



SENATE COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP

Opening Statement for
“*SBA Reauthorization Markup*”
June 18, 2009 at 10:00 a.m.
Room 428A of the Russell Senate Office Building

(As Prepared)

Good morning. We're here today to mark up S. 1229, the Entrepreneurial Development Act of 2009, and S. 1233, the SBIR/STTR Reauthorization Act of 2009.

Thank you all for going the extra mile in arranging your schedules to help us get a quorum. Since I know that several members will need to leave shortly, we will move to report the bill out of Committee as soon as a quorum is present – ten senators.

Before I discuss details of these bills, I'd first like to thank Senator Snowe and her staff for working with me and my staff on these bipartisan efforts. We appreciate being able to work together so well. I also want to thank each of our members and their staffs. I know that you have all made concessions to get to a strong, bipartisan package. I know the small business community appreciates when Washington puts aside its differences to work constructively to get the job done. Thank you all.

THE ENTREPRENEURIAL DEVELOPMENT ACT

I will describe the two bills we are marking up today, though I will put aside my statement and start a vote as soon as we have a quorum of ten senators.

The Entrepreneurial Development Act of 2009 reauthorizes the SBA's counseling programs to provide SBA resource partners with the tools they need to effectively serve small businesses, teaching them how to write and execute a business plan, manage their cash flow or put together a successful loan package.

These are good investments. For every dollar we invest in counseling through our Small Business Development Centers, \$2.86 is returned to the Treasury in the form of increased tax dollars. These programs are estimated to create or save more than 200,000 jobs a year. They will help thousands of small businesses, boosting our economy by positioning small businesses to do well and create jobs.

Specifically, the bill:

- Reauthorizes the Small Business Development Center program (SBDC), SCORE, the Women's Business Center program (WBC), the National Women's Business Council and the Paul Coverdell Drug-Free Workplace program for three years, through 2012;
- Establishes a Veterans Business Center program within the Office of Veterans Business Development (OVBD) to provide entrepreneurial training and counseling to veterans,

reservists and their spouses. The program also encourages coordination between participating veterans' business centers and SBA District Office personnel;

- Enhances women's small business programs by improving the Women's Business Center grant process and clarifies eligibility for organizations that can participate in the program;
- Provides financial assistance to create a pilot program to form Native American business centers. These centers will provide culturally-tailored business development training and assistance to Native Americans, a community that suffers unemployment rates as high as 50 percent; and,
- Establishes a grant program to provide neutral and objective information and educational materials regarding health insurance options, including coverage options within the small group market, to small businesses.

Additionally, at the request of Senators Snowe and Harkin, the manager's amendment makes one change to the bill: It establishes an online networking, information and education resource platform by allowing the SBA to leverage available technology of resource partners and other public and private entities. This platform will provide online training, information and other resources to promote and develop small businesses.

THE SBIR AND STTR REAUTHORIZATION BILL

The legislation in front of us reauthorizes the Small Business Innovation Research and Small Business Technology Transfer programs and makes several improvements that will allow them to work better for small businesses.

The SBIR program was designed in 1982 to harness the innovative capacity of America's small businesses to meet the needs of our federal agencies and to help grow small, high-tech firms that, in turn, grow local economies across the nation. The STTR program was originally created as a pilot program in 1992 to stimulate partnerships between small businesses and non-profit research institutions, such as universities. We didn't want that research languishing on lab shelves when it could be doing good to strengthen our military, deliver new therapies in health care and drive energy alternatives and independence.

To keep these innovation programs strong, the bill:

- Reauthorizes both programs for 14 years;
- Increases the SBIR program allocation by one percent, from 2.5 to 3.5 percent, at all 11 federal agencies, spread out over ten years;
- Increases the STTR program allocation from .3 percent to .6 percent over six years;
- Makes firms majority owned and controlled by multiple venture capital firms eligible for up to 18 percent of the SBIR funds at NIH and up to 8 percent of the funds at the other agencies;
- Increases the award guidelines for SBIR and STTR awards from \$100,000 to \$150,000 for Phase I and from \$750,000 to \$1 million for Phase II.
- Reauthorizes and enhances the Federal and State Technology Partnership program, or FAST program, that was created by Senator Bond in 2000, and the Rural Outreach Program;

- Strengthens the Office of Technology at the SBA so that it has the authority and resources to oversee the SBIR and STTR programs across the federal government;
- Streamlines and improves data collection and reporting requirements for the SBIR and STTR programs;
- Helps SBIR and STTR companies move their technologies across the “valley of death” between the lab and the marketplace and into products and technologies for the agencies; and
- Addresses “jumbo” awards, those awards that have greatly exceeded the \$100,000 and \$750,000 guidelines for Phase I and Phase II and cut out other businesses.

Our Committee has a long history of working together in a bipartisan way to pass legislation, and I am pleased to have worked closely with Ranking Member Snowe on this bill. I am also pleased that we have been able to incorporate provisions to preserve priorities of a number of other Senators on the Committee from last year’s bill and to include new ones this year, including:

- Language from Senator Lieberman last year to address the National Academies’ concerns about the lack of data and evaluation at NIH and to encourage innovation at NIH to accelerate the development of treatments and cures;
- A provision from Senator Cardin last year to clarify that small businesses with a Cooperative Research and Development Agreement (CRADA) with federal labs can still participate in the SBIR program;
- A new provision from Senator Snowe to eliminate the exemption for NIH from the allocation increase so that NIH is treated like the other ten agencies and will gradually increase the percent of funding dedicated to small business research;
- A new provision from Senator Levin to make the commercialization pilot program at DoD permanent;
- A new provision from Senator Enzi for agencies to collect data and report annually on awards to companies in states that have little participation in federal research and development;
- A new provision from Senator Shaheen to enhance an amendment I authored last year that makes the matching requirements of the FAST program more affordable for rural states and those with low participation in the SBIR and STTR programs; and
- A new provision from Senator Cardin that clarifies that the cap on jumbo awards does not prevent agencies from making larger awards. The provision would require agencies that go beyond their caps to use money from their other 97 percent of r&d funds instead of eating up scarce SBIR and STTR funds.

With that, I want to once again thank all those involved for their hard work on this legislation. It is my hope that we can move this bill expeditiously through the Committee and then on the floor. I turn now to Senator Snowe and others for any comments or remarks.