



U.S. HOUSE OF REPRESENTATIVES COMMITTEE ON
SCIENCE, SPACE, & TECHNOLOGY

Opening Statement

Chairwoman Haley Stevens (D-MI)
of the Subcommittee on Research and Technology

Research and Technology Subcommittee Hearing:
America's Seed Fund: A Review of SBIR and STTR

Wednesday, February 5, 2020

Good afternoon and welcome to this hearing of the Subcommittee on Research & Technology to review opportunities and challenges for the Small Business Innovation Research and Small Business Technology Transfer program. I'd also like to extend a warm welcome to our distinguished panel of witnesses. We look forward to your testimony and having this discussion this afternoon.

Today, we will explore the role of these important programs in catalyzing the innovation and commercialization accomplishments from our federal research investments to generate new economic growth and further American leadership in innovation.

The SBIR and STTR programs have helped entrepreneurs in Michigan pursue their big ideas and contribute to our thriving innovation economy. Since the creation of these programs, small businesses in Michigan have leveraged \$1.2 billion in funds to develop an amazing array of new technologies while creating jobs and driving economic growth in our region.

These investments transform communities and grow small businesses. For instance, Variation Reduction Solutions, Incorporated, VRSI, is a small business in my district in Plymouth, Michigan focused on manufacturing production technology. With its roots in the auto industry, it needed to find a way to succeed as the economy was crashing in 2007.

With the help of an SBIR grant, VRSI expanded into the aerospace industry, becoming involved with the F-35 program and generating relationships with the Department of Defense and large industry players such as Lockheed Martin and Northrup Grumman. The SBIR program was an essential piece of this successful transition to allow VRSI to not only weather the Great Recession but to grow into a stronger and thriving business.

Today the SBIR Program continues to allow small businesses in districts like mine the opportunity to scale into new industries and new markets while building critical relationships with government and industry partners.

It is because of successes like these that I was proud to cosponsor a bipartisan bill earlier this Congress with Ranking Member Baird and two of our colleagues on the House Small Business Committee to further strengthen the SBIR and STTR programs. H.R. 3774, *The Small Business Innovation Research and Small Business Technology Transfer Improvements Act of 2019*, encourages agencies to give high priority to funding small manufacturers and cybersecurity firms. It is critical for our economic and national security for the U.S. to maintain a domestic manufacturing base and to develop the best cybersecurity tools for all businesses.

For those entrepreneurs who are just getting started, early stage funding helps set them on the path to success. H.R. 3774 would require the Phase 0 Proof of Concept pilot program currently carried out by NIH to be expanded to NSF, DOE, and NASA. This pilot program has been instrumental in providing funds to innovators to identify research with commercial potential, engage in entrepreneurial training, and make technical validations. Phase 0 awards allow researchers to take these important steps before company formation and before spending weeks to months to complete an SBIR application. Data from the NIH pilot program have clearly demonstrated the potential for this program to improve the overall outcomes of the SBIR program. Phase 0 efforts have also demonstrated success in broadening the participation of women and minorities in entrepreneurship. That is an important goal of the SBIR program that the agencies have long struggled with.

SBIR has long been an important program in our Federal R&D portfolio. It helps the agencies achieve their missions and it supports innovative entrepreneurs who are creating jobs and generating economic growth in communities across the nation. The improvements to the SBIR program proposed in H.R. 3774 will ensure that we can continue to build upon the program's successes and lessons learned.

I cannot think of a more essential and exciting topic for us to explore and learn more about today. I want to thank the witnesses for being here today. I look forward to your feedback on our legislation and any additional ideas Congress should consider for improving the SBIR Program.