



NEW ENGLAND INNOVATION ALLIANCE
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Testimony of

Dr. B. David Green, on behalf of the New England Innovation Alliance
Regarding the House Committee on Small Business Subcommittee on
Underserved, Agricultural, and Rural Development Hearing
“Prioritizing Small Underserved and Rural Businesses in the SBIR/STTR
Programs”

June 23, 2021

Good afternoon Chairman Golden, Ranking Member Hagedorn and Members of this Subcommittee and the House Small Business Committee.

Thank you for the opportunity to speak today. It is an honor to testify on behalf of the New England Innovation Alliance, a coalition of small high-technology companies across the New England area. NEIA members – including Physical Sciences, Inc., which I am proud to lead – have experienced firsthand the proven benefits that the SBIR program provide for small businesses as well as the federal government throughout the program’s nearly 40-year existence.

Many studies have shown that the SBIR program generates post-award revenues greater than 20 times the initial investment. The resulting taxes from product sales exceed that investment. It is a program that more than pays for itself. I appreciate that this Committee is holding a series of hearings to ramp up efforts to reauthorize the SBIR and STTR

programs, which are set to expire in September of next year. It is time to make these great programs permanent.

SBIR is a flagship American innovation program that other countries seek to emulate. What makes it such a success is that at its fundamental core the program is competitive and merit-based. Innovative small business entrepreneurs, from all across the country, propose concepts addressing national priorities and commercial needs. There are many more ideas than awards. Selection at each phase is based on the best concepts, best performance, and, above all else, the best science.

This competitive, merit-based process leads to a high success rate for transition and commercial success. The best science produces the best technology to fill our nation's needs. That best technology is essential if the United States is to remain a leader, guiding the world to a better future.

The beauty of the SBIR and STTR programs is that the best ideas can come from anywhere in the country. Each state in America is unique and special. I have spent time in every state and treasure the diversity.

Using the publically available SBIR.gov website, I recently conducted an analysis into SBIR awards broken out by geographic location and state distribution. This analysis confirmed a hypothesis that citizens in each part of our country have different perspectives and priorities, but each shares a common belief that America allows them the opportunity to pursue their dream, and live under our good system of government with America as an example for the world.

Citizens are motivated to improve what they hold dear – what matters to them in their daily lives. Our analysis found that different parts of our nation pursue technology innovation in different areas of focus.

To this point: the state of Maine wins over four times the national average per capita in Department of Agriculture SBIR awards, and three times the national average in Commerce Department SBIR awards. Kansas and Wisconsin far exceed the national average in Agriculture SBIR awards. Minnesota wins nearly three times the national average in Department of Education SBIR's and well above the national average in Health, Agriculture, and awards from the National Science Foundation. New York exceeds the national average per capita in Education awards.

I would venture that those areas of focus are important to the people, researchers, and small businesses who are located in those states.

Innovators in those states and regions are focused on things that affect their daily lives and livelihood. They are motivated to seek innovative solutions that address those focus areas and problems. They create solutions based on first-hand knowledge and win awards at a high rate.

We are a nation of problem solvers. We always have been. We were the first nation to establish patents to protect our citizens' innovation. We must continue to fund the very best solutions to address those needs and remain the world's technology leader.

The best ideas and compelling solutions arise from trained scientific and engineering minds in those disciplines that are of interest to them, and that align with federal agency priorities, wherever those researchers reside. The SBIR program does not compel those minds to live in a certain state. What SBIR can do is give woman-owned, minority-owned, and other disadvantaged businesses a fair chance to compete, win, and see their innovation succeed.

The current three percent administrative allocation – which was incorporated during the last reauthorization – allows participating

agencies to promote outreach and diversity within the program. This should continue and be made permanent during the next reauthorization.

In addition, a large community of support organizations exists to help with all aspects of creating a winning proposal – from preparation to identifying commercial applications. First time proposal writers can find the support they need to submit a great idea.

For example, members of the New England Innovation Alliance – an informal group of companies, often competitors – share best practices with a goal to make each company stronger. This mentoring for the common good brings benefit to all. NEIA has played a role in establishing similar alliances in other parts of the country. We encourage the Committee to encourage this model – alliances of competitive performers (mentors) as opposed to guidance from advisors.

Many Alliance members are entirely employee owned (ESOP) – which is a true America ideal. Every employee owns a portion of the company, rather than just one or few individuals regardless of their gender or origin. Every employee is incentivized to make the innovation succeed. Everyone is rewarded – women, minorities, veterans, service-disabled veterans – no matter their ethnicity or sexual orientation. All benefit, not just the few.

In closing, I respectfully urge this Committee to take up and pass an SBIR/STTR reauthorization bill as soon as possible this year.

NEIA strongly believes it is imperative that Congress acts this year – even though the programs are set to expire on September 30, 2022 – in order to avoid the possibility that the SBIR/STTR programs are attached to a series of temporary appropriations extensions as they were from

2008 to 2011. Small business and participating agencies faced tremendous uncertainty during those years – and we are concerned that if these programs are not reauthorized this year, the probability of that uncertainty returning will go up dramatically.

Congress would do better to replicate the most recent success of 2016, when the programs were successfully reauthorized a full year before they were set to expire.

As the Committee ramps up its efforts on SBIR/STTR reauthorization, NEIA urges members to consider the following core principles:

- (1) The SBIR/STTR program should be permanently reauthorized in its current configuration to provide stability.
- (2) The permanent reauthorization should strengthen the intent that the program remains committed to a competitive, merit-based participation and award structure.
- (3) The existing “pilot” components of the program – including the program permitting three percent of SBIR/STTR funds to be used for administrative costs, including for outreach to increase participation by underrepresented communities – should also be made permanent.
- (4) The reauthorization should require a quantitative assessment of the merits of experimental changes in a publicly available report to Congress within 5 years of initiating such a modification.

NEIA commends this Subcommittee for holding this hearing on this invaluable government program. The program has grown and evolved over the years since its start. It has proven its value many times over. Please make it permanent.

Thank you again. I look forward to answering your questions.