On December 14, 2011, Congress passed the FY 2012 National Defense Authorization Act (NDAA) which included a six-year reauthorization of the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs. These are three-phase grant programs that direct federal research and development dollars to small firms. This reauthorization represents a major victory for the small business community, which has been working toward a long-term reauthorization. Since September 2008, these programs have survived only through a series of 14 consecutive temporary extensions.

The Final Senate/House Deal

The final SBIR reauthorization passed through the NDAA reauthorizes the program for six years and includes language that permits small firms that are majority-owned by venture capital firms to compete for up to 25% of SBIR funds at the National Institutes of Health, National Science Foundation, and the Department of Energy. For other agencies that participate in these programs, including the Defense Department, the threshold is 15%. The U.S. Small Business Administration is also directed to promulgate a rulemaking, with public notice and comment, within one year to determine eligibility requirements for firms that are majority-owned by venture capital.

Other key highlights of the final SBIR reauthorization include:

- Increasing the annual allocation for the SBIR program within qualifying federal agencies (the final deal increases allocation from 2.5% to 3.2% of federal R&D dollars over the length of the reauthorization, allowing more access for small businesses to compete for R&D funds);
- Increasing the annual STTR program allocation, from .3% to .45% of federal funds each year;
- Raising grant award levels, allowing for annual inflation adjustments, and providing waivers for critical research;
- Increasing small business collaborations with federal laboratories;
- Shortening the time for final decisions by federal agencies and the amount of time between decision and release of funds; and
- Increasing congressional oversight to reduce fraud and abuse.
ML Strategies is a full-service government relations consulting shop with expertise in healthcare, energy, defense, innovation, and technology. During a four-month engagement with the Save SBIR Coalition, ML Strategies led the successful lobbying effort that resulted in the final reauthorization. In addition to achieving the goal of a long-term reauthorization and ameliorating the House provisions opposed by the client, ML Strategies was able to develop and facilitate a final deal between five Congressional committees; generate a letter to Congressional leadership signed by 945 technology firms from across the country; build an unprecedented, bipartisan group of support in the Senate; work closely with Congressional leadership and a group of House supporters; and lobby the administration to help get the reauthorization done as part of the Defense Authorization bill.

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