

May 17, 2011

The Honorable Mary L. Landrieu, Senator, Chair
The Honorable Olympia J. Snowe, Senator, Ranking Minority Member
U.S. Senate Committee on Small Business and Entrepreneurship
428A Russell Senate Office Bldg
Washington, DC 20510
202-224-5619 Fax

Subject: Small business organizations support one-year extension of the SBIR program filed by Senator Landrieu on May 11.

Dear Senators Landrieu and Snowe and Members of the Committee on Small Business:

We, the undersigned small business organizations, fully support the one-year extension of the SBIR program as filed by Senator Landrieu on May 11, 2011. This would extend the SBIR and STTR programs until May 31, 2012. We need stability after more than three years of mostly short and last-minute extensions (10 months, 4 months, 3 months, 1 month, 3 months, 3 months, 3 months, 6 months, 4 months, 4 months).

We understand that this Congress has a large number of very high priority, nationally important issues to address in the upcoming months, and we believe this extension would permit both Houses of Congress to focus on these critical items without harming national R&D needs and businesses that partner with the Federal government through SBIR and STTR. It would also allow the Senate and House to work out a comprehensive bill with a long reauthorization.

We collectively represent more than 250,000 small businesses of all types, and almost all of the high-tech small businesses affected by these two programs. A one-year extension will permit the Federal agencies to continue addressing their critical top scientific priorities for these programs, and will let the small companies continue their research without fear of discontinuities in the program funding.

Since the SBIR and STTR programs are allocations of appropriated research dollars, continuing them as-is does not incur any budgetary impact.

The SBIR program has always had bi-partisan support: (All data contained herein is from testimony before the House and Senate Committees by our organizations)

1. It began almost exactly 30 years ago when Representative Jerry Lewis (R-CA) sponsored H.R. 3091 on April 7, 1981, with 56 cosponsors (28 Republican, 28 Democrat)
2. In the Senate, it was sponsored as S.881 by Senator Warren Rudman (R-NH), also on April 7, 1981, with 83 other bipartisan cosponsors, including Barry Goldwater (R-AZ).
3. It was strongly supported by the Administration of, and signed as PL 97-219, by the Republican iconic champion of Free Markets, President Ronald Reagan, on July 22, 1982.
4. All of the ensuing extensions of the program have had full bi-partisan (and often unanimous) support.

As stated in the original PL 97-219 House and Senate Findings and Purpose; *“small businesses are among the most cost-effective performers of research and development and are particularly capable of developing research and development results into new products.”* This has been verified by the Congressionally mandated study by the National Research Council published in 2008. In the ensuing 30 years, the percentage of scientists and engineers in small companies has grown from 6% to 38% of total U.S. employment of this sector – a six-fold increase – and today it is larger than the percentage employed by large businesses, universities or Federal Labs.

Further, the existing programs have resulted in extremely high returns to the tax payers:

1. With only 2.5% of the Federal R&D extra-mural budget, SBIR has provided 25% of the 100 most important innovations as reported by R&D Magazine.
2. Small businesses are more effective than universities and large firms in commercialization of products and production of patents.

We ask you to please allow this one-year extension to pass and not let the SBIR and STTR programs lapse.

Very truly yours,

Small Business Technology Council

National Small Business Association

Small Biotechnology Business
Coalition

Smaller Business Association of New
England

Small Business California

New England Innovation Alliance

Bay Area Innovation Alliance

National Federation of Independent
Businesses

BioDistrict New Orleans

CONNECT
San Diego, CA

Innovation Works

National Defense Industrial
Association

Alliance for Affordable Services