



Space Venturing – Point Paper

Background Information

- U.S. entrepreneurs are developing new space transportation and spacecraft capabilities to serve private markets that could also help meet government needs.
- These commercial firms do not need to become traditional cost-plus contractors.
- They and the government are better served via fixed-price, pay-for-results contracts or innovative partnerships with government, much as was used in the early days of aviation
- Likewise, many state and local governments are funding infrastructure to support these new commercial space activities

Situation

- Both NASA and DOD are resource-constrained in achieving their space missions.
- NASA and DOD are beginning to try to work with entrepreneurial companies, partly to achieve financial leverage but also to acquire transformational capabilities.
- For example, the Air Force is working with several smaller firms on Operationally Responsive Space. NASA has selected two contractors support its Commercial Orbital Transportation Services (COTS) project, and using its prize authority to stimulate innovation.
- However, both the Air Force and NASA are more familiar with standard government contracting, and not well organized to deal with commercial firms.
- ITAR and other regulatory barriers impact small companies much more harshly than large manufacturers, closing off opportunities for financing and new employees as well as customer markets.

Needed Changes in Executive Branch

- NASA and the Air Force should continue to invest in higher-leverage, faster-payoff approaches that involve commercial firms.
- NASA and the Air Force should encourage entrepreneurial companies to propose fixed price bids for R&D small and mid-sized projects, such as those with total contract values of less than \$100 million.
- NASA and the Air Force should take affirmative steps, including budgeting, to create more opportunities for innovative partnerships beyond just SBIR and COTS.
- The Department of Transportation should request funds for Commercial Space Infrastructure Program grants, as authorized in law.

Requested Congressional Actions

- Use the FY2009 NASA and defense authorization acts to encourage these suggested changes.
- Support continued funding for NASA's COTS program, and possibly an expanded COTS program to allow new funded partnerships, such as through the innovative partnerships programs, and through full funding for the Centennial Challenges program.
- Support continued increases for the Operationally Responsive Space Office and related programs at the Air Force Research Laboratory, in support of smaller launch vehicles, satellite buses, and payloads to meet the needs of the Joint Force Commanders.
- Appropriate \$10 million to the Department of Transportation for competitively-awarded Commercial Space Infrastructure Program grants, as authorized in law

California Space Authority, Inc.

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