

STATEMENT OF GEORGE NESTERCZUK, DEPUTY ADMINISTRATOR,  
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION,  
BEFORE THE HOUSE COMMITTEE ON SMALL BUSINESS,  
SUBCOMMITTEE ON GENERAL OVERSIGHT AND THE ECONOMY  
MAY 13, 1986

Mr. Chairman and Members of the Subcommittee on General Oversight and the Economy. It is a pleasure to be here this afternoon to discuss the Department's Small Business Innovation Research Program (referred to as the DOT SBIR Program). I am accompanied today by George Kovatch, our SBIR program manager.

The SBIR Program is administered through our Research and Special Programs Administration. It was established pursuant to the Small Business Innovation Development Act of 1982 (P.L. 97-219).

Overview:

- We believe that it is too early to predict with a high degree of certainty the outcome of the various SBIR projects undertaken to date because the three phases of the SBIR cycle have not been completed for any of our projects. However, there are presently three contractors in the later stages of Phase II performance which do hold out some promise for commercialization.
  
- The program utilizes many small business contractors who would not normally be able to compete successfully for larger DOT research work.

- We believe that the overall coordination of agency programs under the leadership of Small Business Administration (SBA) has been good. Our experience indicates the small business community knows about the program and is interested in competing for Government business. This is also evident in the regional and national conferences we have participated in, where there are ample and enthusiastic audiences.

### Experience

- Over the past few years we have had a disagreement with SBA over how our extramural R&D budget should be established for the purposes of the Act, but this issue has been resolved. Other agencies had similar problems.
- Many of our technical managers who work with the SBIR Program believe that the program is a simple, effective way to reach a broad cross-section of the small business research community that would not usually compete for DOT programs.
- Administrative expenses are being absorbed by the Department by assessment against Operating Administrations in addition to required funding for the SBIR Program.

■ We are looking forward to the commercialization of some of the projects for which we have funded the initial stages.

Our statistics on the DOT SBIR Program are set forth in the attachment.

This completes my prepared statement. We will be happy to answer any questions you may have.

ATTACHMENT

	<u>1984</u>	<u>1985</u>
DOT's Extramural R&D Budget	\$272,400,800	\$308,200,000
DOT's Extramural R&D Budget Set-Aside for Small Business under SBIR	\$1,677,006	\$3,162,339
Number of R&D Solicitations Published for Phase I and Phase II	1	1
Number of Proposals Generated for:		
Phase I	366	318
Phase II	6	16
Actual Number of Awards Made for:		
Phase I	17	30
Phase II	3	6
Funding Level of Awards for:		
Phase I	\$812,785	\$1,481,019
Phase II	\$864,221	\$1,681,320
Funds Expended	\$1,677,006	\$3,162,339
Follow on Funding Commitments for Phase II Proposals	4	7