April 17, 2008

The Honorable Nydia M. Velazquez
Chairwoman
House Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515-2361

Dear Chairwoman Velazquez:

The Association of American Universities (AAU) is an association that includes 60 leading public and private U.S. research institutions. AAU focuses on issues important to research-intensive universities, such as funding for research and scholarship, science policy issues, and graduate education. The goals of university research are the discovery, creation, and dissemination of new knowledge for the benefit of society.

We understand that the House will soon consider H.R. 5789, the Science and Technology Innovation Act of 2008, a bill to reauthorize the Small Business Innovation Research (SBIR) and Small Business Technology Transfer Research (STTR) programs.

AAU strongly supports many of the policy recommendations included in this bill and has endorsed several of its provisions. Last year, in discussion with House Science Committee staff, we expressed AAU’s support for allowing companies funded by venture capital to compete for SBIR funds. Similarly, AAU supports provisions in your bill that would allow agencies greater flexibility in making cross-agency awards, increase the size of Phase I and II awards and allow applicants to apply directly for Phase II award funding.

However, AAU strongly opposes H.R. 5789’s proposed increase in the SBIR set-aside from 2.5% to 3% of any federal agency budget that provides more than $100 million for research. We join federal agencies, including the Small Business Administration and the National Institutes of Health (NIH), that also oppose an increased set-aside.

First, we question whether there is enough small business research—and of sufficient quality—to merit SBIR funding that would come at the expense of peer-reviewed basic and applied research. We also would point out that, if congressional appropriations for federally funded research continue to remain flat, an increase of .5% in SBIR funding would translate directly into cuts, in both nominal and real terms, in the budgets of most federal research agencies. Finally, AAU supports and commends to your attention the recommendations of the National Research Council’s...
2007 report, “An Assessment of the Small Business Research Innovation Research Program,” which recommends an increase of .03 to .05% for SBIR to provide adequate resources for program management and assessment.

We in the research university community are deeply grateful for your strong support of the basic research that has reduced global hunger, cured or prevented disease, spawned new technologies and unprecedented economic growth, and assured our national security. We hope to work with you to improve H.R. 5789 as it moves through the legislative process.

Sincerely,

Robert M. Berdahl
President