

**UNCLASSIFIED**

**Exhibit R-2, RDT&E Budget Item Justification:** PB 2023 Air Force **Date:** April 2022

<b>Appropriation/Budget Activity</b> 3620F: <i>Research, Development, Test &amp; Evaluation, Space Force I BA 6: RDT&amp;E Management Support</i>	<b>R-1 Program Element (Number/Name)</b> PE 1205502SF / <i>Small Business Innovation Research</i>
--	--

COST (\$ in Millions)	Prior Years	FY 2021	FY 2022	FY 2023 Base	FY 2023 OCO	FY 2023 Total	FY 2024	FY 2025	FY 2026	FY 2027	Cost To Complete	Total Cost
Total Program Element	-	256.920	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	Continuing	Continuing
663005: <i>Small Business Innovation Research</i>	-	256.920	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	Continuing	Continuing
Quantity of RDT&E Articles	-	-	-	-	-	-	-	-	-	-		

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

The Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) program implements 15 U.S.C Section 638 to maximize the creative, innovative, and entrepreneurial spirit of small businesses to solve technological problems.

In January 2021, the Secretary of the Air Force named the AFWERX Director as the Chief Commercialization Officer and aligned the Department of the Air Force's (DAF) SBIR and STTR Programs to AFWERX. In conjunction with the establishment of the United States Space Force (USSF), AFWERX stood up SpaceWERX to execute SBIR and STTR funds for the space portfolio. SpaceWERX's mission is to identify, acquire, and integrate innovation capabilities into the USSF while cultivating partnership among the nation's Space Guardians and top problem solvers. SpaceWERX will accomplish this mission through (i) connecting diverse, innovative industry, academia, and Government entities; (ii) creating capability options and prototype opportunities for the USSF; (iii) facilitating streamlined acquisition processes; and (iv) fostering a culture of innovation.

Additionally, this Program Element (PE) has a direct tie to PE 0604317F, Technology Transfer, Project 646030, AFWERX, and PE 0604858F, Tech Transition Program, Project 640858, Prime, as this program improves Air Force and Space Force capabilities by connecting innovators, simplifying technology transfer, and accelerating results. This Program is a parallel effort to United States Air Force PE 0605502F, Small Business Innovation Research.

This document reflects actual FY 2021 3620 funds aligned to the SBIR/STTR program in accordance with the legislative authority to direct 3.65% of enacted funds anticipated for extramural awards to the program. Funding is spread across multiple focus areas and change from year to year based on known and emerging technology gaps, warfighting demand signals, and broader assessments of the military industrial base in light of its reliance on foundational commercial industries. Expected proportional execution of SBIR/STTR funds in each fiscal year's focus area, as well as a description of each of these areas, is provided below. Actuals may vary depending on allocation of actual funds received, timeliness of funds availability, or changes to strategic guidance or executive priorities.

Legacy funding accounts for pre-existing topics (i.e., prior to FY 2020) that either have select notices for Phase IIs or would like to release a Request For Proposal for a Phase II award. This budget allocation category will be phased out by FY 2023. Specific topic funding is dedicated for defense-focused technologies that do not have clear non-defense potential in the near term. Open Topics are an opportunity for any qualified small-business offeror to seek product-market fit within the DAF, demonstrate value to early-adopter communities, and scale their solution to meet market demand.

**UNCLASSIFIED**

<b>Exhibit R-2, RDT&amp;E Budget Item Justification:</b> PB 2023 Air Force	<b>Date:</b> April 2022
--	-------------------------

<b>Appropriation/Budget Activity</b> 3620F: <i>Research, Development, Test &amp; Evaluation, Space Force I BA 6: RDT&amp;E Management Support</i>	<b>R-1 Program Element (Number/Name)</b> PE 1205502SF / <i>Small Business Innovation Research</i>
--	--

This program is in Budget Activity 6, RDT&E Management Support because this budget activity includes research, development, test and evaluation efforts and funds to sustain and/or modernize the installations or operations required for general research, development, test and evaluation.

<b>B. Program Change Summary (\$ in Millions)</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023 Base</b>	<b>FY 2023 OCO</b>	<b>FY 2023 Total</b>
Previous President's Budget	0.000	0.000	0.000	0.000	0.000
Current President's Budget	256.920	0.000	0.000	0.000	0.000
Total Adjustments	256.920	0.000	0.000	0.000	0.000
• Congressional General Reductions	0.000	0.000			
• Congressional Directed Reductions	0.000	0.000			
• Congressional Rescissions	0.000	0.000			
• Congressional Adds	0.000	0.000			
• Congressional Directed Transfers	0.000	0.000			
• Reprogrammings	0.000	0.000			
• SBIR/STTR Transfer	256.920	0.000			
• Other Adjustments	0.000	0.000	0.000	0.000	0.000

**Change Summary Explanation**

Increase in FY 2021 in SBIR/STTR Transfer is due to realignment of funds to PE 1205502SF, Small Business Innovation Research, in accordance with the authorities provided in 15 U.S.C. Section 2363.

<b>C. Accomplishments/Planned Programs (\$ in Millions)</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Title:</b> Small Business Innovation Research & Small Business Technology Transfer	256.920	0.000	0.000
<b>Description:</b> FY 2021 SBIR/STTR funds were allocated in the following manner: 6% Legacy 36% Specific Topic 49% Open Topic 9% SFPP			
In FY 2021, the DAF introduced the SFPP. SFPP expands Strategic Funding Increase (STRATFI) initiative with the Tactical Funding Increase (TACFI) program. The TACFI program supports smaller scale, tactical level requirements (e.g., on-going operations at a Wing or Delta). The TACFI program allows for up to \$1.7 million of SBIR/STTR funds per effort, and may also require individual effort approval from the Small Business Administration. Given smaller amounts of supplemental funding as compared to STRATFI, TACFI requires a lower matched funding ratio at 1:1 (1 Government non-SBIR to 1 SBIR OR 1 Private to 1 SBIR) matching.			

**UNCLASSIFIED**

<b>Exhibit R-2, RDT&amp;E Budget Item Justification:</b> PB 2023 Air Force	<b>Date:</b> April 2022
--	-------------------------

<b>Appropriation/Budget Activity</b> 3620F: <i>Research, Development, Test &amp; Evaluation, Space Force I BA 6: RDT&amp;E Management Support</i>	<b>R-1 Program Element (Number/Name)</b> PE 1205502SF / <i>Small Business Innovation Research</i>
--	--

<b>C. Accomplishments/Planned Programs (\$ in Millions)</b>	FY 2021	FY 2022	FY 2023
<p>FY 2022 SBIR/STTR funds are intended to be allocated as follows:                      Legacy: 5%                      Specific Topic: 38%                      Open Topic: 38%                      SFPP: 19%</p> <p>FY 2023 SBIR/STTR funds are intended to be allocated as follows:                      Specific Topic: 40%                      Open Topic: 40%                      SFPP: 20%</p> <p>FY 2024 SBIR/STTR funds are intended to be allocated as follows:                      Specific Topic: 40%                      Open Topic: 40%                      SFPP: 20%</p> <p><b><i>FY 2022 Plans:</i></b>                      Not Applicable</p> <p><b><i>FY 2023 Plans:</i></b>                      Not Applicable</p>			
<b>Accomplishments/Planned Programs Subtotals</b>	256.920	0.000	0.000

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

**Remarks**

**E. Acquisition Strategy**  
 Not Applicable