

WHAT DETERMINES THE SUCCESS OF STATES IN ATTRACTING
SBIR AWARDS?*

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Abstract

This paper analyzes the interstate distribution of per capita awards made through the Small Business Innovation Research (SBIR) Program operated by the U.S federal government over the period 1983-93. The main finding is that after adjusting for population size, awards tend to be made to firms in centers of innovative activity, where knowledge is most easily created and spillovers between economic agents can occur most readily. State programs to assist prospective applicants for SBIR funding, on the other hand, appear to have had little effect in overcoming this seemingly powerful factor. Thus, the percentage distribution of per capita awards by state has remained roughly constant since the inception of the program. A possible implication of these results is that the SBIR program may exacerbate interstate differences in economic growth to the extent that growth of states is associated with their ability to create new knowledge.