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Exhibit R-2, RDT&E Budget Item Justification: PB 2024 Air Force										Date: March 2023		
Appropriation/Budget Activity 3600: <i>Research, Development, Test & Evaluation, Air Force I BA 6: RDT&E Management Support</i>					R-1 Program Element (Number/Name) PE 0605502F / <i>Small Business Innovation Research</i>							
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	-	780.381	0.000	1.466	0.000	1.466	2.425	2.506	2.725	10.417	Continuing	Continuing
663005: <i>Small Business Innovation Research</i>	-	780.381	0.000	1.466	0.000	1.466	2.425	2.506	2.725	10.417	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. AFWERX's mission is to transition agile, affordable, and accelerated capabilities by teaming commercial technology developers with Airmen and Guardian talent. AFWERX will accomplish this mission through (i) connecting diverse, innovative industry, academia, and Government entities; (ii) creating capability options and prototype opportunities for the Air Force and Space Force; (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 0604009F (AFWERX) as this program improves Air Force capabilities by connecting innovators, simplifying technology transfer, and accelerating results.

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.

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 a particular problem set defined 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 program 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 2022	FY 2023	FY 2024 Base	FY 2024 OCO	FY 2024 Total
Previous President's Budget	0.000	0.086	0.118	0.000	0.118
Current President's Budget	780.381	0.000	1.466	0.000	1.466
Total Adjustments	780.381	-0.086	1.348	0.000	1.348
• 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	780.381	0.000			
• Other Adjustments	0.000	-0.086	1.348	0.000	1.348

C. Accomplishments/Planned Programs (\$ in Millions)	FY 2022	FY 2023	FY 2024
<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 transition agile, affordable, and accelerated capabilities by teaming commercial technology developers with Airmen and Guardian talent.</p> <p>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 a particular problem set defined 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 program de-risk development through syndication with multiple transition-focused partners and leveraging outside investment.</p> <p>FY 2023 Plans: FY 2023 SBIR/STTR funds are intended to be allocated as follows: Specific Topic: 38% Open Topic: 38% STRATFI/TACFI: 20%</p>	780.381	0.000	1.466

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C. Accomplishments/Planned Programs (\$ in Millions)		FY 2022	FY 2023	FY 2024
Administrative: 4%				
FY 2024 Plans: FY 2024 SBIR/STTR funds are intended to be allocated as follows: Specific Topic: 38% Open Topic: 38% STRATFI/TACFI: 20% Administrative: 4%				
FY 2023 to FY 2024 Increase/Decrease Statement: FY 2024 increased compared to FY 2023 by \$1.466 million due to a civilian pay raise assumption that should not be in this PE.				
Accomplishments/Planned Programs Subtotals		780.381	0.000	1.466
D. Other Program Funding Summary (\$ in Millions)				
N/A				
Remarks				
E. Acquisition Strategy				
Not applicable				