

# S.3971

## The Small Business Innovation and Economic Security Act

*A Review of the 2026 SBIR/STTR Reauthorization Act*

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[www.sbtc.org](http://www.sbtc.org)



# S. 3971 OVERVIEW

- ▶ **CURRENT STATUS:** Congress passed S.3971 on March 17 and sent it to the President on April 2. The bill was signed on April 13, becoming Public Law 119-83
- ▶ Reauthorizes SBIR/STTR 5.5 Years
  - ▶ Termination date extended to September 30, 2031
  - ▶ Also extends all associated pilot/temporary programs to Sep 30 2031
- ▶ Standardizes Foreign Risk/Due Diligence Program
- ▶ Creates New Post-Phase II Jumbo Award initiative with matching funds – Strategic Breakthrough
- ▶ Requires agencies to set a cap on number of proposals a small business can submit to SBIR/STTR
- ▶ Increases flexibility on how small businesses can use TABA funds
- ▶ <https://www.congress.gov/bill/119th-congress/senate-bill/3971/text>

## SEC. 2 BOLSTERING RESEARCH SECURITY OF SBIR & STTR AWARDS

- ▶ This section standardizes procedures for the foreign risk/due diligence program under SBIR/STTR
- ▶ Intent is to address disparities between agencies over how these 2022 requirements were implemented
- ▶ Requires agencies to determine if any small business has a connection or affiliation with an entity appears on any of eight separate lists of entities of concern (see pg 4-5 for list)
- ▶ Requires agencies to establish a process to notify small businesses that have had their proposal rejected due to this provision:
  - ▶ that their proposal has been flagged due to a security risk
  - ▶ Identifying the basis for this determination
  - ▶ Advising the small business that the determination does not disqualify the small business from future award cycles

## SEC. 3 PHASE II STRATEGIC BREAKTHROUGH FUNDING

- ▶ Establishes a new post-Phase II program that allows agencies to make awards of up to \$30 million
- ▶ This program is voluntary for agencies, and capped at 0.5% of the 3.2% total SBIR allocation
- ▶ Awards require 100% matching funds consisting of new private capital and/or non-SBIR government funding
  - ▶ Awards at DOD require at least 20% government matching funds
- ▶ Intent is to create a “formalized Phase III” program, to move more funding into the valley of death between the lab and market

## SEC. 4 REDUCING ADMINISTRATIVE BURDEN

- ▶ Requires each agency to set a limit on the number of proposals a small business can submit to the SBIR/STTR program.
- ▶ The specific limit is set at the discretion of the Director of the SBIR/STTR office at each agency and must be either by fiscal year, by solicitation, or by topic
- ▶ Agencies required to implement beginning in FY2027
- ▶ This provision will likely only affect the biggest SBIR winning firms, most small businesses are unlikely to notice a difference in how the program is administered

## SEC. 7 TECHNICAL AND BUSINESS ASSISTANCE IMPROVEMENTS (TABA)

- ▶ TABA is an existing provision that allows SBIR/STTR recipients to use up to \$6,500 for Ph1 or up to \$50,000 of Ph2 for technical or business assistance
- ▶ The new law gives agencies the flexibility to either give additional TABA funding on top of SBIR/STTR award money, or as a portion of award dollars
- ▶ New language allows small businesses to use TABA for cybersecurity and foreign risk/due diligence work
- ▶ Removes the requirement that agencies must select third party vendors and leaves selection instead up to the small business
- ▶ Allows small business to use TABA funds to hire new staff or pay current staff to perform relevant work.

# OTHER PROVISIONS

- ▶ Sec. 5 Phase III Award Education
  - ▶ Requires federal acquisition and procurement employees to receive training on Phase III awarding, including sole source and data rights
- ▶ Sec. 6 Phase III Improvements
  - ▶ Encourages Procurement center reps to advocate for utilizing Phase III, and requires agencies to establish simplified and standardized procedures and model contracts for Phase I, II, III, and establish standardized solicitation and contract clauses
- ▶ Sec. 8 Improving SBIR and STTR Data Collection
  - ▶ Requires government databases to track more data, including direct to Phase II, subcontracts, and Prime Phase III awards

# Thank you.

▶ *Join our fight for SBIR/STTR permanency.*

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