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United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP
WASHINGTON, DC 20510–6350

March 7, 2003

The Honorable Ted Stevens
Chairman
Committee on Appropriations
United States Senate
Washington, DC 20510

The Honorable Robert C. Byrd
Ranking Member
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman and Ranking Member:

Technological innovation creates jobs, increases productivity and economic growth, and serves as a counter force to inflation and the Nation's balance-of-payments deficit. The small business sector is the Nation's principal source of significant innovation; yet, it is large businesses, universities and government laboratories that historically have conducted the vast majority of federally funded research & development (R&D).

Consequently, two decades ago, the Congress established a government-wide policy to encourage small business innovation by creating the Small Business Innovation Research (SBIR) program at the U.S. Small Business Administration (SBA). Ten years later the Congress created the Small Business Technology Transfer (STTR) program. Over the past four years (FY 1999, FY 2000, FY 2001, and FY 2002), $5.1 billion in R&D grants and contracts have been awarded to small businesses under the SBIR and STTR programs.

In light of this history, we are very concerned that the Conference Report on the FY 2003 Omnibus Appropriations Act eliminated all funding for the SBIR Federal and State Technology Partnership (FAST) program and the SBIR Rural Outreach program. We want to emphasize that this action was done without any consultation with this Committee, which oversees these programs.

Furthermore, there was demonstrated bipartisan support for these programs in both the legislative and executive branches. The Administration had requested $3 million for the SBIR FAST program and $500,000 for the SBIR Rural Outreach Program. The Senate agreed and included the requested funding levels in the FY 2003 Commerce, Justice, and State Appropriations bill.

Historically, firms located in a relatively small number of States have been more successful in securing awards under the SBIR and STTR programs. The FAST program is important because it provides grants, matched by state funding, to a single state recipient for technical assistance to enhance the technological competitiveness of small businesses. The purpose of the SBIR Rural Outreach program is to foster technology in more States and broaden the geographical dispersion of SBIR and STTR awards. As an example, both Alaska and West Virginia are two of the 25 States where small businesses have underutilized the SBIR and STTR programs and received Rural Outreach grants to increase small business participation. In addition, West Virginia also received an FY 2002 FAST award.

The SBIR FAST and Rural Outreach programs provide a significant boost to small businesses in every part of the country interested in participating in the SBIR and STTR programs at a very low cost to the taxpayers. Although $3.5 million is less than 0.0005 percent of the Federal Government's FY 2003 total appropriations and is almost invisible, it represents a significant amount to small business in valuable business advice and counseling. Accordingly, we are seeking your help and support for identifying new sources of funds to alleviate the severe impact these cutbacks will have on small businesses in our States.

Thank you for your attention to this serious funding problem. We look forward to your reply.

Sincerely,

Olympia J. Snowe
Chair

John F. Kerry
Ranking Member

Christopher S. Bond

Carl Levin

Conrad R. Burns

Tom Harkin

Mike Enzi

Mary L. Landrieu

Mike Crapo

John Edwards

George Allen

Maria Cantwell

John Ensign

Evan Bayh

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