

OPENING STATEMENT

The Honorable Ben Quayle (R-AZ), Chairman

Subcommittee on Technology and Innovation

The Role of Small Business in Innovation and Job Creation: The SBIR and STTR Programs

March 31, 2011

Good afternoon. I'd like to welcome everyone to today's hearing, where we will be examining the Small Business Innovation Research (SBIR) and the Small Business Technology Transfer (STTR) Programs.

The SBIR program was signed into law by President Reagan in 1982 to help spur innovation and increase small business participation in federal research and development activity. Since its inception, this competitive grant program has awarded over \$23 billion in SBIR awards for more than 100,000 projects across the nation, and has helped spawn familiar companies such as Qualcomm, Sonicare, and Symantec. SBIR and STTR award winners have also created equipment critical to agency missions, such as parts for the Mars Rover for NASA, or a unique cockpit airbag system to protect Army helicopter pilots at the Department of Defense.

In Tempe, Arizona, Kinetic Muscles has developed innovative therapy robots for patients suffering from stroke, or traumatic brain injury. These systems are being adapted for use at home, lowering their cost, and allowing patients to receive the intensive repetitive therapy that is often needed for meaningful recovery. In my own district, Kutta Technologies has created a unique subterranean communication device for the coal mining industry. As this week marks the one year anniversary of the Upper Big Branch Mine disaster in West Virginia where we lost 29 miners, we are cognizant of how such technologies can make a difference to so many people.

Today, 11 federal agencies provide funding to small businesses through SBIR, and five agencies provide funding through STTR. Grant recipients have contributed to the country's scientific and technical knowledge, generating thousands of patents and a wealth of peer-reviewed articles. These small businesses have expanded innovation, helped grow our economy by creating thousands of jobs, and are assisting participating federal agencies to fulfill their missions. SBIR and STTR are unique in that they are examples of federal programs that have largely been successful, and have received bipartisan support since their creation.

The National Research Council's review of SBIR found the program to be "sound in concept and effective in practice," but also identified ways it could be improved. For instance, our ability to effectively evaluate the programs is hampered by insufficient data collection and a lack of common measurement criteria among participating federal agencies. Improving these assessment tools is crucial to ensure the federal government is getting the greatest return for its investment. This is particularly necessary in today's budget environment.

It is also important to examine if the current funding set asides for the program are appropriate, and whether the eligibility criteria for these programs should be expanded to allow majority-owned venture capital companies to compete for awards.

Finally, I want to address the issue of how we measure commercialization. It is vital for SBIR and STTR awards result in commercial technologies, but we must be mindful that some of these efforts are going to fail, and some companies will have to go back to the drawing board. If all projects are certain to succeed, then there is not sufficient justification for strong government involvement. While we look for ways to improve commercialization success, these programs must continue to support the innovators and entrepreneurs engaged in high-risk research and development.

We have an excellent panel of witnesses before us who will discuss their experience with the SBIR and STTR Programs, and provide advice on areas of potential improvement as the Committee considers their reauthorization. We will hear perspectives from private small businesses, a federal agency, a university representative, and from a member of a National Research Council committee, which conducted the most comprehensive review of the SBIR program to date. I'd like to extend my appreciation to each of our witnesses for taking the time and effort to appear before us today.

Thanks again to our witnesses for their participation and we look forward to hearing your testimony. With that, I now recognize the gentleman from Oregon, Mr. Wu, for his opening statement.