

OPENING STATEMENT
The Honorable Ben Quayle (R-AZ), Chairman
Subcommittee on Technology and Innovation
H.R. 1425, Creating Jobs Through Small Business Innovation Act of 2011

April 13, 2011

Today our subcommittee will consider H.R. 1425, the Creating Jobs Through Small Business Innovation Act of 2011. This bill was introduced on April 7 and referred to our Subcommittee.

H.R. 1425 authorizes the Small Business Innovation Research (SBIR) and the Small Business Technology Transfer (STTR) programs through fiscal year 2014.

These programs play a vital role in expanding innovation, and increasing the role of small business in the federal research and development. They have also helped thousands of small businesses create and sustain jobs, and commercialize their products.

While the SBIR and STTR programs have been effective, there are areas where they can be improved. I will summarize a few of the major changes proposed in H.R. 1425:

First, the legislation increases the award amounts in both the SBIR and STTR programs for Phase I and Phase II to \$150,000 and \$1 million, respectively. The legislation also provides for the award size to be annually indexed to inflation moving forward.

Second, the legislation enables majority venture capital backed firms to compete for a limited percentage of SBIR awards. Up until a 2005 administrative ruling, small businesses with majority-backing by venture capital were eligible to participate in SBIR. The legislation we are considering today would set a ceiling on the amount of funds that each agency may award to companies with substantial venture capital backing.

Allowing these firms to compete for a percentage of awards will continue to provide agencies with the flexibility of making awards to the most competitive companies, regardless of their venture capital relationship, while preserving the majority of awards for small businesses without substantial venture capital involvement.

Third, the program continues to emphasize the importance of commercializing technologies by creating commercialization pilot programs and providing increased use of funds for technology assistance. The SBIR and STTR programs must continue to evolve to help companies overcome the “Valley of Death” between basic research and commercialization.

Most importantly, the legislation requires rigorous evaluation of the programs to ensure that we are getting the greatest return on our taxpayer investment. Currently, our ability to conduct effective evaluations is hampered by insufficient data collection and a lack of common measurement criteria among participating federal agencies. The legislation before us today would strengthen SBIR and STTR data collection requirements and evaluations, both at the individual agencies and within the management of the entire program at the Small Business Administration. This is particularly necessary in today’s budget environment.

I am pleased that Ranking Member Wu has chosen to be an original cosponsor of this legislation, and recognize that he has championed these programs over the years. We both agree that the lack of a substantive reauthorization creates uncertainty for many small businesses across the nation, and may have the effect of limiting some innovations these programs could otherwise support. I would also like to acknowledge and thank Chairman Hall and Ranking Member Johnson for joining us as original cosponsors of this legislation.

I strongly urge my colleagues to support H.R. 1425, and I now recognize the gentleman from Oregon for an opening statement.