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United States Senate

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

December 22, 2003

VIA FACSIMILE & FIRST-CLASS MAIL

The Honorable Joshua B. Bolten
Director
Office of Management and Budget
Executive Office of the President
17th Street & Pennsylvania Avenue, N.W.
Washington, D.C. 20503

Re: Final Approval of Rule on Wholly-Owned Subsidiaries for the SBIR and STTR Programs

Dear Director Bolten:

It is my understanding that the Small Business Administration (SBA) has sent to OMB for approval the final rule change regarding the participation of wholly-owned subsidiaries of small businesses in the SBA's Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs. While I am very pleased that the Administration is making this change, I am concerned that the final rule will not be approved in time to help the small firms that have been waiting since this summer for the issue to be resolved. As I did with Administrator Barreto in October, I am writing to ask that you expedite final approval.

To give you just one example, the deadline at NASA for Phase II proposals is January 14, 2004. It takes months and thousands of dollars for small businesses to complete these proposals. Affected small businesses have made the substantial investment of time and money because they have been given the impression that the Administration will change this rule and that they will be eligible to compete. They understand the importance of deliberating any Federal rule change and they recognize the slower schedules during the holidays. However, with so few business days left until January 14, 2004, panic is starting to emerge among these small research and development firms because these awards of $750,000 are at stake. They need to meet payroll and keep the research going.

In order to give them time to make any last-minute changes to their proposals, I ask that the OMB approve the final rule by early in the week of January 5, 2004. If that is not possible, I ask that the Administration communicate to the SBIR agencies and departments, at the very least to NASA, that the rule will be changed within a week of January 5, 2004, and that they delay their solicitations until they can include the new eligibility requirement.

Since time is of the essence with respect to this matter, please respond in writing by Friday, January 2, 2004.

Thank you very much for your help with this rule change. I wish you and your family happy holidays and all the best in the New Year.

Sincerely,

John F. Kerry
Ranking Member

cc: The Honorable Hector V. Barreto