

Congress of the United States
U.S. House of Representatives
Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515-6515

MEMORANDUM

TO: Members of the Subcommittee on Economic Growth, Tax, and Capital Access on Small Business

FROM: Committee Majority Staff

DATE: April 12, 2024

RE: Subcommittee Hearing Titled: “Exploring SBA Programs: Reviewing the SBIC and SBIR Programs’ Impact on Small Businesses”

On **Tuesday, April 16, 2024, at 10:00 AM ET**, the Committee on Small Business Subcommittee on Economic Growth, Tax, and Capital Access will hold a hearing titled **“Exploring SBA Programs: Reviewing the SBIC and SBIR Programs’ Impact on Small Businesses.”** The meeting will convene in room 2360 of the Rayburn House Office Building. The purpose of this hearing is to explore the Small Business Investment Company and the Small Business Innovation Research program's impact on small businesses and innovation.

I. Witnesses

- **Mr. Angelo Valletta**, President and CEO, Ben Franklin Technology Partners of Northeastern Pennsylvania
- **Ms. Amanda Bresler**, Chief Strategy Officer, PW Communications
- **Mr. Brett Palmer**, President, Small Business Investor Alliance (SBIA)
- **Mr. Jere W. Glover**, Executive Director, Small Business Technology Council (SBTC)

II. Background

The strength of American ingenuity has resulted in the U.S.A. being the world’s largest national economy. This feat is in no small part due to relentless innovation by American small businesses. Small businesses drive the creation of new ideas while being agile enough to rapidly meet

consumers' needs. Small businesses are critical to research and development, generating more patents per employee than large businesses.¹

Some government programs help innovative companies research, develop, and fund critical technologies. The Small Business Investment Company (SBIC) program couples private funding to a variety of small businesses. The Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs help develop new and innovative solutions that meet the needs of government agencies. SBIR/STTR programs support the development of these innovative ideas with a focus on products that are commercially viable outside of government use.

To bridge the funding gap that exists in the marketplace, the Small Business Administration offers numerous capital access programs to assist small businesses. While large corporations traditionally finance their endeavors through debt and equity markets, small businesses typically utilize conventional bank lending. To jumpstart the ability of small businesses to obtain equity to finance projects and activities, the SBIC program incentivizes private investments into small businesses.

SBIC and SBIR/STTR helped drive product development of some of the firms we know today who have since shed their small business status and grown into large corporations. When it was a start-up small business, Apple received funding from an SBIC. Qualcomm can trace its early success while still a small business from developing innovative technologies through the SBIR/STTR program. Technologies developed through SBIR/STTR can also find their way into ongoing historic efforts, such as in Elon Musk's SpaceX.²

III. Conclusion

With the SBIR/STTR program authorization expiring in September 2025, Congress has an opportunity to consider improvements to the programs and make them more beneficial for small businesses. The SBIC program is time-tested and has successfully infused private investments into innovative small businesses. This hearing will showcase the impact these programs have on small businesses and their innovations.

¹ ANTHONY BREITZMAN & DIANA HICKS, SBAHQ-07-Q-0010, AN ANALYSIS OF SMALL BUSINESS PATENTS BY INDUSTRY AND FIRM SIZE, 1 (Nov. 2008).

² *Small Business Program Opportunities*, SPACE DEVELOPMENT AGENCY (last visited Mar. 25, 2024), <https://www.sda.mil/home/work-with-us/small-business/>