GAO Highlights

SMALL BUSINESS RESEARCH PROGRAMS

Better Data Could Improve Insight into Companies' Success

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A report to congressional committees.

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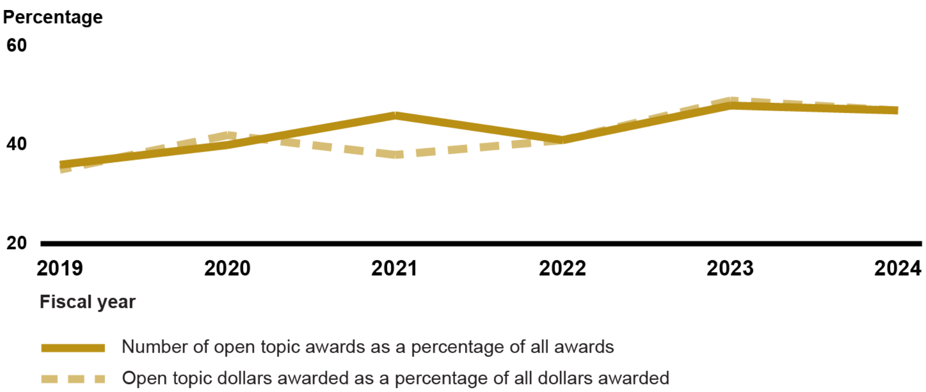
What GAO Found

In fiscal year (FY) 2024, the most recent data available at the time of review, 11 federal agencies issued $4.4 billion in Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) awards, split almost equally between open and conventional topics. For open topics, agencies define broad areas of interest, and small businesses submit proposals defining potential agency needs and solutions. In contrast, for conventional topics, agencies define specific problems, and small businesses submit proposals that address those needs. One goal of SBIR and STTR is to increase commercialization of federally funded research and development (R&D), such as by selling to private industry or to federal agencies. To help achieve this goal, Congress began requiring the Department of Defense (DOD) to release open topic solicitations in FY 2023.

Open Topic Awards in the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Programs, Fiscal Years 2019–2024



Source: GAO analysis of data from the Small Business Administration and the 11 SBIR and STTR agencies. | GAO-26-108750

Incomplete data prevent agencies from evaluating commercialization outcomes for open and conventional topic awards. At specific milestones, small businesses are required to report to the Small Business Administration (SBA) on commercial activity resulting from past awards. SBA maintains this information in a statutorily required database. However, GAO's review of FY 2019 through FY 2024 awards showed small businesses submitted required data for less than half of their prior awards. Not all agencies communicate reporting requirements to applicants or ensure that applicants submitted required reports. Better conveying requirements to small businesses and ensuring compliance with these requirements could improve the completeness of the commercialization database.

Even if the share of companies submitting information increased, SBA officials said that they would not view the commercialization data as sufficiently reliable without validation and verification. They identified options to increase data reliability, such as incorporating information from other sources (like the Internal Revenue Service's revenue data) or obtaining additional resources to validate the data. Statutory changes would be needed to change the commercialization data SBA collects. Reliable data would potentially enable SBA to provide decision makers with clearer insights into the different outcomes for open and conventional topic awards and the overall economic return on federal R&D.

Why GAO Did This Study

To help drive economic growth, 11 participating agencies provide SBIR and STTR funding to support small businesses that might otherwise face difficulties securing capital for R&D. SBA oversees the programs, including issuing guidance and reporting to Congress.

In connection with requirements for DOD to release open topics, the SBIR and STTR Extension Act of 2022 included a provision for GAO to review open topics in the programs. This fourth report examines FY 2024 awards, how open and conventional topic awards differ in terms of small businesses' commercialization outcomes, and other objectives.

GAO analyzed data from the 11 participating agencies and SBA for over 6,000 awards issued in FY 2024. GAO examined SBA's commercialization database for awards issued in FY 2019 through FY 2024. GAO reviewed statutory requirements and interviewed officials from SBA and participating agencies, as well as representatives from 20 randomly selected small businesses that received SBIR or STTR awards.

What GAO Recommends

GAO is making a total of 14 recommendations. Thirteen are to participating agencies to clearly communicate commercialization reporting requirements and check whether applicants adhere to these requirements. One recommendation is to SBA to submit a legislative proposal to Congress or pursue other actions to strengthen the reliability of commercialization data. The agencies agreed with the recommendations.