



Highlights of [GAO-05-861T](#), a report to Subcommittee on Environment, Technology and Standards, Committee on Science, House of Representatives

Why GAO Did This Study

Since it was established in 1982, GAO has consistently reported on the success of the Small Business Innovation Research (SBIR) program in benefiting small, innovative companies, strengthening their role in federal research and development (R&D), and helping federal agencies achieve their R&D goals. However, through these reviews GAO has also identified areas where action by participating agencies or the Congress could build on the program's successes and improve its operations. This statement for the record summarizes the program's successes and improvements over time, as well as the continuing challenge of assessing the long term results of the program.

www.gao.gov/cgi-bin/getrpt?GAO-05-861T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Anu K. Mittal, (202) 512-3841, mittala@gao.gov.

FEDERAL RESEARCH

Observations on the Small Business Innovation Research Program

What GAO Found

Between July 1985 and June 1999, GAO reviewed, reported, and testified on the SBIR program many times at the request of the Congress. While GAO's work focused on many different aspects of the program, it generally found that SBIR is achieving its goals to enhance the role of small businesses in federal R&D, stimulate commercialization of research results, and support the participation of small businesses owned by women and/or disadvantaged persons. Participating agencies and companies that GAO surveyed during the course of its reviews generally rated the program highly.

GAO also identified areas of weaknesses and made recommendations that, if addressed, could strengthen the program further. Some of these concerns related to (1) duplicate funding for similar, or even identical, research projects by more than one agency, (2) inconsistent interpretations of extramural research budgets by participating agencies, (3) geographical concentration of awards in a small number of states, and (4) lack of clarification on the emphasis that agencies should give to a company's commercialization record when assessing its proposals. Most of GAO's recommendations for program improvement have been either fully or partially addressed by the Congress in various reauthorizations of the program or by the agencies themselves.

One issue that continues to remain somewhat unresolved after almost two decades of program implementation is how to assess the performance of the SBIR program. As the program has matured, the Congress has emphasized the potential for commercialization as an important criterion in awarding funds and the commercialization of a product as a measure of success for the program. However, in 1999, GAO reported that the program's other goals also remain important to the agencies. By itself, according to some program managers, limited commercialization may not signal "failure" because a company may have achieved other goals, such as innovation or responsiveness to an agency's research needs. GAO identified a variety of reasons why assessing the performance of the SBIR program has remained a challenge. First, because the authorizing legislation and the Small Business Administration's (SBA) policy directives do not define the role of the company's commercialization record in determining commercial potential and the relative importance of the program's goals, different approaches have emerged in agencies' evaluations of proposals. Second, GAO found that it has been difficult to find practical ways to define and measure the SBIR program's goals in order to evaluate proposals. For example, the authorizing legislation lacks a clear definition of "commercialization," and agencies sometimes differed on its meaning. Finally, GAO reported that as the emphasis on commercialization had grown, so had concerns that noncommercial successes may not be adequately recognized. For example, program managers identified various projects that met special military or medical equipment needs but that had limited sales potential.