

AIMBE POSITION STATEMENT

AIMBE SUPPORTS THE REAUTHORIZATION OF THE SBIR / STTR PROGRAMS

ISSUE

As the sunset approaches for the federal Small Business Innovation Research (SBIR) / Small Business Technology Transfer (STTR) programs, Congress must act swiftly to reauthorize this program which is vital to the ability of American small businesses to develop cutting edge technologies, and the American economy.

BACKGROUND

Federal agencies with an annual extramural research and development (R&D) budget of over \$100 million are required to allocate 2.5% and 0.3% of their extramural R&D dollars to the SBIR and STTR programs, respectively. (STTR is considered to be the "twin sister to SBIR." The key difference is STTR requires a partnership via subcontract with a university or non-profit research institution.) Currently, eleven agencies have SBIR programs. Since its inception in 1982, the SBIR program has been a resounding success, garnering high praise from the National Academy of Sciences in a recent comprehensive report on the program.

AIMBE fellowship comprises the majority of the most creative and innovative engineers, scientists and clinicians practicing medical and biological engineering. They have a proven track record of translating high risk research ideas into products and processes that improve the quality of life for our citizens. Phase I SBIR awards without preliminary data have provided vital seed capital for these innovations. AIMBE wishes to preserve this successful path to entry of the commercialization process.

Earlier this year, the House passed its own version of SBIR Reauthorization (HR 5819) which increased the funding level for Phase I and Phase II SBIR grants, as well as increasing the percentage of agency extramural research funding which must be set aside for SBIR / STTR activities. These increases are viewed widely as positives for small business relying on federal dollars to help fund high risk research activities. Other aspects of HR 5819 however are not viewed as favorably by AIMBE. Specifically:

- AIMBE does not support the provisions in the House bill which open the door to venture capital (VC) backed research companies to apply for and receive SBIR funding for Phase I research grants. Phase I awards are designed for innovative, high risk ideas without preliminary data. These ideas are normally too early for VC funding because of the high risk.

AIMBE POSITION STATEMENT

- The funds and resources available to a research group with VC backing create an unfair advantage to independent and high risk research organizations with limited resources when it comes to the ability to develop and submit applications for SBIR funding. This unfair balance leads AIMBE to call for no VC backing for projects applying for Phase I SBIR funding.
- Additionally, AIMBE feels the House SBIR Reauthorization, which calls for an extension only to FY2010, does not offer a long enough performance period under these new rules to allow for a thorough and accurate review of program performance.

RECOMMENDATIONS

AIMBE supports the Senate version of SBIR Reauthorization (S. 3362) and strongly urges Senate passage and its language being incorporated in final version of SBIR Reauthorization except AIMBE calls for no VC backing of projects applying for Phase I SBIR awards.

Specifically:

- AIMBE supports the extension to FY2022 for SBIR and FY2023 for STTR programs. This 14-year extension is more inline with previous SBIR program extensions from Congress, and mandates agencies report annually on program performance.
- AIMBE supports percentage limits of 18% HHS and 8% for all other Agencies on VC backed Phase II SBIR projects. AIMBE calls for no VC backed projects applying for Phase I SBIR awards.
- AIMBE supports increasing Phase I awards to \$150k with an absolute maximum of \$200k for Phase I awards. AIMBE supports increasing Phase II awards to \$1.5m.

For more information, please contact Benjamin Corb, Director of Legislative Affairs, via e-mail at bcorb@aimbe.org, or via telephone at 202.496.9660.

The American Institute for Medical and Biological Engineering (AIMBE) is a non-profit organization representing 50,000 individuals and the top 2% of medical and biological engineers. Also, AIMBE represents academic institutions, private industry, and other professional engineering societies. AIMBE was founded in 1991 to establish a clear and comprehensive identity for the field of medical and biological engineering - which is the bridge between the principles of engineering science and practice, and the problems and issues of biological and medical science and practice.