



Opening Statement
Chairman Sam Graves
House Committee on Small Business
Hearing: “Spurring Innovation and Job Creation: The SBIR Program”
March 16, 2011

Thank you all for being with us today as the Committee begins our work to reauthorize the Small Business Innovation Research and Small Business Technology Transfer programs. I would specifically like to thank each of our witnesses for taking the time to share their experiences with the SBIR program with our Committee.

This hearing represents the beginning of the Committee’s work to reauthorize the SBIR program, which was last fully reauthorized in 2000. Today we will broadly examine and stress the importance of the SBIR program and take a closer look at how it can work to jump start entrepreneurs, grow our economy, and create jobs.

The SBIR program was created in 1982 and offers competition-based awards to stimulate innovation among small private-sector businesses while providing government agencies new, cost-effective, and technical solutions to meet their varied mission requirements.

The development of this program is not only significant to the unique needs of each of the participating federal agencies, but also to our national economy. Small businesses renew the U.S. economy by introducing new products and cheaper ways of doing business, often with substantial economic benefits. They play a key role in introducing technologies to the market and responding quickly to new market opportunities. Some of the great innovations (and the companies that created them) came about from industrious entrepreneurs willing to take a risk for new technologies and discoveries.

In 2007, the National Research Council (NRC) of the National Academies of Science completed one of, if not the, most comprehensive examination of the SBIR program. The study found that the SBIR program provides substantial benefits for participating small businesses at all agencies, in a number of different ways. For

example, the SBIR program is a significant factor in the founding of new companies, providing partnering and networking opportunities, and providing the impetus to start projects that otherwise would not have gotten off the ground.

In terms of job creation, the NRC Survey sought detailed information about the number of employees at the time of the award and at the time of the survey and about the direct impact of the award on employment. Overall, survey respondents reported a gain of 57,808 full time equivalent employees. Respondents estimated that specifically as a result of the SBIR project, their firm was able to hire an average of 2.4 employees, and to retain 2.1 more.

The SBIR program, as the National Research Council study demonstrates, also provides significant benefits to federal agencies by providing additional opportunities to solve operational needs. A program officer can post a solicitation that describes a particular problem and invite small businesses to propose research that will solve it. This contrasts with other federal research awards where a researcher provides a proposal of personal interest. The nationwide scope of the program also ensures that the agency will investigate various research avenues. Finally, the program, by leading to commercialization of the research, diversifies the federal government's industrial base providing competition among suppliers and lowering prices to the government and saving taxpayer dollars.

I am looking forward to hearing the testimony today. Now, I yield to the Ranking Member, Ms. Velázquez, for her opening statement.