

## **NASA Advisory Council Recommendation**

### **Delays in Small Business Innovative Research/ Small Business Technology Transfer (SBIR/STTR) Funding 2011-02-09 (TIC-01)**

#### **Recommendation:**

Request that senior Agency leadership address issues surrounding the significant delays in FY 2010 and 2011 in funding SBIR/STTR awardees and work to remedy these problems for FY 2012 and beyond.

#### **Major Reasons for the Recommendation:**

The 2010 determination of severability and subsequent cascading decisions regarding bona fide need provisions and funding rules have resulted in: (1) significant delays in funding of new-start projects; (2) very small funding increments while operating under Continuing Resolutions; (3) an overall inability for NASA to meet its Congressionally mandated annual funding obligations to small businesses; (4) reductions in the benefits NASA can gain from these projects; and (5) de-motivation of internal staff and potential partners. Since 2010, NASA issued only about 30% of the total funding intended for SBIR/STTR. Over 200 SBIR Phase 2 projects selected in October 2010 have not yet been funded as of late April 2011; normally, SBIR Phase 2 projects selected in October are initiated in December and January.

#### **Consequences of No Action on the Recommendation:**

Additional delays in awards of SBIR/STTR projects which will inhibit hundreds of small businesses from beginning important research and technology development for the Agency and its missions.

#### **NASA Response:**

NASA concurs with this recommendation.

NASA's Office of the General Counsel (OGC), Office of the Chief Financial Officer (OCFO), and Office of the Chief Technologist (OCT) met in April and May to address this issue. An agreement-in-principle has been reached for revision of the SBIR/STTR contract severability determination (pending final review and approval by the OCFO), which is one of the main issues behind the delays in initiating the NASA SBIR/STTR contracts. Draft language for a new decision memorandum by the OCFO has been developed and is currently under review by OGC, OCFO, and OCT. Once finalized, NASA will forward the OCFO-signed memorandum on this issue to the Council and the Technology and Innovation Committee.

In addition, the Agency's FY 2011 Initial Operating Plan has been submitted to Congress. The plan restores the funding that was transferred out of the SBIR/STTR in the July 21, 2010, Operating Plan update, as a result of the FY 2010 change of Cross Agency Support (CAS) to one-year funding and the severability of SBIR/STTR contracts. This restoration was committed to in the July 21, 2010, Operating Plan update, but needed to wait until the FY 2011 Initial Operating Plan to be implemented. With implementation, the SBIR and STTR programs

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will achieve a net zero change (across FY 2010 and FY 2011), thus meeting legally mandated funding levels. These funds have been authorized to be spent and released within the Science and Exploration accounts. For FY 2012 and outyears, NASA has submitted proposed appropriations language with the FY 2012 Budget Request to help avoid this in the future by allowing CAS funding to remain available for two years.