

GAO Highlights

Highlights of [GAO-24-106398](#), a report to congressional committees.

Why GAO Did This Study

Small businesses are important drivers of economic growth, but they can face challenges accessing capital to fund research and development. Through the SBIR and STTR programs, agencies provide awards (e.g., grants and contracts) to small businesses for several purposes, including to meet federal R&D needs, increase private sector commercialization, stimulate innovation, and encourage participation by disadvantaged and women-owned small businesses. New awards amounted to approximately \$3 billion during FY 2021, according to data from the Small Business Administration (SBA), which oversees the programs.

The SBIR and STTR Extension Act of 2022 includes a provision for GAO to examine small businesses that received multiple awards. This report examines 1) the extent to which multiple awardees received 50 or more Phase II awards from participating agencies, 2) how multiple awardees compare on measures of progress toward program goals, and 3) the extent to which increased performance standards affect multiple awardees' participation.

For all three objectives, GAO compiled and analyzed data from multiple sources, including SBA. GAO also reviewed agency documentation and interviewed officials from the 11 participating agencies and SBA and a non-generalizable selection of 10 small businesses.

View [GAO-24-106398](#). For more information, contact Candice N. Wright at (202) 512-6888 or wrightc@gao.gov.

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SMALL BUSINESS RESEARCH PROGRAMS

Increased Performance Standards Likely Affect Few Businesses Receiving Multiple Awards

What GAO Found

Through the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs, businesses compete for federal R&D awards. Phase I awards fund businesses to assess feasibility, and Phase II awards fund them to develop prototypes or make other advancements.

Twenty-two small businesses received 50 or more Phase II awards from federal agencies in the 10-year period from fiscal years (FY) 2011 through 2020. During this period, these 22 businesses, referred to as multiple awardees, represented fewer than 1 percent of all Phase II awardees (22 of 6,865). They received 11 percent of total Phase II awards and 10 percent of total Phase II award dollars.

The 11 participating agencies varied in the percentage of awards to multiple awardees. Agencies associated with multiple awardees have specific R&D needs and do not cap the number of awards per business. Other agencies have broader needs, prioritize attracting new applicants, or use award caps.

Phase II Awards Issued to Multiple Awardees in the Small Business Innovation Research and Small Business Technology Transfer Programs, Fiscal Years 2011–2020

Agency	Number of awards	Percentage of awards
Department of Homeland Security	46	26%
Department of Transportation	27	23%
Department of Defense	1,718	17%
Department of Energy	199	12%
Department of Commerce	17	10%
National Aeronautics and Space Administration	154	10%
Environmental Protection Agency	5	6%
U.S. Department of Agriculture	10	3%
Department of Health and Human Services	89	2%
Department of Education	1	1%
National Science Foundation	0	0%
Overall	2,266	11%

Source: GAO analysis of data from the Small Business Administration. | [GAO-24-106398](#)

Note: For more details, see table 3, [GAO-24-106398](#).

SBIR and STTR program goals include meeting federal R&D needs, increasing private sector commercialization, stimulating innovation, and encouraging participation by disadvantaged and women-owned small businesses. On average, multiple awardees performed below or similarly to other awardees in measures of progress toward these goals, according to GAO's analysis.

The SBIR and STTR Extension Act of 2022 created increased standards for some businesses, calling for greater success rates in transitioning from Phase I to Phase II and from Phase II to commercialization. But GAO's analysis suggests these standards may have minimal effects on participation by multiple awardees. In FY 2023, six companies did not meet the new standards. According to GAO's analysis, a small number of businesses are generally at risk of not meeting the standards. Among those, few may face meaningful consequences, because the limit on awards is higher than these businesses generally receive per year.