SMALL BU

Updated Minimum Performance Standards for Commercialization for Firms that Receive Funding through the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Programs

ACTION: Notice and request for comment.

SUMMARY: The U.S. Small Business Administration (SBA) is publishing for public comment updated minimum performance standards for commercialization for firms funded through the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Programs. This commercialization benchmark establishes a minimum share of annual revenue that a Small Business Concern (SBC) must derive from sources other than SBIR or STTR program funding in order to remain eligible for a new Phase I or Direct-to-Phase II award, where that SBC has received more than 25 Phase II awards during the five most recently completed fiscal years, excluding the current fiscal year. The revised benchmark will supersede the benchmark announced at 78 FR 48537 and 78 FR 59410. This requirement is issued under the authority of Section 9 of the Small Business Act.

DATES: The standards take effect November 15, 2026, and when published on www.sbir.gov.

Comment date: Comments to this notice must be received on or before October 31, 2026.

ADDRESSES: Send all comments to Joshua Carter, Associate Administrator, Office of Investment and Innovation, Small Business Administration, Washington, DC 20416.

FOR FURTHER INFORMATION CONTACT: Joshua Carter, Associate Administrator, Office of Investment and Innovation, (800) 827-5722, technology@sba.gov

SUPPLEMENTARY INFORMATION:

Background. Under section 9 of the Small Business Act, 15 U.S.C. 638(qq)(2), each participating agency must establish a measurement system and minimum performance standard for progress towards Phase III success and evaluate covered SBCs annually. Each agency submits its system and standard to SBA, and the Administrator must approve each standard and ensure it meets a de minimis level. Notice and comment are required before a system, standard, or approval takes effect per 15 U.S.C. 638(qq)(4), (5). SBA is updating the de minimis level and has approved the benchmark described below for the 11 participating agencies.

Trigger. The updated minimum performance standard applies to any SBC that has received more than 25 Phase II awards (SBIR and STTR combined, across all participating agencies) during the five most recently completed fiscal years, excluding the current fiscal year.

Measurement. For the purposes of this benchmark, "non-SBIR revenue share" means the percentage of the small business concern's total revenue, that is not derived from Phase I or Phase II SBIR or STTR award funding. Non-SBIR revenue includes revenue received from awards made under the Phase III authority of the SBIR and STTR programs at 15 U.S.C. 638(r). The denominator for this calculation is the SBC's total company revenue from all sources within the three most recent fiscal years excluding the current fiscal year.

Phased Implementation. SBA will phase in the minimum non-SBIR revenue share required to pass this benchmark as follows:

- Fiscal Year 2027 assessment: An SBC subject to this benchmark must demonstrate a non-SBIR revenue share of at least 33 percent during the three most recent fiscal years excluding the current fiscal year.
- Fiscal Year 2028 assessment and each fiscal year thereafter: An SBC subject to this benchmark must demonstrate a non-SBIR revenue share of at least 50 percent during the three most recent fiscal years excluding the current fiscal year.

For example, if a company received 30 Phase II awards across Fiscal Years 2022 through 2026, it would be subject to this benchmark at the June 1, 2027, determination. If, for the three most recent fiscal years, the company reports total revenue of $4,000,000, of which $800,000 came from private commercial sales, $300,000 came from an award made under Phase III authority from a federal agency, and $100,000 came from another government contract, for a combined non-SBIR revenue of $1,200,000, the company's non-SBIR revenue would represent 30 percent of their total revenue, and thus the company would not meet the 33 percent Fiscal Year 2027 threshold and would be subject to the consequence described below. Note that the private commercial revenue and all non-SBIR government funding count toward the 30 percent figure under this benchmark's definition of non-SBIR revenue. Beginning with the Fiscal Year 2028 assessment, that same company would need to reach a 50 percent non-SBIR revenue share during the three most recent fiscal years to pass.

Consequence of Failing to Meet the Benchmark. An SBC that fails to meet the applicable minimum non-SBIR revenue share threshold is not eligible to submit a proposal for a new Phase I or Direct-to-Phase-II award from any participating agency during the one-year period beginning on the date on which the determination was made.

Section 9(qq)(4) of the Small Business Act requires that each system and minimum performance standard established under Section 9(qq)(1) or (qq)(2) be submitted to, and approved by, the SBA Administrator, who must ensure that the minimum performance standard exceeds a de minimis level. SBA is required to publish, at least 60 days before becoming effective, the system and performance standard to be used, and the approval by SBA. SBA will review all comments received in response to this notice and issue the final commercialization benchmark requirement within the timeframe noted above in the DATES section of this notice. That requirement will be published at www.sbir.gov, consistent with 15 U.S.C. 638(qq)(4)(A).

Joshua Carter

Associate Administrator

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