

BUSINESS FOR FEDERAL RESEARCH FUNDING



America's Seed Fund SBIR/STTR

The Small Business Administration works with 11 federal agencies through the Small Business Innovation Research (SBIR) and the Small Business Technology Transfer (STTR) programs to support the development of technology and commercialization applications. The program began as a pilot from the National Science Foundation in 1977 and was later expanded across the federal government in 1982 with the passage of the Small Business Innovation Development Act. The program is designed to encourage private sector innovation in fields that the federal government has a unique interest in advancing, including defense, homeland security, as well as health care solutions.¹ The federal government retains no ownership or equity stake in companies awarded federal support, and small businesses are free to apply for patents and enter the marketplace for any innovations that emerge during the award period.

Participating agencies include:

- Department of Agriculture (USDA)
- Department of Commerce (DOC)
- Department of Defense (DOD)
- Department of Education (ED)
- Department of Energy (DOE)
- Department of Health and Human Services (HHS)
- Department of Homeland Security (DHS)
- Department of Transportation (DOT)
- Environmental Protection Agency (EPA)
- National Aeronautics and Space Administration (NASA)
- National Science Foundation (NSF)

Congress requires that a portion of participating agencies' R&D funding to be allocated to eligible small businesses through the SBIR/STTR programs. Recipients of SBIR/STTR funding must meet a strict set of criteria, and applications undergo a rigorous review process. Small businesses are [eligible](#) for funding if they are for-profit entities with fewer than 500 employees – most have fewer than 10 employees – and are owned by a U.S. resident or permanent resident.

¹ [“The Role of the SBIR and STTR Programs in Stimulating Innovation At Small High-Tech Businesses,”](#) Hearing Before the Subcommittee on Technology and Innovation, Committee on Science and Technology House of Representatives, One Hundred Eleventh Congress, April 23, 2009.

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Key differences between SBIR and STTR programs

SBIR awards allow partnerships between small businesses and research institutions, but do not require them and the small business is required to complete the majority of the work directly.

STTR Awards incentivize and leverage partnerships between small businesses and research institutions across the country – sharing workloads and resources.

Economic Impact

Agencies that participate in SBIR and STTR have conducted numerous economic impact studies of the program – all of which found that that federal investment led to a significant return on investment, fostered entrepreneurship and innovation that later strengthened national defense and readiness, and global competitiveness, and supported good paying jobs across the country.

- From 1995-2018, the [Department of Defense's SBIR/STTR](#) Program had a **22:1** return on its investment, producing **\$347 billion** in economic activity, and supported **1,508,295** full-time jobs averaging **\$73,461** in annual income. 58% of Phase II SBIR/STTR contracts resulted in sales of new products and services based on innovations developed through the program's contract, including **\$28 billion** in sales of new products to the U.S. Military.
- From 2000-2013, the [Navy's SBIR/STTR](#) Program fostered **\$44.3 billion** in economic output, and supported **14,973** full-time jobs averaging **\$68,535** in annual income. Over 60% of Phase II SBIR/STTR contracts resulted in sales of new products and services based on innovations developed through the program's contract.
- From 2000-2013, the [Air Force's SBIR/STTR](#) Program fostered **\$47.9 billion** in economic output, and supported **16,751** full-time jobs averaging **\$65,968** in annual income. 58% of Phase II SBIR/STTR contracts resulted in sales of new products or services based on innovations developed through the program's contract.
- From 1998-2010, the [National Cancer Institute's SBIR/STTR](#) Program fostered **\$26.1 billion** in economic activity, supporting **107,918** full-time jobs and **\$2.9 billion** in new federal, state, and local tax revenue. Over 53% of Phase II SBIR/STTR awards led to new sales, royalties, and follow-on R&D funding for the companies.

See Spending in Your Community

Small businesses in all 50 states benefit from federal research investments through SBIR and STTR, and businesses from Texas, Ohio, North Carolina, Massachusetts, and California, are among the top recipients of federal investment. Track SBIR/STTR awards to small businesses in your home state at [America's Seed Fund](#).