



SBIR/STTR: The Best Return for the Taxpayer Dollar

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Recent Air Force & Navy SBIR/STTR Economic Impact Studies have shown remarkable impact on the American economy. These include economic returns in excess of \$15 for every dollar spent,¹ plus improved military strength and capability, significant DoD cost-savings, further economic impacts from new industries with new products and services, new life saving medical techniques and products, and added sales and profits (not counted in the studies) at other companies from acquisitions of the new technology businesses and licensing of their new technologies. The small percentage of DoD R&D invested in the SBIR program is producing outsized returns.



The research teams used IMPLAN economic-impact assessment software to estimate the total economic impacts related to both the \$6.25 billion in Air Force and Navy Phase II contracts and the subsequent \$28.9 billion in sales of new technologies. Results included:

\$92.1B Total economic output nationwide

\$46.9B In value added, nearly **8X** the SBIR/STTR Investment

\$29.8B In labor income

31,724 Average new full-time jobs per year

Furthermore, the US Navy's study into the economic impacts of the SBIR/STTR program showed that there is a \$2.13 return in tax receipts for every \$1 dollar invested into the SBIR/STTR program. Thus, SBIR not only creates good paying American jobs and keeps the US ahead of China, Europe, and the rest of the world technologically; it acts like a printing press to create new money, **more than two tax dollars returned for every dollar invested.**²

¹ Techlink. , 2018: "National Economic Impacts from the Air Force and Navy SBIR/STTR Programs, 2000-2013"

² US Department of the Navy: "SBIR/STTR By the Numbers", 2018



Earlier this year, the Section 809 panel, which was tasked with finding ways to streamline and improve acquisition at the DOD, released a report offering its recommendations. After praising SBIR for generating “positive outcomes for participants and the government” and creating a direct connection between innovative technology companies and the acquisition community. **The 809 Panel recommended more than doubling the SBIR allocation, to 7%, and making it permanent.**³

How to Improve SBIR/STTR

1) Reject HR 5515 Sec 858 – SBIR/STTR Budget Justification

The House FY '19 NDAA included a separate budget justification requirement at the DOD for the SBIR/STTR program. This requirement is unnecessary, burdensome for SBIR/STTR offices to comply with, and could open the door for the DOD to potentially supersede Congress’s authority to set funding for these programs. Congress should make sure this requirement is not included in the final version of the NDAA

2) SBIR/STTR Allocation increase to 7% at DOD

Follow the Section 809 Panel’s recommendation to double the SBIR allocation to further unleash high-tech small business’ innovative and economic potential. We should feed success; successful investments should receive increasing investment.

3) SBIR/STTR Permanency

The SBIR program has a proven, successful track record for over 35 years, and STTR for over 25 years. The program has demonstrated the innovation and unparalleled productivity of American small business skill, hard work and entrepreneurship. The programs should be made permanent to enable the sustained investment and returns that come from longer term perspectives.

4) Separately fund pilot programs without reducing SBIR/STTR funding.

First authorized during the 2011 Reauthorization, these draw funding from the STTR program and reduce awards to small innovative firms and their university partners. The pilots should be formally evaluated and, if justified, provided separate funding.

5) Require DFAR and FAR regulations updates within one year for SBIR/STTR statutory changes.

The FAR and DFARS regulations have not been updated to reflect new laws in this area, resisting Congressional actions and the impact of improvements over time. Congress should include a provision requiring the DFAR and FAR regulations be updated and compliant with the law in a timely manner.

³ DOD Section 809 Panel, Jan. 2018: “Report of the Advisory Panel on Streamlining and Codifying Acquisition Regulations”, Subrecommendation 21b.