

OSD RDT&E BUDGET ITEM JUSTIFICATION (R2 Exhibit)

Date: February 2007

APPROPRIATION/ BUDGET ACTIVITY RDT&E/ Defense Wide BA# 6		PE NUMBER AND TITLE 0605790D8Z – Small Business Innovation Research/Challenge Administration						
Cost (\$ in Millions)	FY 2006 Actual	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Total Program Element (PE) Cost	6.772	4.422	2.162	2.168	2.214	2.262	2.320	2.380
P518 SBIR Administration	6.772	4.422	2.162	2.168	2.214	2.262	2.320	2.380

A. Mission Description and Budget Item Justification: (U) The Small Business Innovation Research (SBIR) Program and the Small Business Technology Transfer (STTR) Program fund approximately \$1.264 billion annually in mission oriented research and development projects at small technology companies. The purpose of the program is to stimulate the development of new technologies to improve U.S. military and economic capabilities. The SBIR/STTR Program is mandated by public laws (PL) 97-219, PL 99-443, PL 102-564, PL 106-554, and PL 107-50 and is codified in 15 USC 638. The Department of Defense (DoD) SBIR/STTR Program strives to encourage scientific and technical innovation in areas specifically identified by participating DoD components.

(U) DoD components participating in the SBIR/STTR Program include the: Army, Navy, Air Force, Defense Advanced Research Projects Agency (DARPA), Missile Defense Agency (MDA), Defense Threat Reduction Agency (DTRA), U.S. Special Operations Command (SOCOM), Chemical-Biological Defense Program, National Geospatial-Intelligence Agency (NGA), the Defense Logistics Agency (DLA), the Defense MicroElectronics Activity (DMEA) and the Office of Secretary of Defense (OSD) through the Director, Defense Research & Engineering (DDR&E). DoD components participating in the STTR Program include the: Army, Navy, Air Force, DARPA, MDA, and OSD.

B. Program Change Summary	FY 2006	FY 2007	FY 2008	FY 2009
Previous President's Budget (FY 2007)	6.970	2.073	2.231	2.234
Current BES/President's Budget (FY 2008/2009)	6.772	4.422	2.162	2.168
Total Adjustments	-0.198	2.349	-0.069	-0.066
Congressional Program Reductions				
Congressional Rescissions				
Congressional Increases		2.375		
Reprogrammings			-0.069	-0.066
SBIR/STTR Transfer	-0.198	-0.026		
Other				

FY07 Congressional increases are not directly associated with the administration of the program.

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C. Other Program Funding Summary: Not Applicable.

D. Acquisition Strategy: Not Applicable.

E. Performance Metrics: Not Applicable.

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APPROPRIATION/ BUDGET ACTIVITY RDT&E/ Defense Wide BA# 6	PE NUMBER AND TITLE 0605790D8Z – Small Business Innovation Research/Challenge Administration	PROJECT P518
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Cost (\$ in Millions)	FY 2006 Actual	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
P518 SBIR Administration	6.772	4.422	2.162	2.168	2.214	2.262	2.320	2.380

A. Mission Description and Project Justification: (U) The SBIR/STTR Program is executed in three phases. The purpose of Phase I is to determine, insofar as possible, the scientific technical and commercial merit, and feasibility of ideas submitted under the SBIR/STTR Program. Phase II awards are made to firms that have been awarded a Phase I contract on the basis of the results of their Phase I effort and the scientific, technical, and commercial merit of the Phase II proposal. Phase II is the principal research or research and development effort and is expected to produce a well-defined deliverable prototype. Phase III SBIR/STTR efforts are not funded with SBIR/STTR funds and can be considered "follow-on" contracts to Phase II efforts. Under Phase III, companies participating in the SBIR/STTR Program are expected to obtain funding from the private sector and/or non-SBIR/STTR government sources to develop the prototype into a viable product or non-R&D service for sale in military and/or private sector markets.

B. Accomplishments/Planned Program:

Accomplishment/Planned Program Title	FY 2006	FY 2007	FY 2008	FY 2009
Small Business Innovation Research Administration	6.772	4.422	2.162	2.168

(U) Since PL 102-564 prohibits the use of any of the SBIR budget to fund administrative costs of the program, program element (PE) 0605790D8Z is the only source of funds for the coordination, administration and execution of the Department's SBIR/STTR Program. In addition to funding costs for program administration, coordination and execution, PE 0605790D8Z funds essential elements of the SBIR/STTR Program that are required by law including: (a) the development and maintenance of information systems and software required for the measurement, evaluation, and effective management of the Department's SBIR/STTR R&D Program; (b) outreach to small technology companies, potential investors in such companies, SDBs WOSBs HBCU/MIs and others, to encourage and facilitate their participation in the SBIR/STTR Programs (e.g. conferences, trade shows, etc.); (c) preparation of the SBIR/STTR R&D solicitations and related publications; (d) support efforts such as administration of the various SBIR/STTR process action teams; (e) development and promulgation of guidance and reference materials to DoD contracting officers, technical monitors, and other personnel involved in administering the SBIR/STTR Programs; and (f) responding to requests for information relative to DoD's SBIR/STTR Program that receives nearly 16,000 proposals yearly and issues over 3,000 contracts.

C. Other Program Funding Summary: Not Applicable.

D. Acquisition Strategy: Not Applicable.

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E. Major Performers Not Applicable.