun it off into a new startup.

A similar 2016 study of the economic outputs of the Navy's SBIR Program[4] from 2000-2013 showed even greater commercialization returns on its $2.3 billion investment:

- Over $14 billion in total sales of new products and services, including nearly $7 billion in military product sales, over a 6:1 return on investment for the Navy
- Nearly 15,000 new full-time jobs per year, with an average wage of $68,535
- 91 companies acquired by larger corporations, and 130 technologies licensed to other companies for commercialization
- An estimated $44 billion in total economic output nationwide
- More than two dollars in taxes returned for every dollar invested. SBIR makes money for the taxpayer.

Every study, survey, analysis, and white paper produced on SBIR over the last 20 years has demonstrated that the SBIR has fulfilled its objectives of providing the government with cutting-edge technology while stimulating high-tech small business and encouraging STEM job growth.

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[1] Fred Block and Matthew Keller, Where Do Innovations Come From? Transformations in the U.S. National Innovation System 1970-2006, Information Technology and Innovation Foundation, July 2008.

[2] http://www.inknowvation.com/

[3] https://www.sbir.gov/sites/default/files/USAF%20SBIR-STTR%20Economic%20Impact%20Study%20FY2015.pdf

[4] http://sbtc.org/wp-content/uploads/2016/09/SUMMARY-National-Economic-Impacts-from-the-Navy-SBIR-Program-Sept-7-2016.pdf

Despite the success of the program, Congress continues to drag its feet on reauthorization. While SBIR/STTR doesn't expire until Sept. 2017, avoiding last-minute reauthorization is critical to maintaining momentum and the long term investment needed by the firms. The last reauthorization period took 14 continuing resolutions and over 2 years before passing. Small Businesses can't plan for the future or hire new employees based on last minute or temporary Congressional decisions.

In light of the decades of evidence showing the success of SBIR/STTR in both helping agencies achieve their missions while encouraging small business growth and employment, we ask that the Congress move with greater urgency to pass a reauthorization bill for the SBIR/STTR programs. High-tech small businesses need the certainty that comes with a reauthorization rather than preparing against a potential loss of funding. The SBTC has 5 key recommendations for improving the program:

Permanency: The SBIR program is nearly 25 years old. After 17 National Academy of Sciences studies and countless other reports reinforcing and reiterating the various successes of the program, it is beyond a matter of debate that SBIR is a successful program. There is no reason to continue giving it temporary reauthorizations. SBIR/STTR should be made permanent, allowing small businesses to hire and grow without fear of cancellation.

Allocation Increase: SBIR/STTR have done a tremendous job of maximizing the ROI with only 3.4% of R&D funding combined. However, despite the allocation increasing slightly, the total number of awards has actually declined, due to the lingering effects of sequestration and rise in the average size of awards. In the DOD alone, the number of small businesses to the program has seen a dramatic decline in awards in the past 5 years. Without an increase in the allocation, we face a continuing degradation to DOD's and America's industrial base and technological capabilities.

Phase III Goals & Incentives: The 2011 SBIR reauthorization bill required agencies to set goals & incentives for using Phase III contracts for SBIR technologies. To this day, the agencies have refused to do so. There needs to be new language in the law strengthening and enforcing these provisions. One example would be a requirement that any agency that has not implemented Phase III goals and incentives is required to send an annual report to Congress explaining why they have not done so and outlining what steps they are planning to take to implement them.

Small Business R&D Goal: A provision included in the law 34 years ago requires agencies with R&D budgets over $20 million to establish a goal for small business funding. The agencies have never done this. We suggest establishing a goal requiring not less than 10% of all Federal R&D funding should be allocated to small businesses. This will still be significantly less than Europe, where the EU spends 16.9% of its R&D budget[5] on business with fewer than 500 employees.

Maintain Prime Contracting Reporting Requirements: Multi-billion dollar prime contractors are pushing to remove reporting requirements on their subcontracting efforts on women, minorities, HUB Zone, and small business. Multi-national firms must be required to report on their subcontracting to assure that American small businesses participate fully and are not marginalized or cut out and work sent overseas, reducing America's defense capability and costing American jobs.

[5] Tenth Progress Report on SMEs participation in the 7th R&D Framework Programme June 2013, page 5.