



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 21, 2018

S. 1961 **SBIR and STTR Oversight and Pilot Program Extension Act of 2018**

*As reported by the Senate Committee on Small Business and Entrepreneurship
on March 19, 2018*

S. 1961 would direct the Small Business Association (SBA) to develop a one-year pilot program to provide grants to research institutions and small businesses that collaborate, to improve those small businesses' ability to compete for awards under the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs. Using information from several participating agencies, CBO estimates that implementing the bill would cost \$6 million over the 2019-2023 period; such spending would be subject to the availability of appropriated funds.

Under current law, the SBIR program requires federal agencies with annual extramural research and development (R&D) budgets of more than \$100 million to set aside 3.2 percent for small-business contracts. The STTR program requires agencies with more than \$1 billion in their annual extramural R&D budgets to set aside 0.45 percent to fund cooperative research between small businesses and federal laboratories or nonprofit research institutions. Eleven agencies currently participate in at least one of those programs. Under an existing pilot program for administrative spending, agencies that participate in the SBIR program may use up to 3 percent of their SBIR funds—instead of general operating funds—to pay for some of the activities of program administration. That pilot program is authorized through 2022.

S. 1961 would direct agencies participating in that pilot program to transfer a portion of the funds to the SBA for grants under the bill's pilot program. The SBA could spend any transferred amounts above \$5 million on administrative costs, additional grants, or another SBA grant program.

Based on the historical use of the 3 percent set-aside by participating agencies, CBO estimates that transferring a portion of that amount to the SBA would require agencies to use additional funds to cover the costs of administering their SBIR and STTR programs. Using information from the SBA and several participating agencies about the size of their extramural R&D budgets, their respective administrative costs, and amounts historically set aside under the administrative-spending pilot program, CBO estimates that implementing that provision of S. 1961 would cost \$6 million over the 2019-2020 period;

such spending would be subject to the availability of appropriated funds. That amount consists of \$5 million to be transferred to the SBA and \$1 million for the SBA to administer and report on the pilot program.

CBO estimates that implementing other provisions of S. 1961, such as updating agency rules and regulations related to the SBIR and STTR programs, would cost less than \$500,000 over the 2019-2020 period; such spending would be subject to the availability of appropriated funds.

Enacting S. 1961 would not affect direct spending or revenues; therefore pay-as-you-go procedures do not apply.

CBO estimates that enacting S. 1961 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

S. 1961 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Stephen Rabent. The estimate was reviewed by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.