

OPENING STATEMENT

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of the Subcommittee on Research and Technology**

House Committee on Science, Space, and Technology
Subcommittee on Research and Technology
“SBIR/STTR Reauthorization: A Review of Technology Transfer”
June 16, 2016

Thank you Chairwoman Comstock for holding this hearing to review the SBIR and STTR programs, as well as to examine national efforts to support commercialization of federally funded research and development. Those of you who follow this committee know that I am always focused on finding better ways to promote commercialization of research, especially the great research funded by American taxpayers. This hearing is an important step in the reauthorization of the SBIR and STTR commercialization programs which our subcommittee has jurisdiction over.

In the U.S., where small businesses create 55 percent of all jobs, the success of the small business enterprise is key to economic growth. For almost 40 years, the SBIR program has been funding small business innovation across all sectors of our economy. There are many prominent success stories from SBIR grants. A recent Air Force review of Phase II winners between 2000 and 2013 found that 58 percent of those contracts had sales in excess of \$1 million. Importantly, many of the innovators who create these small businesses are educated and trained in our nation’s great research institutions, with support from federal research dollars. And some even directly commercialize research funded by federal dollars. The Federal R&D enterprise is truly an ecosystem from basic research to commercialization

Unlike any other program that I’m aware of, SBIR and STTR are funded using a percentage of participating agencies' extramural research and development budgets. That percentage has increased by 30 percent since 2011, even as the larger budgets have remained flat. While the SBIR program has great value, we must look at it in the context of overall agency budgets and missions. Increasing the set-aside for SBIR and STTR as much as has been proposed by some could come at the expense of support for other critical research programs. Perhaps my biggest concern is harm done to the pipeline of STEM talent and innovators by increasingly lower research funding levels. This is a difficult choice in tough budget times because both research and commercialization activities are highly valuable investments.

We must also look hard at assessments of the SBIR program and consider ways to make it more efficient and help the program better achieve its goals. And this hearing is a good opportunity to talk about other ways to improve the commercialization of federally funded research, including the very successful Innovation Corps Program started at NSF in 2011 and now expanding to other agencies, as well as the NIH’s Proof of Concept Pilot Program. I-Corps is essentially an entrepreneurial education program. The I-Corps Node program provides this education and other support for innovators at our research universities, creating a true interconnected, national innovation network. I am pleased that Ms. Garton is joining us today, and I look forward to her testimony regarding Georgia Tech's I-Corps Node program and the challenges innovators face in

seeking early stage funding.

In the five years since the I-Corps program has been running, it has clearly demonstrated its value in improving tech transfer and commercialization, and we are beginning to see that it makes the SBIR program more efficient as well. Although it takes time to fully realize success in commercialization, the early returns show I-Corps trained teams having more success than comparable teams without this training. I think the time has come to talk about having some kind of I-Corps program at every agency with an SBIR program, as the two truly go hand in hand.

Finally, I want to mention language that I put in the 2011 SBIR Reauthorization bill which allowed for an NIH Proof of Concept Pilot Program, utilizing a small portion of the funds from the STTR set-aside, to give grants to researchers at a pre-SBIR stage. This could be called SBIR phase zero. Many university researchers are hesitant to start a company, which often means leaving their university, without some confidence that the idea can work out. The proof of concept pilot has led to programs at NIH such as the NIH Centers for Accelerated Innovations and the Research Evaluation and Commercialization Hubs, or REACH, programs. I believe programs like these can be an important part of the innovation ecosystem and I look forward to an update on the pilot from Dr. Lauer.

I know the agencies here today are exploring many other aspects of early stage commercialization, including how to coordinate these efforts better with the SBIR program. I look forward to this broader discussion about commercializing federally funded research. I also look forward to your testimony about how you've implemented new requirements and flexibilities in the SBIR program since the 2011 reauthorization, and what our Committee should consider as we take up the next reauthorization.

I would like to ask unanimous consent to enter into the record the Administration's Principles for SBIR/STTR Reauthorization and the letter dated May 10, 2016 from a coalition of science organizations and universities.

Thank you and I yield back the balance of my time.