Impact of SBIR and STTR Authorization Lapse
Senate Small Business Committee Ranking Member *Ed Markey (D-Mass.)*

On September 15, the House of Representatives **unanimously passed on a bipartisan basis,** legislation to extend the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs for one year until September 30, 2026. This legislation was sponsored by House Small Business Committee Chair Roger Williams, Ranking Member Nydia Velazquez, House Science Committee Chair Brian Babin and Ranking Member Zoe Lofgren. Senate Small Business Committee Ranking Member Ed Markey has expressed his support for passing this one-year extension to provide Congress with more time to come to a bipartisan long-term agreement.

Since the beginning of the programs in 1982 and 1992, the SBIR and STTR program has **provided more than $77 billion in funding to 33,000 businesses**.

For every SBIR dollar spent, **the program returns $22 to $33 in economic benefits**.[1] Additionally, 63% of successful SBIR companies that contract with the Department of Defense (DOD), commercialize their technologies. While impressive, these numbers underestimate the true value, government savings, and benefits these companies have brought to United States' national security and the health and safety of everyday Americans.

The programs do exceedingly well at reaching new entrants: **More than 60% of companies** that received an award in 2024 had **received their first award within the last 5 years** and in Fiscal Year 2024, **the majority of SBIR/STTR awards went to companies with 25 employees or fewer**, with the smallest teams (10 or less) receiving the largest share. **Annually, 30% of companies are first time winners** with the share of awards to repeat winners going down. In fact, **only 10% percent of awards** went to multiple award winners in Fiscal Year 2024, down from 14% in Fiscal Year 2017.

SBIR/STTR funding and successful companies in the program have helped develop new cancer therapies, Alzheimer's treatments, and led to the creation of the world's smallest heart pump. The very popular, LASIK eye surgery, was developed in part due to SBIR funding. SBIR funded Qualcomm wireless communications systems.

Below is a summary of the devastating, irreversible damage that will take place if the programs are not reauthorized.

<u>NOTE:</u> These numbers were supplied by the Congressional Research Service and are from 2022 when agencies were asked about the impact of a lapse in authorization.

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[1] *National Economic Impacts from the DOD SBIR/STTR Program 1995-2018, Department of Defense.* (Oct. 3, 2019), https://sbtc.org/wp-content/uploads/2019/09/National-Economic-Impacts-From-the-DOD-SBIR-STTR-Programs-1995-2018.pdf; National Cancer Institute, https://www.cancer.gov/research/nci-role/partners-collaborators#:~:text=A%20recent%20economic%20impact%20study,returned%20for%20every%20$1%20invested (last visited Sep. 23, 2025).

Summary:

- Participating federal agencies spend billions of dollars supporting thousands of small businesses and creating countless jobs. A lapse or expiration would cause expansive layoffs, set back scientific advancement across multiple sectors, and take away power from small businesses and normal Americans.
- As we have seen in the past with months long authorizations, the uncertainty would result in fewer solicitations, fewer awards, and fewer proposals recovery takes years.
- The expiration of this program would cause administrative nightmares across dozens of agencies, forcing them to spend extensive amount of time and manpower patching the hole SBIR/STTR would leave behind.
- The cancellation of mid-stage projects would cause dozens of agencies and hundreds of small businesses to lose hundreds of millions – if not more – spent on unfinished research and development.

Department of Defense:

- Over **$1.6 billion** in investments in warfighter capability technology would be lost or delayed.
- Over **10,000** small businesses, including over **2,000** socially or economically disadvantaged SBs, would lose their contracts, causing access to essential military technology to be lost or delayed.
- DOD would have to find alternative funding sources to pay civilian salaries after September 30, 2025 that are currently being paid out of the SBIR administrative program dollars.

National Institute of Health:

- Around **1,500** small businesses would lose over **$1.2 billion** in funding for early-stage life science research and development, this would prevent the development of countless innovative healthcare products and services.
- SBIR/STTR helps many businesses through the "valley of death," this phase is essential for the development of most major medical breakthroughs but is rarely funded by private sources. A lapse or expiration would slow industry-wide innovation.
- Without SBIR/STTR, Small Businesses would be forced to compete for NIH resources and private capital with academic institutions and large businesses. This would make accessing government capital harder (and place small businesses, with less initial resources, at a disadvantage) or force them to sell stakes to private financiers.
- NIH also supports SBIR or STTR companies to pitch their projects at investment partnering meetings, which is essential for transitioning projects to the private sector for further development and commercialization. The lack of these resources would make it

more difficult for small businesses innovators to bring their product to market and delay or stop the commercialization of already funded SBIR/STTR projects.

Department of Energy:

- A lapse in SBBR/STTR funding would prevent the DOE from funding essential energy research and development through the ARPA-E program and force them to cancel previously approved projects.
- Over **600** small businesses would lose over **$350 million** in funding for projects that make American energy safer, more reliable, and more efficient.
- A lapse would place a serious administrative burden on the DOE, making it difficult to review solicitations and issue awards in a timely manner if/when SBBR/STTR is reauthorized.

NASA:

- NASA uses and supports the development of extensive amounts of technology developed through SBBR/STTR, many of which critical NASA projects rely on. A lapse or expiration would force them to use extensive agency resources to establish new or alternative acquisition mechanisms, delaying development and impeding both small business and NASA innovation in critical technology areas.
- SBBR/STTR offers small businesses unique and important data and software protection. A lapse or expiration would require NASA to expend significant legal resources to meet those requirements.
- Over **$100 million** in Phase II contracts would be delayed or cancelled, not only harming future innovation but wasting resources already spent on Phase I projects.

National Science Foundation:

- Approximately **280** small businesses would lose over **$80 million** in funding for leading scientific research.
- NSF uses SBIR/STTR's statutory guidelines to regulate their contracts, if SBIR/STTR lapses NSF would have to spend agency resources to develop their own guidelines.
- NSF would have to expend significant agency resources responding to the uncertainty caused by the expiration of SBBR/STTR and their relationship with in-house NSF grants, especially considering the relative inexperience of the NSF community with government contracts.