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Exhibit R-2, RDT&E Budget Item Justification: PB 2024 Air Force **Date:** March 2023

Appropriation/Budget Activity 3620F: <i>Research, Development, Test & Evaluation, Space Force I BA 6: RDT&E Management Support</i>	R-1 Program Element (Number/Name) PE 1205502SF / <i>Small Business Innovation Research</i>
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COST (\$ in Millions)	Prior Years	FY 2022	FY 2023	FY 2024 Base	FY 2024 OCO	FY 2024 Total	FY 2025	FY 2026	FY 2027	FY 2028	Cost To Complete	Total Cost
Total Program Element	-	290.490	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>	-	290.490	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 2023 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.

SBIR/STTR funding is allocated into three major areas: Specific Topics, Open Topics, and the Supplemental Funding Pilot Program (SFPP). Specific topic funding is dedicated for defense-focused technologies 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. SFPP awards funding to small businesses for technologies previously contracted and funded through an Air Force SBIR Phase II. It can be applied to defense-specific technology, as well as technology with both military and commercial uses. The SFPP program's purpose is to bridge the capability gap between current SBIR/STTR Phase II efforts and Phase III scaling efforts, facilitating delivery of strategic capabilities for the Department of the Air Force.

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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. Program Change Summary (\$ in Millions)	FY 2022	FY 2023	FY 2024 Base	FY 2024 OCO	FY 2024 Total
Previous President's Budget	0.000	0.000	0.000	0.000	0.000
Current President's Budget	290.490	0.000	0.000	0.000	0.000
Total Adjustments	290.490	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	290.490	0.000			
• Other Adjustments	0.000	0.000	0.000	0.000	0.000

Change Summary Explanation

Increase in FY 2022 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.

C. Accomplishments/Planned Programs (\$ in Millions)	FY 2022	FY 2023	FY 2024 Base	FY 2024 OCO	FY 2024 Total
Title: Small Business Innovation Research & Small Business Technology Transfer	290.490	0.000	0.000	0.000	0.000
Description: FY 2022 SBIR/STTR funds were allocated in the following manner: Legacy: 5% Specific Topic: 38% Open Topic: 38% SFPP: 19%					
In FY 2022, SpaceWERX announced the Orbital Prime initiative under the SBIR/STTR Specific Topic program. Orbital Prime aligned a significant portion of the Specific Topic funding to the DAF's Operational Imperative #1, Space Order of Battle. Orbital Prime's objective is to seed the foundation for Assured Access to Space and Space Logistics/On-orbit servicing to enable a transition to a more resilient architecture to deliver services and maintain capabilities for all US & allied warfighters.					

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C. Accomplishments/Planned Programs (\$ in Millions)	FY 2022	FY 2023	FY 2024 Base	FY 2024 OCO	FY 2024 Total
FY 2023 SBIR/STTR funds are intended to be allocated as follows: Specific Topic: 50% Open Topic: 30% SFPP: 20%					
FY 2024 SBIR/STTR funds are intended to be allocated as follows: Specific Topic: 50% Open Topic: 30% SFPP: 20%					
FY 2025 SBIR/STTR funds are intended to be allocated as follows: Specific Topic: 50% Open Topic: 30% SFPP: 20%					
<i>FY 2023 Plans:</i> Not Applicable					
<i>FY 2024 Base Plans:</i> Not Applicable					
<i>FY 2024 OCO Plans:</i> Not Applicable					
Accomplishments/Planned Programs Subtotals	290.490	0.000	0.000	0.000	0.000

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

Remarks

E. Acquisition Strategy
Not Applicable