CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

August 17, 2017

H.R. 2763
Small Business Innovation Research and Small Business Technology Transfer Improvements Act of 2017

As ordered reported by the House Committee on Science, Space, and Technology on June 22, 2017

Under current law, the Small Business Innovation Research (SBIR) and the Small Business Technology Transfer (STTR) programs require federal agencies with extramural budgets for research and development (R&D) that exceed specified amounts to set aside a specified percent of that budget for contracts with small businesses or for cooperative research between small businesses and a federal laboratory or nonprofit research institution. Eleven agencies currently participate in those programs. A pilot program that authorizes participating agencies to use up to 3 percent of the R&D amounts set aside for the SBIR program to cover certain administrative costs will expire at the end of fiscal year 2017.

H.R. 2763 would:

- Extend the pilot program through fiscal year 2022,
- Require agencies in the STTR program to create a new program to provide grants to federal laboratories and research institutions that support the commercialization of federally funded research and technologies,
- Change certain annual reporting requirements for participating agencies and the Small Business Administration (SBA), and
- Direct the SBA to ensure that participating agencies prioritize SBIR and STTR funding for certain types of small businesses.

Because the pilot program does not affect the underlying costs of administering the SBIR or STTR programs, CBO estimates that extending the pilot program would have no budgetary effect. Based on an analysis of information from the SBA and several participating agencies, CBO estimates that implementing other provisions of H.R. 2763 would cost $5 million over the 2018-2022 period mostly for each agency participating in the STTR program to hire one additional employee to develop and implement the new grant program and for the SBA to update program rules and policy directives; such spending would be subject to the availability of appropriated funds.

Enacting the bill would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

CBO estimates that enacting H.R. 2763 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 2763 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is Stephen Rabent. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.