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**Exhibit R-2, RDT&E Budget Item Justification:** PB 2025 Office of the Secretary Of Defense **Date:** March 2024

<b>Appropriation/Budget Activity</b> 0400: <i>Research, Development, Test &amp; Evaluation, Defense-Wide I BA 6: RDT&amp;E Management Support</i>	<b>R-1 Program Element (Number/Name)</b> 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 2023	FY 2024	FY 2025 Base	FY 2025 OCO	FY 2025 Total	FY 2026	FY 2027	FY 2028	FY 2029	Cost To Complete	Total Cost
Total Program Element	-	3.820	3.831	5.346	-	5.346	5.427	5.510	5.598	5.680	Continuing	Continuing
518: <i>SBIR Challenge Admin</i>	-	3.820	3.831	5.346	-	5.346	5.427	5.510	5.598	5.680	Continuing	Continuing

**Note**

New Start (Y/N): No

**A. Mission Description and Budget Item Justification**

This program supports the Department's initiatives to Build Sustainable and Long-Term Advantage, and Taking Care of People.

This program element (PE) provides funding for the administration of the Defense Small Business Innovation Research (SBIR) program and the Small Business Technology Transfer (STTR) program. The authority to establish SBIR and STTR programs is codified in 15 U.S.C. 638. The statutory goals of the programs are to stimulate technological innovation, meet federal research and development (R&D) needs, foster and encourage participation in innovation and entrepreneurship by women and socially or economically disadvantaged persons, and increase private sector commercialization of innovations from federal R&D funding. In addition, the STTR program aims to foster technology transfer through cooperative R&D between small businesses and research institutions.

The DoD SBIR/STTR programs set-aside almost two billion dollars annually defense-wide to competitively fund scientific and technical innovation to specifically address the National Defense Strategy (NDS) modernization priorities and the mission needs of participating DoD components. The DoD components participating in the SBIR/STTR programs include: 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), Defense Logistics Agency (DLA), Defense Microelectronics Activity (DMEA), Defense Health Agency (DHA), Strategic Capabilities Office (SCO), Defense Human Resources Activity (DHRA), Space Development Agency (SDA), and the Office of Secretary of Defense (OSD).

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<b>B. Program Change Summary (\$ in Millions)</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025 Base</b>	<b>FY 2025 OCO</b>	<b>FY 2025 Total</b>
Previous President's Budget	3.820	3.831	3.889	-	3.889
Current President's Budget	3.820	3.831	5.346	-	5.346
Total Adjustments	0.000	0.000	1.457	-	1.457
• Congressional General Reductions	-	-			
• Congressional Directed Reductions	-	-			
• Congressional Rescissions	-	-			
• Congressional Adds	-	-			
• Congressional Directed Transfers	-	-			
• Reprogrammings	-	-			
• SBIR/STTR Transfer	-	-			
• Program Adjustments	-	-	1.446	-	1.446
• Economic Assumptions	-	-	0.011	-	0.011

**Change Summary Explanation**

Increase \$1.446 million in FY 2025 is due to a \$1.500 million realignment from PE 0603527D8Z to support SBIR Challenge Admin and a reduction of \$0.054 million was applied to meet DoD overall funding reductions, which were spread to mitigate impact. Funding increase of \$0.011 million in FY 2025 for Economic Assumptions.

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<b>Exhibit R-2A, RDT&amp;E Project Justification:</b> PB 2025 Office of the Secretary Of Defense										<b>Date:</b> March 2024		
<b>Appropriation/Budget Activity</b> 0400 / 6					<b>R-1 Program Element (Number/Name)</b> PE 0605790D8Z / <i>Small Business Innovation Research (SBIR) Small Business Technology Transfer (STTR)</i>				<b>Project (Number/Name)</b> 518 / <i>SBIR Challenge Admin</i>			
<b>COST (\$ in Millions)</b>	<b>Prior Years</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025 Base</b>	<b>FY 2025 OCO</b>	<b>FY 2025 Total</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>	<b>Cost To Complete</b>	<b>Total Cost</b>
518: <i>SBIR Challenge Admin</i>	-	3.820	3.831	5.346	-	5.346	5.427	5.510	5.598	5.680	Continuing	Continuing
Quantity of RDT&E Articles	-	-	-	-	-	-	-	-	-	-		

**A. Mission Description and Budget Item Justification**

The Small Business Innovation Research (SBIR) program and the Small Business Technology Transfer (STTR) programs are highly competitive programs that encourage domestic small businesses to engage in federal research, development, test and evaluation (RDT&E) with the potential for commercialization. Through a competitive awards-based program, SBIR/STTR enables small businesses to explore their technological potential and provide the incentive to profit from its commercialization. By including qualified small businesses in the nation's research and development (R&D) arena, high-tech innovation is stimulated, and the United States gains entrepreneurial spirit as it meets specific research and development needs.

The SBIR/STTR programs are executed in three phases. The purpose of Phase I is to determine the scientific technical and commercial merit, and feasibility of ideas submitted under the SBIR/STTR programs. 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 programs are expected to obtain funding from the private sector and/or non-SBIR/non-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 Program funds the administrative support to the SBIR/STTR programs including: policy development, oversight of program execution for participating DoD agencies, outreach to small businesses, Impact Level IV (IL4) environment hosting/operation and maintenance for the Defense SBIR/STTR Innovation Portal (DSIP), and conduct of a virtual symposium to better communicate the DoD mission and technology needs to small businesses.

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

	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
<b>Title:</b> SBIR Challenge Admin	3.820	3.831	5.346
<b>Description:</b> This program element is the only source of funds for the coordination, administration, and execution of the Department's SBIR/STTR programs in accordance with statute, Small Business Administration (SBA) SBIR/STTR Policy Directive, and the DoD policies and regulations. The Director, Small Business and Technology Partnerships (SBTP) within the Office of the Under Secretary of Defense for Research and Engineering (OUSD(R&E)) is tasked with oversight and execution of essential SBIR/STTR Program activities that are required by law.			
<b>FY 2024 Plans:</b>			
- Continue coordination and execution of the expanding administrative responsibilities of the DoD SBIR/STTR programs;			
- Refine and improve established automated processes across the entire SBIR/STTR lifecycle;			

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<b>B. Accomplishments/Planned Programs (\$ in Millions)</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
<ul style="list-style-type: none"> <li>- Evaluate and expand existing outreach programs through a tiered approach to conduct due diligence of small businesses seeking SBIR/STTR awards;</li> <li>- Continue oversight and collection of results, track execution, and report Phase II technology transition results from the DoD SBIR/STTR Program; and</li> <li>- Prepare and respond to required reports mandated by law and policy.</li> </ul> <p><b>FY 2025 Plans:</b></p> <ul style="list-style-type: none"> <li>- Implement the due diligence program and provide small businesses with the revised foreign disclosure form;</li> <li>- Continue development of DoD-wide SBIR/STTR guidance on program implementation in order to help streamline; processes, remove barriers and decrease award timelines;</li> <li>- Continue implementation of and reporting on new requirements introduced in the SBIR/STTR program reauthorization;</li> <li>- Attend outreach events to promote program opportunities, encourage participation and clarify reauthorization program updates;</li> <li>- Incorporate reauthorization language into Phase III guidance for response to DoDIG-2014-049.</li> </ul> <p><b>FY 2024 to FY 2025 Increase/Decrease Statement:</b> The increase of \$1.515 million between FY 2024 and FY 2025 allows expansion of administrative support to implement the following eight new requirements imposed by the SBIR/STTR Extension Act of 2022: Sec. 4. Foreign Risk Management, Sec 5. Agency Recovery Authority and Ongoing Reporting, Sec 6. Report on Adversarial Military and Foreign Influence in the SBIR and STTR Programs, Sec. 7. Program on Innovation Open Topics, Sec. 8. Increased Minimum Performance Standards for Experienced Firms, Sec. 9. Prohibition Against Writing Solicitation Topics, Sec. 10. GAO Study on Multiple Award Winners, and Sec. 11. GAO Report on Subcontracting in SBIR and STTR Programs.</p>			
<b>Accomplishments/Planned Programs Subtotals</b>	3.820	3.831	5.346

**C. Other Program Funding Summary (\$ in Millions)**

N/A

**Remarks**

**D. Acquisition Strategy**

N/A