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Exhibit R-2, RDT&E Budget Item Justification: PB 2020 Office of the Secretary Of Defense **Date:** February 2019

Appropriation/Budget Activity 0400: <i>Research, Development, Test & Evaluation, Defense-Wide I BA 6: RDT&E Management Support</i>	R-1 Program Element (Number/Name) PE 0605790D8Z I <i>Small Business Innovation Research (SBIR)/Small Business Technology Transfer (STTR)</i>
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COST (\$ in Millions)	Prior Years	FY 2018	FY 2019	FY 2020 Base	FY 2020 OCO	FY 2020 Total	FY 2021	FY 2022	FY 2023	FY 2024	Cost To Complete	Total Cost
Total Program Element	-	2.367	2.539	3.568	-	3.568	3.616	3.658	2.707	2.764	Continuing	Continuing
518: <i>SBIR/Challenge Admin</i>	-	2.367	2.539	3.568	-	3.568	3.616	3.658	2.707	2.764	Continuing	Continuing

A. Mission Description and Budget Item Justification

This Program Element (PE) provides funding for the administration of the Department of Defense (DOD) Small Business Innovation Research (SBIR) Program and the Small Business Technology Transfer (STTR) Program. The DOD SBIR/STTR Program funds over one billion dollars annually in mission oriented research and development (R&D) projects via small technology companies. The purpose of the program is to stimulate technological innovation, increase private sector commercialization of Federal R&D, increase small business participation in Federally funded R&D, foster participation by minority and disadvantaged firms in technological innovation, and cultivate cooperative research & technology transfer between small business and research institutions. The SBIR/STTR Program is codified in 15 USC 638. The SBIR/STTR Programs competitively fund scientific and technical innovation to specifically address the mission needs of participating DOD components.

DOD components participating in the SBIR and STTR Program include the: Army, Navy, Air Force, Defense Advanced Research Projects Agency (DARPA), Missile Defense Agency (MDA), Defense Threat Reduction Agency (DTRA), U.S. Special Operations Command (SOCOM), Joint Science & Technology Office for Chemical & Biological Defense (CBD), National Geospatial-Intelligence Agency (NGA), the Defense Logistics Agency (DLA), the Defense Microelectronics Activity (DMEA), the Defense Health Agency (DHA) and the Office of Secretary of Defense (OSD).

B. Program Change Summary (\$ in Millions)	FY 2018	FY 2019	FY 2020 Base	FY 2020 OCO	FY 2020 Total
Previous President's Budget	2.372	2.545	2.575	-	2.575
Current President's Budget	2.367	2.539	3.568	-	3.568
Total Adjustments	-0.005	-0.006	0.993	-	0.993
• Congressional General Reductions	-	-			
• Congressional Directed Reductions	-	-			
• Congressional Rescissions	-	-			
• Congressional Adds	-	-			
• Congressional Directed Transfers	-	-			
• Reprogrammings	-	-			
• SBIR/STTR Transfer	-	-			
• FFRDC Reduction	-0.005	-0.006	-	-	-
• Other Program Adjustment	-	-	-0.007	-	-0.007
• Internal Realignment for Higher Priorities	-	-	1.000	-	1.000

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Exhibit R-2A, RDT&E Project Justification: PB 2020 Office of the Secretary Of Defense										Date: February 2019		
Appropriation/Budget Activity 0400 / 6					R-1 Program Element (Number/Name) PE 0605790D8Z / <i>Small Business Innovation Research (SBIR)/Small Business Technology Transfer (STTR)</i>				Project (Number/Name) 518 / <i>SBIR/Challenge Admin</i>			
COST (\$ in Millions)	Prior Years	FY 2018	FY 2019	FY 2020 Base	FY 2020 OCO	FY 2020 Total	FY 2021	FY 2022	FY 2023	FY 2024	Cost To Complete	Total Cost
518: <i>SBIR/Challenge Admin</i>	-	2.367	2.539	3.568	-	3.568	3.616	3.658	2.707	2.764	Continuing	Continuing
Quantity of RDT&E Articles	-	-	-	-	-	-	-	-	-	-		

A. Mission Description and Budget Item Justification

The SBIR/STTR Program is executed in three phases. The purpose of Phase I is to determine, insofar as possible, the scientific technical and commercial merit, and feasibility of ideas submitted under the SBIR/STTR Program. Phase II is the principal research or research and development effort and is expected to produce a well-defined deliverable prototype. Phase III SBIR/STTR efforts derive from, extend or conclude Phase I or Phase II efforts, and are not funded with SBIR/STTR funds. Under Phase III, companies participating in the SBIR/STTR Program are expected to obtain funding from the private sector and/or non-SBIR/ STTR government sources to develop the prototype into a viable product or non-R&D service for sale in military and/or private sector markets. This PE funds the administrative support to the SBIR/ STTR programs including policy development, monitoring program execution for participating DOD agencies, outreach to small businesses, training for DOD small business and contracting professionals, and an annual conference to bring together the stakeholders for networking and program updates.

B. Accomplishments/Planned Programs (\$ in Millions)

	FY 2018	FY 2019	FY 2020
Title: SBIR/Challenge Admin	2.367	2.539	3.568
<p>Description: Program element (PE) 0605790D8Z is the only source of funds for the coordination, administration and execution of the Department's SBIR/STTR Programs. The Director, DOD SBIR/STTR Programs is tasked with providing Departmental SBIR/ STTR policy guidance, oversight and implementation and therefore requires program element (PE) 0605790D8Z to fund these administrative activities. In addition to funding costs for program administration, coordination and execution, PE 0605790D8Z funds essential tasks of the SBIR/STTR Program that are required by law including:</p> <p>(1) Coordinate and execute the administrative portions of the DOD SBIR/STTR Programs including the development of technical topics, preparation of SBIR/STTR R&D solicitations and receipt of proposal responses;</p> <p>(2) Maintain and modify automated processes across the entire SBIR/STTR lifecycle including the development and maintenance of information systems and software required for the measurement, evaluation, and effective management of the Department's SBIR/STTR Programs;</p> <p>(3) Conduct an outreach program including the execution of two National conferences and outreach to small technology companies, potential investors in such companies, small disadvantaged businesses (SDBs), woman owned small businesses (WOSBs), Institutions of Higher Learning, underrepresented states, and others, to facilitate participation in the SBIR/STTR Programs;</p> <p>(4) Coordinate oversight, collect results, track execution and provide reporting of Phase II technology transition in the DOD SBIR Commercialization Readiness Program (CRP); and</p> <p>(5) Prepare all reports mandated by law and policy.</p>			

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Appropriation/Budget Activity 0400 / 6	R-1 Program Element (Number/Name) PE 0605790D8Z / <i>Small Business Innovation Research (SBIR)/Small Business Technology Transfer (STTR)</i>	Project (Number/Name) 518 / <i>SBIR/Challenge Admin</i>

B. Accomplishments/Planned Programs (\$ in Millions)

FY 2019 Plans:

Program element (PE) 0605790D8Z is the only source of funds for the coordination, administration and execution of the Department's SBIR/STTR Programs. The Director, DOD SBIR/STTR Programs is tasked with providing Departmental SBIR/STTR policy guidance, oversight and implementation and therefore utilizes program element (PE) 0605790D8Z to fund these administrative activities. In addition to funding costs for program administration, coordination and execution, PE 0605790D8Z funds essential tasks of the SBIR/STTR Program that are required by law including:

- (1) Coordinate and execute the administrative portions of the DOD SBIR/STTR Programs including the development of technical topics, preparation of SBIR/STTR R&D solicitations and receipt of proposal responses;
- (2) Maintain and modify automated processes across the entire SBIR/STTR lifecycle including the development and maintenance of information systems and software required for the measurement, evaluation, and effective management of the Department's SBIR/STTR Programs;
- (3) Conduct an outreach program including the execution of two National conferences and outreach to small technology companies, potential investors in such companies, SDBs, WOSBs, Institutions of Higher Learning, underrepresented states, and others, to facilitate participation in the SBIR/STTR Programs;
- (4) Coordinate oversight, collect results, track execution and provide reporting of Phase II technology transition results from the DOD SBIR Commercialization Readiness Program (CRP); and
- (5) Prepare all reports mandated by law and policy.

FY 2020 Plans:

Program element (PE) 0605790D8Z is the only source of funds for the coordination, administration and execution of the Department's SBIR/STTR Programs. The Director, DOD SBIR/STTR Programs is tasked with providing Departmental SBIR/STTR policy guidance, oversight and implementation and therefore utilizes program element (PE) 0605790D8Z to fund these administrative activities. In addition to funding costs for program administration, coordination and execution, PE 0605790D8Z funds essential elements of the SBIR/STTR Program that are required by law including:

- (1) Coordinate and execute the administrative portions of the DOD SBIR/STTR Programs including the development of technical topics, preparation of SBIR/STTR R&D solicitations and receipt of proposal responses;
- (2) Maintain and modify automated processes across the entire SBIR/STTR lifecycle including the development and maintenance of information systems and software required for the measurement, evaluation, and effective management of the Department's SBIR/STTR Programs;
- (3) Conduct an outreach program including the execution of two National conferences and outreach to small technology companies, potential investors in such companies, SDBs, WOSBs, Institutions of Higher Learning, underrepresented states, and others, to facilitate participation in the SBIR/STTR Programs;

FY 2018	FY 2019	FY 2020

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B. Accomplishments/Planned Programs (\$ in Millions)	FY 2018	FY 2019	FY 2020
<p>(4) Coordinate oversight, collect results, track execution and provide reporting of Phase II technology transition results from the DOD SBIR Commercialization Readiness Program (CRP); and</p> <p>(5) Prepare all reports mandated by law and policy.</p> <p><i>FY 2019 to FY 2020 Increase/Decrease Statement:</i> Under Program element (PE) 0605790D8Z the DOD SBIR/STTR Program Office utilizes this sole source of funds for the coordination, administration and execution of DOD's SBIR/STTR Programs. The various areas that are administered require continuous enhancements for stakeholders to successfully participate in these programs. This results in a need for an increase to the funding source. This increase addresses enhancements to the outreach, collection and reporting portion of the program as well as training - more specifically fraud waste and abuse training required by law with respect to the participation in these programs.</p>			
Accomplishments/Planned Programs Subtotals	2.367	2.539	3.568

C. Other Program Funding Summary (\$ in Millions)
N/A

Remarks

D. Acquisition Strategy
Not applicable for this item.

E. Performance Metrics
 Performance supports the administration of the program and compliance with statutory requirements.
 For PE 0605790D8Z, management and administration of the DOD SBIR/STTR Programs, the following measures have been established to meet requirements as mandated by law: 1) Coordinate and execute the administrative portions of the DOD SBIR/STTR Programs, especially the creation of the six solicitations; 2) Maintain and improve automated processes across the entire SBIR/STTR lifecycle; 3) Conduct an outreach program, especially the planning and execution of two National conferences and outreach to small technology companies and Institutions of Higher Learning; 4) Coordinate oversight, collect results, track execution and provide reporting of Phase II commercialization; 5) Prepare all reports mandated by law and policy.