

## Strengthen Federal Innovation Programs

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### Problem:

The highly successful Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs are set to expire on Sept. 30, 2022, after the last five-year reauthorization. Lawmakers are likely to begin the reauthorization process again sometime this year. More must be done to ensure the long-term stability and viability of these programs and sustain a strong small-business presence across the federal government's various programs targeting small research and development (R&D) companies.

- The SBIR and STTR programs fund a diverse portfolio of startups and small businesses across technology areas and markets to stimulate technological innovation, meet federal R&D needs, and increase commercialization to transition R&D into impact. Reauthorization is crucial to the continued small business expansion and U.S. economic growth.
- The Department of Defense's Rapid Innovation Fund (RIF) provides a collaborative vehicle for small businesses to provide the Department of Defense with innovative technologies that can be rapidly inserted into acquisition programs that meet specific defense needs. Unfortunately, in 2020, the RIF program was not included in Congress's annual Defense spending bill, effectively defunding the program. The COVID-19 pandemic disrupted efforts to include it in the FY2021 budget and shifted Congress's attention to other matters.
- Entrepreneurship has declined significantly over the past four decades, due to the effects of past recessions, demographic forces and regulatory changes according to a recent report from the Congressional Budget Office (CBO). To help support future entrepreneurship efforts, the CBO recommends policymakers direct a share of the federal government's spending on R&D to be set aside for new companies.

### Solution:

Congress should permanently authorize and increase the funding levels for the SBIR and STTR programs, while retaining oversight through required regular agency reporting to ensure that funding is being used appropriately. Furthermore, policymakers must resist any attempts to diminish small-business participation in vital innovation programs.

- A swift reauthorization of the SBIR and STTR programs is crucial, and NSBA supports permanency for both SBIR/STTR. NSBA also encourages other changes, including an allocation increase, legislation to update the FAR and DFARS regulations, more investment in training of contracting officials, and greater outreach to underserved states and women/minority-owned businesses.
- The RIF must be appropriated funds annually and NSBA urges that funding level be at least \$500 million.
- Lawmakers should oppose any efforts to transfer funds from small-business programs to already well-funded universities, research institutes, and Federal laboratories.