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Exhibit R-2, RDT&E Budget Item Justification: PB 2025 Air Force **Date:** March 2024

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 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	-	394.285	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>	-	394.285	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.

AFWERX administers the DAF SBIR/STTR program with a vision to empower an innovation ecosystem that delivers disruptive Air & Space capabilities. AFWERX accelerates agile and affordable capability transitions by teaming innovation technology developers with Airmen and Guardian talent. 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 and PE 0604009F (AFWERX) as this program improves DAF capabilities by connecting innovators, simplifying technology transfer, and accelerating results.

The DAF SBIR/STTR program implements three different approaches to provide funding and opportunities to small businesses. Open Topic: The Open Topic Program uses a technology-agnostic solicitation which encourages commercial industry to submit dual-use technology solutions without having a known end-user. It is used to capture the best capabilities and emerging technologies and allows industry to bring novel solutions to the DAF. Specific Topic: The Specific Topic Program seeks innovative solutions for SECAF identified Operational Imperatives and defined problem sets by a DAF end user or customer. Specific Topics have clearly-defined requirements and a known DAF customer built into the topic solicitation. STRATFI/TACFI: The STRATFI (Strategic Funding Increase) and TACFI (Tactical Funding Increase) Programs help to scale Phase II efforts to the level needed to achieve technology transitions. These programs de-risk development through syndication with multiple transition-focused partners and leveraging outside investment.

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.

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B. Program Change Summary (\$ in Millions)	FY 2023	FY 2024	FY 2025 Base	FY 2025 OCO	FY 2025 Total
Previous President's Budget	0.000	0.000	0.000	0.000	0.000
Current President's Budget	394.285	0.000	0.000	0.000	0.000
Total Adjustments	394.285	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	394.285	0.000			
• Other Adjustments	0.000	0.000	0.000	0.000	0.000

C. Accomplishments/Planned Programs (\$ in Millions)	FY 2023	FY 2024	FY 2025
<p>Title: Small Business Innovation Research & Small Business Technology Transfer</p> <p>Description: 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. AFWERX's mission is to accelerate agile and affordable capability transitions by teaming leaders in innovative technology with Airmen and Guardian talent.</p> <p>The DAF SBIR/STTR program implements three different approaches to provide funding and opportunities to small businesses:</p> <p>Open Topic: The Open Topic Program uses a technology-agnostic solicitation which encourages commercial industry to submit dual-use technology solutions without having a known end-user. It is used to capture the best capabilities and emerging technologies and allows industry to bring novel solutions to the DAF.</p> <p>Specific Topic: The Specific Topic Program seeks innovative solutions for SECAF identified Operational Imperatives and defined problem sets by a DAF end user or customer. Specific Topics have clearly-defined requirements and a known DAF customer built into the topic solicitation.</p> <p>STRATFI/TACFI: The STRATFI (Strategic Funding Increase) and TACFI (Tactical Funding Increase) Programs help to scale Phase II efforts to the level needed to achieve technology transitions. These programs de-risk development through syndication with multiple transition-focused partners and leveraging outside investment</p>	394.285	0.000	0.000

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C. Accomplishments/Planned Programs (\$ in Millions)	FY 2023	FY 2024	FY 2025
<p>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.</p> <p><i>FY 2024 Plans:</i> FY 2024 SBIR/STTR funds are intended to be allocated as follows: Specific Topic: 37% Open Topic: 37% SRATFI/TACFI: 20% Administrative: 6%</p> <p><i>FY 2025 Plans:</i> FY 2025 SBIR/STTR funds are intended to be allocated as follows: Specific Topic: 37% Open Topic: 37% SRATFI/TACFI: 20% Administrative: 6%</p>			
Accomplishments/Planned Programs Subtotals	394.285	0.000	0.000

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

Remarks

E. Acquisition Strategy
Not Applicable