



S SMALL **B** BUSINESS

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(STTR)

ANNUAL REPORT - FY 2006

Office of Technology

U.S. Small Business Administration

Introduction

This report is the thirteenth annual report presented by the U.S. Small Business Administration (SBA) pursuant to Public Law 102-564, the Small Business Research and Development Enhancement Act of 1992, as amended.

This report describes the operation and administration of the Small Business Technology Transfer program (STTR) for fiscal year (FY) 2006. This report also provides data on the results of the first 13 years of the STTR program, including the number of solicitations released, the number of proposals received and the number of awards resulting from those solicitations. This is the first year that the Department of Homeland Security has participated in the STTR Program.



Summary of Legislation

Public Law 102-564, as amended

Title I of Public Law 102-564 amended the Small Business Act by reauthorizing the Small Business Innovation Research (SBIR) program. Congress passed Title II of the Act authorizing the STTR program.

The STTR program shares the underlying philosophy of the SBIR program. It recognizes Federally funded research and development as a base for technological innovation that will contribute to the growth and strength of the Nation's economy. It differs from the SBIR program in that STTR awards are made to small businesses that pursue technological innovation through cooperative research and development with Federal laboratories and non-profit scientific and educational institutions. In September 1996, Public Law 104-208

reauthorized the STTR program through FY 1997. Public Law 105-135 reauthorized the program through September 30, 2006. In October 2006, Public Law 107-50 reauthorized the STTR program through FY 2009 and increased the program set-aside from .15 percent to .3 percent beginning in FY 2005.



Technology Resources Network

As defined in Section 9 of the Small Business Act, the SBA has designed the Technology Resources Network (Tech-Net) which was implemented in part in 1998. Tech-Net streamlines and standardizes the reporting of STTR awards and applicant information by the Federal agencies required to participate in the STTR Program. The SBA had several working sessions with the agencies to define the input data fields and a core set of output reports to help the SBA administer the Program. The SBA incorporated the unique needs of each agency into the design of the database system to ensure that the system would provide much needed award and applicant information. Information such as name, size, location, abstracts and identifying number of each small business concern that has received a Phase I or Phase II award is available in this database. Agencies now have the ability to review awards and applicant information, and edit previously reported data interactively through Tech-Net. The public version of this database can be accessed by visiting the website <http://tech-net.sba.gov>. The participating agencies are providing information needed in a timely manner to maintain the database.

The SBA is currently testing the government database which will maintain information on all Phase II awards funded under the

STTR program. This database will not be accessible by the public; therefore, any confidential information that is provided by the STTR Phase II awardees will not be disclosed to the public. A username and password will be required to access the database. The SBA will control the issuance of the username and passwords. The database is being designed to allow the SBA, each participating agency, Government Accountability Office, the National Academy of Science and the Congress to effectively measure the impact and success of the program.

In 2006, the Office of Management and Budget approved the SBA's survey form for STTR applicants, which request information regarding the commercialization of work completed under past Phase II STTR awards. The survey form is part of SBA's current enhancement of its Tech-Net data system. This reporting system will be required for STTR applicants as well as SBIR applicants.

Summary of Data

During FY 2006, small businesses submitted 3,754 proposals under the STTR program, including 3,341 Phase I proposals and 413 Phase II proposals. A total of 878 awards were made to 640 different small businesses including 644 Phase I awards and 234 Phase II awards. In FY 2006, total STTR program obligations were \$241,588,717. Small business received \$146,815,048 or 60 percent of total funding. Research institutions received \$90,446,529 or 37 percent.

HUBZone Small Business Concerns

The agencies received 115 Phase I and 29 Phase II proposals. The participating agencies made seven Phase I awards totaling \$638,785 and three Phase II awards totaling \$2,087,361 to HUBZone certified small business concerns.

Table 1: Number of STTR Awards – FY 1994 through FY 2006

Fiscal Year	Phase I	Phase II	Totals
94	198	0	198
95	238	22	260
96	238	88	326
97	260	89	349
98	208	109	317
99	251	78	329
00	233	95	328
01	244	93	337
02	356	114	470
03	397	111	508
04	667	193	860
05	611	221	832
06	644	234	878
Total	4,545	1,447	5,992

Table 2: Value of STTR Awards-- FY 1994 through FY 2006 (in millions of dollars)

Fiscal Year	Phase I	Phase II	Totals
94	\$18.9	\$	\$ 18.9
95	23.0	10.8	33.8
96	22.7	41.8	64.4
97	24.1	44.8	69.0
98	19.7	45.1	64.8
99	24.3	41.0	*65.0
00	24.0	46.0	*70.0
01	25.4	46.0	* 71.4
02	36.3	55.3	*91.6
03	41.1	51.0	*92.1
04	76.8	107.8	184.6*
05	74.0	146.3	220.3
06	73.0	152.2	225.2
Total	483.3	788.1	1,271.4

*Does not include modifications



Executive Order 13329

On February 24, 2004, the President signed Executive Order 13329, Encouraging Innovation in Manufacturing. The Executive Order states that continued technological innovation is critical to a strong manufacturing sector of the United States economy. The Executive Order recognizes that the commercialization of technologies, products, or services funded through the SBIR and STTR programs play a crucial role in stimulating the United States economy. The Executive Order further acknowledges that the research and development work performed by small businesses participating in these two important programs have contributed to our National defense, improved our health and welfare, protected the environment, and improved our production processes. SBA is proposing to amend the STTR Policy Directive to address the Executive Order.

During FY 2006, there were a total of 153 STTR Phase I and Phase II awards that involved manufacturing topics. Those awards totaled \$38.0 million.



Federal and State Technology Partnership

Because funds were not appropriated for the Federal and State Technology Partnership (FAST) program for FY 2006, there is no new activity to report for that period.

STTR Program Data - Fiscal Year 2006

AGENCY OBLIGATIONS	DOD	NSF	DHS	DOE	NASA	HHS	TOTAL
AGENCY EXTRAMURAL BUDGET	43,633,711,230	3,618,132,000	1,174,753,000	4,169,666,667	4,200,000,000	22,905,000,000	79,701,262,897
AGENCY STTR BUDGET	130,711,861	10,520,000	3,275,859	12,509,000	12,700,000	68,715,000	238,431,720
DOLLARS OBLIGATED	134,265,179	10,778,045	599,282	12,531,368	13,396,791	70,018,052	241,588,717
% OF EXTRAMURAL BUDGET	0.31%	0.30%	0.05%	0.30%	0.32%	0.31%	0.30%
DEFICIT/SURPLUS	3,553,318	258,045	-2,676,577	22,368	696,791	1,303,052	3,156,997
STTR AWARD PROFILE - COMMITMENTS							
TOTAL PHASE I AWARDS	340	58	6	29	35	176	644
MINORITY DISAD. PHASE I AWARDS	31	3	0	2	10	5	51
TOTAL PHASE II AWARDS	153	14	0	15	16	36	234
MINORITY/DISAD. PHASE II AWARDS	15	1	0	3	2	1	22
TOTAL PHASE I DOLLARS AWARDED	30,430,016	5,288,785	599,282	2,894,077	3,490,729	31,278,978	73,981,867
MIN/DISAD. PHASE I DOLLARS AWARDED	2,794,871	299,938	0	200,000	998,383	453,718	4,746,910
TOTAL PHASE II DOLLARS AWARDED	88,493,265	5,489,360	0	9,637,291	9,906,062	38,739,074	152,265,052
MIN/DISAD. PHASE II DOLLARS AWARDED	4,244,371	0	0	2,247,843	1,198,439	1,265,524	8,956,177
TOTAL PHASE I & II AWARDED	118,923,281	10,778,145	599,282	12,531,368	13,396,791	70,018,052	226,246,919
AVERAGE AMOUNT PHASE I AWARDS (\$)	89,500	91,186	99,880	99,796	99,909	177,721	114,879
STTR SOLICITATION PROFILE							
NO. OF SOLICITATIONS RELEASED	1	2	2	1	1	1	8
NO. OF RESEARCH TOPICS	143	5	16	49	9	156	378
NO. PHASE I PROPOSALS RECEIVED	1,761	272	22	241	232	835	3,363
NO. PHASE II PROPOSALS RECEIVED	225	23	0	30	35	100	413
RESEARCH INSTITUTION PROFILE							
NUMBER OF FFRDCS	23	1	0	14	1	1	40
NUMBER OF UNIVERSITIES	439	70	6	29	47	214	805
NUMBER OF OTHER NON-PROFIT	31	1	0	1	3	46	82

STTR Program Data - Fiscal Year 2006

	DOD	NSF	DHS	DOE	NASA	HHS	TOTAL
COOPERATIVE RESEARCH PROFILE							
TOTAL DOLLARS OF AWARDS	118,923,281	10,778,145	599,282	12,531,368	13,396,791	70,018,052	226,246,919
DOLLARS TO SMALL BUSINESS	81,967,572	5,916,379	356,122	9,077,361	9,695,874	39,801,740	146,815,048
DOLLARS TO RESEARCH INSTITUTION	47,472,783	2,801,070	243,159	5,063,874	4,817,642	30,048,001	90,446,529
NO. OF AWARDS TO UNIVERSITIES	439	70	6	29	47	214	805
DOLLARS TO UNIVERSITIES	43,432,852	3,878,193	243,159	2,910,548	4,647,832	58,786,697	113,899,281
NO. OF AWARDS TO FFRDCS	23	1	0	14	1	1	40
DOLLARS TO FFRDCS	2,163,305	50,001	0	2,093,351	49,960	387,181	4,743,798
NO. OF AWARDS TO OTHER NON-PROFITS	31	1	0	1	3	46	82
DOLLARS TO OTHER NON-PROFITS	1,876,626	497,843	0	59,975	119,850	10,844,174	13,398,468
PHASE I							
NUMBER OF FFRDC AWARDS	16	1	0	7	1	0	25
NUMBER OF UNIVERSITY AWARDS	297	57	6	21	31	141	553
NO. OF OTHER NON-PROFIT AWARDS	27	0	0	1	3	35	66
TOTAL DOLLARS OF AWARDS	30,430,016	5,288,785	599,282	2,894,077	3,490,729	31,278,978	73,981,867
DOLLARS TO SMALL BUSINESS	18,142,876	2,986,264	356,122	1,793,296	2,034,758	17,560,631	42,873,947
DOLLARS TO RESEARCH INSTITUTIONS	11,582,795	2,956,579	243,159	1,100,781	1,455,971	13,615,024	30,954,309
NO. OF AWARDS TO UNIVERSITIES	297	57	6	21	31	141	553
DOLLARS TO UNIVERSITIES	9,994,424	2,906,578	243,159	811,306	1,286,161	25,112,472	40,354,100
NO. OF AWARDS TO FFRDCS	16	1	0	7	1	0	25
DOLLARS TO FFRDCS	581,479	50,001	0	229,500	49,960	0	910,940

STTR Program Data - Fiscal Year 2006

	DOD	NSF	DHS	DOE	NASA	HHS	TOTAL
NO. OF AWARDS TO OTHER NON-PROFITS	27	0	0	1	3	35	66
DOLLARS TO OTHER NON-PROFITS	1,006,892	0	0	59,975	119,850	6,166,506	7,353,223
PHASE II							
NUMBER OF FFRDCS	7	0	0	7	0	1	15
NUMBER OF UNIVERSITIES	142	13	0	8	16	73	252
NUMBER OF OTHER NON-PROFIT	4	1	0	0	0	11	16
TOTAL DOLLARS OF AWARDS	88,493,265	5,489,360	0	9,637,291	9,906,062	38,739,074	152,265,052
DOLLARS TO SMALL BUSINESS	63,824,696	2,930,115	0	7,284,065	6,205,145	22,241,109	102,485,130
DOLLARS TO RESEARCH INSTITUTIONS	35,889,988	1,469,458	0	3,963,093	3,361,671	16,432,977	61,117,187
NO. OF AWARDS TO UNIVERSITIES	142	13	0	8	16	73	252
DOLLARS TO UNIVERSITIES	33,438,428	971,615	0	2,099,242	3,361,671	33,674,225	73,545,181
NO. OF AWARDS TO FFRDCS	7	0	0	7	0	1	15
DOLLARS TO FFRDCS	1,581,826	0	0	1,863,851	0	387,181	3,832,858
NO. OF AWARDS TO OTHER NON-PROFITS	4	1	0	0	0	11	16
DOLLARS TO OTHER NON-PROFITS	869,734	497,843	0	0	0	4,677,668	6,045,245

FY 2006 dollars obligated include modifications to previous year's awards for DOD (\$15,366,898) DHS will report FY 2006 Phase II data and the remaining Phase I data in FY 2007.