

Eliminate Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Programs

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016-2020	2016-2025
\$2,746	\$2,756	\$2,762	\$2,793	\$2,859	\$2,922	\$2,985	\$3,066	\$3,126	\$3,183	\$13,916	\$29,198

Heritage Recommendation:

Eliminate Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs. This proposal saves \$2.7 billion in 2016, and \$29.2 billion over 10 years.

Rationale:

The Office of Science includes SBIR and STTR programs with the original intent to “increase private sector commercialization of innovations derived from Federal R&D, thereby increasing competition, productivity, and economic growth.”⁴⁰

A recent overview of the SBIR and STTR programs stresses that the goal of the programs today is to place more emphasis on commercialization, “[a]ccepting greater risk in support of agency missions.” Using taxpayer dollars to offset higher risk is no way to promote economic development. It ensures that the public pays for the failures, as they have with failed government energy investments, while the private sector reaps the benefits of any successes. Congress should eliminate all SBIR and STTR funding in the DOE budget.

Additional Reading:

- Nicolas Loris, “Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus,” Heritage Foundation *Backgrounder* No. 2668, March 23, 2012, <http://www.Heritage.org/research/reports/2012/03/departement-of-energy-budget-cuts-time-to-end-the-hidden-green-stimulus>.

Calculations:

Estimated 2009 spending of \$2.5 billion on the two programs provided by the Small Business Administration (SBA), “The Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Program,” undated, http://www.sbir.gov/sites/default/files/sbir_sttr_program_overview_tips_for_applicants.pdf. The SBA’s estimated 2009 spending figures were updated for inflation through 2014 according to the CPI (as reported by the Bureau of Labor Statistics). The 2014 estimated level was then increased at the same rate as discretionary spending for 2016–2025, according to the CBO’s most recent August 2014 baseline spending projections.