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EMERGENCY COMMUNICATIONS,
PREPAREDNESS AND RESPONSE

Congress of the United States

House of Representatives

Washington, DC 20515

June 2, 2011

Mr. Daniel E. Dalin
President
Greater Parish Area Chamber of Commerce
61 Montgomery Street
Parish, NY 13131-0303

Dear Mr. Dalin,

I'd like to bring to your attention some information regarding several programs within the Small Business Administration (SBA) that offer low-cost assistance and research and development grants to small businesses.

As a member of the House Small Business Committee, my work focuses on examining the impact of proposed and existing federal legislation and regulations on small businesses, ensuring access to federal contracts and improving access to capital for small business owners. Small businesses are the backbone of the Upstate New York economy and it is my top priority in Washington to help provide every opportunity for these entrepreneurs to create jobs and grow the local economy.

The Small Business Administration (SBA) offers many programs that can be of great assistance to small businesses in Upstate New York. For example, Small Business Development Centers (SBDCs) offer free or low-cost assistance to small businesses through counseling, training and research and are located in every state and territory. More information about the three SBDCs located in the North Country can be found online at <http://www.nyssbdc.org/>.

Two other important SBA programs that I would like to update you on are the Small Business Investment Research (SBIR) and Small Business Technology Transfer (STTR) programs. The SBIR program requires eleven federal agencies to set aside 2.5 percent of their research and development grants to outside businesses for small companies. Links to each federal agency's SBIR programs can be found online at <http://www.zyn.com/sbir/#agsites>. STTR is a smaller program that requires the five agencies funding the most research to set aside additional funding for partnerships between small businesses and non-profit institutions. These five agencies include the Departments of Energy, Defense, and Health and Human Services, NASA, and the National Science Foundation.

Congress last passed legislation updating and modernizing the SBIR and STTR programs in 2000. Since then, the House and Senate have failed to reach an agreement on language to reauthorize these programs, resulting in several short-term extensions. The most recent short-term extension was enacted by Congress on May 31st, 2011, and extended these two programs for an additional four months. While I am pleased that these popular programs will continue operating, Congress has failed to modernize these programs to reflect America's shifting R&D priorities and the evolving role of small innovative companies in the U.S. economy. Further, continuously extending these programs for only a short period of time creates uncertainty about future changes to the program, making it less attractive for small businesses to set aside the necessary capital to pursue SBIR and STTR grants.

On May 4th, the House Small Business Committee, on which I serve, passed legislation that would reauthorize the SBIR and STTR programs until 2014, increase Phase I and Phase II award sizes for both programs, and allow for greater participation of small companies in the programs. Two of my amendments to strengthen the Small Business Committee's reauthorization bill were adopted by the Small Business Committee with bipartisan support. One of my amendments would require agencies to establish initiatives that encourage partnerships between SBIR awardees and prime contractors, venture capital companies, business incubators, and larger businesses to help facilitate and expedite the commercialization process of products developed by small businesses. These partnering agreements have been shown to create a higher likelihood of commercializing SBIR products and bringing them to the market. My second amendment would allow all federal agencies participating in the SBIR program to fast-track phase one and phase two applications. Small companies must commit substantial capital throughout the application process to develop their products. By allowing participants to apply for phase one and phase two funding simultaneously, my amendment would expedite the application process for small businesses and help bring their products to market at a faster rate. Enhancing these programs will help create more jobs for small businesses and bring more innovative products to the market at no additional cost to the American taxpayers.

In order to be eligible for an SBIR award, the entity must meet the following criteria: it must be independently owned and operated; not dominant in the field of research proposed; for profit; the employer of 500 or less people; be the primary employer of the principal investigator; and be at least 51% owned by one or more U.S. citizens or lawfully admitted permanent resident aliens. This clearly establishes an opportunity for an avenue of cooperation between businesses in Upstate New York and Canadian visa holders. The SBA generally defines small businesses as a for-profit entity that has, including its affiliates, no more than 500 employees. Included in this definition are partnerships, corporations, limited liability companies and joint ventures. If you are interested in finding more information about SBA's definition of a small business, you can visit the SBA's website at <http://www.sba.gov/content/what-sbas-definition-small-business-concern>.

A brief background of the SBIR and STTR programs might be helpful as you decide whether or not to pursue these programs further. The Small Business Innovation Development Act of 1982 created the SBIR program in an effort to increase the portion of federal research and development budget provided to small businesses. The STTR program was later established by the Small Business Technology Transfer Act of 1992 to provide funding for research proposals that are developed jointly between a small business and research organization. The eleven federal agencies currently administering the SBIR and STTR programs disburse over \$2.5 billion dollars annually in competitive awards to innovative small firms. Current law requires that every federal department with an R&D budget of \$100 million or more utilize 2.5 percent of their extramural research and development budget for the SBIR program and .3 percent for the STTR program. In 2000, Congress amended the Small Business Act by directing the SBA Administrator to establish the Federal and State Technology (FAST) Partnership Program to strengthen the technological competitiveness of small businesses by providing a wide range of assistance, including mentoring, for companies interesting in pursuing SBIR programs. Additionally, the SBA is currently in the process of developing a database that will contain up-to-date information about mentor-protégé agreements and FAST participants' activities. The database is expected to be available later this year.

The approval process for SBIR and STTR programs is divided into three phases. Financing for phase one SBIR and STTR awards may be up to \$150,000 and \$100,000 for six months respectively. This funding is used to conduct a feasibility study to evaluate the scientific and technical merit of an idea. Projects that demonstrate potential after the initial evaluation can compete for phase two awards of up to \$1 million (SBIR) and \$750,000 (STTR), lasting one to two years. Phase two awards allow the firm to

conduct further research and development of the product in order to bring it closer to commercialization. Phase three funding is directed at the commercialization of the product and requires the use of private sector funding. Federal dollars may only be used during this phase if the government perceives that the final product will meet the needs of the public. A listing of phase one opportunities can be found on SBIR's website at <http://www.sbir.gov/solicitations/>.

If you or your business is interested in learning more about conferences, federal regulations or other opportunities offered by the SBIR and STTR programs, I would encourage you to visit the SBIR Gateway website at <http://www.zyn.com/sbir/>.

Thank you for your time and attention.

Sincerely,

A handwritten signature in black ink that reads "Bill Owens". The signature is written in a cursive, flowing style with a large initial "B".

Bill Owens
Member of Congress

WLO/at