



Leveraging Proposed Changes to the SBIR Program for Early-Stage Businesses

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Webinar Outline

- Background on SBIR/STTR Program
- Proposed Legislations
- Small Business Impact
- Top Level Considerations
- New Restrictions (proposed)
- Resources from TechOpp
- Appendix

Background

What is the SBIR/STTR program?

Federal Grant Funding
sbir.gov/funding

- You have an idea - how do you finance it?
- You're likely here (sbir.gov) because you are working on a particular technology or have a specific idea and are looking for funding to advance it.
- Two key steps to find funding through the SBIR/STTR programs:
 - *Identify a participating agency or agencies interested in your topic area.*
 - *Apply to a specific solicitation.*

Small Business Innovation Research (SBIR)

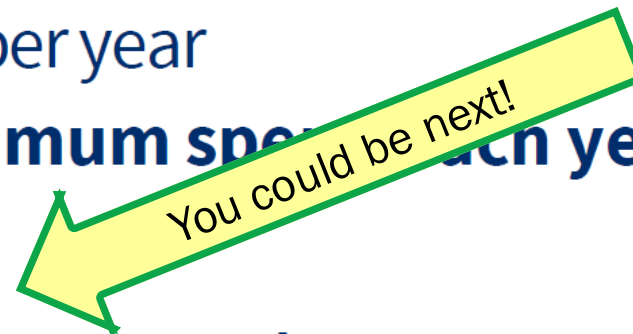
→ 3.2% of the extramural research budget for agencies with a budget greater than \$100 M per year

~\$3.2 billion minimum spend each year

Small Business Technology Transfer (STTR)

→ 0.45% of the extramural research budget for agencies with a budget greater than \$1B per year

~\$450 million minimum spend each year



Over 5,000 new awards every year

SBIR/STTR

Understand and be competitive

Overview

- Meet R&D needs of sponsoring program
- Commercialization of new technology
- Generate new technologies
- Encourages under-represented groups
- Encourages technology transfer

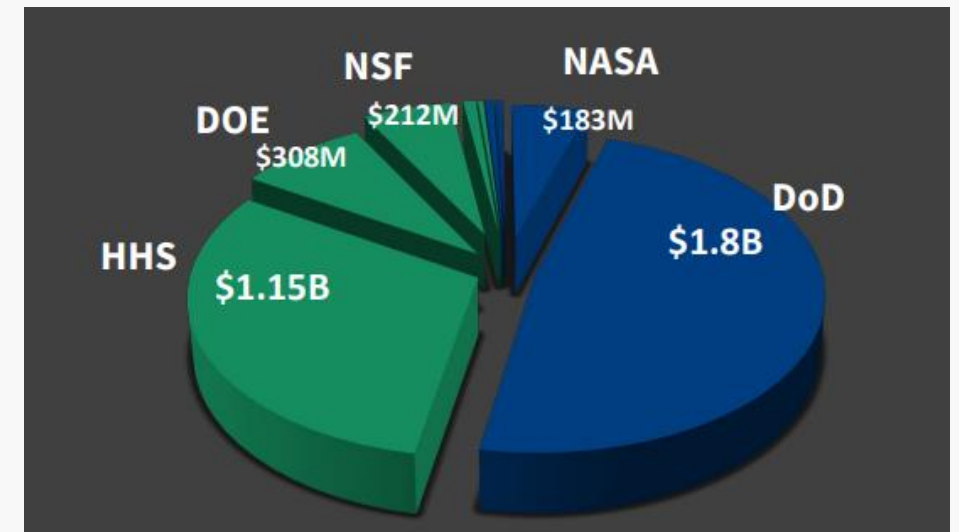
Advantages

- Non-dilutive
- Funding does not require equity stake
- Company owns the IP (Mostly)
- Non-competed follow-on funding
- Defined process and R&D goals

Funding by Agency

Understand the opportunity

Agencies	Budget
Department of Defense (DoD)*	\$1.80 B
Department of Health and Human Services (HHS)**, including the National Institutes of Health (NIH)	\$1.15 B
Department of Energy (DOE), including Advanced Research Projects Agency – Energy (ARPA-E)	\$308 M
National Science Foundation (NSF)	\$212 M
National Aeronautics and Space Administration (NASA)	\$183 M
U.S. Department of Agriculture (USDA)	\$30 M
Department of Homeland Security (DHS)	\$17 M
Department of Commerce: National Oceanic and Atmospheric Administration (NOAA)	\$9.5 M
Department of Education (ED)	\$8.4 M
Department of Transportation (DOT)	\$5.2 M
Department of Commerce: National Institute of Standards and Technology (NIST)	\$3.9 M
Environmental Protection Agency (EPA)*	\$3.6 M



FY 2019 SBIR/STTR Budgets

Proposed Legislation

Proposed Legislation

Three proposed bills all
in committee

INNOVATE Act

SBIR/STTR Reauthorization Act of 2025

RAMP Act

119TH CONGRESS
1ST SESSION

S. 853

To improve the SBIR and STTR programs under the Small Business Act,
and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 5, 2025

Ms. ERNST introduced the following bill; which was read twice and referred
to the Committee on Small Business and Entrepreneurship

A BILL

To improve the SBIR and STTR programs under the Small
Business Act, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**
4 (a) SHORT TITLE.—This Act may be cited as the
5 “Investing in National Next-Generation Opportunities for
6 Venture Acceleration and Technological Excellence” or the
7 “INNOVATE Act”.

<https://www.congress.gov/bill/119th-congress/senate-bill/853>

119TH CONGRESS
1ST SESSION

S. 1573

To amend the Small Business Act to reauthorize and modify the Small
Business Innovation Research and Small Business Technology Transfer
Research programs, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 1, 2025

Mr. MARKEY introduced the following bill; which was read twice and referred
to the Committee on Small Business and Entrepreneurship

A BILL

To amend the Small Business Act to reauthorize and modify
the Small Business Innovation Research and Small Busi-
ness Technology Transfer Research programs, and for
other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 **SECTION 1. SHORT TITLE.**
4 This Act may be cited as the “SBIR/STTR Reau-
5 thorization Act of 2025”.

<https://www.congress.gov/bill/119th-congress/senate-bill/1573/text>

119TH CONGRESS
1ST SESSION

H. R. 3239

To improve commercialization activities in the SBIR and STTR programs,
and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 7, 2025

Ms. HOULAHAN (for herself and Mr. BALDERSON) introduced the following
bill; which was referred to the Committee on Small Business, and in addi-
tion to the Committees on Science, Space, and Technology, and the Judi-
ciary, for a period to be subsequently determined by the Speaker, in each
case for consideration of such provisions as fall within the jurisdiction of
the committee concerned

A BILL

To improve commercialization activities in the SBIR and
STTR programs, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 **SECTION 1. SHORT TITLE.**
4 This Act may be cited as the “Research Advancing
5 to Market Production for Innovators Act”.

<https://www.congress.gov/bill/119th-congress/house-bill/3239/history>

Previously covered the Reauthorization Legislation

Recorded LinkedIn
video at the link below

- [Navigating SBIR Reauthorization, 6/4/2025](#)

Small Business Impact

Phase 1A

Not previously received
an SBIR or STTR award

- Phase 1A with same purpose as existing Phase I
 - *Determine scientific and technical merit and feasibility of ideas that appear to have commercial potential*
- Intended to increase accessibility ... for new entrants
 - *First time awardees... you could have submitted in the past without success*
 - *You just must have never received an award*
- Proposals submitted ... to only SBIR open topic announcements

Phase 1A Benefits

For first time SBIR
awardees

- Bring new small business concerns committed to commercialization of critical technologies into the SBIR program
- Not restricted by location of small business or Principal Investigator educational background
- 2.5% of Agency SBIR funds allocated to the Phase 1A program
- Solicitation will be an Open Topic announcement
- Small Business or Principal Investigator eligible for not more than 1 award for not more than \$40,000

Proposal Specifics

Different than existing
Phase I proposal

- Proposal: a report of no more than 2 pages in length covering:
 - *Identification of problem—agency and commercial customer*
 - *Description of solution—technical basis and level of maturity*
 - *Impact of the solution—beneficial impacts*
 - *Differentiation—state of solution and unique/novel*
 - *Commercialization Strategy—how to fund and market description*
- Benefits of award
 - *Eligible for a Phase II*
 - *Funds used to develop solution for Phase I or Phase II solicitation*

What Happens Next

Prepare for potential
Phase 1A proposals

- Open topics should be issued for Phase 1A submissions
- This opportunity is only for small business who have never won an SBIR grant
- The proposal is challenging to “answer the mail” in 2 pages
- IDENTIFICATION OF PROBLEM
 - *“The small business concern shall describe the problem that the proposal is intended to address for the awarding agency and any commercial customer”*
 - *You MUST have 1:1 discussions to learn of the Use Case(s)*
 - *This is an open topic, so specificity is yet to be determined*

Phase 1A more details

Bid/No-Bid Decision

- You get “one shot” per round
- DoD has 15 rounds, other Agencies have one or two rounds
- If you bid and lose, you can bid again (it is assumed)
- If you bid and win, you are ineligible for another Phase 1A
- Should you bid a 1A Open Topic concurrent with Phase I topic?
 - *It is not clear what happens if you win the Phase I*
- Your goal “today” is to connect with an Operational Unit or an Institutional Department to learn of their problems

Action Items

Prepare for Phase 1A
Open Topic release

Action: Get your sam.gov registration done for Financial Assistance Awards

Unique Entity ID

Financial Information

Core Data

Executive Compensation Questions

General Information

Proceedings Questions

Action: Identify Agencies of interest that align with your technology

Drill down to operational level

Identify potential Use Case

Don't propose as an unknown

Identify relevant Group

Drill down to person(s)

Understand User's KPP's

Find contact information

Reach out and "learn"

Identify operational gap to fill

Top Level Considerations

SBIR “Tax” Increase

Taken from Agency
RDT&E Budget

- Each Federal agency which has an extra- mural budget for research or research and development in excess of \$100,000,000
- Will allocate not less than 3.45 percent of such budget in fiscal year 2026 and every year thereafter
 - *This is increased from 3.2%*
 - *More funding for small business*
- Federal agency ... shall implement a multi-level review and approval process within the Federal agency for solicitation topics to ensure adequate competition
- And that no private individual or entity is shaping the requirements for eligibility for the solicitation topic after the selection of the solicitation topic,
- Except that the Federal agency may amend the requirements to clarify the solicitation topic.



New Restrictions (*proposed*)

There will be fewer proposing firms

In the proposed legislation: INNOVATE

- “Optimizing SBIR/STTR Funding”
 - *A small business concern, including its affiliates, spinouts, or subsidiaries, may not apply to a Phase I or Phase II solicitation under an SBIR or STTR program if the small business concern, including its affiliates, spinouts, or subsidiaries, has previously received over \$75,000,000 in funding from SBIR or STTR Phase I and Phase II awards.*
- Immediately eliminates ~ 70 small businesses
 - *Another 10 companies are at risk, having \$65M lifetime awards*



What is the math?

What does it mean for a Start-Up?

- Total SBIR/STTR awarded amount (since 1983) = \$77,206,393,190.88
- How much of that is awarded to ineligible companies = \$11,966,186,387.98
- Percent of firms (by dollar awards) eliminated = 15%
- Firm count that have won at least one award = 214,282
- By eliminating the top performers in the program, new companies are needed to fill the gap
 - *Thus, the language of the bill: “Encouraging new SBIR and STTR Entrants”*



Other restrictions

These also reduce the “playing field”

- An individual may not concurrently serve as the primary investigator on more than 1 proposal to a single Phase I solicitation or a single Phase II solicitation
 - *May severely limit very small businesses to “put all their marbles in one bag” for every solicitation*
- A small business concern applying for a Phase I award may not have annual receipts of more than \$40,000,000 for the most recent fiscal year
 - *For high-tech NAICS codes, the SBA defines a small business as having up to \$41.5 annual revenue*
 - *Reasonable to infer that only a small fraction of high-technology small businesses exceed \$40M in annual revenue*
 - Possibly minimal impact on SBIR/STTR submissions



Other restrictions

These also reduce the “playing field”

- A small business concern, including its affiliates, spinouts, or subsidiaries, may not submit more than 3 proposals to a single Phase I solicitation or a single Phase II solicitation
 - *The June 4 DoD solicitation alone has 122 topics*
 - *What if you have multiple Phase I awards preceding a Phase II?*
- A small business concern, including its affiliates, spinouts, or subsidiaries, may not submit more than a combined total of 25 proposals to Phase I solicitations or Phase II solicitations published by a single agency, including the components of the agency, in a single fiscal year.
 - *DoD issues topics 15 times a year*
 - The DoD SBIR 2024.4 includes 96 active topics—39 are D2P2
 - *This severely limits the responses they will receive*
 - *Opens the field for more small businesses*



Other restrictions

These also reduce the “playing field”

- The Department of Defense and the National Aeronautics and Space Administration shall use their **STTR** budget to solely fund research at technology readiness levels 1, 2, and 3
- Each Federal agency shall use its **STTR** budget to fund small business concerns conducting fundamental, basic, or other scientific research that stands to benefit most from partnerships with eligible research institutions.
- STTR funding is cut in half beginning in 2026
 - *From 0.45% to 0.20%*
- Allocates 10% more workshare to SB and 10% less workshare to RI



Other restrictions

Direct to Phase II
awards

- An agency may not make an award under this subsection to a small business concern, including its affiliates, spinouts, and subsidiaries, that has received more than 25 [direct to] Phase II awards
 - *Assuming this is lifetime*
- An agency may make not more than 25 awards under this subsection to a small business concern, including its affiliates, spinouts, and subsidiaries

Phase I to Phase II conversion

Metrics established

- For small business concerns that received or receive more than 10 Phase I awards, establish a minimum performance standard with respect to the receipt of Phase II awards that shall be a ratio of at least 0.25 for the number of Phase II awards received as compared to the number of Phase I awards received
- With respect to a small business concern that received or receives more than 25 Phase I awards, the minimum performance standard shall be a ratio of at least 0.5 for the number of Phase II awards received as compared to the number of Phase I awards received
- Penalty: May not participate in Phase I for one year and limited to 5 Phase I awards/year until metric is met

Added Benefits

Other than restrictions

- Commercialization Readiness Program is now the “Strategic Breakthrough Awards” program
 - *The Secretary of Defense and the Secretary of each military department is authorized to ...*
 - Provide funding to accelerate the transition of technologies, products, and services developed under the SBIR or STTR program to Phase III, including the acquisition process
 - Identify research programs of SBIR/STTR program that have the potential for rapid transitioning to Phase III and into the acquisition process
 - *The Department of Defense shall establish a mechanism, such as a major system, to provide small business concerns with direct access to program and requirements offices throughout the DoD that may purchase technology from small business concerns under Phase III of the SBIR program of the DoD*
- Any funding agreement that is a contract made with expenditures allocated to the SBIR program ... shall be a firm-fixed-price contract, unless, on a case-by-case basis, the head of the awarding Federal agency makes a written determination to utilize a different contract structure.



Commercialization

Revenue metric
established

- A small business concern...that has received more than 25 Phase II awards over its lifetime, require the sum of the annual receipts ... from sources other than Phase I or Phase II SBIR or STTR awards and investments received by the small business concern to at minimum exceed the sum of the dollars awarded through Phase I and Phase II awards since the date of the first such award
Lifetime SBIR\$ < Non-SBIR\$
- A small business concern that receives more than 25 Phase II awards over its lifetime, require a minimum of 65% of the sum of the annual receipts of the small business concern during the 5 years preceding the most recent fiscal year come from sources other than Phase I or Phase II SBIR or STTR awards .
Last 3 years: Non-SBIR\$ > 65% annual revenue

Call to Action

Get Involved

- Read the proposed legislation
- Do you agree with each provision? Or not? And why?
 - *Contact your elected official and the Bill's sponsor*
 - *Do your homework—make your case—offer succinct wording*
 - Consider how each element impacts the small business community
- Prepare contingency plan should INNOVATE Act become law
 - *If you are a small business who has reached the lifetime limit*
 - Begin sourcing other federal funds to replace lost SBIR/STTR funds
 - *Never bid an SBIR/STTR? Study the Phase 1A provision*
 - Prepare to submit on the next open topic
 - Do your research now to validate an “agency/public need”

Resources from TechOpp

Upcoming Webinars

Actionable Guidance



Maximizing your Phase I to Phase II Conversion Rate

Randy Simpson | 7/9/2025 | 2:00pm(EST)

There are proposed minimum standards for Phase I to Phase II conversion. We will focus on how to maximize your chances of winning Phase IIs to exceed these standards.

 Add to Calendar



Moving Beyond SBIR Funding

Randy Simpson | 7/23/2025 | 2:00pm(EST)

Many successful companies who have leveraged SBIR funding to support R&D and product development may become ineligible. In this webinar we focus on how to secure non-SBIR funding to enable continued innovation.

 Add to Calendar

[Register Here](#)

Techopp.com/webinars

Information Resources

Stay Informed, Be Prepared, Speak Out

SBIR Reauthorization 2025

The SBIR program is due for reauthorization and must be completed by September 30, 2025. The proposed changes may present challenges to established participants and new opportunities for early stage companies. We offer informational resources and actionable guidance to assist small businesses to navigate this evolving landscape.

Upcoming Live Webinars

RECENT NEWS



Stay up to date with recent news. We summarize relevant articles from across the web with links to full articles.

[Read More](#)

PROPOSED LEGISLATION



Multiple bills are currently proposed related to SBIR reauthorization. We provide summary highlights and links to full text documents.

[Read More](#)

FUNDING DISTRIBUTION



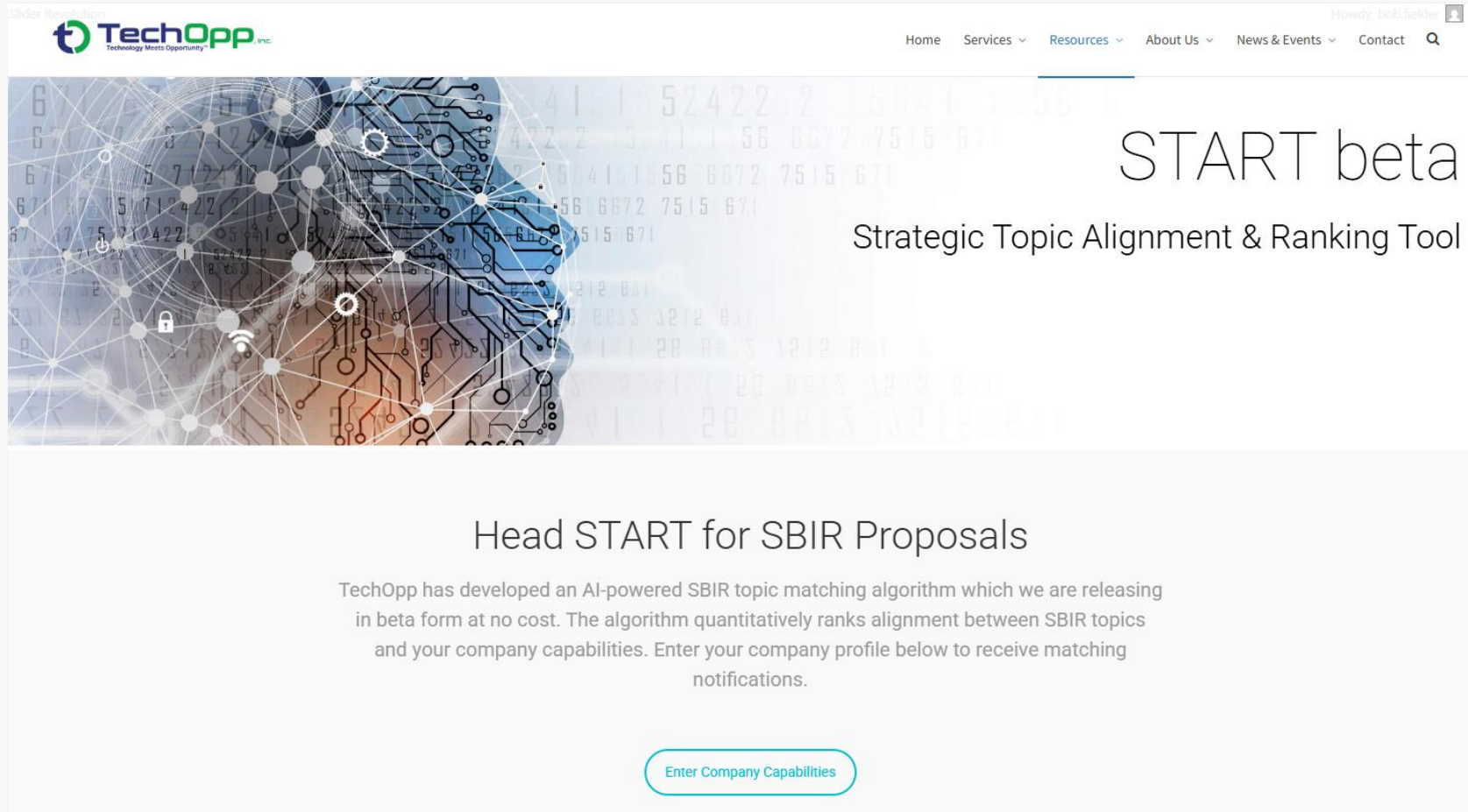
See SBIR funding distribution at the state and Congressional district level. We include links to your elected representatives.

[Read More](#)

Location: <https://techopp.com/resources/sbir-reauthorization/>

SBIR Topic Search Tool

Enter capabilities,
receive early
notification of topics



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Technology Meets Opportunity

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START beta

Strategic Topic Alignment & Ranking Tool

Head START for SBIR Proposals

TechOpp has developed an AI-powered SBIR topic matching algorithm which we are releasing in beta form at no cost. The algorithm quantitatively ranks alignment between SBIR topics and your company capabilities. Enter your company profile below to receive matching notifications.

[Enter Company Capabilities](#)

Location: <https://techopp.com/resources/sbir-topic-search-tool/>

Direct Support

How we can help



PROPOSAL DEVELOPMENT

Our proposal management process includes coaching, writing, editing, and assistance with proposal submission.



TECHNICAL AND BUSINESS ASSISTANCE (TABAs)

Our hands-on TABA support leverages federal funding to support technology transition and commercialization.



TRAINING

We leverage our hands-on experience to provide actionable SBIR training for state agencies and small businesses.



STRATEGIC MARKETING

Our marketing services focus on increasing brand visibility and driving customer engagement.





Thank You

Randy Simpson, COO

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Appendix

Big Beautiful/Bad Bill

How will this impact the SBIR/STTR program?

	Agency	Details of changes	Budget Impact
	EPA	RDT&E	-54.5%
	DHS	Procure advanced border security technology, modernize the fleet and facilities of the Coast Guard	+64.9%
	DoD	Golden Dome, Shipbuilding, Space Force, F-47, Nuclear deterrent	+13.4%
	DOE	Funding changes: Kills CO2 removal and climate change. Focus: bioenergy, domestic fossil energy, critical minerals, nuclear fuels	-9.4%
	DOT	Funding changes: increases FAA operations, NAS upgrades, INFRA grants, rail, shipbuilding and ports	+5.8%
	USDA	Cuts to Agricultural Research Service	-18.3%
	NASA	Increases human space, decreases everything else (space science, mission support, earth science, SLS/Gateway, space technology, ISS, aeronautics, STEM)	-24.3%
	NSF	Reduces research in climate, clean energy, social engineering. Maintains AI and quantum information science research. Eliminates DEI-related programs	-55.8%



Page No.	Summary	Small Business Concern and/or Action	Personal Comments
175	Removed funding <u>reporting</u> on women, socially or economically disadvantaged. Added who reside in emerging states or rural areas.	Small Business in an emerging state is the focus of program <u>reporting</u> . <u>Should</u> encourage Phase-0 state funding. There was no benefit for disadvantaged small business in the 2022 Extension Act	Clearly serving the constituents of “emerging states” which has merit but does not outweigh the need to bring the best innovation to the warfighter and industry.
179	Added Phase 1A for open topics only	Opportunity for small businesses who have no SBIR/STTR awards to enter the program with less of an investment	
181	Allocates 10% more workshare to SB and 10% less workshare to RI for STTR only	Increases workshare for small business	
181	Added definitions for new terminology such as “emerging states” and “rural areas”	See slide on emerging states and rural areas	
181	SBIR “tax” increases: 3.2% to 3.45%	More funding will be available	More funding for SBIR/STTR, less for other R&D
183	Removes disadvantaged and adds “emerging state” to reporting		
184	Adds provision for Agency to evaluate national security risk from small business concern	Discourages small business from foreign engagement	
185	Adds specific foreign ownership and IP transfer restrictions		
187	Removes enhanced outreach efforts to socially and economically disadvantaged small businesses		
190	Replaces disadvantaged with emerging state or rural area		
193	Limits STTR funding at DoD & NASA to TRL 1, 2 and 3 only (assume this is the starting point)	STTR Applications with Research Institutions will need to be at lower TRL. Find RI willing to work at lower TRLs and recognize the time to market is increased	A STTR grant is contracted with a Small Business with the Research Institution as a subcontractor or <u>subawardee</u> . This restriction limits the small business’ ability to commercialize their technology as it discourages the development of higher TRL technology.
194	STTR contracts are FFP		
	Suggested addition: “The Federal Agency technical monitor must be materially engaged in the SBIR project execution and commercialization.”		Too many small businesses report that their federal technical monitor is disinterested and not engaged. Some have completed Phase I and never spoken to their Technical Monitor.

Resource:

- Line-by-line assessment of the INNOVATE Act
- ***Make no mistake, if it passes, this will have a significant impact on the Small Business community***
- Provided free to any who request