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P A P E R



Estimating the Cost of Administering the Department of Defense Small Business Innovation Research (SBIR) Program

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Prepared for the Office of the Secretary of Defense

Approved for public release; distribution unlimited



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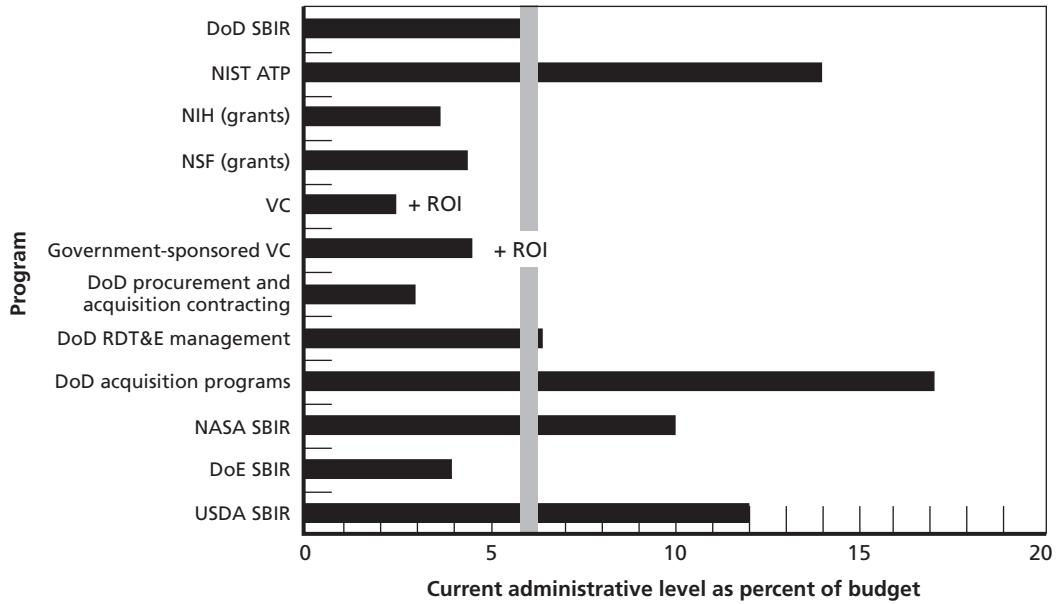
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Summary

Congress is in the process of reauthorizing the Small Business Innovation Research (SBIR) program, which expires in 2008. One issue being considered in the reauthorization is whether to allow partial use of SBIR set-asides for SBIR program administration costs and, if so, at what levels. Currently, the use of SBIR funds to administer the SBIR program is prohibited, and SBIR administration must be funded from other sources.

Our analysis estimates that the U.S. Department of Defense (DoD) spends, on average, an additional 6 percent on top of the SBIR set-asides to administer its SBIR program. That percentage is higher than that for government programs that predominantly award grants (rather than contracts), equal to or lower than levels for other government R&D programs, and lower than the total compensation levels for venture-capital (VC) organizations (see Figure S.1). Further analysis is required to understand the benefits of alternative levels of administrative investments for the DoD SBIR program.

Figure S.1
Estimated Administrative Budget Levels for R&D Programs Similar to DoD SBIR



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