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March 27, 2026

Mr. Joshua Carter
Associate Administrator
Small Business Administration
Office of Investment and Innovation
409 3rd St. SW, Suite 6300
Washington, DC 20416

Dear Mr. Carter,

I write today to inform you that the Small Business Administration Office of Investment and Innovation is this month's recipient of my Golden Fleece Award. The Golden Fleece is being awarded due to the prolific overuse of Small Business Innovation Research (SBIR) by a small number of companies.¹

Let me be clear, I strongly support the mission of the SBIR and Small Business Technology Transfer (STTR) programs. Congress created these programs to increase small business participation in federally funded research and development and to promote the commercialization of innovative technologies. These programs are critical to ensuring entrepreneurs and startups can compete and bring new products to market. That said, there is a longstanding issue within these programs that deserves urgent attention: the rise of "SBIR mills."

Policy analysts, academic research, and Congressional oversight have all identified SBIR mills as organizations that specialize in securing large numbers of SBIR awards, while failing to translate those awards into meaningful commercial outcomes. These firms repeatedly secure early-stage awards without bringing products to market.²

A small number of companies receive a disproportionate share of SBIR funding. A Defense Innovation Board analysis found that the top 25 companies, representing less than 1 percent of participants, received roughly 18 percent of early-stage funding.³ Over the lifetime of the SBIR and STTR programs over 180 organizations have received more than 100 awards through the program and six companies have received over one thousand rewards.⁴

¹ David Rothzeit, "SBIR Mills Are Draining America's Innovation Fund," *DefenseScoop*, September 8, 2025,

² SSTI, "SSTI Analysis Reveals SBIR 'Mills' Take Outsized Portion of the Program's Awards," *State Science & Technology Institute*

³ David Rothzeit, "SBIR Mills Are Draining America's Innovation Fund," *DefenseScoop*, September 8, 2025,

⁴ SBIR.gov, "SBIR/STTR Portfolio Database," U.S. Small Business Administration, accessed 3/26/2026, <https://www.sbir.gov/portfolio>

This concentration of funding raises concerns that the program may not be reaching the broader pool of small, innovative businesses it was designed to support.⁵ Every dollar that goes to a company that is not bringing products to market is a dollar that is not going to a startup developing a new medical device, a new agricultural technology, or a new manufacturing process.

This issue has real consequences for everyday Americans. When a small group of repeat players capture a disproportionate share of SBIR funding, fewer resources are available for true startups and first-time entrepreneurs who are trying to turn new ideas into new businesses. For a state like Arkansas, where small businesses and startups are a key driver of economic growth, this means fewer opportunities for local innovators to access capital, grow their companies, and create jobs in their communities.

The existence of SBIR mills undermines the intent of the SBIR and STTR programs. Federal research funding is meant to seed innovation, expand participation, and help small businesses transition succeed. When a small group of organizations capture a disproportionate share of awards without delivering commercialization results, it risks crowding out new program entrants and reducing the overall effectiveness of the programs.

The Small Business Administration plays a central role in coordinating these programs and ensuring they operate consistently with Congressional intent. As such, it is critical that the Administration take additional steps to ensure that SBIR and STTR awards are distributed in ways that promote innovation, accountability, and measurable outcomes.

I remain committed to supporting these programs and ensuring their long-term success. However, long-term success depends on restoring confidence that taxpayer dollars are being used effectively and that these programs are supporting the next generation of American innovators, not sustaining a cycle of repeated awards without results.

Should you require additional authority from Congress to strengthen oversight or improve program integrity, I stand ready to work with you to ensure these programs meet their full potential.

Sincerely,



French Hill
Member of Congress

⁵ Clare Zhang, "Small Business R&D Programs Lapse," American Institute of Physics (AIP) FYI, October 9, 2025