

Advocacy Requests Proposals for New Research on Seven Topics

by Kathryn Tobias, Senior Editor

Each year the Office of Advocacy publishes research on a wide range of topics. The studies serve many purposes. They educate policymakers, provide information to small business advocates, and expand knowledge of small business challenges and contributions.

Requests for quotations for new research are open in seven areas. They are posted at FedBizOpps at www.fbo.gov. And individual descriptions are online at this link: www.sba.gov/content/advocacy-request-quotations-rfqs.

Research areas include small business job creation, the impacts of credit scoring on small business access to financing, Internet sales taxes and small retailers, studies of businesses owned by veterans, research on small business use of tax expenditure provisions, and the impacts of Department of Energy appliance and equipment standards on retail prices.

Research is to be conducted in the year following award of the contract. The deadline for submitting proposals is Thursday, July 18, 2012, at 4 p.m. Eastern.

The following topics are open for proposals:

Longitudinal Analysis of Veteran-owned Businesses and Veteran Business Owners. How do veteran-owned businesses and veteran business owners change over time and how do such changes compare with those of other businesses? An additional research priority is to assess over time the differences in the characteristics and economic behavior of veteran business owners compared with others.

The Impact of Internet Sales Tax on Small Online Retailers. Research proposals should focus on the overall impact of Internet sales tax on small firms and whether any particular size

category would benefit from being exempted from requirements related to an online sales tax.

Factors that Lead Businesses without Employees to Hire their First Employee. Creating survey data for this project can be problematic, so Advocacy encourages projects that use comprehensive existing databases. Possible data sources include but are not limited to the Kauffman Foundation's Kauffman Firm Survey, D&B-based business registers, and U.S. Census Bureau databases.

The Roles of New, Main Street, and Fast-growing Businesses in Job Creation. While data on job creation by new businesses is readily available, tracking the growth patterns of firms to determine job creation by fast-growing and Main Street businesses is more difficult. Both will be necessary for this project.

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While traveling in Florida and Texas in June, Chief Counsel Sargeant (right) visited Sinmat, a high-tech manufacturing company in Gainesville, Fla. From left are Region IV Advocate Mark Berson; Rajiv Singh, Sinmat vice president and CTO; and Deepika Singh, Sinmat president and CEO. (See story, page 3.)

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Regulatory News

Advocacy Engages on “Incorporation by Reference” Issue

By Bruce Lundegren, Assistant Chief Counsel

The Office of Advocacy has been very active on the Incorporation by Reference (IBR) issue whereby federal agencies adopt industry consensus standards into their regulations. Advocacy hosted a small business regulatory roundtable on May 9, and then brought a group of small entity representatives to meet with officials from the Office of Management and Budget (OMB) to discuss this issue. Advocacy also participated in the National Institute for Standards and Technology’s recent IBR workshop, and on June 1, filed comment letters with the Office of the Federal Register (OFR) and OMB reflecting small entity input on this practice.

As indicated, IBR refers to federal agencies’ adopting materials, such as industry consensus standards, into their regulations by simply referencing them in the *Federal Register*. The National Technology Transfer Advancement Act encourages federal agencies to use private standards (rather than developing their own standards), and OMB has issued guidance in the form of OMB Circular A-119. These private technical standards are developed by a wide array of standards development organizations (SDOs), and it is difficult to generalize about their make-up. Further, many of the SDO materials are copyrighted and many SDOs fund their operations by selling these materials to the public.

The IBR issue was elevated last winter when the Administrative Conference of the United States (ACUS) issued a recommendation encouraging federal agencies to use IBR. Following the ACUS recommendation, a group of legal schol-

ars associated with ACUS filed a petition with OFR asking the agency to define the term “reasonably available,” including the possibility that it should mean available on the Internet for free (as Congress has just mandated for one Department of Transportation agency). OFR cannot legally publish an IBR unless the materials are “reasonably available” to affected persons.

With respect to the *Federal Register* petition, Advocacy’s comments noted that there is no uniform small entity perspective on “reasonably available,” and SDOs want a reliable set of rules that reflect their value to industry and the federal government. Because of the balancing of interests required, Advocacy stated that issues raised in the petition are highly dependent on the specific circumstance of each rulemaking and should therefore be part of each agency’s deliberations.

Advocacy’s comments to OMB on the federal government’s policy with respect to using private technical standards again noted the absence of a uniform small entity

The Small Business Advocate

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The Small Business Advocate (www.sba.gov/advocacy/810) is published monthly by the U.S. Small Business Administration’s Office of Advocacy and is distributed to SBA field staff, members of the U.S. Congress, and the public. *The Small Business Advocate* is available without charge from the Office of Advocacy, U.S. Small Business Administration, MC 3114, Washington, DC 20416; advocacy@sba.gov; (202) 205-6533. For delivery changes, send your current address label with your request to the above address. For electronic delivery of this newsletter, visit <http://www.sba.gov/updates>.



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perspective. Further, Advocacy noted that regulated small entities want a seat at the table when the standards are developed and easy access to the law; SDOs want a reliable set of rules that values their services. Finally, Advocacy noted that agencies should have an affirmative obligation to consider and request comment on small entity issues associated with private technical standards.

Advocacy’s letters to both agencies are available at www.sba.gov/advocacy/816 (dated June 1).

“Small Business Facts” Debut on Website

Confused about terminology? Or the basic definitions used in small business statistics? The Office of Advocacy has launched a new series, “Small Business Facts,” to demystify key small business topics and explain terms that often cause confusion. These concise handouts will bring you up to speed on key information and issues.

Six Small Business Factsheets are now posted on the website:

- Startup rates;
- Which businesses create more jobs—New or existing businesses?
- What is the difference between self-employment, nonemployer businesses, and sole proprietorships?
- What factors affect business survival?
- Small business credit card financing; and
- What is the level of availability and coverage of health insurance in small firms?

The series is located at www.sba.gov/advocacy/7540/126001.

Message from the Chief Counsel

U.S. Innovation Has Bright Future Because of 30-Year-Old Small Business Innovation Research Program

by Dr. Winslow Sargeant, Chief Counsel for Advocacy

Thirty years ago, as part of the Small Business Act of 1982, a little known program that began as a pilot at the National Science Foundation (NSF) was expanded to more agencies involved in extramural research. This program—the Small Business Innovation Research (SBIR), and its partner, the Small Business Technology Transfer Program (STTR)—have provided funding for some of the best early-stage innovative ideas that otherwise might have remained on the scientific shelf.

Championed by Milton (Milt) Stewart, the first chief counsel for advocacy at the U.S. Small Business Administration, and under the leadership of Roland Tibbetts, SBIR/STTR went on to become one of the best uses of taxpayer dollars in commercializing federally funded research. The SBIR/STTR program is often held up as a model public/private partnership, one which has enabled the United States to remain the most innovative country in the world. The announcement in December 2011 that SBIR/STTR had been re-authorized for another six years gave a boost to all of us who are committed to seeing the United States retain its leading position in worldwide innovation.

My first job in the federal government was that of SBIR program manager at the NSF. From this position, I witnessed firsthand the vital role this program plays in providing seed funding for cutting-edge ideas. The three-phase approach to funding is well structured to allow the incubation process to succeed (Phase I—feasibility research; Phase II—research toward prototype; and Phase III—commercialization).

During my time at NSF, I helped provide funding to hundreds of companies, many of which successfully commercialized their technologies. Studies by the National Academies of Science and others

“SBIR/STTR’s six-year reauthorization in December 2011 gave a boost to all of us who are committed to seeing the United States retain its leading position in worldwide innovation.”

have documented the successful technologies and services developed by companies funded by SBIR/STTR. They include Qualcomm, Genzyme, and Symantec—global brands that now employ hundreds of thousands of people and whose contributions to the U.S. economy have been extraordinary.

With the re-authorization of the program, the Office of Advocacy is coordinating roundtables that allow small business owners and entrepreneurs to talk with Sean Greene, the SBA’s associate administrator for investment and innovation. Greene is the point person for new proposed regulations implementing revisions to SBIR. For the first time, Congress’s authorization allows companies with majority ownership by venture capital operating companies (VCOs) to compete for SBIR funding. Agencies will set caps on the dollar amount that these majority-owned companies may receive. The current public comment process allows for an open exchange on how each agency will implement the new

rules. It is important to get this program right.

On a recent trip to Florida, I visited three small businesses that source innovative manufacturing products and services to large global brands. In Jacksonville, Nova Pressroom Products, LLC, and Myers-Seth Pump, Inc., supply environmentally friendly products for publishing and advanced pumping technology, respectively.

In Gainesville, I toured Sinmat, a high-tech manufacturing company founded by Drs. Deepika Singh and Rajiv Singh. Sinmat began operations in 2002 when it received SBIR funding. I was the program manager who recommended funding for it. Ten years later, Sinmat has 28 patents, more than 20 employees, and plans to double over the next few years. The CEO, Deepika Singh, shared with me that Sinmat would not have survived without SBIR funding. Sinmat’s employees come from diverse backgrounds, including a laid-off car mechanic whose machinery skills ideally suit him for its chemical mechanical polishing technology and a former electrician who has been retrained to help develop better products and services.

The SBIR program has stood the test of time. Thirty years have provided us with an extensive track record of the success of SBIR-funded companies. I am honored to follow in Milt Stewart’s footsteps; Milt remained a vocal champion of small business and of SBIR. Innovation, entrepreneurship, and commercialization have a friend in SBIR, and the Office of Advocacy will continue to be its champion.

Seven RFQs Announced,
from page 1.

Retail Price Impacts of the Department of Energy’s Residential Product Standards.

The research requires an empirical analysis of the impacts on retail prices of Department of Energy appliance and equipment standards for residential products over time. The proposal must demonstrate knowledge of the data available for this inquiry, indicate which data set will be used, and show the researcher’s competence to carry out a stated methodology.

Small Business Tax Expenditures. How and how frequently or intensively do businesses use tax expenditure programs? This research is expected to be of much use to policymakers.

The Impact of Credit Scoring on Small Firms. What is the effect of credit scoring on small businesses’ ability to borrow? More



Advocacy’s research RFQs are posted at FedBizOpps, www.fbo.gov.

specifically, researchers should address how credit scoring affects women- and minority-owned businesses’ ability to access capital. The research will review developments in small business credit

markets and address policy issues with respect to small business borrowing.

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