



Highlights of [GAO-09-956T](#), a testimony before the Committee on Commerce, Science, and Transportation, U. S. Senate

Why GAO Did This Study

The Small Business Innovation Development Act of 1982 established the Small Business Innovation Research program (SBIR) to stimulate technological innovation, use small businesses to meet federal research and development (R&D) needs, foster and encourage participation by minority and disadvantaged persons in technological innovation, and increase private sector commercialization of innovations derived from federal R&D. Since the program's inception, GAO has conducted numerous reviews of the SBIR program. This statement summarizes GAO's past findings on the SBIR program's (1) successes and challenges, (2) data collection issues that affect program monitoring and evaluation, and (3) how agencies make eligibility determinations for the program.

GAO is not making any new recommendations in this statement.

View [GAO-09-956T](#) or key components. For more information, contact Patricia Dalton at (202) 512-3841 or daltonp@gao.gov.

SMALL BUSINESS INNOVATION RESEARCH

Observations on Agencies' Data Collection and Eligibility Determination Efforts

What GAO Found

Between July 1985 and June 1999, GAO found that the SBIR program was 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. More specifically, GAO found that throughout the life of the program, awards have been based on technical merit and are generally of good quality. In addition, the SBIR program successfully attracts many qualified companies, has had a high level of competition, consistently has had a high number of first-time participants, and attracts hundreds of new companies annually. Further, SBIR has helped serve agencies' missions and R&D needs; although GAO found that agencies differ in the emphasis they place on funding research to support their mission versus more generalized research. During these reviews GAO also identified areas of weakness and made recommendations that could strengthen the program further. Many of these recommendations have been either fully or partially addressed by the Congress in various reauthorizations of the program or by the agencies themselves. For example, in 2005, GAO found that the issue of how to assess the performance of the SBIR program remains somewhat unresolved after almost two decades, and identified data and information gaps that make assessment of the SBIR program a challenge.

Many of the solutions to improve the SBIR program could be addressed, in part, by collecting better data and establishing a government-use database, so that SBA and participating agencies can share information and enhance their efforts to monitor and evaluate the program. However, in 2006, GAO reported that SBA was 5 years behind schedule in complying with a congressional mandate to develop a government-use database that could facilitate agencies' monitoring and evaluation efforts. Moreover, the information that SBA was collecting for the database was incomplete and inconsistent, thereby limiting its usefulness. In 2006, SBA told GAO that it expected to have the government-use database operational early in fiscal year 2007. However, the database did not become operational until October 2008 and currently contains 2 years of new data, according to an SBA official. The database also does not permit information to be entered in an inconsistent format.

In 2006, GAO also found that SBA, NIH, and DOD focus on a few select criteria to determine the eligibility of applicants for SBIR awards. GAO reported that both NIH and DOD largely relied on applicants to self-certify that they met all of the SBIR eligibility criteria as part of their SBIR applications, although both made additional efforts to ensure the accuracy of the information when they observed discrepancies in the applications. When the agencies were unable to verify the eligibility of an applicant, they referred the application to SBA for an eligibility determination. GAO found that when SBA finds an applicant to be ineligible for the SBIR program, it places this information on its Web site but does not consistently identify that the ineligibility determination was made for the SBIR program.