



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 15, 2016

S. 2136 **Improving Small Business Innovative Research and Technologies Act of 2015**

*As reported by the Senate Committee on Small Business and Entrepreneurship
on December 3, 2015*

SUMMARY

S. 2136 would authorize grants for 2017 to facilitate collaboration between research institutions and small businesses to help small businesses better compete for awards under the Small Business Innovation Research (SBIR) and the Small Business Technology Transfer (STTR) programs. The bill also would authorize agencies to use a portion of the amounts available to them for research and development for the administrative costs of the SBIR and STTR programs. Finally, S. 2136 would authorize appropriations for the Federal and State Technology Partnership program.

Based on information from the Small Business Administration (SBA) and agencies that participate in the SBIR and STTR programs, CBO estimates that implementing S. 2136 would cost \$23 million over the 2017-2021 period, assuming appropriation of the necessary amounts. Pay-as-you-go procedures do not apply to this legislation because enacting it would not affect direct spending or revenues.

CBO estimates that enacting S. 2136 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

S. 2136 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of S. 2136 is shown in the following table. The costs of this legislation fall within several budget functions including 370 (commerce), 050 (national defense), 250 (general science, space, and technology), and 550 (health).

	By Fiscal Year, in Millions of Dollars					2017- 2021
	2017	2018	2019	2020	2021	
INCREASES IN SPENDING SUBJECT TO APPROPRIATION						
Regional SBIR and STTR State Collaborative Initiative Pilot Program						
Estimated Authorization Level	13	0	0	0	0	13
Estimated Outlays	10	2	1	0	0	13
Federal and State Technology Partnership Program						
Authorization Level	10	0	0	0	0	10
Estimated Outlays	8	2	0	0	0	10
Total Changes						
Estimated Authorization Level	23	0	0	0	0	23
Estimated Outlays	18	4	1	0	0	23

Note: SBIR = Small Business Innovation Research; STTR = Small Business Technology Transfer

BASIS OF ESTIMATE

Under current law, the SBIR program requires federal agencies with extramural budgets for research and development (R&D) that exceed \$100 million per year to set aside 3 percent of such funds for contracts with small businesses. (Extramural budgets consist of expenditures for activities not performed by agency employees.) Likewise, the STTR program requires federal agencies with extramural budgets for R&D that exceed \$1 billion per year to set aside 0.45 percent of that budget for cooperative research between small businesses and a federal laboratory or nonprofit research institution. Eleven agencies currently participate in at least one of those programs, including the Departments of Defense, Health and Human Services, Energy, Agriculture, and Homeland Security, as well as the National Aeronautics and Space Administration, the National Science Foundation, and the Environmental Protection Agency.

For participating agencies, the cost of those programs consists primarily of personnel and associated overhead expenses to solicit applications, prepare reports, and track outcomes. The organizational structure of the program offices varies. Some agencies have full-time staff members devoted to the SBIR and STTR programs, with other staff assisting as part of their duties; other agencies, however, have employees working part-time on the program.

For this estimate, CBO assumes that the bill will be enacted near the end of 2016, that the necessary amounts will be appropriated, and that spending will follow historical patterns.

Regional SBIR and STTR State Collaborative Initiative Pilot Program

S. 2136 would establish a one-year program that would provide grants to research institutions and small businesses that collaborate to improve the ability of those small businesses to compete successfully for awards under the SBIR and STTR programs. Grant recipients would be expected to provide:

- Opportunities for national experts to review the applications of small businesses competing for an award under the SBIR or STTR programs for the first time;
- Mentors to assist applicants with the process of preparing and submitting a proposal for an award;
- Outreach that is focused on certain small businesses, those owned and controlled by women, for example; and
- Technical assistance to prepare applicants to compete more effectively for awards.

For 2017, S. 2136 would authorize each agency to use three percent of its research and development funding dedicated to the SBIR program for costs to administer the pilot program. The bill also would authorize the SBA to use a portion of funds dedicated to the program by each agency for its administrative costs. Based on information from the SBA and several participating agencies about the size of their extramural R&D budgets and their respective administrative costs, CBO estimates that implementing the one-year pilot program would cost \$13 million over the 2017-2021 period.

Federal and State Technology Partnership Program

S. 2136 would authorize the appropriation of \$10 million in 2017 to fund the Federal and State Technology Partnership program. That program awards grants to support the efforts of colleges and universities and business development centers to provide technical assistance and other support to small businesses competing for awards under the SBIR and STTR programs. Based on information from the SBA and historical spending for the FAST program, CBO estimates that implementing this provision of S. 2136 would cost \$10 million over the 2017-2021 period, assuming appropriation of the authorized amounts.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting the bill would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 2136 contains no intergovernmental or private-sector mandates as defined in UMRA. State, local, and tribal governments would benefit from assistance for research and other activities related to technology and small business. Any cost to those governments would be incurred voluntarily as a condition of receiving federal assistance.

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