

Small Business Research Programs Reauthorized After Six-Month Lapse

July 13, 2026

On April 13, 2026, President Trump signed the Small Business Innovation and Economic Security Act (P.L. 119-83) into law. P.L. 119-83 reauthorized the Small Business Innovation Research (SBIR) program, the Small Business Technology Transfer (STTR) program, and related pilot efforts (e.g., commercialization assistance pilot program and phase flexibility) through September 30, 2031—ending a six-month lapse in authority for these programs. It also addressed a number of [issues that were the subject of debate prior to reauthorization](#), including the effectiveness of efforts to mitigate foreign influence and interference in the SBIR and STTR programs, program eligibility, and commercialization-related activities. This Insight provides a brief overview of the SBIR and STTR programs and highlights selected provisions in P.L. 119-83.

Overview of SBIR/STTR Programs

Congress created the SBIR program in 1982 (P.L. 97-219) to advance four objectives: (1) stimulate innovation, (2) increase the use of small businesses in addressing federal research and development (R&D) needs, (3) foster and encourage the participation of socially and economically disadvantaged individuals in technology innovation, and (4) increase private sector commercialization of technologies derived from federally funded R&D.

Federal agencies with extramural R&D budgets of \$100 million or more are required to set aside 3.2% of such funds to establish an agency-run SBIR program. Currently, 11 federal agencies operate SBIR programs: the Departments of Agriculture (USDA), Commerce (DOC), Defense (DOD), Education (ED), Energy (DOE), Health and Human Services (HHS), Homeland Security (DHS), and Transportation (DOT); Environmental Protection Agency (EPA); National Aeronautics and Space Administration (NASA); and National Science Foundation (NSF).

A complementary program, the STTR program, was created in 1992 (P.L. 102-564) to facilitate the commercialization of university and federal R&D through support for cooperative R&D between small businesses and research institutions. Federal agencies with extramural R&D budgets of \$1 billion or more are required to set aside 0.45% of their R&D budgets for an agency-run STTR program. Six federal agencies currently operate STTR programs: USDA, DOD, DOE, HHS, NASA, and NSF.

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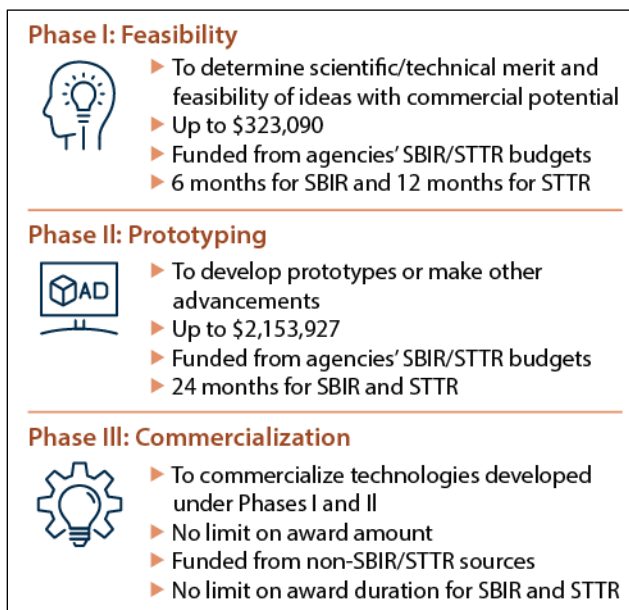
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According to the most recent U.S. Small Business Administration (SBA) [annual report](#), in FY2022, federal agencies obligated \$4.4 billion in SBIR awards and \$662.3 million in STTR awards to small businesses.

Each federal agency is required to administer its own SBIR/STTR programs in accordance with the statutory provisions at [Title 15, Section 638, of the U.S. Code](#) and the 2023 [policy directive](#) issued by the SBA. SBA is also required to provide coordination across federal agency SBIR/STTR programs, monitor implementation, and report annually to Congress. Both the SBIR and STTR programs have three phases (see [Figure 1](#)).

Figure 1. Phases of the SBIR/STTR Programs



Source: Adapted from U.S. Government Accountability Office, [Small Business Research Programs: Information Regarding Subaward Use and Data Quality](#), GAO-24-106399, November 28, 2023, p. 7.

Selected Provisions of P.L. 119-83

The following describes selected provisions included in P.L. 119-83, the most recent reauthorization.

Mitigation of Foreign Risks

P.L. 119-83 contains several provisions that seek to protect the SBIR and STTR programs from foreign interference and undue influence. For example, the law directs participating agencies to evaluate whether a small business seeking an award or funded through the program presents a security risk as determined (1) by the agency's due diligence process, (2) by required disclosures related to current and prior funding sources and affiliations, or (3) through coordination with the intelligence community. In addition, the law expands the circumstances under which a federal agency is required to reject an SBIR or STTR application. Specifically, a federal agency must reject a proposal when it determines that a small business has a security risk that warrants a denial, has a security risk due to a connection between the small business and an entity included on one of several different entity lists (e.g., [list of Chinese military companies](#) required under Section 1260H of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021; 10 U.S.C. §113 note), or "has a security risk with a primary source that is classified."

P.L. 119-83 also directs agencies to establish a process for notifying a small business that it was denied an award due to a security risk in a manner that does not compromise national security but identifies the basis for the determination.

Limitation on Number of Proposals

Beginning in FY2027, the law requires that the director of a federal agency's SBIR or STTR program set a limit on the maximum number of proposals a small business can submit in response to Phase I and Phase II solicitations in a single fiscal year. The limitation can be set on a solicitation, topic, or fiscal year basis. If the director sets a limitation on proposal submissions on a per topic basis, such limitation can be waived with the approval of a written justification by the SBA Administrator and the Under Secretary or equivalent agency official overseeing the SBIR or STTR program at the agency.

Efforts to Foster Commercialization

P.L. 119-83 contains several provisions that seek to foster the commercialization of SBIR/STTR technologies. For example, the law authorizes agencies that obligate more than \$100 million in SBIR funding annually to use up to 0.5% of their SBIR funds to support strategic breakthrough awards. Strategic breakthrough awards are intended to help transition Phase II prototypes into operational systems and the commercial marketplace. Specifically, federal agencies can make a strategic breakthrough award of up to \$30 million to a small business that has demonstrated, through market research, that their technology is an effective solution and has received at least one prior Phase II award. In addition, the strategic breakthrough award has to be matched dollar for dollar (i.e., 100% match) from new private capital, non-SBIR/STTR federal sources of funding, or a combination thereof, among other requirements (e.g., to receive a strategic breakthrough award at the DOD, which is "using a secondary Department of War designation" under Executive Order 14347, a technology must address high-priority requirements or operational needs, meet a "necessary level of readiness," and have a commitment for inclusion in a program objective memorandum from a senior acquisition official).

In another example, the law directs the SBA Administrator to establish Phase III award training activities for federal agencies' contracting officers and acquisition workforce.

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