CLEAN ENERGY BUSINESS NETWORK

SBIR/STTR Programs Have Lapsed: What's Next for Small Businesses?

October 23, 2025

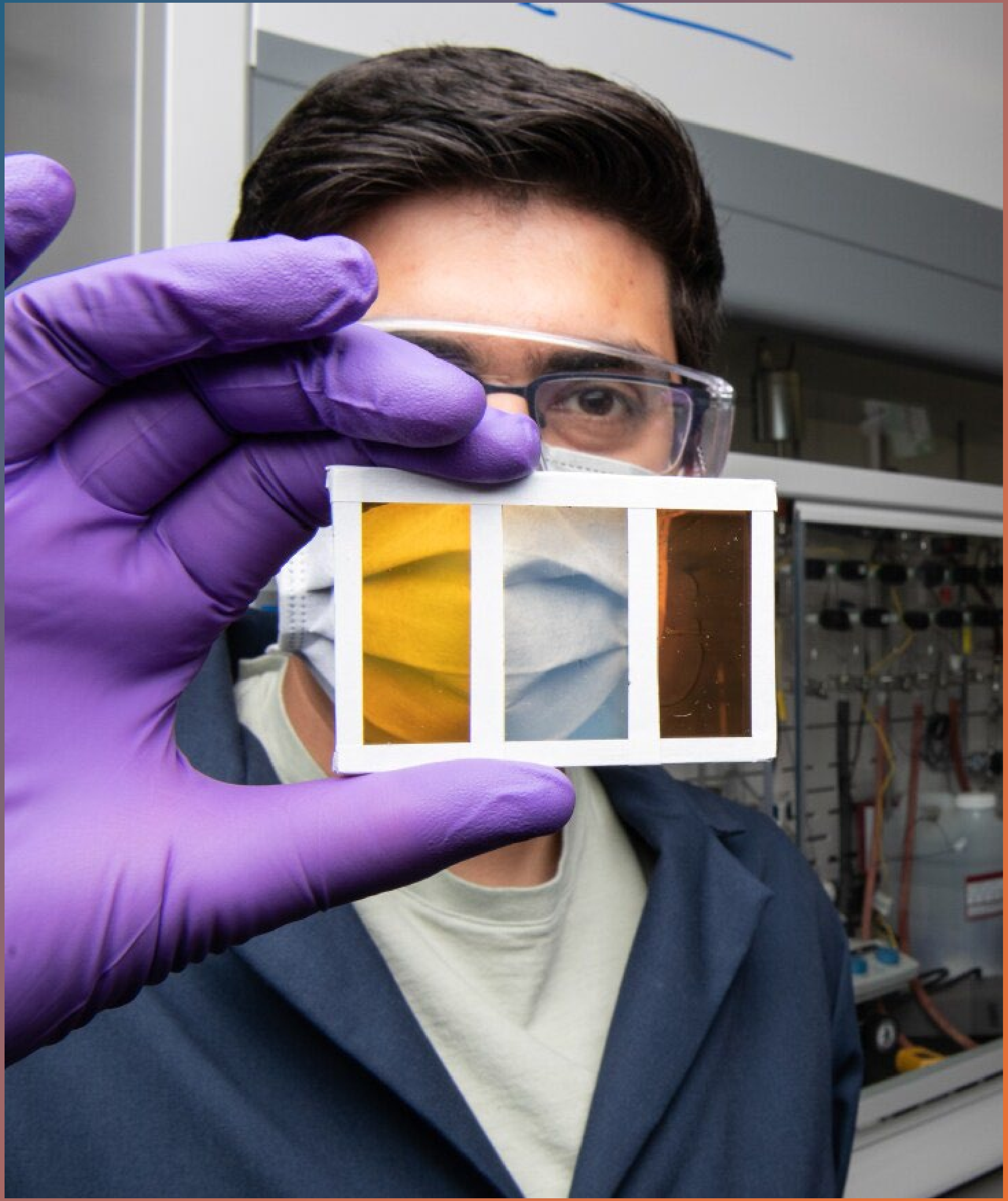
Today's Presentation

Speakers:

- Karlee Popken, Director at Strategic Marketing Innovations, Inc. (SMI)
- Lynn Abramson, President, Clean Energy Business Network (CEBN)
- Andy Barnes, Director of Policy and Communications, CEBN

Agenda:

- Overview
- SBIR/STTR reauthorization proposals
- Impacts of the lapse
- Opportunities to engage
- Q&A and group discussion



SBIR/STTR

- Since 1982, SBIR program has provided non-dilutive federal funding to help small businesses develop and commercialize new technologies.
- **Small Business Innovation Research (SBIR):** 3.2% set-side of federal R&D for grants to small businesses.
- **Small Business Technology Transfer (STTR):** 0.45% set-aside for grants for partnerships between research institutions and small businesses.
- Every $1 invested in these programs results in $12 of benefit to the economy.
- Learn more: SBIR.gov; SBTC

Lapse in Authorization

- Congressional leaders have been negotiating a multi-year reauthorization, with several points of contention.
- House unanimously passed a clean, one-year extension on Sep. 15, 2025.
- Senate Small Business Committee leaders offered competing proposals on the floor, and both were blocked.
    - Chair Joni Ernst (R-IA) sought 1-mo. extension, with permanent policy changes.
    - Ranking Member Ed Markey (D-MA) sought to advance the House-passed extension (H.R. 5100).
- As a result, authorization lapsed Oct. 1, 2025.

SBIR/STTR Proposals

Provision	Sen. Joni Ernst (R-IA) INNOVATE Act (S.853)	Sen. Ed Markey (D-MA) SBIR/STTR Reauthorization Act of 2025 (S.1573)
Reauthorization Term	Three-year extension (through Sep. 30, 2028)	Permanent authorization
Funding Allocations	Increases SBIR to 3.45%, reduces STTR to 0.20%	Increases to 7% SBIR / 1% STTR over 7 years
Award Caps	Imposes $75M lifetime cap on total awards	No cap; keeps open competition
Commercialization Benchmarks	For companies with multiple awards (incl. their spinouts, affiliates, and subsidiaries), requires benchmarks to be eligible to apply again: *>10 Phase I awards*: at least 25% advanced to Phase II *>25 Phase I awards*: at least 50% advanced to Phase II *>25 Phase II awards*: at least 65% non-SBIR revenue to 35% SBIR revenue	No benchmarks; preserves flexibility for high-risk, early-stage R&D
Foreign Risk/National Security	Requires review of foreign affiliations retroactively going back 10 years; prohibits agency contact with applicants during review	Extends bipartisan due diligence rules created in the last reauthorization bill (2022) through 2030
Award Allocation & Access	Removes diversity preferences; creates preferences for rural areas and emerging states; narrows STTR focus; creates a 2-page proposal pilot (Phase IA, $40K); encourages open topics; limits applicants to 3 proposals per solicitation	Reauthorizes FAST program; expands outreach to underserved entrepreneurs
Commercialization Support	Creates "Strategic Breakthrough Awards" up to $30M (DoD focus)	Creates Technology Commercialization Official at each agency and requires acquisition staff training; simplifies Phase III contracts; increases data collection on commercialization; extends several existing programs

Karlee Popken, Director
Strategic Marketing Innovations, Inc. (SMI)

SBIR Congressional Updates

Expired on September 30, 2025

- **Last reauthorized September 2022 – Main Changes:**
  - Foreign Risk Management & Due Diligence
  - Change to Performance Standards (Phase I to II and II to III)
- **New Reauthorization Bills**
  - INNOVATE Act (H.R.4777) Republicans Bill
  - SBIR/STTR Reauthorization Act of 2025 (H.R.3169/S.1573) Democrats Bill
  - H.R.5100 – Clean One Year Extension (Passed House 09/15/25)
- **Very little overlap between the bills**
- **The “six corners” have talks have not continued during the shutdown – new “compromises” being considered by both sides**

Key Congressional Committee

Senate Small Business Committee (SSBC)

Chair: Joni Ernst (R- IA)

Ranking Member: Ed Markey (D- MA)

House Small Business Committee (HSBC)

Chair: Roger Williams (R-TX)

Ranking Member: Nydia Velazquez (D-NY)

House Committee on Science

Chair: Brian Babin (R-TX)

Ranking Member: Zoe Lofgren (D-CA)

Key Issues with Innovate Act

- $75 M Lifetime Funding Cap
- $40 M Annual Revenue Cap on New Phase I's
- Proposal Limits
  - Maximum 3 proposals per Phase I or Phase II solicitation.
  - Maximum 25 proposals per fiscal year.
- Foreign affiliations, joint ventures, licensing agreements, or research collaborations in the past 10 years could make companies ineligible.
- Short Reauthorization Period

What Could Happen Next

Continuing Resolution (CR)

- Committees can't come to an agreement, so they extend the program as is and attach to a new CR

Reauthorization is attached to the NDAA

- Would still need a CR as NDAA typically takes till December or longer but an option that normally requires all parties to concur

New Bill is Passed and Signed

- Small businesses are looking to find a compromise on the legislation and to restart the program

Full Year Extension - Program extended as is – HR 5100

- Senator Ernst disagrees, while the 5 corners want the program restarted before moving toward compromise

Key Issues Moving Forward

Commercialization Standards

- Innovate Act includes new Commercialization standards
- Minority staff is seeking more data
- Retroactive or forward looking

Caps on awards or funding amount

- Senator Ernst staff is still promoting caps

Reauthorization Length

- Innovate 3 years
- Democrat Bill permanent authorization

Due Diligence Issues

- Retroactive and heavy handed

Does agreement from industry move the needle?

Status of Awards

In general (always potential exceptions):

- Existing contracts are being honored.
- Some new Phase I awards and Phase II-III follow-on awards are proceeding if the agencies had already obligated the funds in FY25.
- New solicitations have been paused.
- Agencies will likely discontinue the programs in FY26 unless reauthorized.

Impact

*Highlights from a presentation (9/10/25) by **Dr. Maryann Feldman**, Watts Professor of Public Policy at Arizona State University & Chair of a National Academy of Sciences assessment of SBIR programs:*

- NAS has recently conducted several reviews on SBIR/STTR: DOE (2020), NIH (2022), NSF (2023), DOD (in review), and NASA (in progress).
- DOE SBIR/STTR programs create significant knowledge spillovers that benefit other firms, especially those located in close proximity.
- NIH SBIR/STTR awardees produced about 12% of all approved drugs, including 18% of orphan (i.e., rare) drugs from 1996-2020.
- NIH and NSF SBIR/STTR awardees were more likely to patent and receive venture funding compared to unsuccessful applicants.
- Provides funding for small firms in states/counties that would otherwise be unable to secure VC.
- Caps on repeat awardees would penalize some of the most productive firms, with the biggest impacts in NH, MA, MD, AL, TX, CA, OH, VA, FL, NC, CO, AZ.

The Push for Reauthorization

- 360+ business leaders signed onto letters and sent emails urging Congress to pass an extension (CEBN, SMI).
- Small businesses from across the country participated in a Defend SBIR fly-in and forum (SBTC, SMI, NEIA).
- Bipartisan leaders of the House Small Business and Science Committees expressed disappointment following the Senate's failure to pass an extension.

How to Engage

- Email your Senators to urge them to support SBIR/STTR reauthorization.
- Share your case studies with the Small Business Technology Council.
- **If you are in a state served by Republican Senator(s)**, reach out to cebn@cebn.org to discuss further opportunities to engage (e.g., meetings, emails, OpEds).

questions
& discussion

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