

# Union Calendar No. 85

112TH CONGRESS  
1ST SESSION

# H. R. 1425

**[Report No. 112-90, Parts I and II]**

To reauthorize and improve the SBIR and STTR programs, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 7, 2011

Mrs. ELLMERS (for herself, Mr. ALTMIRE, Mr. QUAYLE, Mr. WU, Mr. HALL, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. GRAVES of Missouri, and Mr. RICHMOND) introduced the following bill; which was referred to the Committee on Science, Space, and Technology, and in addition to the Committees on Small Business and Armed Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

MAY 3, 2011

Rereferred to the Committee on Small Business, and in addition to the Committees on Science, Space, and Technology and Armed Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

MAY 26, 2011

Reported from the Committee on Science, Space, and Technology with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

JULY 1, 2011

Additional sponsors: Mr. LIPINSKI, Mrs. BIGGERT, Mr. COBLE, Mr. WEST, Mr. CLARKE of Michigan, Mr. LUJÁN, Mr. WOMACK, Mrs. LOWEY, Mr. HANNA, Mr. WALSH of Illinois, Mr. CHABOT, Mr. BARTLETT, Mr. MULVANEY, Mr. BARLETTA, Mr. TIPTON, Mr. LANCE, Mr. JONES, Ms. HERRERA BEUTLER, and Mr. SMITH of Texas

JULY 1, 2011

Reported from the Committee on Small Business with an amendment  
[Strike out all after the enacting clause and insert the part printed in boldface roman]

JULY 1, 2011

Committee on Armed Services discharged; committed to the Committee of the  
Whole House on the State of the Union and ordered to be printed

[For text of introduced bill, see copy of bill as introduced on April 7, 2011]

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## **A BILL**

To reauthorize and improve the SBIR and STTR programs,  
and for other purposes.

1        *Be it enacted by the Senate and House of Representa-*  
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4        *This Act may be cited as the “Creating Jobs Through*  
 5 *Small Business Innovation Act of 2011”.*

6 **SEC. 2. TABLE OF CONTENTS.**

7        *The table of contents for this Act is as follows:*

*Sec. 1. Short title.*

*Sec. 2. Table of contents.*

*Sec. 3. Definitions.*

**TITLE I—REAUTHORIZATION OF THE SBIR AND STTR PROGRAMS**

*Sec. 101. Extension of termination dates.*

*Sec. 102. SBIR and STTR award levels.*

*Sec. 103. Agency and program flexibility.*

*Sec. 104. Elimination of Phase II invitations.*

*Sec. 105. Phase flexibility.*

*Sec. 106. Participation by firms with substantial investment from multiple ven-*  
*ture capital operating companies, hedge funds, or private equity*  
*firms in a portion of the SBIR program.*

*Sec. 107. Ensuring that innovative small businesses with substantial investment*  
*from venture capital operating companies, hedge funds, or pri-*  
*vate equity firms are able to participate in the SBIR and STTR*  
*programs.*

*Sec. 108. SBIR and STTR special acquisition preference.*

*Sec. 109. Collaborating with Federal laboratories and research and development*  
*centers.*

*Sec. 110. Notice requirement.*

*Sec. 111. Additional SBIR and STTR Awards.*

**TITLE II—OUTREACH AND COMMERCIALIZATION INITIATIVES**

*Sec. 201. Technical assistance for awardees.*

*Sec. 202. Commercialization Readiness Program at Department of Defense.*

*Sec. 203. Commercialization Readiness Pilot Program for civilian agencies.*

*Sec. 204. Interagency Policy Committee.*

*Sec. 205. Clarifying the definition of “Phase III”.*

*Sec. 206. Shortened period for final decisions on proposals and applications.*

*Sec. 207. Phase 0 Proof of Concept Partnership pilot program.*

**TITLE III—OVERSIGHT AND EVALUATION**

*Sec. 301. Streamlining annual evaluation requirements.*

*Sec. 302. Data collection from agencies for SBIR.*

*Sec. 303. Data collection from agencies for STTR.*

*Sec. 304. Public database.*

*Sec. 305. Government database.*

- Sec. 306. *Accuracy in funding base calculations.*  
 Sec. 307. *Continued evaluation by the National Academy of Sciences.*  
 Sec. 308. *Technology insertion reporting requirements.*  
 Sec. 309. *Obtaining consent from SBIR and STTR applicants to release contact information to economic development organizations.*  
 Sec. 310. *Pilot to allow funding for administrative, oversight, and contract processing costs.*  
 Sec. 311. *GAO study with respect to venture capital operating company, hedge fund, and private equity firm involvement.*  
 Sec. 312. *Reducing vulnerability of SBIR and STTR programs to fraud, waste, and abuse.*  
 Sec. 313. *Simplified paperwork requirements.*  
 Sec. 314. *Reducing fraud, waste, and abuse.*

*TITLE IV—POLICY DIRECTIVES*

- Sec. 401. *Conforming amendments to the SBIR and the STTR Policy Directives.*

*TITLE V—OTHER PROVISIONS*

- Sec. 501. *Report on SBIR and STTR program goals.*  
 Sec. 502. *Competitive selection procedures for SBIR and STTR programs.*  
 Sec. 503. *Loan restrictions.*  
 Sec. 504. *Program diversification.*

1 **SEC. 3. DEFINITIONS.**

2 *In this Act—*

3 (1) *the terms “Administration” and “Adminis-*  
 4 *trator” mean the Small Business Administration and*  
 5 *the Administrator thereof, respectively;*

6 (2) *the terms “extramural budget”, “Federal*  
 7 *agency”, “Small Business Innovation Research Pro-*  
 8 *gram”, “SBIR”, “Small Business Technology Trans-*  
 9 *fer Program”, and “STTR” have the meanings given*  
 10 *such terms in section 9 of the Small Business Act (15*  
 11 *U.S.C. 638); and*

12 (3) *the term “small business concern” has the*  
 13 *meaning given that term under section 3 of the Small*  
 14 *Business Act (15 U.S.C. 632).*

1 **TITLE I—REAUTHORIZATION OF**  
2 **THE SBIR AND STTR PROGRAMS**

3 **SEC. 101. EXTENSION OF TERMINATION DATES.**

4 (a) *SBIR*.—Section 9(m) of the Small Business Act  
5 (15 U.S.C. 638(m)) is amended—

6 (1) by striking “TERMINATION.—” and all that  
7 follows through “the authorization” and inserting  
8 “TERMINATION.—The authorization”;

9 (2) by striking “2008” and inserting “2014”;  
10 and

11 (3) by striking paragraph (2).

12 (b) *STTR*.—Section 9(n)(1)(A) of the Small Business  
13 Act (15 U.S.C. 638(n)(1)(A)) is amended—

14 (1) by striking “IN GENERAL.—” and all that  
15 follows through “with respect” and inserting “IN GEN-  
16 ERAL.—With respect”;

17 (2) by striking “2009” and inserting “2014”;  
18 and

19 (3) by striking clause (ii).

20 **SEC. 102. SBIR AND STTR AWARD LEVELS.**

21 (a) *SBIR ADJUSTMENTS*.—Section 9(j)(2)(D) of the  
22 Small Business Act (15 U.S.C. 638(j)(2)(D)) is amended—

23 (1) by striking “\$100,000” and inserting  
24 “\$150,000”; and

1           (2) by striking “\$750,000” and inserting  
2           “\$1,000,000”.

3           (b) *STTR ADJUSTMENTS*.—Section 9(p)(2)(B)(ix) of  
4 *the Small Business Act (15 U.S.C. 638(p)(2)(B)(ix))* is  
5 amended—

6           (1) by striking “\$100,000” and inserting  
7           “\$150,000”; and

8           (2) by striking “\$750,000” and inserting  
9           “\$1,000,000”.

10          (c) *ANNUAL ADJUSTMENTS*.—Section 9 of the *Small*  
11 *Business Act (15 U.S.C. 638)* is amended—

12           (1) in subsection (j)(2)(D), by striking “once  
13 every 5 years to reflect economic adjustments and  
14 programmatic considerations” and inserting “every  
15 year for inflation”; and

16           (2) in subsection (p)(2)(B)(ix), as amended by  
17 subsection (b) of this section, by inserting “(each of  
18 which the Administrator shall adjust for inflation an-  
19 nually)” after “\$1,000,000.”

20          (d) *LIMITATION ON SIZE OF AWARDS*.—Section 9 of  
21 *the Small Business Act (15 U.S.C. 638)*, as amended by  
22 *this Act*, is further amended by adding at the end the fol-  
23 *lowing*:

24           “(aa) *LIMITATION ON SIZE OF AWARDS*.—

1           “(1) *LIMITATION.*—No Federal agency may issue  
2           an award under the SBIR program or the STTR pro-  
3           gram if the size of the award exceeds the award guide-  
4           lines established under this section by more than 50  
5           percent.

6           “(2) *MAINTENANCE OF INFORMATION.*—Partici-  
7           pating agencies shall maintain information on  
8           awards exceeding the guidelines established under this  
9           section, including—

10                   “(A) the amount of each award;

11                   “(B) a justification for exceeding the award  
12           amount;

13                   “(C) the identity and location of each  
14           award recipient; and

15                   “(D) whether an award recipient has re-  
16           ceived any venture capital, hedge fund, or pri-  
17           vate equity firm investment and, if so, whether  
18           the recipient is majority-owned by multiple ven-  
19           ture capital operating companies, hedge funds,  
20           or private equity firms.

21           “(3) *REPORTS.*—The Administrator shall in-  
22           clude the information described in paragraph (2) in  
23           the annual report of the Administrator to Congress.

24           “(4) *RULE OF CONSTRUCTION.*—Nothing in this  
25           subsection shall be construed to prevent a Federal

1        *agency from supplementing an award under the*  
2        *SBIR program or the STTR program using funds of*  
3        *the Federal agency that are not part of the SBIR pro-*  
4        *gram or the STTR program of the Federal agency.”.*

5        **SEC. 103. AGENCY AND PROGRAM FLEXIBILITY.**

6        *Section 9 of the Small Business Act (15 U.S.C. 638),*  
7        *as amended by this Act, is further amended by adding at*  
8        *the end the following:*

9        *“(bb) SUBSEQUENT PHASE II AWARDS.—*

10                *“(1) AGENCY FLEXIBILITY.—A small business*  
11        *concern that received a Phase I award from a Federal*  
12        *agency under this section shall be eligible to receive*  
13        *a subsequent Phase II award from another Federal*  
14        *agency, if the head of each relevant Federal agency or*  
15        *the relevant component of the Federal agency makes*  
16        *a written determination that the topics of the relevant*  
17        *awards are the same and both agencies report the*  
18        *awards to the Administrator for inclusion in the pub-*  
19        *lic database under subsection (k).*

20                *“(2) SBIR AND STTR PROGRAM FLEXIBILITY.—*

21        *A small business concern that received a Phase I*  
22        *award under this section under the SBIR program or*  
23        *the STTR program may receive a subsequent Phase*  
24        *II award in either the SBIR program or the STTR*  
25        *program and the participating agency or agencies*



1       *shall report the awards to the Administrator for in-*  
2       *clusion in the public database under subsection (k).”.*

3       **SEC. 104. ELIMINATION OF PHASE II INVITATIONS.**

4       *Section 9(e) of the Small Business Act (15 U.S.C.*  
5       *638(e)) is amended—*

6               *(1) in paragraph (4)(B), by striking “to further”*  
7               *and inserting “which shall not include any invita-*  
8               *tion, pre-screening, pre-selection, or down-selection*  
9               *process for eligibility for Phase II, that will further”;*  
10              *and*

11              *(2) in paragraph (6)(B), by striking “to further*  
12              *develop proposed ideas to” and inserting “which shall*  
13              *not include any invitation, pre-screening, pre-selec-*  
14              *tion, or down-selection process for eligibility for Phase*  
15              *II, that will further develop proposals that”.*

16       **SEC. 105. PHASE FLEXIBILITY.**

17       *Section 9 of the Small Business Act (15 U.S.C. 638),*  
18       *as amended by this Act, is further amended by adding at*  
19       *the end the following:*

20              *“(cc) PHASE I REQUIRED.—Under this section, a Fed-*  
21              *eral agency shall provide to a small business concern an*  
22              *award under Phase II of an SBIR program with respect*  
23              *to a project only if such agency finds that the small business*  
24              *concern has been provided an award under Phase I of an*  
25              *SBIR program with respect to such project or has completed*

1 *the determinations described in subsection (e)(4)(A) with*  
 2 *respect to such project despite not having been provided a*  
 3 *Phase I award.”.*

4 **SEC. 106. PARTICIPATION BY FIRMS WITH SUBSTANTIAL IN-**  
 5 **VESTMENT FROM MULTIPLE VENTURE CAP-**  
 6 **ITAL OPERATING COMPANIES, HEDGE FUNDS,**  
 7 **OR PRIVATE EQUITY FIRMS IN A PORTION OF**  
 8 **THE SBIR PROGRAM.**

9 *(a) IN GENERAL.—Section 9 of the Small Business Act*  
 10 *(15 U.S.C. 638), as amended by this Act, is further amend-*  
 11 *ed by adding at the end the following:*

12 *“(dd) PARTICIPATION OF SMALL BUSINESS CONCERNS*  
 13 *MAJORITY-OWNED BY VENTURE CAPITAL OPERATING COM-*  
 14 *PANIES, HEDGE FUNDS, OR PRIVATE EQUITY FIRMS IN*  
 15 *THE SBIR PROGRAM.—*

16 *“(1) AUTHORITY.—Upon a written determina-*  
 17 *tion described in paragraph (2) provided to the Ad-*  
 18 *ministrator, the Committee on Small Business and*  
 19 *Entrepreneurship of the Senate, and the Committee*  
 20 *on Small Business and the Committee on Science,*  
 21 *Space, and Technology of the House of Representa-*  
 22 *tives not later than 30 days before the date on which*  
 23 *an award is made—*

24 *“(A) the Director of the National Institutes*  
 25 *of Health, the Secretary of Energy, the Adminis-*

1           *trator of the National Aeronautics and Space*  
2           *Administration, and the Director of the National*  
3           *Science Foundation may award not more than*  
4           *45 percent of the funds allocated for the SBIR*  
5           *program of the Federal agency to small business*  
6           *concerns that are owned in majority part by*  
7           *multiple venture capital operating companies,*  
8           *hedge funds, or private equity firms through*  
9           *competitive, merit-based procedures that are*  
10          *open to all eligible small business concerns; and*

11            “(B) *the head of a Federal agency other*  
12          *than a Federal agency described in subpara-*  
13          *graph (A) that participates in the SBIR pro-*  
14          *gram may award not more than 35 percent of*  
15          *the funds allocated for the SBIR program of the*  
16          *Federal agency to small business concerns that*  
17          *are owned in majority part by multiple venture*  
18          *capital operating companies, hedge funds, or pri-*  
19          *ivate equity firms through competitive, merit-*  
20          *based procedures that are open to all eligible*  
21          *small business concerns.*

22           “(2) *DETERMINATION.*—*A written determination*  
23          *described in this paragraph is a written determina-*  
24          *tion by the head of a Federal agency that explains*

1       *how the use of the authority under paragraph (1)*  
2       *will—*

3               “(A) *induce additional venture capital,*  
4               *hedge fund, or private equity firm funding of*  
5               *small business innovations;*

6               “(B) *substantially contribute to the mission*  
7               *of the Federal agency;*

8               “(C) *demonstrate a need for public research;*  
9               *and*

10              “(D) *otherwise fulfill the capital needs of*  
11              *small business concerns for additional financing*  
12              *for the SBIR project.*

13              “(3) *REGISTRATION.—A small business concern*  
14              *that is majority-owned by multiple venture capital*  
15              *operating companies, hedge funds, or private equity*  
16              *firms and qualified for participation in the program*  
17              *authorized under paragraph (1) shall—*

18                      “(A) *register with the Administrator on the*  
19                      *date that the small business concern submits an*  
20                      *application for an award under the SBIR pro-*  
21                      *gram; and*

22                      “(B) *indicate in any SBIR proposal that*  
23                      *the small business concern is registered under*  
24                      *subparagraph (A) as majority-owned by multiple*

1           *venture capital operating companies, hedge*  
2           *funds, or private equity firms.*

3           “(4) *COMPLIANCE.*—

4                   “(A) *IN GENERAL.*—*The head of a Federal*  
5           *agency that makes an award under this sub-*  
6           *section during a fiscal year shall collect and sub-*  
7           *mit to the Administrator data relating to the*  
8           *number and dollar amount of Phase I awards,*  
9           *Phase II awards, and any other category of*  
10          *awards by the Federal agency under the SBIR*  
11          *program during that fiscal year.*

12                   “(B) *ANNUAL REPORTING.*—*The Adminis-*  
13          *trator shall include as part of each annual re-*  
14          *port by the Administration under subsection*  
15          *(b)(7) any data submitted under subparagraph*  
16          *(A) and a discussion of the compliance of each*  
17          *Federal agency that makes an award under this*  
18          *subsection during the fiscal year with the max-*  
19          *imum percentages under paragraph (1).*

20                   “(5) *ENFORCEMENT.*—*If a Federal agency*  
21          *awards more than the percent of the funds allocated*  
22          *for the SBIR program of the Federal agency author-*  
23          *ized under paragraph (1) for a purpose described in*  
24          *paragraph (1), the head of the Federal agency shall*  
25          *transfer an amount equal to the amount awarded in*

1 *excess of the amount authorized under paragraph (1)*  
2 *to the funds for general SBIR programs from the non-*  
3 *SBIR and non-STTR research and development funds*  
4 *of the Federal agency not later than 180 days after*  
5 *the date on which the Federal agency made the award*  
6 *that caused the total awarded under paragraph (1) to*  
7 *be more than the amount authorized under paragraph*  
8 *(1) for a purpose described in paragraph (1).*

9 *“(6) FINAL DECISIONS ON APPLICATIONS UNDER*  
10 *THE SBIR PROGRAM.—*

11 *“(A) DEFINITION.—In this paragraph, the*  
12 *term ‘covered small business concern’ means a*  
13 *small business concern that—*

14 *“(i) was not majority-owned by mul-*  
15 *tiple venture capital operating companies,*  
16 *hedge funds, or private equity firms on the*  
17 *date on which the small business concern*  
18 *submitted an application in response to a*  
19 *solicitation under the SBIR programs; and*

20 *“(ii) on the date of the award under*  
21 *the SBIR program is majority-owned by*  
22 *multiple venture capital operating compa-*  
23 *nies, hedge funds, or private equity firms.*

24 *“(B) IN GENERAL.—If a Federal agency*  
25 *does not make an award under a solicitation*

1           *under the SBIR program before the date that is*  
2           *9 months after the date on which the period for*  
3           *submitting applications under the solicitation*  
4           *ends—*

5                     *“(i) a covered small business concern is*  
6                     *eligible to receive the award, without regard*  
7                     *to whether the covered small business con-*  
8                     *cern meets the requirements for receiving an*  
9                     *award under the SBIR program for a small*  
10                    *business concern that is majority-owned by*  
11                    *multiple venture capital operating compa-*  
12                    *nies, hedge funds, or private equity firms, if*  
13                    *the covered small business concern meets all*  
14                    *other requirements for such an award; and*

15                    *“(ii) the head of the Federal agency*  
16                    *shall transfer an amount equal to any*  
17                    *amount awarded to a covered small business*  
18                    *concern under the solicitation to the funds*  
19                    *for general SBIR programs from the non-*  
20                    *SBIR and non-STTR research and develop-*  
21                    *ment funds of the Federal agency, not later*  
22                    *than 90 days after the date on which the*  
23                    *Federal agency makes the award.*

24                    *“(7) EVALUATION CRITERIA.—A Federal agency*  
25                    *may not use investment of venture capital or invest-*

1        *ment from hedge funds or private equity firms as a*  
2        *criterion for the award of contracts under the SBIR*  
3        *program or STTR program.”.*

4        *(b) TECHNICAL AND CONFORMING AMENDMENT.—Sec-*  
5        *tion 3 of the Small Business Act (15 U.S.C. 632) is amend-*  
6        *ed by adding at the end the following:*

7            *“(aa) VENTURE CAPITAL OPERATING COMPANY.—In*  
8        *this Act, the term ‘venture capital operating company’*  
9        *means an entity described in clause (i), (v), or (vi) of sec-*  
10        *tion 121.103(b)(5) of title 13, Code of Federal Regulations*  
11        *(or any successor thereto).*

12            *“(bb) HEDGE FUND.—In this Act, the term ‘hedge*  
13        *fund’ has the meaning given that term in section 13(h)(2)*  
14        *of the Bank Holding Company Act of 1956 (12 U.S.C.*  
15        *1851(h)(2)).*

16            *“(cc) PRIVATE EQUITY FIRM.—In this Act, the term*  
17        *‘private equity firm’ has the meaning given the term ‘pri-*  
18        *vate equity fund’ in section 13(h)(2) of the Bank Holding*  
19        *Company Act of 1956 (12 U.S.C. 1851(h)(2)).”.*



1 **SEC. 107. ENSURING THAT INNOVATIVE SMALL BUSINESSES**  
2 **WITH SUBSTANTIAL INVESTMENT FROM VEN-**  
3 **TURE CAPITAL OPERATING COMPANIES,**  
4 **HEDGE FUNDS, OR PRIVATE EQUITY FIRMS**  
5 **ARE ABLE TO PARTICIPATE IN THE SBIR AND**  
6 **STTR PROGRAMS.**

7 *Section 9 of the Small Business Act (15 U.S.C. 638),*  
8 *as amended by this Act, is further amended by adding at*  
9 *the end the following:*

10 *“(ee) VENTURE CAPITAL OPERATING COMPANIES,*  
11 *HEDGE FUNDS, AND PRIVATE EQUITY FIRMS.—Effective*  
12 *only for the SBIR and STTR programs the following shall*  
13 *apply:*

14 *“(1) A business concern that has more than 500*  
15 *employees shall not qualify as a small business con-*  
16 *cern.*

17 *“(2) In determining whether a small business*  
18 *concern is independently owned and operated under*  
19 *section 3(a)(1) or meets the small business size stand-*  
20 *ards instituted under section 3(a)(2), the Adminis-*  
21 *trator shall not consider a business concern to be af-*  
22 *filiated with a venture capital operating company,*  
23 *hedge fund, or private equity firm (or with any other*  
24 *business that the venture capital operating company,*  
25 *hedge fund, or private equity firm has financed) if—*

1           “(A) *the venture capital operating com-*  
2           *pany, hedge fund, or private equity firm does*  
3           *not own 50 percent or more of the business con-*  
4           *cern; and*

5           “(B) *employees of the venture capital oper-*  
6           *ating company, hedge fund, or private equity*  
7           *firm do not constitute a majority of the board of*  
8           *directors of the business concern.*

9           “(3) *A business concern shall be deemed to be*  
10          *‘independently owned and operated’ if—*

11           “(A) *it is owned in majority part by one or*  
12           *more natural persons or venture capital oper-*  
13           *ating companies, hedge funds, or private equity*  
14           *firms;*

15           “(B) *there is no single venture capital oper-*  
16           *ating company, hedge fund, or private equity*  
17           *firm that owns 50 percent or more of the busi-*  
18           *ness concern; and*

19           “(C) *there is no single venture capital oper-*  
20           *ating company, hedge fund, or private equity*  
21           *firm the employees of which constitute a major-*  
22           *ity of the board of directors of the business con-*  
23           *cern.*

24           “(4) *If a venture capital operating company,*  
25          *hedge fund, or private equity firm controlled by a*

1 *business with more than 500 employees (in this para-*  
2 *graph referred to as a ‘VCOOC, hedge fund, or private*  
3 *equity firm under large business control’) has an*  
4 *ownership interest in a small business concern that is*  
5 *owned in majority part by venture capital operating*  
6 *companies, hedge funds, or private equity firms, the*  
7 *small business concern is eligible to receive an award*  
8 *under the SBIR or STTR program only if—*

9 *“(A) not more than two VCOOCs, hedge*  
10 *funds, or private equity firms under large busi-*  
11 *ness control have an ownership interest in the*  
12 *small business concern; and*

13 *“(B) the VCOOCs, hedge funds, or private eq-*  
14 *uity firms under large business control do not*  
15 *collectively own more than 20 percent of the*  
16 *small business concern.”.*

17 **SEC. 108. SBIR AND STTR SPECIAL ACQUISITION PREF-**  
18 **ERENCE.**

19 *Section 9(r) of the Small Business Act (15 U.S.C.*  
20 *638(r)) is amended by adding at the end the following:*

21 *“(4) PHASE III AWARDS.—To the greatest extent*  
22 *practicable, Federal agencies and Federal prime con-*  
23 *tractors shall issue Phase III awards relating to tech-*  
24 *nology, including sole source awards, to the SBIR*

1       *and STTR award recipients that developed the tech-*  
 2       *nology.”.*

3   **SEC. 109. COLLABORATING WITH FEDERAL LABORATORIES**  
 4                   **AND RESEARCH AND DEVELOPMENT CEN-**  
 5                   **TERS.**

6       *Section 9 of the Small Business Act (15 U.S.C. 638),*  
 7   *as amended by this Act, is further amended by adding at*  
 8   *the end the following:*

9           “(ff) *COLLABORATING WITH FEDERAL LABORATORIES*  
 10 *AND RESEARCH AND DEVELOPMENT CENTERS.—*

11           “(1) *AUTHORIZATION.—Subject to the limita-*  
 12   *tions under this section, the head of each partici-*  
 13   *parting Federal agency may make SBIR and STTR*  
 14   *awards to any eligible small business concern that—*

15           “(A) *intends to enter into an agreement*  
 16   *with a Federal laboratory or federally funded re-*  
 17   *search and development center for portions of the*  
 18   *activities to be performed under that award; or*

19           “(B) *has entered into a cooperative research*  
 20   *and development agreement (as defined in sec-*  
 21   *tion 12(d) of the Stevenson-Wydler Technology*  
 22   *Innovation Act of 1980 (15 U.S.C. 3710a(d))*  
 23   *with a Federal laboratory.*

24           “(2) *PROHIBITION.—No Federal agency shall—*

1           “(A) condition an SBIR or STTR award  
2           upon entering into agreement with any Federal  
3           laboratory or any federally funded laboratory or  
4           research and development center for any portion  
5           of the activities to be performed under that  
6           award;

7           “(B) approve an agreement between a small  
8           business concern receiving a SBIR or STTR  
9           award and a Federal laboratory or federally  
10          funded laboratory or research and development  
11          center, if the small business concern performs a  
12          lesser portion of the activities to be performed  
13          under that award than required by this section  
14          and by the SBIR Policy Directive and the STTR  
15          Policy Directive of the Administrator; or

16          “(C) approve an agreement that violates  
17          any provision, including any data rights protec-  
18          tions provision, of this section or the SBIR and  
19          the STTR Policy Directives.

20          “(3) IMPLEMENTATION.—Not later than 180  
21          days after the date of enactment of this subsection, the  
22          Administrator shall modify the SBIR Policy Direc-  
23          tive and the STTR Policy Directive issued under this  
24          section to ensure that small business concerns—

1           “(A) have the flexibility to use the resources  
2 of the Federal laboratories and federally funded  
3 research and development centers; and

4           “(B) are not mandated to enter into agree-  
5 ment with any Federal laboratory or any feder-  
6 ally funded laboratory or research and develop-  
7 ment center as a condition of an award.

8           “(4) *ADVANCE PAYMENT.*—If a small business  
9 concern receiving an award under this section enters  
10 into an agreement with a Federal laboratory or feder-  
11 ally funded research and development center for por-  
12 tions of the activities to be performed under that  
13 award, the Federal laboratory or federally funded re-  
14 search and development center may not require ad-  
15 vance payment from the small business concern in an  
16 amount greater than the amount necessary to pay for  
17 30 days of such activities.”.

18 **SEC. 110. NOTICE REQUIREMENT.**

19           (a) *SBIR PROGRAM.*—Section 9(g) of the Small Busi-  
20 ness Act (15 U.S.C. 638(g)) is amended—

21           (1) in paragraph (10), by striking “and” at the  
22 end;

23           (2) in paragraph (11), by striking the period at  
24 the end and inserting “; and”; and

25           (3) by adding at the end the following:

1           “(12) provide timely notice to the Administrator  
2 of any case or controversy before any Federal judicial  
3 or administrative tribunal concerning the SBIR pro-  
4 gram of the Federal agency.”.

5           **(b) STTR PROGRAM.**—Section 9(o) of the Small Busi-  
6 ness Act (15 U.S.C. 638(o)) is amended—

7           (1) by striking paragraph (15);

8           (2) in paragraph (16), by striking the period at  
9 the end and inserting “; and”;

10          (3) by redesignating paragraph (16) as para-  
11 graph (15); and

12          (4) by adding at the end the following:

13           “(16) provide timely notice to the Administrator  
14 of any case or controversy before any Federal judicial  
15 or administrative tribunal concerning the STTR pro-  
16 gram of the Federal agency.”.

17 **SEC. 111. ADDITIONAL SBIR AND STTR AWARDS.**

18          Section 9 of the Small Business Act (15 U.S.C. 638),  
19 as amended by this Act, is further amended by adding at  
20 the end the following:

21           “(gg) **ADDITIONAL SBIR AND STTR AWARDS.**—

22           “(1) **EXPRESS AUTHORITY FOR AWARDING A SE-**  
23 **QUENTIAL PHASE II AWARD.**—A small business con-  
24 cern that receives a Phase II SBIR award or a Phase  
25 II STTR award for a project remains eligible to re-

1        *ceive one additional Phase II SBIR award or Phase*  
 2        *II STTR award for continued work on that project.*

3            *“(2) PREVENTING DUPLICATIVE AWARDS.—The*  
 4        *head of a Federal agency shall verify that any activ-*  
 5        *ity to be performed with respect to a project with a*  
 6        *Phase I or Phase II SBIR or STTR award has not*  
 7        *been funded under the SBIR program or STTR pro-*  
 8        *gram of another Federal agency.”.*

9        **TITLE II—OUTREACH AND COM-**  
 10        **MERCIALIZATION                    INITIA-**  
 11        **TIVES**

12        **SEC. 201. TECHNICAL ASSISTANCE FOR AWARDEES.**

13        *Section 9(q) of the Small Business Act (15 U.S.C.*  
 14        *638(q)) is amended—*

15            *(1) in paragraph (1)—*

16                    *(A) by inserting “or STTR program” after*  
 17                    *“SBIR program”; and*

18                    *(B) by striking “SBIR projects” and insert-*  
 19                    *ing “SBIR or STTR projects”;*

20            *(2) in paragraph (2), by striking “3 years” and*  
 21        *inserting “5 years”; and*

22            *(3) in paragraph (3)—*

23                    *(A) in subparagraph (A)—*

24                            *(i) by inserting “or STTR” after*  
 25                            *“SBIR”; and*



1                   (ii) by striking “\$4,000” and inserting  
2                   “\$5,000”;

3                   (B) by striking subparagraph (B) and in-  
4                   serting the following:

5                   “(B) PHASE II.—A Federal agency de-  
6                   scribed in paragraph (1) may—

7                   “(i) provide to the recipient of a Phase  
8                   II SBIR or STTR award, through a vendor  
9                   selected under paragraph (2), the services  
10                  described in paragraph (1), in an amount  
11                  equal to not more than \$5,000 per year; or

12                  “(ii) authorize the recipient of a Phase  
13                  II SBIR or STTR award to purchase the  
14                  services described in paragraph (1), in an  
15                  amount equal to not more than \$5,000 per  
16                  year, which shall be in addition to the  
17                  amount of the recipient’s award.”; and

18                  (C) by adding at the end the following:

19                  “(C) FLEXIBILITY.—In carrying out sub-  
20                  paragraphs (A) and (B), each Federal agency  
21                  shall provide the allowable amounts to a recipi-  
22                  ent that meets the eligibility requirements under  
23                  the applicable subparagraph, if the recipient re-  
24                  quests to seek technical assistance from an indi-

1            *vidual or entity other than the vendor selected*  
 2            *under paragraph (2) by the Federal agency.*

3            “(D) *LIMITATION.*—*A Federal agency may*  
 4            *not—*

5                    *“(i) use the amounts authorized under*  
 6                    *subparagraph (A) or (B) unless the vendor*  
 7                    *selected under paragraph (2) provides the*  
 8                    *technical assistance to the recipient; or*

9                    *“(ii) enter a contract with a vendor*  
 10                   *under paragraph (2) under which the*  
 11                   *amount provided for technical assistance is*  
 12                   *based on total number of Phase I or Phase*  
 13                   *II awards.”.*

14    **SEC. 202. COMMERCIALIZATION READINESS PROGRAM AT**  
 15                    **DEPARTMENT OF DEFENSE.**

16            *(a) IN GENERAL.*—*Section 9(y) of the Small Business*  
 17            *Act (15 U.S.C. 638(y)) is amended—*

18                    *(1) in the subsection heading, by striking*  
 19                    *“PILOT” and inserting “READINESS”;*

20                    *(2) by striking “Pilot” each place that term ap-*  
 21                    *pears and inserting “Readiness”;*

22                    *(3) in paragraph (1)—*

23                            *(A) by inserting “or Small Business Tech-*  
 24                            *nology Transfer Program” after “Small Business*  
 25                            *Innovation Research Program”; and*

1           (B) by adding at the end the following:

2           *“The authority to create and administer a Com-*  
3           *mercialization Readiness Program under this*  
4           *subsection may not be construed to eliminate or*  
5           *replace any other SBIR program or STTR pro-*  
6           *gram that enhances the insertion or transition of*  
7           *SBIR or STTR technologies, including any such*  
8           *program in effect on the date of enactment of the*  
9           *National Defense Authorization Act for Fiscal*  
10          *Year 2006 (Public Law 109–163; 119 Stat.*  
11          *3136).”;*

12          (4) in paragraph (2), by inserting *“or Small*  
13          *Business Technology Transfer Program”* after *“Small*  
14          *Business Innovation Research Program”*;

15          (5) by striking paragraphs (5) and (6); and

16          (6) by inserting after paragraph (4) the fol-  
17          *lowing:*

18          *“(5) INSERTION INCENTIVES.—For any contract*  
19          *with a value of not less than \$100,000,000, the Sec-*  
20          *retary of Defense is authorized to—*

21                 *“(A) establish goals for the transition of*  
22                 *Phase III technologies in subcontracting plans;*  
23                 *and*

24                 *“(B) require a prime contractor on such a*  
25                 *contract to report the number and dollar amount*

1           of contracts entered into by that prime con-  
2           tractor for Phase III SBIR or STTR projects.

3           “(6) GOAL FOR SBIR AND STTR TECHNOLOGY IN-  
4           SERTION.—The Secretary of Defense shall—

5                   “(A) set a goal to increase the number of  
6                   Phase II SBIR contracts and the number of  
7                   Phase II STTR contracts awarded by that Sec-  
8                   retary that lead to technology transition into  
9                   programs of record or fielded systems;

10                   “(B) use incentives in effect on the date of  
11                   enactment of the Creating Jobs Through Small  
12                   Business Innovation Act of 2011, or create new  
13                   incentives, to encourage agency program man-  
14                   agers and prime contractors to meet the goal  
15                   under subparagraph (A); and

16                   “(C) include in the annual report to Con-  
17                   gress the percentage of contracts described in sub-  
18                   paragraph (A) awarded by that Secretary, and  
19                   information on the ongoing status of projects  
20                   funded through the Commercialization Readiness  
21                   Program and efforts to transition these tech-  
22                   nologies into programs of record or fielded sys-  
23                   tems.”.

24           (b) TECHNICAL AND CONFORMING AMENDMENT.—Sec-  
25           tion 9(i)(1) of the Small Business Act (15 U.S.C. 638(i)(1))

1 *is amended by inserting “(including awards under sub-*  
2 *section (y))” after “the number of awards”.*

3 **SEC. 203. COMMERCIALIZATION READINESS PILOT PRO-**  
4 **GRAM FOR CIVILIAN AGENCIES.**

5 *Section 9 of the Small Business Act (15 U.S.C. 638),*  
6 *as amended by this Act, is further amended by adding at*  
7 *the end the following:*

8 *“(hh) PILOT PROGRAM.—*

9 *“(1) AUTHORIZATION.—The head of each covered*  
10 *Federal agency may allocate not more than 10 per-*  
11 *cent of the funds allocated to the SBIR program and*  
12 *the STTR program of the covered Federal agency—*

13 *“(A) for awards for technology development,*  
14 *testing, evaluation, and commercialization as-*  
15 *sistance for SBIR and STTR Phase II tech-*  
16 *nologies; or*

17 *“(B) to support the progress of research, re-*  
18 *search and development, and commercialization*  
19 *conducted under the SBIR or STTR programs to*  
20 *Phase III.*

21 *“(2) APPLICATION BY FEDERAL AGENCY.—*

22 *“(A) IN GENERAL.—A covered Federal*  
23 *agency may not establish a pilot program unless*  
24 *the covered Federal agency makes a written ap-*  
25 *plication to the Administrator, not later than 90*

1           *days before the first day of the fiscal year in*  
2           *which the pilot program is to be established, that*  
3           *describes a compelling reason that additional in-*  
4           *vestment in SBIR or STTR technologies is nec-*  
5           *essary, including unusually high regulatory, sys-*  
6           *tems integration, or other costs relating to devel-*  
7           *opment or manufacturing of identifiable, highly*  
8           *promising small business technologies or a class*  
9           *of such technologies expected to substantially ad-*  
10          *vance the mission of the agency.*

11           “(B) *DETERMINATION.*—*The Administrator*  
12          *shall—*

13                   “(i) *make a determination regarding*  
14                   *an application submitted under subpara-*  
15                   *graph (A) not later than 30 days before the*  
16                   *first day of the fiscal year for which the ap-*  
17                   *plication is submitted;*

18                   “(ii) *publish the determination in the*  
19                   *Federal Register; and*

20                   “(iii) *make a copy of the determina-*  
21                   *tion and any related materials available to*  
22                   *the Committee on Small Business and En-*  
23                   *trepreneurship of the Senate and the Com-*  
24                   *mittee on Small Business and the Com-*

1                    *mittee on Science, Space, and Technology of*  
2                    *the House of Representatives.*

3                    “(3) *MAXIMUM AMOUNT OF AWARD.*—*The head of*  
4                    *a covered Federal agency may not make an award*  
5                    *under a pilot program in excess of 3 times the dollar*  
6                    *amounts generally established for Phase II awards*  
7                    *under subsection (j)(2)(D) or (p)(2)(B)(ix).*

8                    “(4) *REGISTRATION.*—*Any applicant that re-*  
9                    *ceives an award under a pilot program shall register*  
10                    *with the Administrator in a registry that is available*  
11                    *to the public.*

12                    “(5) *AWARD CRITERIA OR CONSIDERATION.*—  
13                    *When making an award under this section, the head*  
14                    *of a covered Federal agency shall give consideration*  
15                    *to whether the technology to be supported by the*  
16                    *award is likely to be manufactured in the United*  
17                    *States.*

18                    “(6) *REPORT.*—*The head of each covered Federal*  
19                    *agency shall include in the annual report of the cov-*  
20                    *ered Federal agency to the Administrator an analysis*  
21                    *of the various activities considered for inclusion in*  
22                    *the pilot program of the covered Federal agency and*  
23                    *a statement of the reasons why each activity consid-*  
24                    *ered was included or not included, as the case may*  
25                    *be.*

1           “(7) *TERMINATION.*—*The authority to establish*  
2           *a pilot program under this section expires at the end*  
3           *of fiscal year 2014.*

4           “(8) *DEFINITIONS.*—*In this subsection—*

5                   “(A) *the term ‘covered Federal agency’—*

6                           “(i) *means a Federal agency partici-*  
7                           *parting in the SBIR program or the STTR*  
8                           *program; and*

9                           “(ii) *does not include the Department*  
10                          *of Defense; and*

11                          “(B) *the term ‘pilot program’ means the*  
12                          *program established under paragraph (1).”.*

13 **SEC. 204. INTERAGENCY POLICY COMMITTEE.**

14           (a) *ESTABLISHMENT.*—*The Director of the Office of*  
15           *Science and Technology Policy shall establish an Inter-*  
16           *agency SBIR/STTR Policy Committee.*

17           (b) *DUTIES.*—*The Interagency SBIR/STTR Policy*  
18           *Committee shall review the following issues and make policy*  
19           *recommendations on ways to improve program effectiveness*  
20           *and efficiency:*

21                   (1) *The public and government databases de-*  
22                   *scribed in section 9(k) of the Small Business Act (15*  
23                   *U.S.C. 638(k)).*



1           (2) *Federal agency flexibility in establishing*  
2 *Phase I and II award sizes, including appropriate*  
3 *criteria for exercising such flexibility.*

4           (3) *Commercialization assistance best practices*  
5 *of Federal agencies with significant potential to be*  
6 *employed by other agencies, and the appropriate steps*  
7 *to achieve that leverage, as well as proposals for new*  
8 *initiatives to address funding gaps that business con-*  
9 *cerns face after Phase II but before commercialization.*

10          (4) *Developing and incorporating a standard*  
11 *evaluation framework to enable systematic assessment*  
12 *of SBIR and STTR, including through improved*  
13 *tracking of awards and outcomes and development of*  
14 *performance measures for the SBIR program and*  
15 *STTR program of each Federal agency.*

16          (c) *REPORTS.—The Interagency SBIR/STTR Policy*  
17 *Committee shall transmit to the Committee on Science,*  
18 *Space, and Technology and the Committee on Small Busi-*  
19 *ness of the House of Representatives and to the Committee*  
20 *on Small Business and Entrepreneurship of the Senate—*

21           (1) *a report on its review and recommendations*  
22 *under subsection (b)(1) not later than 1 year after the*  
23 *date of enactment of this Act;*

1           (2) a report on its review and recommendations  
2           under subsection (b)(2) not later than 18 months after  
3           the date of enactment of this Act;

4           (3) a report on its review and recommendations  
5           under subsection (b)(3) not later than 2 years after  
6           the date of enactment of this Act; and

7           (4) a report on its review and recommendations  
8           under subsection (b)(4) not later than 2 years after  
9           the date of enactment of this Act.

10 **SEC. 205. CLARIFYING THE DEFINITION OF “PHASE III”.**

11           (a) *PHASE III AWARDS*.—Section 9(e) of the Small  
12 *Business Act (15 U.S.C. 638(e))*, as amended by this Act,  
13 *is further amended—*

14           (1) *in paragraph (4)(C), in the matter preceding*  
15 *clause (i), by inserting “for work that derives from,*  
16 *extends, or completes efforts made under prior fund-*  
17 *ing agreements under the SBIR program” after*  
18 *“phase”;*

19           (2) *in paragraph (6)(C), in the matter preceding*  
20 *clause (i), by inserting “for work that derives from,*  
21 *extends, or completes efforts made under prior fund-*  
22 *ing agreements under the STTR program” after*  
23 *“phase”;*

24           (3) *in paragraph (8), by striking “and” at the*  
25 *end;*

1           (4) *in paragraph (9), by striking the period at*  
2           *the end and inserting a semicolon; and*

3           (5) *by adding at the end the following:*

4           “(10) *the term ‘commercialization’ means—*

5                   “(A) *the process of developing products,*  
6                   *processes, technologies, or services; and*

7                   “(B) *the production and delivery of prod-*  
8                   *ucts, processes, technologies, or services for sale*  
9                   *(whether by the originating party or by others)*  
10                   *to or use by the Federal Government or commer-*  
11                   *cial markets;”.*

12           (b) *TECHNICAL AND CONFORMING AMENDMENTS.—*

13           *Section 9 of the Small Business Act (15 U.S.C. 638), as*  
14           *amended by this Act, is further amended—*

15           (1) *in subsection (e)—*

16                   (A) *in paragraph (4)(C)(ii), by striking*  
17                   *“scientific review criteria” and inserting “merit-*  
18                   *based selection procedures”;*

19                   (B) *in paragraph (9), by striking “the sec-*  
20                   *ond or the third phase” and inserting “Phase II*  
21                   *or Phase III”;* *and*

22                   (C) *by adding at the end the following:*

23           “(11) *the term ‘Phase I’ means—*

24                   “(A) *with respect to the SBIR program, the*  
25                   *first phase described in paragraph (4)(A); and*

1           “(B) with respect to the STTR program, the  
2           first phase described in paragraph (6)(A);

3           “(12) the term ‘Phase II’ means—

4           “(A) with respect to the SBIR program, the  
5           second phase described in paragraph (4)(B); and

6           “(B) with respect to the STTR program, the  
7           second phase described in paragraph (6)(B); and

8           “(13) the term ‘Phase III’ means—

9           “(A) with respect to the SBIR program, the  
10          third phase described in paragraph (4)(C); and

11          “(B) with respect to the STTR program, the  
12          third phase described in paragraph (6)(C).”;

13          (2) in subsection (j)—

14                 (A) in paragraph (1)(B), by striking “phase  
15                 two” and inserting “Phase II”;

16                 (B) in paragraph (2)—

17                         (i) in subparagraph (B)—

18                                 (I) by striking “the third phase”  
19                                 each place it appears and inserting  
20                                 “Phase III”; and

21                                 (II) by striking “the second  
22                                 phase” and inserting “Phase II”;

23                         (ii) in subparagraph (D)—

24                                 (I) by striking “the first phase”  
25                                 and inserting “Phase I”; and

1                   (ii) by striking “the second  
2                   phase” and inserting “Phase II”;

3                   (iii) in subparagraph (F), by striking  
4                   “the third phase” and inserting “Phase  
5                   III”;

6                   (iv) in subparagraph (G)—

7                         (I) by striking “the first phase”  
8                         and inserting “Phase I”; and

9                         (II) by striking “the second  
10                         phase” and inserting “Phase II”; and

11                   (v) in subparagraph (H)—

12                         (I) by striking “the first phase”  
13                         and inserting “Phase I”;

14                         (II) by striking “second phase”  
15                         each place it appears and inserting  
16                         “Phase II”; and

17                         (III) by striking “third phase”  
18                         and inserting “Phase III”; and

19                   (C) in paragraph (3)—

20                         (i) in subparagraph (A)—

21                                 (I) by striking “the first phase (as  
22                                 described in subsection (e)(4)(A))” and  
23                                 inserting “Phase I”;

1                   (II) by striking “the second phase  
2                   (as described in subsection (e)(4)(B))”  
3                   and inserting “Phase II”; and

4                   (III) by striking “the third phase  
5                   (as described in subsection (e)(4)(C))”  
6                   and inserting “Phase III”; and

7                   (ii) in subparagraph (B), by striking  
8                   “second phase” and inserting “Phase II”;

9                   (3) in subsection (k)—

10                  (A) by striking “first phase” each place it  
11                  appears and inserting “Phase I”; and

12                  (B) by striking “second phase” each place it  
13                  appears and inserting “Phase II”;

14                  (4) in subsection (l)(2)—

15                  (A) by striking “the first phase” and insert-  
16                  ing “Phase I”; and

17                  (B) by striking “the second phase” and in-  
18                  serting “Phase II”;

19                  (5) in subsection (o)(13)—

20                  (A) in subparagraph (B), by striking “sec-  
21                  ond phase” and inserting “Phase II”; and

22                  (B) in subparagraph (C), by striking “third  
23                  phase” and inserting “Phase III”;

24                  (6) in subsection (p)—

25                  (A) in paragraph (2)(B)—

- 1                   (i) in clause (vi)—
- 2                         (I) by striking “the second phase”
- 3                         and inserting “Phase II”; and
- 4                         (II) by striking “the third phase”
- 5                         and inserting “Phase III”; and
- 6                   (ii) in clause (ix)—
- 7                         (I) by striking “the first phase”
- 8                         and inserting “Phase I”; and
- 9                         (II) by striking “the second
- 10                         phase” and inserting “Phase II”; and
- 11                   (B) in paragraph (3)—
- 12                         (i) by striking “the first phase (as de-
- 13                         scribed in subsection (e)(6)(A))” and insert-
- 14                         ing “Phase I”;
- 15                         (ii) by striking “the second phase (as
- 16                         described in subsection (e)(6)(B))” and in-
- 17                         serting “Phase II”; and
- 18                         (iii) by striking “the third phase (as
- 19                         described in subsection (e)(6)(C))” and in-
- 20                         serting “Phase III”;
- 21                   (7) in subsection (q)(3)(A)—
- 22                         (A) in the subparagraph heading, by strik-
- 23                         ing “FIRST PHASE” and inserting “PHASE I”;
- 24                         and

1                   (B) by striking “first phase” and inserting  
2                   “Phase I”;

3                   (8) in subsection (r)—

4                   (A) in the subsection heading, by striking  
5                   “THIRD PHASE” and inserting “PHASE III”;

6                   (B) in paragraph (1)—

7                   (i) in the first sentence—

8                   (I) by striking “for the second  
9                   phase” and inserting “for Phase II”;

10                  (II) by striking “third phase” and  
11                  inserting “Phase III”; and

12                  (III) by striking “second phase  
13                  period” and inserting “Phase II pe-  
14                  riod”; and

15                  (ii) in the second sentence—

16                  (I) by striking “second phase”  
17                  and inserting “Phase II”; and

18                  (II) by striking “third phase” and  
19                  inserting “Phase III”; and

20                  (C) in paragraph (2), by striking “third  
21                  phase” and inserting “Phase III”; and

22                  (9) in subsection (u)(2)(B), by striking “the first  
23                  phase” and inserting “Phase I”.



1 **SEC. 206. SHORTENED PERIOD FOR FINAL DECISIONS ON**  
2 **PROPOSALS AND APPLICATIONS.**

3 (a) *IN GENERAL.*—Section 9 of the Small Business Act  
4 (15 U.S.C. 638), as amended by this Act, is further amend-  
5 ed—

6 (1) *in subsection (g)(4)*—

7 (A) *by inserting “(A)” after “(4)”;*

8 (B) *by adding “and” after the semicolon at*  
9 *the end; and*

10 (C) *by adding at the end the following:*

11 “(B) *make a final decision on each proposal sub-*  
12 *mitted under the SBIR program—*

13 “(i) *not later than 90 days after the date on*  
14 *which the solicitation closes; or*

15 “(ii) *if the Administrator authorizes an ex-*  
16 *tension for a solicitation, not later than 180*  
17 *days after the date on which the solicitation*  
18 *closes;”;* and

19 (2) *in subsection (o)(4)*—

20 (A) *by inserting “(A)” after “(4)”;*

21 (B) *by adding “and” after the semicolon at*  
22 *the end; and*

23 (C) *by adding at the end the following:*

24 “(B) *make a final decision on each proposal sub-*  
25 *mitted under the STTR program—*

1                   “(i) not later than 90 days after the date on  
2                   which the solicitation closes; or

3                   “(ii) if the Administrator authorizes an ex-  
4                   tension for a solicitation, not later than 180  
5                   days after the date on which the solicitation  
6                   closes;”.

7           (b) *NIH PEER REVIEW PROCESS.*—Section 9 of the  
8 *Small Business Act (15 U.S.C. 638)*, as amended by this  
9 *Act*, is further amended by adding at the end the following:

10           “(i) *NIH PEER REVIEW PROCESS.*—Notwithstanding  
11 *subsections (g)(4)(B) and (o)(4)(B)*, the Director of the Na-  
12 *tional Institutes of Health* may make an award under the  
13 *SBIR program or the STTR program of the National Insti-*  
14 *tutes of Health only if the application for the award has*  
15 *undergone technical and scientific peer review under section*  
16 *492 of the Public Health Service Act (42 U.S.C. 289a).*

17           “(jj) *NSF PEER REVIEW PROCESS.*—Notwithstanding  
18 *subsections (g)(4)(B) and (o)(4)(B)*, the Director of the Na-  
19 *tional Science Foundation* may make an award under the  
20 *SBIR program or the STTR program of the National*  
21 *Science Foundation only if the application for the award*  
22 *has undergone the National Science Foundation’s technical*  
23 *and scientific peer review process and met all other applica-*  
24 *ble peer review procedures and guidelines pursuant to the*

1 *National Science Foundation Act of 1950 (42 U.S.C. 1861,*  
2 *et seq.) and other applicable Federal law.”.*

3 **SEC. 207. PHASE 0 PROOF OF CONCEPT PARTNERSHIP**  
4 **PILOT PROGRAM.**

5 *Section 9 of the Small Business Act (15 U.S.C. 638),*  
6 *as amended by this Act, is further amended by adding at*  
7 *the end the following:*

8 *“(kk) PHASE 0 PROOF OF CONCEPT PARTNERSHIP*  
9 *PILOT PROGRAM.—*

10 *“(1) IN GENERAL.—The Director of the National*  
11 *Institutes of Health shall use \$10,000,000 of the funds*  
12 *allocated under subsection (n)(1) for a Proof of Con-*  
13 *cept Partnership pilot program to accelerate the cre-*  
14 *ation of small businesses and the commercialization of*  
15 *research innovations from qualifying institutions. To*  
16 *implement this program, the Director shall award,*  
17 *through a competitive, merit-based process, grants to*  
18 *qualifying institutions. These grants shall only be*  
19 *used to administer Proof of Concept Partnership*  
20 *awards in conformity with this subsection.*

21 *“(2) DEFINITIONS.—In this subsection—*

22 *“(A) the term ‘Director’ means the Director*  
23 *of the National Institutes of Health;*

24 *“(B) the term ‘pilot program’ refers to the*  
25 *Proof of Concept Partnership pilot program; and*

1           “(C) *the terms ‘qualifying institution’ and*  
2           *‘institution’ mean a university or other research*  
3           *institution that participates in the National In-*  
4           *stitutes of Health’s STTR program.*

5           “(3) *PROOF OF CONCEPT PARTNERSHIPS.—*

6           “(A) *IN GENERAL.—A Proof of Concept*  
7           *Partnership shall be set up by a qualifying insti-*  
8           *tution to award grants to individual researchers.*  
9           *These grants should provide researchers with the*  
10           *initial investment and the resources to support*  
11           *the proof of concept work and commercialization*  
12           *mentoring needed to translate promising re-*  
13           *search projects and technologies into a viable*  
14           *company. This work may include technical vali-*  
15           *datations, market research, clarifying intellectual*  
16           *property rights position and strategy and inves-*  
17           *tigating commercial or business opportunities.*

18           “(B) *AWARD GUIDELINES.—The adminis-*  
19           *trator of a Proof of Concept Partnership pro-*  
20           *gram shall award grants in accordance with the*  
21           *following guidelines:*

22                   “(i) *The Proof of Concept Partnership*  
23                   *shall use a market-focused project manage-*  
24                   *ment oversight process, including—*

1                   “(I) a rigorous, diverse review  
2                   board comprised of local experts in  
3                   translational and proof of concept re-  
4                   search, including industry, start-up,  
5                   venture capital, technical, financial,  
6                   and business experts and university  
7                   technology transfer officials;

8                   “(II) technology validation mile-  
9                   stones focused on market feasibility;

10                   “(III) simple reporting effective at  
11                   redirecting projects; and

12                   “(IV) the willingness to reallocate  
13                   funding from failing projects to those  
14                   with more potential.

15                   “(ii) Not more than \$100,000 shall be  
16                   awarded towards an individual proposal.

17                   “(C) EDUCATIONAL RESOURCES AND GUID-  
18                   ANCE.—The administrator of a Proof of Concept  
19                   Partnership program shall make educational re-  
20                   sources and guidance available to researchers at-  
21                   tempting to commercialize their innovations.

22                   “(4) AWARDS.—

23                   “(A) SIZE OF AWARD.—The Director may  
24                   make awards to a qualifying institution for up  
25                   to \$1,000,000 per year for up to 3 years.

1           “(B) *AWARD CRITERIA.*—*In determining*  
2           *which qualifying institutions receive pilot pro-*  
3           *gram grants, the Director shall consider, in ad-*  
4           *dition to any other criteria the Director deter-*  
5           *mines necessary, the extent to which qualifying*  
6           *institutions—*

7                   “(i) *have an established and proven*  
8                   *technology transfer or commercialization of-*  
9                   *office and have a plan for engaging that office*  
10                   *in the program implementation;*

11                   “(ii) *have demonstrated a commitment*  
12                   *to local and regional economic development;*

13                   “(iii) *are located in diverse geog-*  
14                   *raphies and are of diverse sizes;*

15                   “(iv) *can assemble project management*  
16                   *boards comprised of industry, start-up, ven-*  
17                   *ture capital, technical, financial, and busi-*  
18                   *ness experts;*

19                   “(v) *have an intellectual property*  
20                   *rights strategy or office; and*

21                   “(vi) *demonstrate a plan for sustain-*  
22                   *ability beyond the duration of the funding*  
23                   *award.*

24           “(5) *LIMITATIONS.*—*The funds for the pilot pro-*  
25           *gram shall not be used—*

1           “(A) for basic research, but to evaluate the  
2 commercial potential of existing discoveries, in-  
3 cluding—

4                   “(i) proof of concept research or proto-  
5 type development; and

6                   “(ii) activities that contribute to deter-  
7 mining a project’s commercialization path,  
8 to include technical validations, market re-  
9 search, clarifying intellectual property  
10 rights, and investigating commercial and  
11 business opportunities; or

12           “(B) to fund the acquisition of research  
13 equipment or supplies unrelated to commer-  
14 cialization activities.

15           “(6) *EVALUATIVE REPORT.*—The Director shall  
16 submit to the Committee on Science, Space, and Tech-  
17 nology and the Committee on Small Business of the  
18 House of Representatives and the Committee on  
19 Small Business and Entrepreneurship of the Senate  
20 an evaluative report regarding the activities of the  
21 pilot program. The report shall include—

22                   “(A) a detailed description of the institu-  
23 tional and proposal selection process;

24                   “(B) an accounting of the funds used in the  
25 pilot program;

1           “(C) a detailed description of the pilot pro-  
2           gram, including incentives and activities under-  
3           taken by review board experts;

4           “(D) a detailed compilation of results  
5           achieved by the pilot program, including the  
6           number of small business concerns included and  
7           the number of business packages developed, and  
8           the number of projects that progressed into subse-  
9           quent STTR phases; and

10           “(E) an analysis of the program’s effective-  
11           ness with supporting data.

12           “(7) SUNSET.—The pilot program under this  
13           subsection shall terminate at the end of fiscal year  
14           2014.”.

## 15           **TITLE III—OVERSIGHT AND** 16           **EVALUATION**

### 17           **SEC. 301. STREAMLINING ANNUAL EVALUATION REQUIRE-** 18           **MENTS.**

19           Section 9(b) of the Small Business Act (15 U.S.C.  
20           638(b)) is amended—

21           (1) in paragraph (7)—

22           (A) by striking “STTR programs, including  
23           the data” and inserting the following: “STTR  
24           programs, including—

25           “(A) the data”;



1           (B) by striking “(g)(10), (o)(9), and (o)(15),  
2           the number” and all that follows through “under  
3           each of the SBIR and STTR programs, and a  
4           description” and inserting the following: “(g)(8)  
5           and (o)(9);

6           “(B) the number of proposals received from,  
7           and the number and total amount of awards to,  
8           HUBZone small business concerns and firms  
9           with venture capital, hedge fund, or private eq-  
10          uity firm investment (including those majority-  
11          owned by multiple venture capital operating  
12          companies, hedge funds, or private equity firms)  
13          under each of the SBIR and STTR programs;

14          “(C) a description of the extent to which  
15          each Federal agency is increasing outreach and  
16          awards to firms owned and controlled by women  
17          and social or economically disadvantaged indi-  
18          viduals under each of the SBIR and STTR pro-  
19          grams;

20          “(D) general information about the imple-  
21          mentation of, and compliance with the allocation  
22          of funds required under, subsection (dd) for firms  
23          owned in majority part by venture capital oper-  
24          ating companies, hedge funds, or private equity  
25          firms and participating in the SBIR program;

1           “(E) a detailed description of appeals of  
2           Phase III awards and notices of noncompliance  
3           with the SBIR Policy Directive and the STTR  
4           Policy Directive filed by the Administrator with  
5           Federal agencies; and

6           “(F) a description”; and

7           (C) by striking “and” at the end;

8           (2) in paragraph (8), by striking the period at  
9           the end and inserting “; and”; and

10          (3) by inserting after paragraph (8) the fol-  
11          lowing:

12           “(9) to coordinate the implementation of elec-  
13           tronic databases at each of the Federal agencies par-  
14           ticipating in the SBIR program or the STTR pro-  
15           gram, including the technical ability of the partici-  
16           pating agencies to electronically share data.”.

17 **SEC. 302. DATA COLLECTION FROM AGENCIES FOR SBIR.**

18          Section 9(g) of the Small Business Act (15 U.S.C.  
19          638(g)), as amended by this Act, is further amended—

20           (1) by striking paragraph (10);

21           (2) by redesignating paragraphs (8) and (9) as  
22           paragraphs (9) and (10), respectively; and

23           (3) by inserting after paragraph (7) the fol-  
24           lowing:

1           “(8) collect annually, and maintain in a com-  
2           mon format in accordance with the simplified report-  
3           ing requirements under subsection (v), such informa-  
4           tion from awardees as is necessary to assess the SBIR  
5           program, including information necessary to main-  
6           tain the database described in subsection (k), includ-  
7           ing—

8                   “(A) whether an awardee—

9                           “(i) has venture capital, hedge fund, or  
10                           private equity firm investment or is major-  
11                           ity-owned by multiple venture capital oper-  
12                           ating companies, hedge funds, or private eq-  
13                           uity firms, and, if so—

14                                   “(I) the amount of venture cap-  
15                                   ital, hedge fund, or private equity firm  
16                                   investment that the awardee has re-  
17                                   ceived as of the date of the award; and

18                                   “(II) the amount of additional  
19                                   capital that the awardee has invested  
20                                   in the SBIR technology;

21                           “(ii) has an investor that—

22                                   “(I) is an individual who is not a  
23                                   citizen of the United States or a lawful  
24                                   permanent resident of the United

1                   *States, and if so, the name of any such*  
2                   *individual; or*

3                   “*(II) is a person that is not an*  
4                   *individual and is not organized under*  
5                   *the laws of a State or the United*  
6                   *States, and if so the name of any such*  
7                   *person;*

8                   “*(iii) is owned by a woman or has a*  
9                   *woman as a principal investigator;*

10                  “*(iv) is owned by a socially or eco-*  
11                  *nomically disadvantaged individual or has*  
12                  *a socially or economically disadvantaged*  
13                  *individual as a principal investigator;*

14                  “*(v) is a faculty member or a student*  
15                  *of an institution of higher education, as*  
16                  *that term is defined in section 101 of the*  
17                  *Higher Education Act of 1965 (20 U.S.C.*  
18                  *1001); or*

19                  “*(vi) is located in a State described in*  
20                  *subsection (u)(3); and*

21                  “*(B) a justification statement from the*  
22                  *agency, if an awardee receives an award in an*  
23                  *amount that is more than the award guidelines*  
24                  *under this section;”.*

1 **SEC. 303. DATA COLLECTION FROM AGENCIES FOR STTR.**

2 *Section 9(o) of the Small Business Act (15 U.S.C.*  
3 *638(o)), as amended by this Act, is further amended by*  
4 *striking paragraph (9) and inserting the following:*

5 *“(9) collect annually, and maintain in a com-*  
6 *mon format in accordance with the simplified report-*  
7 *ing requirements under subsection (v), such informa-*  
8 *tion from applicants and awardees as is necessary to*  
9 *assess the STTR program outputs and outcomes, in-*  
10 *cluding information necessary to maintain the data-*  
11 *base described in subsection (k), including—*

12 *“(A) whether an applicant or awardee—*

13 *“(i) has venture capital, hedge fund, or*  
14 *private equity firm investment or is major-*  
15 *ity-owned by multiple venture capital oper-*  
16 *ating companies, hedge funds, or private eq-*  
17 *uity firms, and, if so—*

18 *“(I) the amount of venture cap-*  
19 *ital, hedge fund, or private equity firm*  
20 *investment that the applicant or*  
21 *awardee has received as of the date of*  
22 *the application or award, as applica-*  
23 *ble; and*

24 *“(II) the amount of additional*  
25 *capital that the applicant or awardee*  
26 *has invested in the SBIR technology;*

1           “(ii) has an investor that—

2                       “(I) is an individual who is not a  
3                       citizen of the United States or a lawful  
4                       permanent resident of the United  
5                       States, and if so, the name of any such  
6                       individual; or

7                       “(II) is a person that is not an  
8                       individual and is not organized under  
9                       the laws of a State or the United  
10                      States, and if so the name of any such  
11                      person;

12                      “(iii) is owned by a woman or has a  
13                      woman as a principal investigator;

14                      “(iv) is owned by a socially or eco-  
15                      nomically disadvantaged individual or has  
16                      a socially or economically disadvantaged  
17                      individual as a principal investigator;

18                      “(v) is a faculty member or a student  
19                      of an institution of higher education, as  
20                      that term is defined in section 101 of the  
21                      Higher Education Act of 1965 (20 U.S.C.  
22                      1001); or

23                      “(vi) is located in a State in which the  
24                      total value of contracts awarded to small  
25                      business concerns under all STTR programs

1            *is less than the total value of contracts*  
2            *awarded to small business concerns in a*  
3            *majority of other States, as determined by*  
4            *the Administrator in biennial fiscal years,*  
5            *beginning with fiscal year 2008, based on*  
6            *the most recent statistics compiled by the*  
7            *Administrator; and*

8            *“(B) if an awardee receives an award in an*  
9            *amount that is more than the award guidelines*  
10           *under this section, a statement from the agency*  
11           *that justifies the award amount;”.*

12 **SEC. 304. PUBLIC DATABASE.**

13           *Section 9(k)(1) of the Small Business Act (15 U.S.C.*  
14 *638(k)(1)) is amended—*

15           *(1) in subparagraph (D), by striking “and” at*  
16           *the end;*

17           *(2) in subparagraph (E), by striking the period*  
18           *at the end and inserting “; and”; and*

19           *(3) by adding at the end the following:*

20           *“(F) for each small business concern that*  
21           *has received a Phase I or Phase II SBIR or*  
22           *STTR award from a Federal agency, whether the*  
23           *small business concern—*

24           *“(i) has venture capital, hedge fund, or*  
25           *private equity firm investment and, if so,*

1           *whether the small business concern is reg-*  
2           *istered as majority-owned by multiple ven-*  
3           *ture capital operating companies, hedge*  
4           *funds, or private equity firms as required*  
5           *under subsection (dd)(3);*

6           *“(ii) is owned by a woman or has a*  
7           *woman as a principal investigator;*

8           *“(iii) is owned by a socially or eco-*  
9           *nomically disadvantaged individual or has*  
10          *a socially or economically disadvantaged*  
11          *individual as a principal investigator; or*

12          *“(iv) is owned by a faculty member or*  
13          *a student of an institution of higher edu-*  
14          *cation, as that term is defined in section*  
15          *101 of the Higher Education Act of 1965*  
16          *(20 U.S.C. 1001).”.*

17 **SEC. 305. GOVERNMENT DATABASE.**

18           *Section 9(k) of the Small Business Act (15 U.S.C.*  
19           *638(k)) is amended—*

20           *(1) in paragraph (2)—*

21           *(A) in the matter preceding subparagraph*  
22           *(A), by striking “Not later” and all that follows*  
23           *through “Act of 2000” and inserting “Not later*  
24           *than 90 days after the date of enactment of the*



1           *Creating Jobs Through Small Business Innova-*  
2           *tion Act of 2011”;*

3                     *(B) by striking subparagraph (C);*

4                     *(C) by redesignating subparagraphs (A)*  
5           *and (B) as subparagraphs (B) and (C), respec-*  
6           *tively;*

7                     *(D) by inserting before subparagraph (B),*  
8           *as so redesignated, the following:*

9                     *“(A) contains, for each small business con-*  
10           *cern that applies for, submits a proposal for, or*  
11           *receives an award under Phase I or Phase II of*  
12           *the SBIR program or the STTR program—*

13                     *“(i) the name, size, and location, and*  
14           *an identifying number assigned by the Ad-*  
15           *ministration of the small business concern;*

16                     *“(ii) an abstract of the project;*

17                     *“(iii) the specific aims of the project;*

18                     *“(iv) the number of employees of the*  
19           *small business concern;*

20                     *“(v) the names and titles of the key in-*  
21           *dividuals that will carry out the project, the*  
22           *position each key individual holds in the*  
23           *small business concern, and contact infor-*  
24           *mation for each key individual;*

1           “(vi) the percentage of effort each indi-  
2           vidual described in clause (iv) will con-  
3           tribute to the project;

4           “(vii) whether the small business con-  
5           cern is majority-owned by multiple venture  
6           capital operating companies, hedge funds,  
7           or private equity firms; and

8           “(viii) the Federal agency to which the  
9           application is made, and contact informa-  
10          tion for the person or office within the Fed-  
11          eral agency that is responsible for reviewing  
12          applications and making awards under the  
13          SBIR program or the STTR program;”;

14          (E) by redesignating subparagraphs (D)  
15          and (E) as subparagraphs (E) and (F), respec-  
16          tively;

17          (F) by inserting after subparagraph (C), as  
18          so redesignated, the following:

19                 “(D) includes, for each awardee—

20                         “(i) the name, size, location, and any  
21                         identifying number assigned to the awardee  
22                         by the Administrator;

23                         “(ii) whether the awardee has venture  
24                         capital, hedge fund, or private equity firm  
25                         investment, and, if so—

1           “(I) the amount of venture cap-  
2           ital, hedge fund, or private equity firm  
3           investment as of the date of the award;

4           “(II) the percentage of ownership  
5           of the awardee held by a venture cap-  
6           ital operating company, hedge fund, or  
7           private equity firm, including whether  
8           the awardee is majority-owned by mul-  
9           tiple venture capital operating compa-  
10          nies, hedge funds, or private equity  
11          firms; and

12          “(III) the amount of additional  
13          capital that the awardee has invested  
14          in the SBIR technology, which infor-  
15          mation shall be collected on an annual  
16          basis;

17          “(iii) the names and locations of any  
18          affiliates of the awardee;

19          “(iv) the number of employees of the  
20          awardee;

21          “(v) the number of employees of the af-  
22          filiates of the awardee; and

23          “(vi) the names of, and the percentage  
24          of ownership of the awardee held by—

1                   “(I) any individual who is not a  
2                   citizen of the United States or a lawful  
3                   permanent resident of the United  
4                   States; or

5                   “(II) any person that is not an  
6                   individual and is not organized under  
7                   the laws of a State or the United  
8                   States;”;

9                   (G) in subparagraph (E), as so redesign-  
10                  ated, by striking “and” at the end;

11                  (H) in subparagraph (F), as so redesign-  
12                  ated, by striking the period at the end and in-  
13                  serting “; and”; and

14                  (I) by adding at the end the following:

15                  “(G) includes a timely and accurate list of  
16                  any individual or small business concern that  
17                  has participated in the SBIR program or STTR  
18                  program that has been—

19                         “(i) convicted of a fraud-related crime  
20                         involving funding received under the SBIR  
21                         program or STTR program; or

22                         “(ii) found civilly liable for a fraud-re-  
23                         lated violation involving funding received  
24                         under the SBIR program or STTR pro-  
25                         gram.”; and

1           (2) *in paragraph (3), by adding at the end the*  
2 *following:*

3           “(C) *GOVERNMENT DATABASE.—Not later*  
4 *than 60 days after the date established by a Fed-*  
5 *eral agency for submitting applications or pro-*  
6 *posals for a Phase I or Phase II award under the*  
7 *SBIR program or STTR program, the head of*  
8 *the Federal agency shall submit to the Adminis-*  
9 *trator the data required under paragraph (2)*  
10 *with respect to each small business concern that*  
11 *applies or submits a proposal for the Phase I or*  
12 *Phase II award.”.*

13 **SEC. 306. ACCURACY IN FUNDING BASE CALCULATIONS.**

14           (a) *IN GENERAL.—Not later than 1 year after the date*  
15 *of enactment of this Act, and every year thereafter until*  
16 *the date that is 5 years after the date of enactment of this*  
17 *Act, the Comptroller General of the United States shall—*

18           (1) *conduct a fiscal and management audit of*  
19 *the SBIR program and the STTR program for the*  
20 *applicable period to—*

21           (A) *determine whether Federal agencies*  
22 *comply with the expenditure amount require-*  
23 *ments under subsections (f)(1) and (n)(1) of sec-*  
24 *tion 9 of the Small Business Act (15 U.S.C.*  
25 *638), as amended by this Act;*

1           (B) assess the extent of compliance with the  
2 requirements of section 9(i)(2) of the Small Busi-  
3 ness Act (15 U.S.C. 638(i)(2)) by Federal agen-  
4 cies participating in the SBIR program or the  
5 STTR program and the Administration; and

6           (C) determine the portion of the extramural  
7 research or research and development budget of a  
8 Federal agency that each Federal agency spends  
9 for administrative purposes relating to the SBIR  
10 program or STTR program, and for what spe-  
11 cific purposes, including the portion, if any, of  
12 such budget the Federal agency spends for sala-  
13 ries and expenses, travel to visit applicants, out-  
14 reach events, marketing, and technical assist-  
15 ance; and

16           (2) submit a report to the Committee on Small  
17 Business and Entrepreneurship of the Senate and the  
18 Committee on Small Business and the Committee on  
19 Science, Space, and Technology of the House of Rep-  
20 resentatives regarding the audit conducted under  
21 paragraph (1), including the assessments required  
22 under subparagraph (B), and the determination made  
23 under subparagraph (C) of paragraph (1).

24           (b) DEFINITION OF APPLICABLE PERIOD.—In this sec-  
25 tion, the term “applicable period” means—

1           (1) *for the first report submitted under this sec-*  
2           *tion, the period beginning on October 1, 2005, and*  
3           *ending on September 30 of the last full fiscal year be-*  
4           *fore the date of enactment of this Act for which infor-*  
5           *mation is available; and*

6           (2) *for the second and each subsequent report*  
7           *submitted under this section, the period—*

8                   (A) *beginning on October 1 of the first fiscal*  
9                   *year after the end of the most recent full fiscal*  
10                  *year relating to which a report under this sec-*  
11                  *tion was submitted; and*

12                   (B) *ending on September 30 of the last full*  
13                  *fiscal year before the date of the report.*

14 **SEC. 307. CONTINUED EVALUATION BY THE NATIONAL**  
15                   **ACADEMY OF SCIENCES.**

16           *Section 108 of the Small Business Reauthorization Act*  
17           *of 2000 (15 U.S.C. 638 note) is amended by adding at the*  
18           *end the following:*

19           “(e) *EXTENSIONS AND ENHANCEMENTS OF AUTHOR-*  
20           *ITY.—*

21                   “(1) *IN GENERAL.—Not later than 6 months*  
22                   *after the date of enactment of the Creating Jobs*  
23                   *Through Small Business Innovation Act of 2011, the*  
24                   *head of each agency described in subsection (a), in*  
25                   *consultation with the Small Business Administration,*

1       *shall cooperatively enter into an agreement with the*  
2       *National Academy of Sciences for the National Re-*  
3       *search Council to, not later than 4 years after the*  
4       *date of enactment of the Creating Jobs Through Small*  
5       *Business Innovation Act of 2011, and every 4 years*  
6       *thereafter—*

7               “(A) *continue the most recent study under*  
8               *this section relating to the issues described in*  
9               *subparagraphs (A), (B), (C), and (E) of sub-*  
10              *section (a)(1);*

11              “(B) *conduct a comprehensive study of how*  
12              *the STTR program has stimulated technological*  
13              *innovation and technology transfer, including—*

14                      “(i) *a review of the collaborations cre-*  
15                      *ated between small businesses and research*  
16                      *institutions, including an evaluation of the*  
17                      *effectiveness of the program in stimulating*  
18                      *new collaborations and any obstacles that*  
19                      *may prevent or inhibit the creation of such*  
20                      *collaborations;*

21                      “(ii) *an evaluation of the effectiveness*  
22                      *of the program at transferring technology*  
23                      *and capabilities developed through Federal*  
24                      *funding;*



1           “(iii) an evaluation of the program’s  
2           success at commercializing technologies com-  
3           pared with other Federal technology trans-  
4           fer programs and the SBIR program;

5           “(iv) to the extent practicable, an eval-  
6           uation of the economic benefits achieved by  
7           the STTR program, including the economic  
8           rate of return;

9           “(v) an analysis of how Federal agen-  
10          cies are using small businesses that have  
11          completed Phase II under the STTR pro-  
12          gram to fulfill their procurement needs; and

13          “(vi) an analysis of whether the exist-  
14          ing STTR allocation has impacted the effec-  
15          tiveness of the program in achieving its  
16          goals;

17          “(C) make recommendations with respect to  
18          the issues described in subparagraph (A), (D),  
19          and (E) of subsection (a)(2) and subparagraph  
20          (B) of this paragraph; and

21          “(D) estimate, to the extent practicable, the  
22          number of jobs created by the SBIR program or  
23          STTR program of the agency.

24          “(2) CONSULTATION.—An agreement under  
25          paragraph (1) shall require the National Research

1        *Council to ensure that there is participation by and*  
2        *consultation with the small business community, the*  
3        *Administration, and other interested parties as de-*  
4        *scribed in subsection (b).*

5            *“(3) REPORTING.—An agreement under para-*  
6        *graph (1) shall require that—*

7            *“(A) not later than 4 years after the date*  
8        *of enactment of the Creating Jobs Through Small*  
9        *Business Innovation Act of 2011, and every 4*  
10       *years thereafter, the National Research Council*  
11       *shall submit to the head of the agency entering*  
12       *into the agreement, the Committee on Small*  
13       *Business and Entrepreneurship of the Senate,*  
14       *and the Committee on Small Business and the*  
15       *Committee on Science, Space, and Technology of*  
16       *the House of Representatives, a report regarding*  
17       *the study conducted under paragraph (1) and*  
18       *containing the recommendations described in*  
19       *paragraph (1); and*

20           *“(B) not later than 2 years after the date*  
21       *of enactment of the Creating Jobs Through Small*  
22       *Business Innovation Act of 2011, the National*  
23       *Research Council shall submit to the head of the*  
24       *agency entering into the agreement, the Com-*  
25       *mittee on Small Business and Entrepreneurship*

1           *of the Senate, and the Committee on Small Busi-*  
2           *ness and the Committee on Science, Space, and*  
3           *Technology of the House of Representatives, a re-*  
4           *port of preliminary findings and recommenda-*  
5           *tions regarding the study conducted under para-*  
6           *graph (1)(B).”.*

7   **SEC. 308. TECHNOLOGY INSERTION REPORTING REQUIRE-**  
8           **MENTS.**

9           *Section 9 of the Small Business Act (15 U.S.C. 638),*  
10          *as amended by this Act, is further amended by adding at*  
11          *the end the following:*

12           *“(l) PHASE III REPORTING.—The annual SBIR or*  
13          *STTR report to Congress by the Administration under sub-*  
14          *section (b)(7) shall include, for each Phase III award made*  
15          *by the Federal agency—*

16                   *“(1) the name of the agency or component of the*  
17                   *agency or the non-Federal source of capital making*  
18                   *the Phase III award;*

19                   *“(2) the name of the small business concern or*  
20                   *individual receiving the Phase III award; and*

21                   *“(3) the dollar amount of the Phase III award.”.*

1 **SEC. 309. OBTAINING CONSENT FROM SBIR AND STTR AP-**  
2 **PLICANTS TO RELEASE CONTACT INFORMA-**  
3 **TION TO ECONOMIC DEVELOPMENT ORGANI-**  
4 **ZATIONS.**

5 *Section 9 of the Small Business Act (15 U.S.C. 638),*  
6 *as amended by this Act, is further amended by adding at*  
7 *the end the following:*

8 *“(mm) CONSENT TO RELEASE CONTACT INFORMATION*  
9 *TO ORGANIZATIONS.—*

10 *“(1) ENABLING CONCERN TO GIVE CONSENT.—*  
11 *Each Federal agency required by this section to con-*  
12 *duct an SBIR program or an STTR program shall*  
13 *enable a small business concern that is an SBIR ap-*  
14 *plicant or an STTR applicant to indicate to the Fed-*  
15 *eral agency whether the Federal agency has the con-*  
16 *sent of the concern to—*

17 *“(A) identify the concern to appropriate*  
18 *local and State-level economic development orga-*  
19 *nizations as an SBIR applicant or an STTR*  
20 *applicant; and*

21 *“(B) release the contact information of the*  
22 *concern to such organizations.*

23 *“(2) RULES.—The Administrator shall establish*  
24 *rules to implement this subsection. The rules shall in-*  
25 *clude a requirement that a Federal agency include in*  
26 *the SBIR and STTR application a provision through*

1       *which the applicant can indicate consent for purposes*  
2       *of paragraph (1).”.*

3   **SEC. 310. PILOT TO ALLOW FUNDING FOR ADMINISTRATIVE,**  
4                   **OVERSIGHT, AND CONTRACT PROCESSING**  
5                   **COSTS.**

6       (a) *IN GENERAL.*—Section 9 of the Small Business Act  
7   (15 U.S.C. 638), as amended by this Act, is further amend-  
8   ed by adding at the end the following:

9       “(m) *ASSISTANCE FOR ADMINISTRATIVE, OVERSIGHT,*  
10   *AND CONTRACT PROCESSING COSTS.*—

11           “(1) *IN GENERAL.*—Subject to paragraph (2), for  
12   the 3 full fiscal years beginning after the date of en-  
13   actment of this subsection, the Administrator shall  
14   allow each Federal agency required to conduct an  
15   SBIR program to use not more than 3 percent of the  
16   funds allocated to the SBIR program of the Federal  
17   agency for—

18           “(A) *the administration of the SBIR pro-*  
19   *gram or the STTR program of the Federal agen-*  
20   *cy;*

21           “(B) *the provision of outreach and technical*  
22   *assistance relating to the SBIR program or*  
23   *STTR program of the Federal agency, including*  
24   *technical assistance site visits and personnel*  
25   *interviews;*

1           “(C) the implementation of commercializa-  
2           tion and outreach initiatives that were not in ef-  
3           fect on the date of enactment of this subsection;

4           “(D) carrying out the program under sub-  
5           section (y);

6           “(E) activities relating to oversight and  
7           congressional reporting, including waste, fraud,  
8           and abuse prevention activities;

9           “(F) targeted reviews of recipients of  
10          awards under the SBIR program or STTR pro-  
11          gram of the Federal agency that the head of the  
12          Federal agency determines are at high risk for  
13          fraud, waste, or abuse, to ensure compliance with  
14          requirements of the SBIR program or STTR  
15          program, respectively;

16          “(G) the implementation of oversight and  
17          quality control measures, including verification  
18          of reports and invoices and cost reviews;

19          “(H) carrying out subsection (dd);

20          “(I) carrying out subsection (hh);

21          “(J) contract processing costs relating to the  
22          SBIR program or STTR program of the Federal  
23          agency; and

24          “(K) funding for additional personnel and  
25          assistance with application reviews.

1           “(2) *PERFORMANCE CRITERIA.*—A Federal agen-  
2           cy may not use funds as authorized under paragraph  
3           (1) until after the effective date of performance cri-  
4           teria, which the Administrator shall establish, to  
5           measure any benefits of using funds as authorized  
6           under paragraph (1) and to assess continuation of the  
7           authority under paragraph (1).

8           “(3) *RULES.*—Not later than 180 days after the  
9           date of enactment of this subsection, the Adminis-  
10          trator shall issue rules to carry out this subsection.

11          “(4) *COORDINATION WITH IG.*—Each Federal  
12          agency shall coordinate the activities funded under  
13          subparagraph (E), (F), or (G) of paragraph (1) with  
14          their respective Inspectors General, when appropriate,  
15          and each Federal agency that allocates more than  
16          \$50,000,000 to the SBIR program of the Federal  
17          agency for a fiscal year may share such funding with  
18          its Inspector General when the Inspector General per-  
19          forms such activities.”

20          (b) *TECHNICAL AND CONFORMING AMENDMENTS.*—

21                 (1) *IN GENERAL.*—Section 9 of the Small Busi-  
22                 ness Act (15 U.S.C. 638), as amended by this Act, is  
23                 further amended—

24                         (A) in subsection (f)(2), by striking “shall  
25                         not” and all that follows through “make avail-

1           *able for the purpose” and inserting “shall not*  
2           *make available for the purpose”;* and

3           *(B) in subsection (y)—*

4                   *(i) by striking paragraph (4); and*

5                   *(ii) by redesignating paragraphs (5)*  
6           *and (6) as paragraphs (4) and (5), respec-*  
7           *tively.*

8           (2) *TRANSITIONAL RULE.—Notwithstanding the*  
9           *amendments made by paragraph (1), subsection (f)(2)*  
10          *and (y)(4) of section 9 of the Small Business Act (15*  
11          *U.S.C. 638), as in effect on the day before the date*  
12          *of enactment of this Act, shall continue to apply to*  
13          *each Federal agency until the effective date of the per-*  
14          *formance criteria established by the Administrator*  
15          *under subsection (nn)(2) of section 9 of the Small*  
16          *Business Act, as added by subsection (a).*

17          (3) *PROSPECTIVE REPEAL.—Effective on the first*  
18          *day of the fourth full fiscal year following the date of*  
19          *enactment of this Act, section 9 of the Small Business*  
20          *Act (15 U.S.C. 638), as amended by paragraph (1) of*  
21          *this section, is amended—*

22                   *(A) in subsection (f)(2), by striking “shall*  
23           *not make available for the purpose” and insert-*  
24           *ing the following: “shall not—*



1           “(A) use any of its SBIR budget established  
2           pursuant to paragraph (1) for the purpose of  
3           funding administrative costs of the program, in-  
4           cluding costs associated with salaries and ex-  
5           penses; or

6           “(B) make available for the purpose”; and  
7           (B) in subsection (y)—

8           (i) by redesignating paragraphs (4)  
9           and (5) as paragraphs (5) and (6), respec-  
10          tively; and

11          (ii) by inserting after paragraph (3)  
12          the following:

13          “(4) FUNDING.—

14               “(A) IN GENERAL.—The Secretary of De-  
15               fense and each Secretary of a military depart-  
16               ment may use not more than an amount equal  
17               to 1 percent of the funds available to the Depart-  
18               ment of Defense or the military department pur-  
19               suant to the Small Business Innovation Research  
20               Program for payment of expenses incurred to ad-  
21               minister the Commercialization Pilot Program  
22               under this subsection.

23               “(B) LIMITATIONS.—The funds described in  
24               subparagraph (A)—

1                   “(i) shall not be subject to the limita-  
2                   tions on the use of funds in subsection  
3                   (f)(2); and

4                   “(ii) shall not be used to make Phase  
5                   III awards.”.

6 **SEC. 311. GAO STUDY WITH RESPECT TO VENTURE CAPITAL**  
7                   **OPERATING COMPANY, HEDGE FUND, AND**  
8                   **PRIVATE EQUITY FIRM INVOLVEMENT.**

9                   *Not later than 2 years after the date of enactment of*  
10 *this Act, and every 2 years thereafter, the Comptroller Gen-*  
11 *eral of the United States shall—*

12                   (1) *conduct a study of the impact of require-*  
13 *ments relating to venture capital operating company,*  
14 *hedge fund, and private equity firm involvement*  
15 *under section 9 of the Small Business Act; and*

16                   (2) *submit to Congress a report regarding the*  
17 *study conducted under paragraph (1).*

18 **SEC. 312. REDUCING VULNERABILITY OF SBIR AND STTR**  
19                   **PROGRAMS TO FRAUD, WASTE, AND ABUSE.**

20                   (a) *FRAUD, WASTE, AND ABUSE PREVENTION.—*

21                   (1) *AMENDMENTS REQUIRED FOR FRAUD,*  
22 *WASTE, AND ABUSE PREVENTION.—Not later than 90*  
23 *days after the date of enactment of this Act, the Ad-*  
24 *ministrator shall amend the SBIR Policy Directive*  
25 *and the STTR Policy Directive to include measures*

1       to prevent fraud, waste, and abuse in the SBIR pro-  
2       gram and the STTR program.

3           (2) *CONTENT OF AMENDMENTS.*—*The amend-*  
4       *ments required under paragraph (1) shall include—*

5           (A) *definitions or descriptions of fraud,*  
6       *waste, and abuse;*

7           (B) *guidelines for the monitoring and over-*  
8       *sight of applicants to and recipients of awards*  
9       *under the SBIR program or the STTR program;*

10          (C) *a requirement that each Federal agency*  
11       *that participates in the SBIR program or STTR*  
12       *program include information concerning the*  
13       *method established by the Inspector General of*  
14       *the Federal agency to report fraud, waste, and*  
15       *abuse (including any telephone hotline or Web-*  
16       *based platform)—*

17           (i) *on the website of the Federal agen-*  
18       *cy; and*

19           (ii) *in any solicitation or notice of*  
20       *funding opportunity issued by the Federal*  
21       *agency for the SBIR program or the STTR*  
22       *program; and*

23          (D) *a requirement that each applicant for*  
24       *and small business concern that receives funding*  
25       *under the SBIR program or the STTR program*

1           *shall certify whether the applicant or small busi-*  
2           *ness concern is in compliance with the laws re-*  
3           *lating to the SBIR program and the STTR pro-*  
4           *gram and the conduct guidelines established*  
5           *under the SBIR Policy Directive and the STTR*  
6           *Policy Directive.*

7           (3) *CONSULTATION.—The Administrator shall*  
8           *develop the certification required under paragraph*  
9           *(2)(D) in cooperation with the Council of Inspectors*  
10          *General on Integrity and Efficiency and the Office of*  
11          *Advocacy of the Administration.*

12          (4) *INSPECTORS GENERAL.—The Inspector Gen-*  
13          *eral of each Federal agency that participates in the*  
14          *SBIR program or STTR program shall cooperate to*  
15          *prevent fraud, waste, and abuse in the SBIR program*  
16          *and the STTR program by—*

17                 (A) *establishing fraud detection indicators;*

18                 (B) *reviewing regulations and operating*  
19                 *procedures of the Federal agency;*

20                 (C) *coordinating information sharing be-*  
21                 *tween Federal agencies, to the extent otherwise*  
22                 *permitted under Federal law; and*

23                 (D) *improving the education and training*  
24                 *of, and outreach to—*

1                   (i) administrators of the SBIR pro-  
2                   gram and the STTR program of the Federal  
3                   agency;

4                   (ii) applicants to the SBIR program  
5                   or the STTR program; and

6                   (iii) recipients of awards under the  
7                   SBIR program or the STTR program.

8           (b) *STUDY AND REPORT.*—Not later than 1 year after  
9           the date of enactment of this Act to establish a baseline of  
10           changes made to the program to fight fraud, waste, and  
11           abuse, and every 3 years thereafter to evaluate the effective-  
12           ness of the agency strategies, the Comptroller General of the  
13           United States shall—

14                   (1) conduct a study that evaluates—

15                           (A) the implementation by each Federal  
16                           agency that participates in the SBIR program  
17                           or the STTR program of the amendments to the  
18                           SBIR Policy Directive and the STTR Policy Di-  
19                           rective made pursuant to subsection (a);

20                           (B) the effectiveness of the management in-  
21                           formation system of each Federal agency that  
22                           participates in the SBIR program or STTR pro-  
23                           gram in identifying duplicative SBIR and  
24                           STTR projects;

1           (C) the effectiveness of the risk management  
2 strategies of each Federal agency that partici-  
3 pates in the SBIR program or STTR program  
4 in identifying areas of the SBIR program or the  
5 STTR program that are at high risk for fraud;

6           (D) technological tools that may be used to  
7 detect patterns of behavior that may indicate  
8 fraud by applicants to the SBIR program or the  
9 STTR program;

10           (E) the success of each Federal agency that  
11 participates in the SBIR program or STTR pro-  
12 gram in reducing fraud, waste, and abuse in the  
13 SBIR program or the STTR program of the  
14 Federal agency; and

15           (F) the extent to which the Inspector Gen-  
16 eral of each Federal agency that participates in  
17 the SBIR and STTR program effectively con-  
18 ducts investigations, audits, inspections, and  
19 outreach relating to the SBIR and STTR pro-  
20 grams of the Federal agency; and

21           (2) submit to the Committee on Small Business  
22 and Entrepreneurship of the Senate, the Committee  
23 on Small Business and the Committee on Science,  
24 Space, and Technology of the House of Representa-  
25 tives, and the head of each Federal agency that par-

1        *ticipates in the SBIR program or STTR program a*  
2        *report on the results of the study conducted under*  
3        *subparagraph (A).*

4        **SEC. 313. SIMPLIFIED PAPERWORK REQUIREMENTS.**

5        *Section 9(v) of the Small Business Act (15 U.S.C.*  
6        *638(v)) is amended—*

7                *(1) in the subsection heading, by striking “SIM-*  
8        *PLIFIED REPORTING REQUIREMENTS” and inserting*  
9        *“REDUCING PAPERWORK AND COMPLIANCE BUR-*  
10        *DEN”;*

11                *(2) by striking “The Administrator” and insert-*  
12        *ing the following:*

13                *“(1) STANDARDIZATION OF REPORTING RE-*  
14        *QUIREMENTS.—The Administrator”;* and

15                *(3) by adding at the end the following:*

16                *“(2) SIMPLIFICATION OF APPLICATION AND*  
17        *AWARD PROCESS.—Not later than one year after the*  
18        *date of enactment of this paragraph, and after a pe-*  
19        *riod of public comment, the Administrator shall issue*  
20        *regulations or guidelines, taking into consideration*  
21        *the unique needs of each Federal agency, to ensure*  
22        *that each Federal agency required to carry out an*  
23        *SBIR program or STTR program simplifies and*  
24        *standardizes the program proposal, selection, con-*  
25        *tracting, compliance, and audit procedures for the*

1 *SBIR program or STTR program of the Federal*  
2 *agency (including procedures relating to overhead*  
3 *rates for applicants and documentation requirements)*  
4 *to reduce the paperwork and regulatory compliance*  
5 *burden on small business concerns applying to and*  
6 *participating in the SBIR program or STTR pro-*  
7 *gram.”.*

8 **SEC. 314. REDUCING FRAUD, WASTE, AND ABUSE.**

9 *Not later than 4 years after the date of enactment of*  
10 *this Act, and every 4 years thereafter, the Comptroller Gen-*  
11 *eral of the United States shall—*

12 *(1) conduct a study of the effectiveness of the gov-*  
13 *ernment and public databases described in section*  
14 *9(k) of the Small Business Act (15 U.S.C. 638(k)) in*  
15 *reducing vulnerabilities of the SBIR program and the*  
16 *STTR program to fraud, waste, and abuse, particu-*  
17 *larly with respect to Federal agencies funding dupli-*  
18 *cative proposals and business concerns falsifying in-*  
19 *formation in proposals;*

20 *(2) make recommendations with respect to the*  
21 *issues described in paragraph (1); and*

22 *(3) submit to the head of each agency described*  
23 *in section 108(a) of the Small Business Reauthoriza-*  
24 *tion Act of 2000 (15 U.S.C. 638 note), the Committee*  
25 *on Small Business and Entrepreneurship of the Sen-*





1       “(00) ANNUAL REPORT ON SBIR AND STTR PROGRAM

2 GOALS.—

3           “(1) DEVELOPMENT OF METRICS.—The head of  
4 each Federal agency required to participate in the  
5 SBIR program or the STTR program shall develop  
6 metrics to evaluate the effectiveness, and the benefit to  
7 the people of the United States, of the SBIR program  
8 and the STTR program of the Federal agency that—

9           “(A) are science-based and statistically  
10 driven;

11           “(B) reflect the mission of the Federal agen-  
12 cy; and

13           “(C) include factors relating to the economic  
14 impact of the programs.

15           “(2) EVALUATION.—The head of each Federal  
16 agency described in paragraph (1) shall conduct an  
17 annual evaluation using the metrics developed under  
18 paragraph (1) of—

19           “(A) the SBIR program and the STTR pro-  
20 gram of the Federal agency; and

21           “(B) the benefits to the people of the United  
22 States of the SBIR program and the STTR pro-  
23 gram of the Federal agency.

24           “(3) REPORT.—

1           “(A) *IN GENERAL.*—*The head of each Fed-*  
2           *eral agency described in paragraph (1) shall sub-*  
3           *mit to the appropriate committees of Congress*  
4           *and the Administrator an annual report describ-*  
5           *ing in detail the results of an evaluation con-*  
6           *ducted under paragraph (2).*

7           “(B) *PUBLIC AVAILABILITY OF REPORT.*—  
8           *The head of each Federal agency described in*  
9           *paragraph (1) shall make each report submitted*  
10          *under subparagraph (A) available to the public*  
11          *online.*

12          “(C) *DEFINITION.*—*In this paragraph, the*  
13          *term ‘appropriate committees of Congress’*  
14          *means—*

15                 “(i) *the Committee on Small Business*  
16                 *and Entrepreneurship of the Senate; and*

17                 “(ii) *the Committee on Small Business*  
18                 *and the Committee on Science, Space, and*  
19                 *Technology of the House of Representa-*  
20                 *tives.”.*

21   **SEC. 502. COMPETITIVE SELECTION PROCEDURES FOR SBIR**  
22                   **AND STTR PROGRAMS.**

23           *Section 9 of the Small Business Act (15 U.S.C. 638),*  
24   *as amended by this Act, is further amended by adding at*  
25   *the end the following:*

1           “(pp) *COMPETITIVE SELECTION PROCEDURES FOR*  
2 *SBIR AND STTR PROGRAMS.*—All funds awarded, appro-  
3 priated, or otherwise made available in accordance with  
4 subsection (f) or (n) must be awarded pursuant to competi-  
5 tive and merit-based selection procedures.”.

6 **SEC. 503. LOAN RESTRICTIONS.**

7           (a) *RULE REQUIRED.*—For purposes of section 9 of the  
8 *Small Business Act (15 U.S.C. 638)*, the Administrator  
9 shall promulgate a rule not later than 180 days after the  
10 date of enactment of this Act that determines what restric-  
11 tions, conditions, or covenants contained in a note, bond,  
12 debenture, other evidence of indebtedness, or preferred stock  
13 constitute affiliation for purposes of section 121.103(a) of  
14 title 13, Code of Federal Regulations, as in effect on Janu-  
15 ary 1, 2011.

16           (b) *FAILURE TO PROMULGATE.*—If the Administrator  
17 fails to promulgate a rule in the time period required under  
18 subsection (a), the holder of a note, bond, debenture, other  
19 evidence of indebtedness, or preferred stock shall be consid-  
20 ered to be affiliated with the debtor or issuer of the preferred  
21 stock until such time as the Administrator promulgates the  
22 rule required under subsection (a).

1 **SEC. 504. PROGRAM DIVERSIFICATION.**

2 *Federal agencies shall encourage applications under*  
3 *the SBIR and STTR programs (to the extent that the*  
4 *projects relate to the mission of the Federal agency) from—*

5 *(1) small business concerns in geographic areas*  
6 *underrepresented in the SBIR and STTR programs*  
7 *or located in rural areas (as defined in section*  
8 *1393(a)(2) of the Internal Revenue Code of 1986);*

9 *(2) small business concerns owned and controlled*  
10 *by women;*

11 *(3) small business concerns owned and controlled*  
12 *by veterans;*

13 *(4) small business concerns owned and controlled*  
14 *by minorities;*

15 *(5) small business concerns owned and controlled*  
16 *by people with disabilities; and*

17 *(6) small business concerns located in a geo-*  
18 *graphic area with an unemployment rate that exceeds*  
19 *the national unemployment rate, based on the most*  
20 *recently available monthly publications of the Bureau*  
21 *of Labor Statistics of the Department of Labor.*

22 **SECTION 1. SHORT TITLE.**

23 **This Act may be cited as the “Creating**  
24 **Jobs Through Small Business Innovation Act**  
25 **of 2011”.**

1 **SEC. 2. TABLE OF CONTENTS.**

2 **The table of contents for this Act is as fol-**  
 3 **lows:**

- Sec. 1. Short title.
- Sec. 2. Table of contents.
- Sec. 3. Definitions.

**TITLE I—REAUTHORIZATION OF THE SBIR AND STTR  
PROGRAMS**

- Sec. 101. Extension of termination dates.
- Sec. 102. SBIR and STTR award levels.
- Sec. 103. Agency and program flexibility.
- Sec. 104. Elimination of Phase II invitations.
- Sec. 105. Phase flexibility.
- Sec. 106. Participation by firms with substantial investment from multiple venture capital operating companies, hedge funds, or private equity firms in a portion of the SBIR program.
- Sec. 107. Ensuring that innovative small businesses with substantial investment from venture capital operating companies, hedge funds, or private equity firms are able to participate in the SBIR and STTR programs.
- Sec. 108. SBIR and STTR special acquisition preference.
- Sec. 109. Collaborating with Federal laboratories and research and development centers.
- Sec. 110. Notice requirement.
- Sec. 111. Additional SBIR and STTR Awards.

**TITLE II—OUTREACH AND COMMERCIALIZATION  
INITIATIVES**

- Sec. 201. Technical assistance for awardees.
- Sec. 202. Commercialization Readiness Program at Department of Defense.
- Sec. 203. Commercialization Readiness Pilot Program for civilian agencies.
- Sec. 204. Interagency Policy Committee.
- Sec. 205. Clarifying the definition of “Phase III”.
- Sec. 206. Shortened period for final decisions on proposals and applications.
- Sec. 207. Phase 0 Proof of Concept Partnership pilot program.

**TITLE III—OVERSIGHT AND EVALUATION**

- Sec. 301. Streamlining annual evaluation requirements.
- Sec. 302. Data collection from agencies for SBIR.
- Sec. 303. Data collection from agencies for STTR.
- Sec. 304. Public database.
- Sec. 305. Government database.
- Sec. 306. Accuracy in funding base calculations.

- Sec. 307. Continued evaluation by the National Academy of Sciences.
- Sec. 308. Technology insertion reporting requirements.
- Sec. 309. Obtaining consent from SBIR and STTR applicants to release contact information to economic development organizations.
- Sec. 310. Pilot to allow funding for administrative, oversight, and contract processing costs.
- Sec. 311. GAO study with respect to venture capital operating company, hedge fund, and private equity firm involvement.
- Sec. 312. Reducing vulnerability of SBIR and STTR programs to fraud, waste, and abuse.
- Sec. 313. Simplified paperwork requirements.
- Sec. 314. Reducing fraud, waste, and abuse.

#### TITLE IV—POLICY DIRECTIVES

- Sec. 401. Conforming amendments to the SBIR and the STTR Policy Directives.

#### TITLE V—OTHER PROVISIONS

- Sec. 501. Report on SBIR and STTR program goals.
- Sec. 502. Competitive selection procedures for SBIR and STTR programs.
- Sec. 503. Loan restrictions.
- Sec. 504. Limitation on pilot programs.
- Sec. 505. Ensuring equity in SBIR and STTR awards to individual companies.
- Sec. 506. Inspector General reports.
- Sec. 507. Timing.
- Sec. 508. Publication of certain information.
- Sec. 509. Preference for clean coal technology research.
- Sec. 510. Report on enhancement of manufacturing activities.
- Sec. 511. Express authority to “fast-track” Phase II awards for promising Phase I research.
- Sec. 512. Increased partnerships between SBIR awardees and prime contractors, venture capital investment companies, and larger businesses.
- Sec. 513. Preference for acid mine drainage research.
- Sec. 514. Preference for hydraulic fracturing research.

1 **SEC. 3. DEFINITIONS.**

2 **In this Act—**

- 3 **(1) the terms “Administration” and**
- 4 **“Administrator” mean the Small Business**
- 5 **Administration and the Administrator**
- 6 **thereof, respectively;**

1           (2) the terms “extramural budget”,  
2           “Federal agency”, “Small Business Inno-  
3           vation Research Program”, “SBIR”,  
4           “Small Business Technology Transfer  
5           Program”, and “STTR” have the mean-  
6           ings given such terms in section 9 of the  
7           Small Business Act (15 U.S.C. 638); and

8           (3) the term “small business concern”  
9           has the meaning given that term under  
10          section 3 of the Small Business Act (15  
11          U.S.C. 632).

## 12   **TITLE I—REAUTHORIZATION OF** 13   **THE SBIR AND STTR PROGRAMS**

### 14   **SEC. 101. EXTENSION OF TERMINATION DATES.**

15          (a) **SBIR.**—Section 9(m) of the Small Busi-  
16          ness Act (15 U.S.C. 638(m)) is amended—

17               (1) by striking “TERMINATION.—” and  
18               all that follows through “the authoriza-  
19               tion” and inserting “TERMINATION.—The  
20               authorization”;

21               (2) by striking “2008” and inserting  
22               “2014”; and

23               (3) by striking paragraph (2).



1       **(b) STTR.—Section 9(n)(1)(A) of the Small**  
2 **Business Act (15 U.S.C. 638(n)(1)(A)) is amend-**  
3 **ed—**

4           **(1) by striking “IN GENERAL.—” and all**  
5 **that follows through “with respect” and**  
6 **inserting “IN GENERAL.—With respect”;**

7           **(2) by striking “2009” and inserting**  
8 **“2014”; and**

9           **(3) by striking clause (ii).**

10 **SEC. 102. SBIR AND STTR AWARD LEVELS.**

11       **(a) SBIR ADJUSTMENTS.—Section 9(j)(2)(D)**  
12 **of the Small Business Act (15 U.S.C.**  
13 **638(j)(2)(D)) is amended—**

14           **(1) by striking “\$100,000” and insert-**  
15 **ing “\$150,000”; and**

16           **(2) by striking “\$750,000” and insert-**  
17 **ing “\$1,000,000”.**

18       **(b) STTR ADJUSTMENTS.—Section**  
19 **9(p)(2)(B)(ix) of the Small Business Act (15**  
20 **U.S.C. 638(p)(2)(B)(ix)) is amended—**

21           **(1) by striking “\$100,000” and insert-**  
22 **ing “\$150,000”; and**

23           **(2) by striking “\$750,000” and insert-**  
24 **ing “\$1,000,000”.**

1       **(c) ANNUAL ADJUSTMENTS.—Section 9 of the**  
2 **Small Business Act (15 U.S.C. 638) is amend-**  
3 **ed—**

4           **(1) in subsection (j)(2)(D), by striking**  
5 **“once every 5 years to reflect economic**  
6 **adjustments and programmatic consider-**  
7 **ations” and inserting “every year for in-**  
8 **flation”; and**

9           **(2) in subsection (p)(2)(B)(ix), as**  
10 **amended by subsection (b) of this section,**  
11 **by inserting “(each of which the Adminis-**  
12 **trator shall adjust for inflation annually)”**  
13 **after “\$1,000,000.”**

14       **(d) LIMITATION ON SIZE OF AWARDS.—Sec-**  
15 **tion 9 of the Small Business Act (15 U.S.C.**  
16 **638), as amended by this Act, is further**  
17 **amended by adding at the end the following:**

18       **“(aa) LIMITATION ON SIZE OF AWARDS.—**

19           **“(1) LIMITATION.—No Federal agency**  
20 **may issue an award under the SBIR pro-**  
21 **gram or the STTR program if the size of**  
22 **the award exceeds the award guidelines**  
23 **established under this section by more**  
24 **than 50 percent.**

1           **“(2) MAINTENANCE OF INFORMATION.—**  
2           **Participating agencies shall maintain in-**  
3           **formation on awards exceeding the**  
4           **guidelines established under this section,**  
5           **including—**

6                   **“(A) the amount of each award;**

7                   **“(B) a justification for exceeding**  
8                   **the award amount;**

9                   **“(C) the identity and location of**  
10                   **each award recipient; and**

11                   **“(D) whether an award recipient**  
12                   **has received any venture capital,**  
13                   **hedge fund, or private equity firm in-**  
14                   **vestment and, if so, whether the re-**  
15                   **recipient is majority-owned by multiple**  
16                   **venture capital operating companies,**  
17                   **hedge funds, or private equity firms.**

18           **“(3) REPORTS.—The Administrator**  
19           **shall include the information described**  
20           **in paragraph (2) in the annual report of**  
21           **the Administrator to Congress.**

22           **“(4) RULE OF CONSTRUCTION.—Nothing**  
23           **in this subsection shall be construed to**  
24           **prevent a Federal agency from**  
25           **supplementing an award under the SBIR**

1       **program or the STTR program using**  
2       **funds of the Federal agency that are not**  
3       **part of the SBIR program or the STTR**  
4       **program of the Federal agency.”.**

5       **SEC. 103. AGENCY AND PROGRAM FLEXIBILITY.**

6       **Section 9 of the Small Business Act (15**  
7       **U.S.C. 638), as amended by this Act, is further**  
8       **amended by adding at the end the following:**

9       **“(bb) SUBSEQUENT PHASE II AWARDS.—**

10           **“(1) AGENCY FLEXIBILITY.—A small**  
11       **business concern that received a Phase I**  
12       **award from a Federal agency under this**  
13       **section shall be eligible to receive a sub-**  
14       **sequent Phase II award from another**  
15       **Federal agency, if the head of each rel-**  
16       **evant Federal agency or the relevant**  
17       **component of the Federal agency makes**  
18       **a written determination that the topics of**  
19       **the relevant awards are the same and**  
20       **both agencies report the awards to the**  
21       **Administrator for inclusion in the public**  
22       **database under subsection (k).**

23           **“(2) SBIR AND STTR PROGRAM FLEXI-**  
24       **BILITY.—A small business concern that re-**  
25       **ceived a Phase I award under this section**

1       under the SBIR program or the STTR  
2       program may receive a subsequent Phase  
3       II award in either the SBIR program or  
4       the STTR program and the participating  
5       agency or agencies shall report the  
6       awards to the Administrator for inclusion  
7       in the public database under subsection  
8       (k).”.

9       SEC. 104. ELIMINATION OF PHASE II INVITATIONS.

10       Section 9(e) of the Small Business Act (15  
11       U.S.C. 638(e)) is amended—

12               (1) in paragraph (4)(B), by striking “to  
13       further” and inserting “which shall not  
14       include any invitation, pre-screening,  
15       pre-selection, or down-selection process  
16       for eligibility for Phase II, that will fur-  
17       ther”; and

18               (2) in paragraph (6)(B), by striking “to  
19       further develop proposed ideas to” and  
20       inserting “which shall not include any in-  
21       vitation, pre-screening, pre-selection, or  
22       down-selection process for eligibility for  
23       Phase II, that will further develop pro-  
24       posals that”.

1 SEC. 105. PHASE FLEXIBILITY.

2 Section 9 of the Small Business Act (15  
3 U.S.C. 638), as amended by this Act, is further  
4 amended by adding at the end the following:

5 “(cc) PHASE I REQUIRED.—Under this sec-  
6 tion, a Federal agency shall provide to a small  
7 business concern an award under Phase II of  
8 an SBIR program with respect to a project  
9 only if such agency finds that the small busi-  
10 ness concern has been provided an award  
11 under Phase I of an SBIR program with re-  
12 spect to such project or has completed the de-  
13 terminations described in subsection (e)(4)(A)  
14 with respect to such project despite not hav-  
15 ing been provided a Phase I award.”.

16 SEC. 106. PARTICIPATION BY FIRMS WITH SUBSTANTIAL IN-  
17 VESTMENT FROM MULTIPLE VENTURE CAP-  
18 ITAL OPERATING COMPANIES, HEDGE  
19 FUNDS, OR PRIVATE EQUITY FIRMS IN A POR-  
20 TION OF THE SBIR PROGRAM.

21 (a) IN GENERAL.—Section 9 of the Small  
22 Business Act (15 U.S.C. 638), as amended by  
23 this Act, is further amended by adding at the  
24 end the following:

25 “(dd) PARTICIPATION OF SMALL BUSINESS  
26 CONCERNS MAJORITY-OWNED BY VENTURE CAP-

1 **ITAL OPERATING COMPANIES, HEDGE FUNDS, OR**  
2 **PRIVATE EQUITY FIRMS IN THE SBIR PRO-**  
3 **GRAM.—**

4           **“(1) AUTHORITY.—Upon a written de-**  
5 **termination described in paragraph (2)**  
6 **provided to the Administrator, the Com-**  
7 **mittee on Small Business and Entrepre-**  
8 **neurship of the Senate, and the Com-**  
9 **mittee on Small Business and the Com-**  
10 **mittee on Science, Space, and Technology**  
11 **of the House of Representatives not later**  
12 **than 30 days before the date on which an**  
13 **award is made—**

14           **“(A) the Director of the National**  
15 **Institutes of Health, the Secretary of**  
16 **Energy, the Administrator of the Na-**  
17 **tional Aeronautics and Space Admin-**  
18 **istration, and the Director of the Na-**  
19 **tional Science Foundation may award**  
20 **not more than 45 percent of the funds**  
21 **allocated for the SBIR program of the**  
22 **Federal agency to small business con-**  
23 **cerns that are owned in majority part**  
24 **by multiple venture capital operating**  
25 **companies, hedge funds, or private**

1 equity firms through competitive,  
2 merit-based procedures that are open  
3 to all eligible small business con-  
4 cerns; and

5 “(B) the head of a Federal agency  
6 other than a Federal agency de-  
7 scribed in subparagraph (A) that par-  
8 ticipates in the SBIR program may  
9 award not more than 35 percent of  
10 the funds allocated for the SBIR pro-  
11 gram of the Federal agency to small  
12 business concerns that are owned in  
13 majority part by multiple venture  
14 capital operating companies, hedge  
15 funds, or private equity firms  
16 through competitive, merit-based pro-  
17 cedures that are open to all eligible  
18 small business concerns.

19 “(2) DETERMINATION.—A written deter-  
20 mination described in this paragraph is a  
21 written determination by the head of a  
22 Federal agency that explains how the use  
23 of the authority under paragraph (1)  
24 will—



1           **“(A) induce additional venture**  
2           **capital, hedge fund, or private equity**  
3           **firm funding of small business inno-**  
4           **vations;**

5           **“(B) substantially contribute to**  
6           **the mission of the Federal agency;**

7           **“(C) demonstrate a need for pub-**  
8           **lic research; and**

9           **“(D) otherwise fulfill the capital**  
10           **needs of small business concerns for**  
11           **additional financing for the SBIR**  
12           **project.**

13           **“(3) REGISTRATION.—A small business**  
14           **concern that is majority-owned by mul-**  
15           **multiple venture capital operating compa-**  
16           **nies, hedge funds, or private equity firms**  
17           **and qualified for participation in the pro-**  
18           **gram authorized under paragraph (1)**  
19           **shall—**

20           **“(A) register with the Adminis-**  
21           **trator on the date that the small busi-**  
22           **ness concern submits an application**  
23           **for an award under the SBIR pro-**  
24           **gram; and**

1           “(B) indicate in any SBIR pro-  
2           posal that the small business concern  
3           is registered under subparagraph (A)  
4           as majority-owned by multiple ven-  
5           ture capital operating companies,  
6           hedge funds, or private equity firms.

7           “(4) COMPLIANCE.—

8           “(A) IN GENERAL.—The head of a  
9           Federal agency that makes an award  
10          under this subsection during a fiscal  
11          year shall collect and submit to the  
12          Administrator data relating to the  
13          number and dollar amount of Phase I  
14          awards, Phase II awards, and any  
15          other category of awards by the Fed-  
16          eral agency under the SBIR program  
17          during that fiscal year.

18          “(B) ANNUAL REPORTING.—The Ad-  
19          ministrator shall include as part of  
20          each annual report by the Adminis-  
21          tration under subsection (b)(7) any  
22          data submitted under subparagraph  
23          (A) and a discussion of the compli-  
24          ance of each Federal agency that  
25          makes an award under this sub-

1           section during the fiscal year with  
2           the maximum percentages under  
3           paragraph (1).

4           “(5) ENFORCEMENT.—If a Federal agen-  
5           cy awards more than the percent of the  
6           funds allocated for the SBIR program of  
7           the Federal agency authorized under  
8           paragraph (1) for a purpose described in  
9           paragraph (1), the head of the Federal  
10          agency shall transfer an amount equal to  
11          the amount awarded in excess of the  
12          amount authorized under paragraph (1)  
13          to the funds for general SBIR programs  
14          from the non-SBIR and non-STTR re-  
15          search and development funds of the Fed-  
16          eral agency not later than 180 days after  
17          the date on which the Federal agency  
18          made the award that caused the total  
19          awarded under paragraph (1) to be more  
20          than the amount authorized under para-  
21          graph (1) for a purpose described in para-  
22          graph (1).

23           “(6) FINAL DECISIONS ON APPLICATIONS  
24           UNDER THE SBIR PROGRAM.—

1           **“(A) DEFINITION.—In this para-**  
2 **graph, the term ‘covered small busi-**  
3 **ness concern’ means a small business**  
4 **concern that—**

5           **“(i) was not majority-owned**  
6 **by multiple venture capital oper-**  
7 **ating companies, hedge funds, or**  
8 **private equity firms on the date**  
9 **on which the small business con-**  
10 **cern submitted an application in**  
11 **response to a solicitation under**  
12 **the SBIR programs; and**

13           **“(ii) on the date of the award**  
14 **under the SBIR program is major-**  
15 **ity-owned by multiple venture**  
16 **capital operating companies,**  
17 **hedge funds, or private equity**  
18 **firms.**

19           **“(B) IN GENERAL.—If a Federal**  
20 **agency does not make an award**  
21 **under a solicitation under the SBIR**  
22 **program before the date that is 9**  
23 **months after the date on which the**  
24 **period for submitting applications**  
25 **under the solicitation ends—**

1           “(i) a covered small business  
2 concern is eligible to receive the  
3 award, without regard to whether  
4 the covered small business con-  
5 cern meets the requirements for  
6 receiving an award under the  
7 SBIR program for a small busi-  
8 ness concern that is majority-  
9 owned by multiple venture cap-  
10 ital operating companies, hedge  
11 funds, or private equity firms, if  
12 the covered small business con-  
13 cern meets all other requirements  
14 for such an award; and

15           “(ii) the head of the Federal  
16 agency shall transfer an amount  
17 equal to any amount awarded to a  
18 covered small business concern  
19 under the solicitation to the funds  
20 for general SBIR programs from  
21 the non-SBIR and non-STTR re-  
22 search and development funds of  
23 the Federal agency, not later than  
24 90 days after the date on which

1           the Federal agency makes the  
2           award.

3           “(7) EVALUATION CRITERIA.—A Federal  
4           agency may not use investment of ven-  
5           ture capital or investment from hedge  
6           funds or private equity firms as a cri-  
7           terion for the award of contracts under  
8           the SBIR program or STTR program.”.

9           (b) TECHNICAL AND CONFORMING AMEND-  
10          MENT.—Section 3 of the Small Business Act (15  
11          U.S.C. 632) is amended by adding at the end  
12          the following:

13          “(aa) VENTURE CAPITAL OPERATING COM-  
14          PANY.—In this Act, the term ‘venture capital  
15          operating company’ means an entity de-  
16          scribed in clause (i), (v), or (vi) of section  
17          121.103(b)(5) of title 13, Code of Federal Regu-  
18          lations (or any successor thereto).

19          “(bb) HEDGE FUND.—In this Act, the term  
20          ‘hedge fund’ has the meaning given that term  
21          in section 13(h)(2) of the Bank Holding Com-  
22          pany Act of 1956 (12 U.S.C. 1851(h)(2)).

23          “(cc) PRIVATE EQUITY FIRM.—In this Act,  
24          the term ‘private equity firm’ has the meaning  
25          given the term ‘private equity fund’ in section

1 **13(h)(2) of the Bank Holding Company Act of**  
2 **1956 (12 U.S.C. 1851(h)(2)).”.**

3 **SEC. 107. ENSURING THAT INNOVATIVE SMALL BUSI-**  
4 **NESSES WITH SUBSTANTIAL INVESTMENT**  
5 **FROM VENTURE CAPITAL OPERATING COM-**  
6 **PANIES, HEDGE FUNDS, OR PRIVATE EQUITY**  
7 **FIRMS ARE ABLE TO PARTICIPATE IN THE**  
8 **SBIR AND STTR PROGRAMS.**

9 **Section 9 of the Small Business Act (15**  
10 **U.S.C. 638), as amended by this Act, is further**  
11 **amended by adding at the end the following:**

12 **“(ee) VENTURE CAPITAL OPERATING COMPA-**  
13 **NIES, HEDGE FUNDS, AND PRIVATE EQUITY**  
14 **FIRMS.—Effective only for the SBIR and STTR**  
15 **programs the following shall apply:**

16 **“(1) A business concern that has more**  
17 **than 500 employees shall not qualify as a**  
18 **small business concern.**

19 **“(2) In determining whether a small**  
20 **business concern is independently owned**  
21 **and operated under section 3(a)(1) or**  
22 **meets the small business size standards**  
23 **instituted under section 3(a)(2), the Ad-**  
24 **ministrator shall not consider a business**  
25 **concern to be affiliated with a venture**

1       **capital operating company, hedge fund,**  
2       **or private equity firm (or with any other**  
3       **business that the venture capital oper-**  
4       **ating company, hedge fund, or private eq-**  
5       **uity firm has financed) if—**

6               **“(A) the venture capital operating**  
7               **company, hedge fund, or private eq-**  
8               **uity firm does not own 50 percent or**  
9               **more of the business concern; and**

10              **“(B) employees of the venture**  
11              **capital operating company, hedge**  
12              **fund, or private equity firm do not**  
13              **constitute a majority of the board of**  
14              **directors of the business concern.**

15              **“(3) A business concern shall be**  
16              **deemed to be ‘independently owned and**  
17              **operated’ if—**

18               **“(A) it is owned in majority part**  
19               **by one or more natural persons or**  
20               **venture capital operating companies,**  
21               **hedge funds, or private equity firms;**

22               **“(B) there is no single venture**  
23               **capital operating company, hedge**  
24               **fund, or private equity firm that owns**



1           **50 percent or more of the business**  
2           **concern; and**

3           **“(C) there is no single venture**  
4           **capital operating company, hedge**  
5           **fund, or private equity firm the em-**  
6           **ployees of which constitute a major-**  
7           **ity of the board of directors of the**  
8           **business concern.**

9           **“(4) If a venture capital operating**  
10          **company, hedge fund, or private equity**  
11          **firm controlled by a business with more**  
12          **than 500 employees (in this paragraph re-**  
13          **ferred to as a ‘VCOC, hedge fund, or pri-**  
14          **vate equity firm under large business**  
15          **control’) has an ownership interest in a**  
16          **small business concern that is owned in**  
17          **majority part by venture capital oper-**  
18          **ating companies, hedge funds, or private**  
19          **equity firms, the small business concern**  
20          **is eligible to receive an award under the**  
21          **SBIR or STTR program only if—**

22                  **“(A) not more than two VCOCs,**  
23                  **hedge funds, or private equity firms**  
24                  **under large business control have an**

1 ownership interest in the small busi-  
2 ness concern; and

3 “(B) the VCOCs, hedge funds, or  
4 private equity firms under large busi-  
5 ness control do not collectively own  
6 more than 20 percent of the small  
7 business concern.”.

8 SEC. 108. SBIR AND STTR SPECIAL ACQUISITION PREF-  
9 ERENCE.

10 Section 9(r) of the Small Business Act (15  
11 U.S.C. 638(r)) is amended by adding at the end  
12 the following:

13 “(4) PHASE III AWARDS.—To the great-  
14 est extent practicable, Federal agencies  
15 and Federal prime contractors shall issue  
16 Phase III awards relating to technology,  
17 including sole source awards, to the SBIR  
18 and STTR award recipients that devel-  
19 oped the technology.”.

20 SEC. 109. COLLABORATING WITH FEDERAL LABORATORIES  
21 AND RESEARCH AND DEVELOPMENT CEN-  
22 TERS.

23 Section 9 of the Small Business Act (15  
24 U.S.C. 638), as amended by this Act, is further  
25 amended by adding at the end the following:

1       **“(ff) COLLABORATING WITH FEDERAL LAB-**  
2 **ORATORIES AND RESEARCH AND DEVELOPMENT**  
3 **CENTERS.—**

4           **“(1) AUTHORIZATION.—Subject to the**  
5 **limitations under this section, the head of**  
6 **each participating Federal agency may**  
7 **make SBIR and STTR awards to any eli-**  
8 **gible small business concern that—**

9           **“(A) intends to enter into an**  
10 **agreement with a Federal laboratory**  
11 **or federally funded research and de-**  
12 **velopment center for portions of the**  
13 **activities to be performed under that**  
14 **award; or**

15           **“(B) has entered into a coopera-**  
16 **tive research and development agree-**  
17 **ment (as defined in section 12(d) of**  
18 **the Stevenson-Wydler Technology In-**  
19 **novation Act of 1980 (15 U.S.C.**  
20 **3710a(d))) with a Federal laboratory.**

21           **“(2) PROHIBITION.—No Federal agency**  
22 **shall—**

23           **“(A) condition an SBIR or STTR**  
24 **award upon entering into agreement**  
25 **with any Federal laboratory or any**

1           **federally funded laboratory or re-**  
2           **search and development center for**  
3           **any portion of the activities to be per-**  
4           **formed under that award;**

5           **“(B) approve an agreement be-**  
6           **tween a small business concern re-**  
7           **ceiving a SBIR or STTR award and a**  
8           **Federal laboratory or federally fund-**  
9           **ed laboratory or research and devel-**  
10          **opment center, if the small business**  
11          **concern performs a lesser portion of**  
12          **the activities to be performed under**  
13          **that award than required by this sec-**  
14          **tion and by the SBIR Policy Directive**  
15          **and the STTR Policy Directive of the**  
16          **Administrator; or**

17          **“(C) approve an agreement that**  
18          **violates any provision, including any**  
19          **data rights protections provision, of**  
20          **this section or the SBIR and the**  
21          **STTR Policy Directives.**

22          **“(3) IMPLEMENTATION.—Not later than**  
23          **180 days after the date of enactment of**  
24          **this subsection, the Administrator shall**  
25          **modify the SBIR Policy Directive and the**

1 **STTR Policy Directive issued under this**  
2 **section to ensure that small business con-**  
3 **cerns—**

4 **“(A) have the flexibility to use the**  
5 **resources of the Federal laboratories**  
6 **and federally funded research and de-**  
7 **velopment centers; and**

8 **“(B) are not mandated to enter**  
9 **into agreement with any Federal lab-**  
10 **oratory or any federally funded lab-**  
11 **oratory or research and development**  
12 **center as a condition of an award.**

13 **“(4) ADVANCE PAYMENT.—If a small**  
14 **business concern receiving an award**  
15 **under this section enters into an agree-**  
16 **ment with a Federal laboratory or feder-**  
17 **ally funded research and development**  
18 **center for portions of the activities to be**  
19 **performed under that award, the Federal**  
20 **laboratory or federally funded research**  
21 **and development center may not require**  
22 **advance payment from the small business**  
23 **concern in an amount greater than the**  
24 **amount necessary to pay for 30 days of**  
25 **such activities.”.**

1 **SEC. 110. NOTICE REQUIREMENT.**

2 **(a) SBIR PROGRAM.—Section 9(g) of the**  
3 **Small Business Act (15 U.S.C. 638(g)) is**  
4 **amended—**

5 **(1) in paragraph (10), by striking**  
6 **“and” at the end;**

7 **(2) in paragraph (11), by striking the**  
8 **period at the end and inserting “; and”;**  
9 **and**

10 **(3) by adding at the end the fol-**  
11 **lowing:**

12 **“(12) provide timely notice to the Ad-**  
13 **ministrator of any case or controversy**  
14 **before any Federal judicial or adminis-**  
15 **trative tribunal concerning the SBIR pro-**  
16 **gram of the Federal agency.”.**

17 **(b) STTR PROGRAM.—Section 9(o) of the**  
18 **Small Business Act (15 U.S.C. 638(o)) is**  
19 **amended—**

20 **(1) by striking paragraph (15);**

21 **(2) in paragraph (16), by striking the**  
22 **period at the end and inserting “; and”;**

23 **(3) by redesignating paragraph (16) as**  
24 **paragraph (15); and**

25 **(4) by adding at the end the fol-**  
26 **lowing:**

1           “(16) provide timely notice to the Ad-  
2           ministrators of any case or controversy  
3           before any Federal judicial or adminis-  
4           trative tribunal concerning the STTR  
5           program of the Federal agency.”.

6   SEC. 111. ADDITIONAL SBIR AND STTR AWARDS.

7           Section 9 of the Small Business Act (15  
8   U.S.C. 638), as amended by this Act, is further  
9   amended by adding at the end the following:

10          “(gg)    **ADDITIONAL    SBIR    AND    STTR**  
11   **AWARDS.—**

12           “(1) **EXPRESS AUTHORITY FOR AWARDING**  
13   **A SEQUENTIAL PHASE II AWARD.—**A small  
14   business concern that receives a Phase II  
15   **SBIR** award or a Phase II **STTR** award  
16   for a project remains eligible to receive  
17   one additional Phase II **SBIR** award or  
18   Phase II **STTR** award for continued work  
19   on that project.

20           “(2)           **PREVENTING            DUPLICATIVE**  
21   **AWARDS.—**The head of a Federal agency  
22   shall verify that any activity to be per-  
23   formed with respect to a project with a  
24   Phase I or Phase II **SBIR** or **STTR** award  
25   has not been funded under the **SBIR** pro-

1       **gram or STTR program of another Fed-**  
2       **eral agency.”.**

3       **TITLE II—OUTREACH AND COM-**  
4       **MERCIALIZATION           INITIA-**  
5       **TIVES**

6       **SEC. 201. TECHNICAL ASSISTANCE FOR AWARDEES.**

7       **Section 9(q) of the Small Business Act (15**  
8       **U.S.C. 638(q)) is amended—**

9               **(1) in paragraph (1)—**

10                   **(A) by inserting “or STTR pro-**  
11                   **gram” after “SBIR program”; and**

12                   **(B) by striking “SBIR projects”**  
13                   **and inserting “SBIR or STTR**  
14                   **projects”;**

15               **(2) in paragraph (2), by striking “3**  
16       **years” and inserting “5 years”; and**

17               **(3) in paragraph (3)—**

18                   **(A) in subparagraph (A)—**

19                           **(i) by inserting “or STTR”**  
20                           **after “SBIR”; and**

21                           **(ii) by striking “\$4,000” and**  
22                           **inserting “\$5,000”;**

23                   **(B) by striking subparagraph (B)**  
24       **and inserting the following:**



1           **“(B) PHASE II.—A Federal agency**  
2           **described in paragraph (1) may—**

3                   **“(i) provide to the recipient of**  
4                   **a Phase II SBIR or STTR award,**  
5                   **through a vendor selected under**  
6                   **paragraph (2), the services de-**  
7                   **scribed in paragraph (1), in an**  
8                   **amount equal to not more than**  
9                   **\$5,000 per year; or**

10                   **“(ii) authorize the recipient of**  
11                   **a Phase II SBIR or STTR award**  
12                   **to purchase the services de-**  
13                   **scribed in paragraph (1), in an**  
14                   **amount equal to not more than**  
15                   **\$5,000 per year, which shall be in**  
16                   **addition to the amount of the re-**  
17                   **recipient’s award.”; and**

18           **(C) by adding at the end the fol-**  
19           **lowing:**

20                   **“(C) FLEXIBILITY.—In carrying out**  
21                   **subparagraphs (A) and (B), each Fed-**  
22                   **eral agency shall provide the allow-**  
23                   **able amounts to a recipient that**  
24                   **meets the eligibility requirements**  
25                   **under the applicable subparagraph, if**

1           **the recipient requests to seek tech-**  
2           **nical assistance from an individual or**  
3           **entity other than the vendor selected**  
4           **under paragraph (2) by the Federal**  
5           **agency.**

6           **“(D) LIMITATION.—A Federal agen-**  
7           **cy may not—**

8                   **“(i) use the amounts author-**  
9                   **ized under subparagraph (A) or**  
10                  **(B) unless the vendor selected**  
11                  **under paragraph (2) provides the**  
12                  **technical assistance to the recipi-**  
13                  **ent; or**

14                   **“(ii) enter a contract with a**  
15                   **vendor under paragraph (2)**  
16                   **under which the amount provided**  
17                   **for technical assistance is based**  
18                   **on total number of Phase I or**  
19                   **Phase II awards.”.**

20 **SEC. 202. COMMERCIALIZATION READINESS PROGRAM AT**  
21                   **DEPARTMENT OF DEFENSE.**

22           **(a) IN GENERAL.—Section 9(y) of the Small**  
23 **Business Act (15 U.S.C. 638(y)) is amended—**

1           (1) in the subsection heading, by  
2 striking “PILOT” and inserting “READI-  
3 NESS”;

4           (2) by striking “Pilot” each place that  
5 term appears and inserting “Readiness”;

6           (3) in paragraph (1)—

7                 (A) by inserting “or Small Busi-  
8 ness Technology Transfer Program”  
9 after “Small Business Innovation Re-  
10 search Program”; and

11                 (B) by adding at the end the fol-  
12 lowing: “The authority to create and  
13 administer a Commercialization  
14 Readiness Program under this sub-  
15 section may not be construed to  
16 eliminate or replace any other SBIR  
17 program or STTR program that en-  
18 hances the insertion or transition of  
19 SBIR or STTR technologies, including  
20 any such program in effect on the  
21 date of enactment of the National De-  
22 fense Authorization Act for Fiscal  
23 Year 2006 (Public Law 109-163; 119  
24 Stat. 3136).”;

1           **(4) in paragraph (2), by inserting “or**  
2           **Small Business Technology Transfer Pro-**  
3           **gram” after “Small Business Innovation**  
4           **Research Program”;**

5           **(5) in paragraph (5)—**

6           **(A) by striking “the Committee on**  
7           **Armed Services and the Committee**  
8           **on Small Business of the House of**  
9           **Representatives” and inserting “the**  
10           **Committee on Armed Services, the**  
11           **Committee on Small Business, and**  
12           **the Committee on Science, Space, and**  
13           **Technology of the House of Rep-**  
14           **resentatives”;** and

15           **(B) by striking “shall include” and**  
16           **inserting “shall include, in addition**  
17           **to the information described in para-**  
18           **graph (6)(C)”;**

19           **(6) by redesignating paragraph (5) as**  
20           **paragraph (7);**

21           **(7) by striking paragraph (6); and**

22           **(8) by inserting after paragraph (4)**  
23           **the following:**

24           **“(5) INSERTION INCENTIVES.—For any**  
25           **contract with a value of not less than**

1       **\$100,000,000, the Secretary of Defense is**  
2       **authorized to—**

3               **“(A) establish goals for the transi-**  
4               **tion of Phase III technologies in sub-**  
5               **contracting plans;**

6               **“(B) require a prime contractor**  
7               **on such a contract to report the num-**  
8               **ber and dollar amount of contracts**  
9               **entered into by that prime contractor**  
10              **for Phase III SBIR or STTR projects;**  
11              **and**

12              **“(C) take action to ensure that, if**  
13              **a prime contractor on such a con-**  
14              **tract, after consultation with the Sec-**  
15              **retary, certifies that an appropriate**  
16              **Phase III technology is not available**  
17              **to be incorporated into a project of**  
18              **the prime contractor, such project**  
19              **shall be excluded from any deter-**  
20              **mination of whether goals under sub-**  
21              **paragraph (A) have been met.**

22              **“(6) GOAL FOR SBIR AND STTR TECH-**  
23              **NOLOGY INSERTION.—The Secretary of De-**  
24              **fense shall—**

1           “(A) set a goal to increase the  
2           number of Phase II SBIR contracts  
3           and the number of Phase II STTR  
4           contracts awarded by that Secretary  
5           that lead to technology transition  
6           into programs of record or fielded  
7           systems;

8           “(B) use incentives in effect on  
9           the date of enactment of the Creating  
10          Jobs Through Small Business Innova-  
11          tion Act of 2011, or create new incen-  
12          tives, to encourage agency program  
13          managers and prime contractors to  
14          meet the goal under subparagraph  
15          (A); and

16          “(C) include in the annual report  
17          under this subsection—

18                 “(i) the percentage of Phase II  
19                 SBIR and STTR contracts award-  
20                 ed by the Secretary that led to  
21                 technology transition into pro-  
22                 grams of record or fielded sys-  
23                 tems;

24                 “(ii) information on the status  
25                 of each project that received

1           **funding through the Commer-**  
 2           **cialization Readiness Program**  
 3           **and efforts to transition those**  
 4           **projects into programs of record**  
 5           **or fielded systems; and**

6           **“(iii) a description of each in-**  
 7           **centive that has been used by the**  
 8           **Secretary under subparagraph**  
 9           **(B) and the effectiveness of that**  
 10          **incentive with respect to meeting**  
 11          **the goal under subparagraph**  
 12          **(A).”.**

13          **(b) TECHNICAL AND CONFORMING AMEND-**  
 14          **MENT.—Section 9(i)(1) of the Small Business**  
 15          **Act (15 U.S.C. 638(i)(1)) is amended by insert-**  
 16          **ing “(including awards under subsection (y))”**  
 17          **after “the number of awards”.**

18          **SEC. 203. COMMERCIALIZATION READINESS PILOT PRO-**  
 19          **GRAM FOR CIVILIAN AGENCIES.**

20          **Section 9 of the Small Business Act (15**  
 21          **U.S.C. 638), as amended by this Act, is further**  
 22          **amended by adding at the end the following:**

23          **“(hh) PILOT PROGRAM.—**

24                  **“(1) AUTHORIZATION.—The head of**  
 25          **each covered Federal agency may allo-**

1       **cate not more than 10 percent of the**  
2       **funds allocated to the SBIR program and**  
3       **the STTR program of the covered Federal**  
4       **agency—**

5               **“(A) for awards for technology de-**  
6               **velopment, testing, evaluation, and**  
7               **commercialization assistance for**  
8               **SBIR and STTR Phase II tech-**  
9               **nologies; or**

10              **“(B) to support the progress of re-**  
11              **search, research and development,**  
12              **and commercialization conducted**  
13              **under the SBIR or STTR programs to**  
14              **Phase III.**

15              **“(2) APPLICATION BY FEDERAL AGEN-**  
16              **CY.—**

17              **“(A) IN GENERAL.—A covered Fed-**  
18              **eral agency may not establish a pilot**  
19              **program unless the covered Federal**  
20              **agency makes a written application**  
21              **to the Administrator, not later than**  
22              **90 days before the first day of the fis-**  
23              **cal year in which the pilot program is**  
24              **to be established, that describes a**  
25              **compelling reason that additional in-**



1           vestment in SBIR or STTR tech-  
2           nologies is necessary, including un-  
3           usually high regulatory, systems inte-  
4           gration, or other costs relating to de-  
5           velopment or manufacturing of iden-  
6           tifiable, highly promising small busi-  
7           ness technologies or a class of such  
8           technologies expected to substan-  
9           tially advance the mission of the  
10          agency.

11           “(B) DETERMINATION.—The Admin-  
12          istrator shall—

13                   “(i) make a determination re-  
14                   garding an application submitted  
15                   under subparagraph (A) not later  
16                   than 30 days before the first day  
17                   of the fiscal year for which the  
18                   application is submitted;

19                   “(ii) publish the determina-  
20                   tion in the Federal Register; and

21                   “(iii) make a copy of the deter-  
22                   mination and any related mate-  
23                   rials available to the Committee  
24                   on Small Business and Entrepre-  
25                   neurship of the Senate and the

1           **Committee on Small Business and**  
2           **the Committee on Science, Space,**  
3           **and Technology of the House of**  
4           **Representatives.**

5           **“(3) MAXIMUM AMOUNT OF AWARD.—The**  
6           **head of a covered Federal agency may**  
7           **not make an award under a pilot pro-**  
8           **gram in excess of 3 times the dollar**  
9           **amounts generally established for Phase**  
10          **II awards under subsection (j)(2)(D) or**  
11          **(p)(2)(B)(ix).**

12          **“(4) REGISTRATION.—Any applicant**  
13          **that receives an award under a pilot pro-**  
14          **gram shall register with the Adminis-**  
15          **trator in a registry that is available to**  
16          **the public.**

17          **“(5) AWARD CRITERIA OR CONSIDER-**  
18          **ATION.—When making an award under**  
19          **this section, the head of a covered Fed-**  
20          **eral agency shall give consideration to**  
21          **whether the technology to be supported**  
22          **by the award is likely to be manufactured**  
23          **in the United States.**

24          **“(6) REPORT.—The head of each cov-**  
25          **ered Federal agency shall include in the**

1 annual report of the covered Federal  
2 agency to the Administrator an analysis  
3 of the various activities considered for  
4 inclusion in the pilot program of the cov-  
5 ered Federal agency and a statement of  
6 the reasons why each activity considered  
7 was included or not included, as the case  
8 may be.

9 “(7) TERMINATION.—The authority to  
10 establish a pilot program under this sec-  
11 tion expires at the end of fiscal year 2014.

12 “(8) DEFINITIONS.—In this subsection—

13 “(A) the term ‘covered Federal  
14 agency’—

15 “(i) means a Federal agency  
16 participating in the SBIR pro-  
17 gram or the STTR program; and

18 “(ii) does not include the De-  
19 partment of Defense; and

20 “(B) the term ‘pilot program’  
21 means the program established under  
22 paragraph (1).”.

23 SEC. 204. INTERAGENCY POLICY COMMITTEE.

24 (a) ESTABLISHMENT.—The Director of the  
25 Office of Science and Technology Policy shall

1 **establish an Interagency SBIR/STTR Policy**  
2 **Committee.**

3 **(b) DUTIES.—The Interagency SBIR/STTR**  
4 **Policy Committee shall review the following**  
5 **issues and make policy recommendations on**  
6 **ways to improve program effectiveness and**  
7 **efficiency:**

8 **(1) The public and government data-**  
9 **bases described in section 9(k) of the**  
10 **Small Business Act (15 U.S.C. 638(k)).**

11 **(2) Federal agency flexibility in estab-**  
12 **lishing Phase I and II award sizes, in-**  
13 **cluding appropriate criteria for exer-**  
14 **cising such flexibility.**

15 **(3) Commercialization assistance best**  
16 **practices of Federal agencies with signifi-**  
17 **cant potential to be employed by other**  
18 **agencies, and the appropriate steps to**  
19 **achieve that leverage, as well as pro-**  
20 **posals for new initiatives to address**  
21 **funding gaps that business concerns face**  
22 **after Phase II but before commercializa-**  
23 **tion.**

24 **(4) Developing and incorporating a**  
25 **standard evaluation framework to enable**

1       **systematic assessment of SBIR and STTR,**  
2       **including through improved tracking of**  
3       **awards and outcomes and development of**  
4       **performance measures for the SBIR pro-**  
5       **gram and STTR program of each Federal**  
6       **agency.**

7       **(c) REPORTS.—The Interagency SBIR/**  
8       **STTR Policy Committee shall transmit to the**  
9       **Committee on Science, Space, and Technology**  
10       **and the Committee on Small Business of the**  
11       **House of Representatives and to the Com-**  
12       **mittee on Small Business and Entrepreneur-**  
13       **ship of the Senate—**

14               **(1) a report on its review and rec-**  
15               **ommendations under subsection (b)(1)**  
16               **not later than 1 year after the date of en-**  
17               **actment of this Act;**

18               **(2) a report on its review and rec-**  
19               **ommendations under subsection (b)(2)**  
20               **not later than 18 months after the date of**  
21               **enactment of this Act;**

22               **(3) a report on its review and rec-**  
23               **ommendations under subsection (b)(3)**  
24               **not later than 2 years after the date of**  
25               **enactment of this Act; and**

1           **(4) a report on its review and rec-**  
2           **ommendations under subsection (b)(4)**  
3           **not later than 2 years after the date of**  
4           **enactment of this Act.**

5 **SEC. 205. CLARIFYING THE DEFINITION OF “PHASE III”.**

6           **(a) PHASE III AWARDS.—Section 9(e) of the**  
7           **Small Business Act (15 U.S.C. 638(e)), as**  
8           **amended by this Act, is further amended—**

9                   **(1) in paragraph (4)(C), in the matter**  
10                  **preceding clause (i), by inserting “for**  
11                  **work that derives from, extends, or com-**  
12                  **pletes efforts made under prior funding**  
13                  **agreements under the SBIR program”**  
14                  **after “phase”;**

15                   **(2) in paragraph (6)(C), in the matter**  
16                  **preceding clause (i), by inserting “for**  
17                  **work that derives from, extends, or com-**  
18                  **pletes efforts made under prior funding**  
19                  **agreements under the STTR program”**  
20                  **after “phase”;**

21                   **(3) in paragraph (8), by striking “and”**  
22                  **at the end;**

23                   **(4) in paragraph (9), by striking the**  
24                  **period at the end and inserting a semi-**  
25                  **colon; and**

1           **(5) by adding at the end the fol-**  
2           **lowing:**

3           **“(10) the term ‘commercialization’**  
4           **means—**

5                   **“(A) the process of developing**  
6                   **products, processes, technologies, or**  
7                   **services; and**

8                   **“(B) the production and delivery**  
9                   **of products, processes, technologies,**  
10                  **or services for sale (whether by the**  
11                  **originating party or by others) to or**  
12                  **use by the Federal Government or**  
13                  **commercial markets;”.**

14           **(b) TECHNICAL AND CONFORMING AMEND-**  
15           **MENTS.—Section 9 of the Small Business Act**  
16           **(15 U.S.C. 638), as amended by this Act, is fur-**  
17           **ther amended—**

18                   **(1) in subsection (e)—**

19                           **(A) in paragraph (4)(C)(ii), by**  
20                           **striking “scientific review criteria”**  
21                           **and inserting “merit-based selection**  
22                           **procedures”;**

23                           **(B) in paragraph (9), by striking**  
24                           **“the second or the third phase” and**  
25                           **inserting “Phase II or Phase III”; and**

1           (C) by adding at the end the fol-  
2           lowing:

3           “(11) the term ‘Phase I’ means—

4                 “(A) with respect to the SBIR pro-  
5                 gram, the first phase described in  
6                 paragraph (4)(A); and

7                 “(B) with respect to the STTR pro-  
8                 gram, the first phase described in  
9                 paragraph (6)(A);

10          “(12) the term ‘Phase II’ means—

11                 “(A) with respect to the SBIR pro-  
12                 gram, the second phase described in  
13                 paragraph (4)(B); and

14                 “(B) with respect to the STTR pro-  
15                 gram, the second phase described in  
16                 paragraph (6)(B); and

17          “(13) the term ‘Phase III’ means—

18                 “(A) with respect to the SBIR pro-  
19                 gram, the third phase described in  
20                 paragraph (4)(C); and

21                 “(B) with respect to the STTR pro-  
22                 gram, the third phase described in  
23                 paragraph (6)(C).”;

24          (2) in subsection (j)—



1           **(A) in paragraph (1)(B), by strik-**  
2           **ing “phase two” and inserting “Phase**  
3           **II”;**

4           **(B) in paragraph (2)—**

5           **(i) in subparagraph (B)—**

6           **(I) by striking “the third**  
7           **phase” each place it appears**  
8           **and inserting “Phase III”; and**

9           **(II) by striking “the sec-**  
10           **ond phase” and inserting**  
11           **“Phase II”;**

12           **(ii) in subparagraph (D)—**

13           **(I) by striking “the first**  
14           **phase” and inserting “Phase**  
15           **I”; and**

16           **(II) by striking “the sec-**  
17           **ond phase” and inserting**  
18           **“Phase II”;**

19           **(iii) in subparagraph (F), by**  
20           **striking “the third phase” and in-**  
21           **serting “Phase III”;**

22           **(iv) in subparagraph (G)—**

23           **(I) by striking “the first**  
24           **phase” and inserting “Phase**  
25           **I”; and**

1           **(II) by striking “the sec-**  
2           **ond phase” and inserting**  
3           **“Phase II”; and**

4           **(v) in subparagraph (H)—**

5           **(I) by striking “the first**  
6           **phase” and inserting “Phase**  
7           **I”;**

8           **(II) by striking “second**  
9           **phase” each place it appears**  
10           **and inserting “Phase II”; and**

11           **(III) by striking “third**  
12           **phase” and inserting “Phase**  
13           **III”; and**

14           **(C) in paragraph (3)—**

15           **(i) in subparagraph (A)—**

16           **(I) by striking “the first**  
17           **phase (as described in sub-**  
18           **section (e)(4)(A))” and insert-**  
19           **ing “Phase I”;**

20           **(II) by striking “the sec-**  
21           **ond phase (as described in**  
22           **subsection (e)(4)(B))” and in-**  
23           **serting “Phase II”; and**

24           **(III) by striking “the third**  
25           **phase (as described in sub-**

1                   **section (e)(4)(C))” and insert-**  
2                   **ing “Phase III”; and**

3                   **(ii) in subparagraph (B), by**  
4                   **striking “second phase” and in-**  
5                   **serting “Phase II”;**

6                   **(3) in subsection (k)—**

7                   **(A) by striking “first phase” each**  
8                   **place it appears and inserting “Phase**  
9                   **I”; and**

10                   **(B) by striking “second phase”**  
11                   **each place it appears and inserting**  
12                   **“Phase II”;**

13                   **(4) in subsection (l)(2)—**

14                   **(A) by striking “the first phase”**  
15                   **and inserting “Phase I”; and**

16                   **(B) by striking “the second phase”**  
17                   **and inserting “Phase II”;**

18                   **(5) in subsection (o)(13)—**

19                   **(A) in subparagraph (B), by strik-**  
20                   **ing “second phase” and inserting**  
21                   **“Phase II”; and**

22                   **(B) in subparagraph (C), by strik-**  
23                   **ing “third phase” and inserting**  
24                   **“Phase III”;**

25                   **(6) in subsection (p)—**

- 1                   **(A) in paragraph (2)(B)—**  
2                   **(i) in clause (vi)—**  
3                   **(I) by striking “the second**  
4                   **phase” and inserting “Phase**  
5                   **II”; and**  
6                   **(II) by striking “the third**  
7                   **phase” and inserting “Phase**  
8                   **III”; and**  
9                   **(ii) in clause (ix)—**  
10                  **(I) by striking “the first**  
11                  **phase” and inserting “Phase**  
12                  **I”; and**  
13                  **(II) by striking “the sec-**  
14                  **ond phase” and inserting**  
15                  **“Phase II”; and**  
16                  **(B) in paragraph (3)—**  
17                  **(i) by striking “the first phase**  
18                  **(as described in subsection**  
19                  **(e)(6)(A))” and inserting “Phase I”;**  
20                  **(ii) by striking “the second**  
21                  **phase (as described in subsection**  
22                  **(e)(6)(B))” and inserting “Phase**  
23                  **II”; and**  
24                  **(iii) by striking “the third**  
25                  **phase (as described in subsection**

1           (e)(6)(C))” and inserting “Phase  
2           III”;

3           (7) in subsection (q)(3)(A)—

4           (A) in the subparagraph heading,  
5           by striking “FIRST PHASE” and insert-  
6           ing “PHASE I”; and

7           (B) by striking “first phase” and  
8           inserting “Phase I”;

9           (8) in subsection (r)—

10          (A) in the subsection heading, by  
11          striking “THIRD PHASE” and inserting  
12          “PHASE III”;

13          (B) in paragraph (1)—

14           (i) in the first sentence—

15           (I) by striking “for the sec-  
16           ond phase” and inserting “for  
17           Phase II”;

18           (II) by striking “third  
19           phase” and inserting “Phase  
20           III”; and

21           (III) by striking “second  
22           phase period” and inserting  
23           “Phase II period”; and

24           (ii) in the second sentence—

1 (I) by striking “second  
2 phase” and inserting “Phase  
3 II”; and

4 (II) by striking “third  
5 phase” and inserting “Phase  
6 III”; and

7 (C) in paragraph (2), by striking  
8 “third phase” and inserting “Phase  
9 III”; and

10 (9) in subsection (u)(2)(B), by striking  
11 “the first phase” and inserting “Phase I”.

12 **SEC. 206. SHORTENED PERIOD FOR FINAL DECISIONS ON**  
13 **PROPOSALS AND APPLICATIONS.**

14 (a) **IN GENERAL.**—Section 9 of the Small  
15 Business Act (15 U.S.C. 638), as amended by  
16 this Act, is further amended—

17 (1) in subsection (g)(4)—

18 (A) by inserting “(A)” after “(4)”;

19 (B) by adding “and” after the  
20 semicolon at the end; and

21 (C) by adding at the end the fol-  
22 lowing:

23 “(B) make a final decision on each  
24 proposal submitted under the SBIR pro-  
25 gram—

1           “(i) not later than 90 days after  
2 the date on which the solicitation  
3 closes; or

4           “(ii) if the Administrator author-  
5 izes an extension for a solicitation,  
6 not later than 180 days after the date  
7 on which the solicitation closes;”; and  
8 (2) in subsection (o)(4)—

9           (A) by inserting “(A)” after “(4)”;

10           (B) by adding “and” after the  
11 semicolon at the end; and

12           (C) by adding at the end the fol-  
13 lowing:

14           “(B) make a final decision on each  
15 proposal submitted under the STTR pro-  
16 gram—

17           “(i) not later than 90 days after  
18 the date on which the solicitation  
19 closes; or

20           “(ii) if the Administrator author-  
21 izes an extension for a solicitation,  
22 not later than 180 days after the date  
23 on which the solicitation closes;”.

24           **(b) NIH PEER REVIEW PROCESS.—Section 9**  
25 **of the Small Business Act (15 U.S.C. 638), as**

1 amended by this Act, is further amended by  
2 adding at the end the following:

3       “(ii) NIH PEER REVIEW PROCESS.—Notwith-  
4 standing subsections (g)(4)(B) and (o)(4)(B),  
5 the Director of the National Institutes of  
6 Health may make an award under the SBIR  
7 program or the STTR program of the National  
8 Institutes of Health only if the application for  
9 the award has undergone technical and sci-  
10 entific peer review under section 492 of the  
11 Public Health Service Act (42 U.S.C. 289a).

12       “(jj) NSF PEER REVIEW PROCESS.—Notwith-  
13 standing subsections (g)(4)(B) and (o)(4)(B),  
14 the Director of the National Science Founda-  
15 tion may make an award under the SBIR pro-  
16 gram or the STTR program of the National  
17 Science Foundation only if the application for  
18 the award has undergone the National  
19 Science Foundation’s technical and scientific  
20 peer review process and met all other applica-  
21 ble peer review procedures and guidelines  
22 pursuant to the National Science Foundation  
23 Act of 1950 (42 U.S.C. 1861, et seq.) and other  
24 applicable Federal law.”.



1 SEC. 207. PHASE 0 PROOF OF CONCEPT PARTNERSHIP  
2 PILOT PROGRAM.

3 Section 9 of the Small Business Act (15  
4 U.S.C. 638), as amended by this Act, is further  
5 amended by adding at the end the following:

6 “(kk) PHASE 0 PROOF OF CONCEPT PARTNER-  
7 SHIP PILOT PROGRAM.—

8 “(1) IN GENERAL.—The Director of the  
9 National Institutes of Health may use  
10 \$10,000,000 of the funds allocated under  
11 subsection (n)(1) for a Proof of Concept  
12 Partnership pilot program to accelerate  
13 the creation of small businesses and the  
14 commercialization of research innova-  
15 tions from qualifying institutions. To im-  
16 plement this program, the Director shall  
17 award, through a competitive, merit-  
18 based process, grants to qualifying insti-  
19 tutions. These grants shall only be used  
20 to administer Proof of Concept Partner-  
21 ship awards in conformity with this sub-  
22 section.

23 “(2) DEFINITIONS.—In this subsection—

24 “(A) the term ‘Director’ means the  
25 Director of the National Institutes of  
26 Health;

1           **“(B) the term ‘pilot program’ re-**  
2           **fers to the Proof of Concept Partner-**  
3           **ship pilot program; and**

4           **“(C) the terms ‘qualifying institu-**  
5           **tion’ and ‘institution’ mean a univer-**  
6           **sity or other research institution that**  
7           **participates in the National Institutes**  
8           **of Health’s STTR program.**

9           **“(3) PROOF OF CONCEPT PARTNER-**  
10          **SHIPS.—**

11           **“(A) IN GENERAL.—A Proof of Con-**  
12           **cept Partnership shall be set up by a**  
13           **qualifying institution to award grants**  
14           **to individual researchers. These**  
15           **grants should provide researchers**  
16           **with the initial investment and the**  
17           **resources to support the proof of con-**  
18           **cept work and commercialization**  
19           **mentoring needed to translate prom-**  
20           **ising research projects and tech-**  
21           **nologies into a viable company. This**  
22           **work may include technical valida-**  
23           **tions, market research, clarifying in-**  
24           **tellectual property rights position**

1           **and strategy and investigating com-**  
2           **mercial or business opportunities.**

3           **“(B) AWARD GUIDELINES.—The ad-**  
4           **ministrator of a Proof of Concept**  
5           **Partnership program shall award**  
6           **grants in accordance with the fol-**  
7           **lowing guidelines:**

8                   **“(i) The Proof of Concept**  
9                   **Partnership shall use a market-fo-**  
10                  **cused project management over-**  
11                  **sight process, including—**

12                           **“(I) a rigorous, diverse re-**  
13                           **view board comprised of local**  
14                           **experts in translational and**  
15                           **proof of concept research, in-**  
16                           **cluding industry, start-up,**  
17                           **venture capital, technical, fi-**  
18                           **nancial, and business experts**  
19                           **and university technology**  
20                           **transfer officials;**

21                           **“(II) technology validation**  
22                           **milestones focused on market**  
23                           **feasibility;**

1           **“(III) simple reporting ef-**  
2           **fective at redirecting projects;**  
3           **and**

4           **“(IV) the willingness to re-**  
5           **allocate funding from failing**  
6           **projects to those with more**  
7           **potential.**

8           **“(ii) Not more than \$100,000**  
9           **shall be awarded towards an indi-**  
10           **vidual proposal.**

11           **“(C) EDUCATIONAL RESOURCES AND**  
12           **GUIDANCE.—The administrator of a**  
13           **Proof of Concept Partnership pro-**  
14           **gram shall make educational re-**  
15           **sources and guidance available to re-**  
16           **searchers attempting to commer-**  
17           **cialize their innovations.**

18           **“(4) AWARDS.—**

19           **“(A) SIZE OF AWARD.—The Director**  
20           **may make awards to a qualifying in-**  
21           **stitution for up to \$1,000,000 per year**  
22           **for up to 3 years.**

23           **“(B) AWARD CRITERIA.—In deter-**  
24           **mining which qualifying institutions**  
25           **receive pilot program grants, the Di-**

1           **rector shall consider, in addition to**  
2           **any other criteria the Director deter-**  
3           **mines necessary, the extent to which**  
4           **qualifying institutions—**

5                   **“(i) have an established and**  
6                   **proven technology transfer or**  
7                   **commercialization office and**  
8                   **have a plan for engaging that of-**  
9                   **vice in the program implementa-**  
10                  **tion;**

11                  **“(ii) have demonstrated a**  
12                  **commitment to local and regional**  
13                  **economic development;**

14                  **“(iii) are located in diverse ge-**  
15                  **ographies and are of diverse**  
16                  **sizes;**

17                  **“(iv) can assemble project**  
18                  **management boards comprised of**  
19                  **industry, start-up, venture cap-**  
20                  **ital, technical, financial, and busi-**  
21                  **ness experts;**

22                  **“(v) have an intellectual prop-**  
23                  **erty rights strategy or office; and**

1           “(vi) demonstrate a plan for  
2           sustainability beyond the dura-  
3           tion of the funding award.

4           “(5) LIMITATIONS.—The funds for the  
5           pilot program shall not be used—

6           “(A) for basic research, but to  
7           evaluate the commercial potential of  
8           existing discoveries, including—

9           “(i) proof of concept research  
10           or prototype development; and

11           “(ii) activities that contribute  
12           to determining a project’s com-  
13           mercialization path, to include  
14           technical validations, market re-  
15           search, clarifying intellectual  
16           property rights, and investigating  
17           commercial and business oppor-  
18           tunities; or

19           “(B) to fund the acquisition of re-  
20           search equipment or supplies unre-  
21           lated to commercialization activities.

22           “(6) EVALUATIVE REPORT.—The Direc-  
23           tor shall submit to the Committee on  
24           Science, Space, and Technology and the  
25           Committee on Small Business of the

1 **House of Representatives and the Com-**  
2 **mittee on Small Business and Entrepre-**  
3 **neurship of the Senate an evaluative re-**  
4 **port regarding the activities of the pilot**  
5 **program. The report shall include—**

6 **“(A) a detailed description of the**  
7 **institutional and proposal selection**  
8 **process;**

9 **“(B) an accounting of the funds**  
10 **used in the pilot program;**

11 **“(C) a detailed description of the**  
12 **pilot program, including incentives**  
13 **and activities undertaken by review**  
14 **board experts;**

15 **“(D) a detailed compilation of re-**  
16 **sults achieved by the pilot program,**  
17 **including the number of small busi-**  
18 **ness concerns included and the num-**  
19 **ber of business packages developed,**  
20 **and the number of projects that pro-**  
21 **gressed into subsequent STTR**  
22 **phases; and**

23 **“(E) an analysis of the program’s**  
24 **effectiveness with supporting data.**

1           “(7) SUNSET.—The pilot program  
2 under this subsection shall terminate at  
3 the end of fiscal year 2014.”.

4           **TITLE III—OVERSIGHT AND**  
5           **EVALUATION**

6       **SEC. 301. STREAMLINING ANNUAL EVALUATION REQUIRE-**  
7           **MENTS.**

8           **Section 9(b) of the Small Business Act (15**  
9       **U.S.C. 638(b)) is amended—**

10           **(1) in paragraph (7)—**

11                   **(A) by striking “STTR programs,**  
12                   **including the data” and inserting the**  
13                   **following: “STTR programs, includ-**  
14                   **ing—**

15                           **“(A) the data”;**

16                           **(B) by striking “(g)(10), (o)(9), and**  
17                           **(o)(15), the number” and all that fol-**  
18                           **lows through “under each of the SBIR**  
19                           **and STTR programs, and a descrip-**  
20                           **tion” and inserting the following:**  
21                           **“(g)(8) and (o)(9);**

22                           **“(B) the number of proposals re-**  
23                           **ceived from, and the number and**  
24                           **total amount of awards to, HUBZone**  
25                           **small business concerns and firms**



1 with venture capital, hedge fund, or  
2 private equity firm investment (in-  
3 cluding those majority-owned by mul-  
4 tiple venture capital operating com-  
5 panies, hedge funds, or private equity  
6 firms) under each of the SBIR and  
7 STTR programs;

8 “(C) a description of the extent to  
9 which each Federal agency is increas-  
10 ing outreach and awards to firms  
11 owned and controlled by women and  
12 social or economically disadvantaged  
13 individuals under each of the SBIR  
14 and STTR programs;

15 “(D) general information about  
16 the implementation of, and compli-  
17 ance with the allocation of funds re-  
18 quired under, subsection (dd) for  
19 firms owned in majority part by ven-  
20 ture capital operating companies,  
21 hedge funds, or private equity firms  
22 and participating in the SBIR pro-  
23 gram;

24 “(E) a detailed description of ap-  
25 peals of Phase III awards and notices

1           **of noncompliance with the SBIR Pol-**  
2           **icy Directive and the STTR Policy Di-**  
3           **rective filed by the Administrator**  
4           **with Federal agencies; and**

5                   **“(F) a description”; and**

6                   **(C) by striking “and” at the end;**

7           **(2) in paragraph (8), by striking the**  
8           **period at the end and inserting “; and”;**  
9           **and**

10           **(3) by inserting after paragraph (8)**  
11           **the following:**

12                   **“(9) to coordinate the implementation**  
13           **of electronic databases at each of the**  
14           **Federal agencies participating in the**  
15           **SBIR program or the STTR program, in-**  
16           **cluding the technical ability of the par-**  
17           **ticipating agencies to electronically share**  
18           **data.”.**

19   **SEC. 302. DATA COLLECTION FROM AGENCIES FOR SBIR.**

20           **Section 9(g) of the Small Business Act (15**  
21           **U.S.C. 638(g)), as amended by this Act, is fur-**  
22           **ther amended—**

23                   **(1) by striking paragraph (10);**

1           **(2) by redesignating paragraphs (8)**  
2           **and (9) as paragraphs (9) and (10), respec-**  
3           **tively; and**

4           **(3) by inserting after paragraph (7)**  
5           **the following:**

6           **“(8) collect annually, and maintain in**  
7           **a common format in accordance with the**  
8           **simplified reporting requirements under**  
9           **subsection (v), such information from**  
10           **awardees as is necessary to assess the**  
11           **SBIR program, including information**  
12           **necessary to maintain the database de-**  
13           **scribed in subsection (k), including—**

14                   **“(A) whether an awardee—**

15                           **“(i) has venture capital, hedge**  
16                           **fund, or private equity firm in-**  
17                           **vestment or is majority-owned by**  
18                           **multiple venture capital oper-**  
19                           **ating companies, hedge funds, or**  
20                           **private equity firms, and, if so—**

21                                   **“(I) the amount of venture**  
22                                   **capital, hedge fund, or private**  
23                                   **equity firm investment that**  
24                                   **the awardee has received as**  
25                                   **of the date of the award; and**

1           **“(II) the amount of addi-**  
2           **tional capital that the award-**  
3           **ee has invested in the SBIR**  
4           **technology;**

5           **“(ii) has an investor that—**

6           **“(I) is an individual who is**  
7           **not a citizen of the United**  
8           **States or a lawful permanent**  
9           **resident of the United States,**  
10          **and if so, the name of any**  
11          **such individual; or**

12          **“(II) is a person that is not**  
13          **an individual and is not orga-**  
14          **nized under the laws of a**  
15          **State or the United States,**  
16          **and if so the name of any such**  
17          **person;**

18          **“(iii) is owned by a woman or**  
19          **has a woman as a principal inves-**  
20          **tigator;**

21          **“(iv) is owned by a socially or**  
22          **economically disadvantaged indi-**  
23          **vidual or has a socially or eco-**  
24          **nomically disadvantaged indi-**  
25          **vidual as a principal investigator;**

1           “(v) is a faculty member or a  
2           student of an institution of higher  
3           education, as that term is defined  
4           in section 101 of the Higher Edu-  
5           cation Act of 1965 (20 U.S.C. 1001);  
6           or

7           “(vi) is located in a State de-  
8           scribed in subsection (u)(3); and

9           “(B) a justification statement from  
10          the agency, if an awardee receives an  
11          award in an amount that is more  
12          than the award guidelines under this  
13          section;”.

14   **SEC. 303. DATA COLLECTION FROM AGENCIES FOR STTR.**

15          **Section 9(o) of the Small Business Act (15**  
16   **U.S.C. 638(o)), as amended by this Act, is fur-**  
17   **ther amended by striking paragraph (9) and**  
18   **inserting the following:**

19           “(9) collect annually, and maintain in  
20          a common format in accordance with the  
21          simplified reporting requirements under  
22          subsection (v), such information from ap-  
23          plicants and awardees as is necessary to  
24          assess the STTR program outputs and  
25          outcomes, including information nec-

1       **essary to maintain the database de-**  
2       **scribed in subsection (k), including—**

3               **“(A) whether an applicant or**  
4       **awardee—**

5               **“(i) has venture capital, hedge**  
6       **fund, or private equity firm in-**  
7       **vestment or is majority-owned by**  
8       **multiple venture capital oper-**  
9       **ating companies, hedge funds, or**  
10       **private equity firms, and, if so—**

11               **“(I) the amount of venture**  
12       **capital, hedge fund, or private**  
13       **equity firm investment that**  
14       **the applicant or awardee has**  
15       **received as of the date of the**  
16       **application or award, as ap-**  
17       **plicable; and**

18               **“(II) the amount of addi-**  
19       **tional capital that the appli-**  
20       **cant or awardee has invested**  
21       **in the SBIR technology;**

22               **“(ii) has an investor that—**

23               **“(I) is an individual who is**  
24       **not a citizen of the United**  
25       **States or a lawful permanent**

1           **resident of the United States,**  
2           **and if so, the name of any**  
3           **such individual; or**

4           **“(II) is a person that is not**  
5           **an individual and is not orga-**  
6           **nized under the laws of a**  
7           **State or the United States,**  
8           **and if so the name of any such**  
9           **person;**

10           **“(iii) is owned by a woman or**  
11           **has a woman as a principal inves-**  
12           **tigator;**

13           **“(iv) is owned by a socially or**  
14           **economically disadvantaged indi-**  
15           **vidual or has a socially or eco-**  
16           **nomically disadvantaged indi-**  
17           **vidual as a principal investigator;**

18           **“(v) is a faculty member or a**  
19           **student of an institution of higher**  
20           **education, as that term is defined**  
21           **in section 101 of the Higher Edu-**  
22           **cation Act of 1965 (20 U.S.C. 1001);**  
23           **or**

24           **“(vi) is located in a State in**  
25           **which the total value of contracts**

1           awarded to small business con-  
2           cerns under all STTR programs is  
3           less than the total value of con-  
4           tracts awarded to small business  
5           concerns in a majority of other  
6           States, as determined by the Ad-  
7           ministrators in biennial fiscal  
8           years, beginning with fiscal year  
9           2008, based on the most recent  
10          statistics compiled by the Admin-  
11          istrator; and

12          “(B) if an awardee receives an  
13          award in an amount that is more  
14          than the award guidelines under this  
15          section, a statement from the agency  
16          that justifies the award amount;”.

17 SEC. 304. PUBLIC DATABASE.

18          Section 9(k)(1) of the Small Business Act  
19 (15 U.S.C. 638(k)(1)) is amended—

20           (1) in subparagraph (D), by striking  
21           “and” at the end;

22           (2) in subparagraph (E), by striking  
23           the period at the end and inserting “;  
24           and”; and



1           **(3) by adding at the end the fol-**  
2 **lowing:**

3           **“(F) for each small business con-**  
4 **cern that has received a Phase I or**  
5 **Phase II SBIR or STTR award from a**  
6 **Federal agency, whether the small**  
7 **business concern—**

8           **“(i) has venture capital, hedge**  
9 **fund, or private equity firm in-**  
10 **vestment and, if so, whether the**  
11 **small business concern is reg-**  
12 **istered as majority-owned by mul-**  
13 **multiple venture capital operating**  
14 **companies, hedge funds, or pri-**  
15 **vate equity firms as required**  
16 **under subsection (dd)(3);**

17           **“(ii) is owned by a woman or**  
18 **has a woman as a principal inves-**  
19 **tigator;**

20           **“(iii) is owned by a socially or**  
21 **economically disadvantaged indi-**  
22 **vidual or has a socially or eco-**  
23 **nomically disadvantaged indi-**  
24 **vidual as a principal investigator;**  
25 **or**

1           “(iv) is owned by a faculty  
2           member or a student of an insti-  
3           tution of higher education, as  
4           that term is defined in section 101  
5           of the Higher Education Act of  
6           1965 (20 U.S.C. 1001).”.

7   SEC. 305. GOVERNMENT DATABASE.

8           Section 9(k) of the Small Business Act (15  
9   U.S.C. 638(k)) is amended—

10           (1) in paragraph (2)—

11           (A) in the matter preceding sub-  
12           paragraph (A), by striking “Not later”  
13           and all that follows through “Act of  
14           2000” and inserting “Not later than 90  
15           days after the date of enactment of  
16           the Creating Jobs Through Small  
17           Business Innovation Act of 2011”;

18           (B) by striking subparagraph (C);

19           (C) by redesignating subpara-  
20           graphs (A) and (B) as subparagraphs  
21           (B) and (C), respectively;

22           (D) by inserting before subpara-  
23           graph (B), as so redesignated, the fol-  
24           lowing:

1           **“(A) contains, for each small busi-**  
2 **ness concern that applies for, submits**  
3 **a proposal for, or receives an award**  
4 **under Phase I or Phase II of the SBIR**  
5 **program or the STTR program—**

6           **“(i) the name, size, and loca-**  
7 **tion, and an identifying number**  
8 **assigned by the Administration of**  
9 **the small business concern;**

10          **“(ii) an abstract of the project;**

11          **“(iii) the specific aims of the**  
12 **project;**

13          **“(iv) the number of employees**  
14 **of the small business concern;**

15          **“(v) the names and titles of**  
16 **the key individuals that will carry**  
17 **out the project, the position each**  
18 **key individual holds in the small**  
19 **business concern, and contact in-**  
20 **formation for each key individual;**

21          **“(vi) the percentage of effort**  
22 **each individual described in**  
23 **clause (iv) will contribute to the**  
24 **project;**

1           “(vii) whether the small busi-  
2           ness concern is majority-owned  
3           by multiple venture capital oper-  
4           ating companies, hedge funds, or  
5           private equity firms; and

6           “(viii) the Federal agency to  
7           which the application is made,  
8           and contact information for the  
9           person or office within the Fed-  
10          eral agency that is responsible for  
11          reviewing applications and mak-  
12          ing awards under the SBIR pro-  
13          gram or the STTR program;”;

14          (E) by redesignating subpara-  
15          graphs (D) and (E) as subparagraphs  
16          (E) and (F), respectively;

17          (F) by inserting after subpara-  
18          graph (C), as so redesignated, the fol-  
19          lowing:

20                 “(D) includes, for each awardee—

21                         “(i) the name, size, location,  
22                         and any identifying number as-  
23                         signed to the awardee by the Ad-  
24                         ministrators;

1           “(ii) whether the awardee has  
2 venture capital, hedge fund, or  
3 private equity firm investment,  
4 and, if so—

5           “(I) the amount of venture  
6 capital, hedge fund, or private  
7 equity firm investment as of  
8 the date of the award;

9           “(II) the percentage of  
10 ownership of the awardee  
11 held by a venture capital op-  
12 erating company, hedge fund,  
13 or private equity firm, includ-  
14 ing whether the awardee is  
15 majority-owned by multiple  
16 venture capital operating  
17 companies, hedge funds, or  
18 private equity firms; and

19           “(III) the amount of addi-  
20 tional capital that the award-  
21 ee has invested in the SBIR  
22 technology, which informa-  
23 tion shall be collected on an  
24 annual basis;

1           “(iii) the names and locations  
2           of any affiliates of the awardee;

3           “(iv) the number of employees  
4           of the awardee;

5           “(v) the number of employees  
6           of the affiliates of the awardee;  
7           and

8           “(vi) the names of, and the  
9           percentage of ownership of the  
10          awardee held by—

11           “(I) any individual who is  
12          not a citizen of the United  
13          States or a lawful permanent  
14          resident of the United States;  
15          or

16           “(II) any person that is not  
17          an individual and is not orga-  
18          nized under the laws of a  
19          State or the United States;”;

20          (G) in subparagraph (E), as so re-  
21          designated, by striking “and” at the  
22          end;

23          (H) in subparagraph (F), as so re-  
24          designated, by striking the period at  
25          the end and inserting “; and”; and

1           **(I) by adding at the end the fol-**  
2 **lowing:**

3           **“(G) includes a timely and accu-**  
4 **rate list of any individual or small**  
5 **business concern that has partici-**  
6 **ipated in the SBIR program or STTR**  
7 **program that has been—**

8           **“(i) convicted of a fraud-re-**  
9 **lated crime involving funding re-**  
10 **ceived under the SBIR program**  
11 **or STTR program; or**

12           **“(ii) found civilly liable for a**  
13 **fraud-related violation involving**  
14 **funding received under the SBIR**  
15 **program or STTR program.”; and**

16           **(2) in paragraph (3), by adding at the**  
17 **end the following:**

18           **“(C) GOVERNMENT DATABASE.—Not**  
19 **later than 60 days after the date es-**  
20 **tablished by a Federal agency for**  
21 **submitting applications or proposals**  
22 **for a Phase I or Phase II award under**  
23 **the SBIR program or STTR program,**  
24 **the head of the Federal agency shall**  
25 **submit to the Administrator the data**

1           **required under paragraph (2) with re-**  
2           **spect to each small business concern**  
3           **that applies or submits a proposal for**  
4           **the Phase I or Phase II award.”.**

5 **SEC. 306. ACCURACY IN FUNDING BASE CALCULATIONS.**

6           **(a) IN GENERAL.—Not later than 1 year**  
7           **after the date of enactment of this Act, and**  
8           **every year thereafter until the date that is 5**  
9           **years after the date of enactment of this Act,**  
10          **the Comptroller General of the United States**  
11          **shall—**

12                  **(1) conduct a fiscal and management**  
13                  **audit of the SBIR program and the STTR**  
14                  **program for the applicable period to—**

15                          **(A) determine whether Federal**  
16                          **agencies comply with the expenditure**  
17                          **amount requirements under sub-**  
18                          **sections (f)(1) and (n)(1) of section 9**  
19                          **of the Small Business Act (15 U.S.C.**  
20                          **638), as amended by this Act;**

21                          **(B) assess the extent of compli-**  
22                          **ance with the requirements of section**  
23                          **9(i)(2) of the Small Business Act (15**  
24                          **U.S.C. 638(i)(2)) by Federal agencies**  
25                          **participating in the SBIR program or**



1           **the STTR program and the Adminis-**  
2           **tration; and**

3           **(C) determine the portion of the**  
4           **extramural research or research and**  
5           **development budget of a Federal**  
6           **agency that each Federal agency**  
7           **spends for administrative purposes**  
8           **relating to the SBIR program or**  
9           **STTR program, and for what specific**  
10          **purposes, including the portion, if**  
11          **any, of such budget the Federal agen-**  
12          **cy spends for salaries and expenses,**  
13          **travel to visit applicants, outreach**  
14          **events, marketing, and technical as-**  
15          **sistance; and**

16          **(2) submit a report to the Committee**  
17          **on Small Business and Entrepreneurship**  
18          **of the Senate and the Committee on**  
19          **Small Business and the Committee on**  
20          **Science, Space, and Technology of the**  
21          **House of Representatives regarding the**  
22          **audit conducted under paragraph (1), in-**  
23          **cluding the assessments required under**  
24          **subparagraph (B), and the determination**

1       **made under subparagraph (C) of para-**  
2       **graph (1).**

3       **(b) DEFINITION OF APPLICABLE PERIOD.—In**  
4       **this section, the term “applicable period”**  
5       **means—**

6               **(1) for the first report submitted**  
7               **under this section, the period beginning**  
8               **on October 1, 2005, and ending on Sep-**  
9               **tember 30 of the last full fiscal year be-**  
10              **fore the date of enactment of this Act for**  
11              **which information is available; and**

12              **(2) for the second and each subse-**  
13              **quent report submitted under this sec-**  
14              **tion, the period—**

15                      **(A) beginning on October 1 of the**  
16                      **first fiscal year after the end of the**  
17                      **most recent full fiscal year relating to**  
18                      **which a report under this section was**  
19                      **submitted; and**

20                      **(B) ending on September 30 of the**  
21                      **last full fiscal year before the date of**  
22                      **the report.**

1 SEC. 307. CONTINUED EVALUATION BY THE NATIONAL  
2 ACADEMY OF SCIENCES.

3 Section 108 of the Small Business Reau-  
4 thorization Act of 2000 (15 U.S.C. 638 note) is  
5 amended by adding at the end the following:

6 “(e) EXTENSIONS AND ENHANCEMENTS OF AU-  
7 THORITY.—

8 “(1) IN GENERAL.—Not later than 6  
9 months after the date of enactment of the  
10 Creating Jobs Through Small Business  
11 Innovation Act of 2011, the head of each  
12 agency described in subsection (a), in  
13 consultation with the Small Business Ad-  
14 ministration, shall cooperatively enter  
15 into an agreement with the National  
16 Academy of Sciences for the National Re-  
17 search Council to, not later than 4 years  
18 after the date of enactment of the Cre-  
19 ating Jobs Through Small Business Inno-  
20 vation Act of 2011, and every 4 years  
21 thereafter—

22 “(A) continue the most recent  
23 study under this section relating to  
24 the issues described in subpara-  
25 graphs (A), (B), (C), and (E) of sub-  
26 section (a)(1);

1           **“(B) conduct a comprehensive**  
2 **study of how the STTR program has**  
3 **stimulated technological innovation**  
4 **and technology transfer, including—**

5           **“(i) a review of the collabora-**  
6 **tions created between small busi-**  
7 **nesses and research institutions,**  
8 **including an evaluation of the ef-**  
9 **fectiveness of the program in**  
10 **stimulating new collaborations**  
11 **and any obstacles that may pre-**  
12 **vent or inhibit the creation of**  
13 **such collaborations;**

14           **“(ii) an evaluation of the effec-**  
15 **tiveness of the program at trans-**  
16 **ferring technology and capabili-**  
17 **ties developed through Federal**  
18 **funding;**

19           **“(iii) an evaluation of the pro-**  
20 **gram’s success at commercializing**  
21 **technologies compared with other**  
22 **Federal technology transfer pro-**  
23 **grams and the SBIR program;**

24           **“(iv) to the extent practicable,**  
25 **an evaluation of the economic**

1           **benefits achieved by the STTR**  
2           **program, including the economic**  
3           **rate of return;**

4           **“(v) an analysis of how Fed-**  
5           **eral agencies are using small**  
6           **businesses that have completed**  
7           **Phase II under the STTR program**  
8           **to fulfill their procurement needs;**  
9           **and**

10           **“(vi) an analysis of whether**  
11           **the existing STTR allocation has**  
12           **impacted the effectiveness of the**  
13           **program in achieving its goals;**

14           **“(C) make recommendations with**  
15           **respect to the issues described in sub-**  
16           **paragraph (A), (D), and (E) of sub-**  
17           **section (a)(2) and subparagraph (B) of**  
18           **this paragraph; and**

19           **“(D) estimate, to the extent prac-**  
20           **ticable, the number of jobs created by**  
21           **the SBIR program or STTR program**  
22           **of the agency.**

23           **“(2) CONSULTATION.—An agreement**  
24           **under paragraph (1) shall require the Na-**  
25           **tional Research Council to ensure that**

1       **there is participation by and consultation**  
2       **with the small business community, the**  
3       **Administration, and other interested par-**  
4       **ties as described in subsection (b).**

5               **“(3) REPORTING.—An agreement under**  
6       **paragraph (1) shall require that—**

7                       **“(A) not later than 4 years after**  
8                       **the date of enactment of the Creating**  
9                       **Jobs Through Small Business Innova-**  
10                      **tion Act of 2011, and every 4 years**  
11                      **thereafter, the National Research**  
12                      **Council shall submit to the head of**  
13                      **the agency entering into the agree-**  
14                      **ment, the Committee on Small Busi-**  
15                      **ness and Entrepreneurship of the**  
16                      **Senate, and the Committee on Small**  
17                      **Business and the Committee on**  
18                      **Science, Space, and Technology of the**  
19                      **House of Representatives, a report re-**  
20                      **garding the study conducted under**  
21                      **paragraph (1) and containing the rec-**  
22                      **ommendations described in para-**  
23                      **graph (1); and**

24                      **“(B) not later than 2 years after**  
25                      **the date of enactment of the Creating**



1 source of capital making the Phase III  
2 award;

3 “(2) the name of the small business  
4 concern or individual receiving the  
5 Phase III award; and

6 “(3) the dollar amount of the Phase  
7 III award.”.

8 SEC. 309. OBTAINING CONSENT FROM SBIR AND STTR AP-  
9 PPLICANTS TO RELEASE CONTACT INFORMA-  
10 TION TO ECONOMIC DEVELOPMENT ORGANI-  
11 ZATIONS.

12 Section 9 of the Small Business Act (15  
13 U.S.C. 638), as amended by this Act, is further  
14 amended by adding at the end the following:

15 “(mm) CONSENT TO RELEASE CONTACT IN-  
16 FORMATION TO ORGANIZATIONS.—

17 “(1) ENABLING CONCERN TO GIVE CON-  
18 SENT.—Each Federal agency required by  
19 this section to conduct an SBIR program  
20 or an STTR program shall enable a small  
21 business concern that is an SBIR appli-  
22 cant or an STTR applicant to indicate to  
23 the Federal agency whether the Federal  
24 agency has the consent of the concern  
25 to—



1           “(A) identify the concern to ap-  
2           propriate local and State-level eco-  
3           nomic development organizations as  
4           an SBIR applicant or an STTR appli-  
5           cant; and

6           “(B) release the contact informa-  
7           tion of the concern to such organiza-  
8           tions.

9           “(2) RULES.—The Administrator shall  
10          establish rules to implement this sub-  
11          section. The rules shall include a require-  
12          ment that a Federal agency include in  
13          the SBIR and STTR application a provi-  
14          sion through which the applicant can in-  
15          dicate consent for purposes of paragraph  
16          (1).”.

17       SEC. 310. PILOT TO ALLOW FUNDING FOR ADMINISTRA-  
18                               TIVE, OVERSIGHT, AND CONTRACT PROC-  
19                               ESSING COSTS.

20          (a) IN GENERAL.—Section 9 of the Small  
21       Business Act (15 U.S.C. 638), as amended by  
22       this Act, is further amended by adding at the  
23       end the following:

1       “(nn) ASSISTANCE FOR ADMINISTRATIVE,  
2 OVERSIGHT, AND CONTRACT PROCESSING  
3 COSTS.—

4           “(1) IN GENERAL.—Subject to para-  
5 graph (2), for the 3 full fiscal years begin-  
6 ning after the date of enactment of this  
7 subsection, the Administrator shall allow  
8 each Federal agency required to conduct  
9 an SBIR program to use not more than 3  
10 percent of the funds allocated to the  
11 SBIR program of the Federal agency  
12 for—

13           “(A) the administration of the  
14 SBIR program or the STTR program  
15 of the Federal agency;

16           “(B) the provision of outreach and  
17 technical assistance relating to the  
18 SBIR program or STTR program of  
19 the Federal agency, including tech-  
20 nical assistance site visits and per-  
21 sonnel interviews;

22           “(C) the implementation of com-  
23 mercialization and outreach initia-  
24 tives that were not in effect on the  
25 date of enactment of this subsection;

1           **“(D) carrying out the program**  
2           **under subsection (y);**

3           **“(E) activities relating to over-**  
4           **sight and congressional reporting, in-**  
5           **cluding waste, fraud, and abuse pre-**  
6           **vention activities;**

7           **“(F) targeted reviews of recipients**  
8           **of awards under the SBIR program or**  
9           **STTR program of the Federal agency**  
10          **that the head of the Federal agency**  
11          **determines are at high risk for fraud,**  
12          **waste, or abuse, to ensure compliance**  
13          **with requirements of the SBIR pro-**  
14          **gram or STTR program, respectively;**

15          **“(G) the implementation of over-**  
16          **sight and quality control measures,**  
17          **including verification of reports and**  
18          **invoices and cost reviews;**

19          **“(H) carrying out subsection (dd);**

20          **“(I) carrying out subsection (hh);**

21          **“(J) contract processing costs re-**  
22          **lating to the SBIR program or STTR**  
23          **program of the Federal agency; and**

1           **“(K) funding for additional per-**  
2           **sonnel and assistance with applica-**  
3           **tion reviews.**

4           **“(2) PERFORMANCE CRITERIA.—A Fed-**  
5           **eral agency may not use funds as author-**  
6           **ized under paragraph (1) until after the**  
7           **effective date of performance criteria,**  
8           **which the Administrator shall establish,**  
9           **to measure any benefits of using funds as**  
10          **authorized under paragraph (1) and to**  
11          **assess continuation of the authority**  
12          **under paragraph (1).**

13          **“(3) RULES.—Not later than 180 days**  
14          **after the date of enactment of this sub-**  
15          **section, the Administrator shall issue**  
16          **rules to carry out this subsection.**

17          **“(4) COORDINATION WITH IG.—Each**  
18          **Federal agency shall coordinate the ac-**  
19          **tivities funded under subparagraph (E),**  
20          **(F), or (G) of paragraph (1) with their re-**  
21          **spective Inspectors General, when appro-**  
22          **priate, and each Federal agency that allo-**  
23          **cates more than \$50,000,000 to the SBIR**  
24          **program of the Federal agency for a fis-**  
25          **cal year may share such funding with its**

1       **Inspector General when the Inspector**  
2       **General performs such activities.”.**

3       **(b) TECHNICAL AND CONFORMING AMEND-**  
4       **MENTS.—**

5               **(1) IN GENERAL.—Section 9 of the**  
6       **Small Business Act (15 U.S.C. 638), as**  
7       **amended by this Act, is further amend-**  
8       **ed—**

9                       **(A) in subsection (f)(2), by striking**  
10                      **“shall not” and all that follows**  
11                      **through “make available for the pur-**  
12                      **pose” and inserting “shall not make**  
13                      **available for the purpose”; and**

14                      **(B) in subsection (y)—**

15                               **(i) by striking paragraph (4);**

16                               **(ii) by redesignating para-**  
17                               **graphs (5), (6), and (7) as para-**  
18                               **graphs (4), (5), and (6), respec-**  
19                               **tively; and**

20                               **(iii) in paragraph (6), as so re-**  
21                               **designated, by striking “described**  
22                               **in paragraph (6)(C)” and inserting**  
23                               **“described in paragraph (5)(C)”.**

24               **(2) TRANSITIONAL RULE.—Notwith-**  
25       **standing the amendments made by para-**

1 **graph (1), subsection (f)(2) and (y)(4) of**  
2 **section 9 of the Small Business Act (15**  
3 **U.S.C. 638), as in effect on the day before**  
4 **the date of enactment of this Act, shall**  
5 **continue to apply to each Federal agency**  
6 **until the effective date of the perform-**  
7 **ance criteria established by the Adminis-**  
8 **trator under subsection (nn)(2) of section**  
9 **9 of the Small Business Act, as added by**  
10 **subsection (a).**

11 **(3) PROSPECTIVE REPEAL.—Effective on**  
12 **the first day of the fourth full fiscal year**  
13 **following the date of enactment of this**  
14 **Act, section 9 of the Small Business Act**  
15 **(15 U.S.C. 638), as amended by paragraph**  
16 **(1) of this section, is amended—**

17 **(A) in subsection (f)(2), by striking**  
18 **“shall not make available for the pur-**  
19 **pose” and inserting the following:**  
20 **“shall not—**

21 **“(A) use any of its SBIR budget**  
22 **established pursuant to paragraph (1)**  
23 **for the purpose of funding adminis-**  
24 **trative costs of the program, includ-**

1           **ing costs associated with salaries and**  
2           **expenses; or**

3           **“(B) make available for the pur-**  
4           **pose”;** and

5           **(B) in subsection (y)—**

6           **(i) by redesignating para-**  
7           **graphs (4), (5), and (6) as para-**  
8           **graphs (5), (6), and (7), respec-**  
9           **tively;**

10           **(ii) in paragraph (7), as so re-**  
11           **designated, by striking “described**  
12           **in paragraph (5)(C)” and inserting**  
13           **“described in paragraph (6)(C)”;**  
14           **and**

15           **(iii) by inserting after para-**  
16           **graph (3) the following:**

17           **“(4) FUNDING.—**

18           **“(A) IN GENERAL.—The Secretary**  
19           **of Defense and each Secretary of a**  
20           **military department may use not**  
21           **more than an amount equal to 1 per-**  
22           **cent of the funds available to the De-**  
23           **partment of Defense or the military**  
24           **department pursuant to the Small**  
25           **Business Innovation Research Pro-**

1           **gram for payment of expenses in-**  
2           **curred to administer the Commer-**  
3           **cialization Pilot Program under this**  
4           **subsection.**

5           **“(B) LIMITATIONS.—The funds de-**  
6           **scribed in subparagraph (A)—**

7                   **“(i) shall not be subject to the**  
8                   **limitations on the use of funds in**  
9                   **subsection (f)(2); and**

10                   **“(ii) shall not be used to make**  
11                   **Phase III awards.”.**

12   **SEC. 311. GAO STUDY WITH RESPECT TO VENTURE CAPITAL**  
13                   **OPERATING COMPANY, HEDGE FUND, AND**  
14                   **PRIVATE EQUITY FIRM INVOLVEMENT.**

15           **Not later than 2 years after the date of en-**  
16   **actment of this Act, and every 2 years there-**  
17   **after, the Comptroller General of the United**  
18   **States shall—**

19                   **(1) conduct a study of the impact of**  
20                   **requirements relating to venture capital**  
21                   **operating company, hedge fund, and pri-**  
22                   **vate equity firm involvement under sec-**  
23                   **tion 9 of the Small Business Act; and**



1           **(2) submit to Congress a report re-**  
2           **garding the study conducted under para-**  
3           **graph (1).**

4 **SEC. 312. REDUCING VULNERABILITY OF SBIR AND STTR**  
5           **PROGRAMS TO FRAUD, WASTE, AND ABUSE.**

6           **(a) FRAUD, WASTE, AND ABUSE PREVEN-**  
7           **TION.—**

8           **(1) AMENDMENTS REQUIRED FOR FRAUD,**  
9           **WASTE, AND ABUSE PREVENTION.—Not later**  
10          **than 90 days after the date of enactment**  
11          **of this Act, the Administrator shall**  
12          **amend the SBIR Policy Directive and the**  
13          **STTR Policy Directive to include meas-**  
14          **ures to prevent fraud, waste, and abuse**  
15          **in the SBIR program and the STTR pro-**  
16          **gram.**

17          **(2) CONTENT OF AMENDMENTS.—The**  
18          **amendments required under paragraph**  
19          **(1) shall include—**

20                 **(A) definitions or descriptions of**  
21                 **fraud, waste, and abuse;**

22                 **(B) guidelines for the monitoring**  
23                 **and oversight of applicants to and re-**  
24                 **ipients of awards under the SBIR**  
25                 **program or the STTR program;**

1           **(C) a requirement that each Fed-**  
2 **eral agency that participates in the**  
3 **SBIR program or STTR program in-**  
4 **clude information concerning the**  
5 **method established by the Inspector**  
6 **General of the Federal agency to re-**  
7 **port fraud, waste, and abuse (includ-**  
8 **ing any telephone hotline or Web-**  
9 **based platform)—**

10                   **(i) on the website of the Fed-**  
11 **eral agency; and**

12                   **(ii) in any solicitation or no-**  
13 **tice of funding opportunity issued**  
14 **by the Federal agency for the**  
15 **SBIR program or the STTR pro-**  
16 **gram; and**

17           **(D) a requirement that each appli-**  
18 **cant for and small business concern**  
19 **that receives funding under the SBIR**  
20 **program or the STTR program shall**  
21 **certify whether the applicant or small**  
22 **business concern is in compliance**  
23 **with the laws relating to the SBIR**  
24 **program and the STTR program and**  
25 **the conduct guidelines established**

1           **under the SBIR Policy Directive and**  
2           **the STTR Policy Directive.**

3           **(3) CONSULTATION.—The Adminis-**  
4           **trator shall develop the certification re-**  
5           **quired under paragraph (2)(D) in co-**  
6           **operation with the Council of Inspectors**  
7           **General on Integrity and Efficiency and**  
8           **the Office of Advocacy of the Administra-**  
9           **tion.**

10           **(4) CERTIFICATION.—The certification**  
11           **developed under paragraph (3) may—**

12                   **(A) cover the lifecycle of the**  
13                   **award to require certifications at the**  
14                   **application, funding, reporting, and**  
15                   **closeout phases of every SBIR and**  
16                   **STTR award;**

17                   **(B) require the small business**  
18                   **concern to certify compliance with**  
19                   **the “principal investigator primary**  
20                   **employment” requirement, the “small**  
21                   **business concern” definition require-**  
22                   **ment, and the “performance of work”**  
23                   **requirements as set forth in the Di-**  
24                   **rective applicable to the award;**

1           **(C) require the small business**  
2           **concern to disclose whether it has ap-**  
3           **plied for, plans to apply for, or re-**  
4           **ceived an SBIR or STTR award for**  
5           **the same or overlapping work, and**  
6           **require the concern to certify that**  
7           **the award that it is applying for or**  
8           **obtaining funding for is not the same**  
9           **or overlapping with work it has per-**  
10          **formed, or will perform, in connec-**  
11          **tion with any other SBIR or STTR**  
12          **award that the concern has applied**  
13          **for or received from any other agency**  
14          **except as fully disclosed to all fund-**  
15          **ing agencies; and**

16          **(D) require that the small busi-**  
17          **ness concern certify that it will or did**  
18          **perform the work on the award at its**  
19          **facilities with its employees, unless**  
20          **otherwise indicated.**

21          **(5) INSPECTORS GENERAL.—The Inspec-**  
22          **tor General of each Federal agency that**  
23          **participates in the SBIR program or**  
24          **STTR program shall cooperate to prevent**

1       **fraud, waste, and abuse in the SBIR pro-**  
2       **gram and the STTR program by—**

3               **(A) establishing fraud detection**  
4               **indicators;**

5               **(B) reviewing regulations and op-**  
6               **erating procedures of the Federal**  
7               **agency;**

8               **(C) coordinating information**  
9               **sharing between Federal agencies, to**  
10              **the extent otherwise permitted under**  
11              **Federal law; and**

12              **(D) improving the education and**  
13              **training of, and outreach to—**

14                      **(i) administrators of the SBIR**  
15                      **program and the STTR program**  
16                      **of the Federal agency;**

17                      **(ii) applicants to the SBIR**  
18                      **program or the STTR program;**  
19                      **and**

20                      **(iii) recipients of awards**  
21                      **under the SBIR program or the**  
22                      **STTR program.**

23       **(b) STUDY AND REPORT.—Not later than 1**  
24       **year after the date of enactment of this Act to**  
25       **establish a baseline of changes made to the**

1 **program to fight fraud, waste, and abuse, and**  
2 **every 3 years thereafter to evaluate the effec-**  
3 **tiveness of the agency strategies, the Comp-**  
4 **troller General of the United States shall—**

5 **(1) conduct a study that evaluates—**

6 **(A) the implementation by each**  
7 **Federal agency that participates in**  
8 **the SBIR program or the STTR pro-**  
9 **gram of the amendments to the SBIR**  
10 **Policy Directive and the STTR Policy**  
11 **Directive made pursuant to sub-**  
12 **section (a);**

13 **(B) the effectiveness of the man-**  
14 **agement information system of each**  
15 **Federal agency that participates in**  
16 **the SBIR program or STTR program**  
17 **in identifying duplicative SBIR and**  
18 **STTR projects;**

19 **(C) the effectiveness of the risk**  
20 **management strategies of each Fed-**  
21 **eral agency that participates in the**  
22 **SBIR program or STTR program in**  
23 **identifying areas of the SBIR pro-**  
24 **gram or the STTR program that are**  
25 **at high risk for fraud;**

1           **(D) technological tools that may**  
2           **be used to detect patterns of behavior**  
3           **that may indicate fraud by applicants**  
4           **to the SBIR program or the STTR**  
5           **program;**

6           **(E) the success of each Federal**  
7           **agency that participates in the SBIR**  
8           **program or STTR program in reduc-**  
9           **ing fraud, waste, and abuse in the**  
10          **SBIR program or the STTR program**  
11          **of the Federal agency; and**

12          **(F) the extent to which the In-**  
13          **pector General of each Federal agen-**  
14          **cy that participates in the SBIR and**  
15          **STTR program effectively conducts**  
16          **investigations, audits, inspections,**  
17          **and outreach relating to the SBIR**  
18          **and STTR programs of the Federal**  
19          **agency; and**

20          **(2) submit to the Committee on Small**  
21          **Business and Entrepreneurship of the**  
22          **Senate, the Committee on Small Business**  
23          **and the Committee on Science, Space,**  
24          **and Technology of the House of Rep-**  
25          **resentatives, and the head of each Fed-**

1        **eral agency that participates in the SBIR**  
2        **program or STTR program a report on**  
3        **the results of the study conducted under**  
4        **subparagraph (A).**

5        **SEC. 313. SIMPLIFIED PAPERWORK REQUIREMENTS.**

6        **Section 9(v) of the Small Business Act (15**  
7        **U.S.C. 638(v)) is amended—**

8                **(1) in the subsection heading, by**  
9                **striking “SIMPLIFIED REPORTING REQUIRE-**  
10               **MENTS” and inserting “REDUCING PAPER-**  
11               **WORK AND COMPLIANCE BURDEN”;**

12               **(2) by striking “The Administrator”**  
13               **and inserting the following:**

14               **“(1) STANDARDIZATION OF REPORTING**  
15               **REQUIREMENTS.—The Administrator”;** and

16               **(3) by adding at the end the fol-**  
17               **lowing:**

18               **“(2) SIMPLIFICATION OF APPLICATION**  
19               **AND AWARD PROCESS.—Not later than one**  
20               **year after the date of enactment of this**  
21               **paragraph, and after a period of public**  
22               **comment, the Administrator shall issue**  
23               **regulations or guidelines, taking into**  
24               **consideration the unique needs of each**  
25               **Federal agency, to ensure that each Fed-**



1        **eral agency required to carry out an**  
2        **SBIR program or STTR program sim-**  
3        **plifies and standardizes the program pro-**  
4        **posal, selection, contracting, compliance,**  
5        **and audit procedures for the SBIR pro-**  
6        **gram or STTR program of the Federal**  
7        **agency (including procedures relating to**  
8        **overhead rates for applicants and docu-**  
9        **mentation requirements) to reduce the**  
10       **paperwork and regulatory compliance**  
11       **burden on small business concerns apply-**  
12       **ing to and participating in the SBIR pro-**  
13       **gram or STTR program.”.**

14       **SEC. 314. REDUCING FRAUD, WASTE, AND ABUSE.**

15       **Not later than 4 years after the date of en-**  
16       **actment of this Act, and every 4 years there-**  
17       **after, the Comptroller General of the United**  
18       **States shall—**

19                **(1) conduct a study of the effective-**  
20                **ness of the government and public data-**  
21                **bases described in section 9(k) of the**  
22                **Small Business Act (15 U.S.C. 638(k)) in**  
23                **reducing vulnerabilities of the SBIR pro-**  
24                **gram and the STTR program to fraud,**  
25                **waste, and abuse, particularly with re-**

1       **spect to Federal agencies funding dupli-**  
2       **cative proposals and business concerns**  
3       **falsifying information in proposals;**

4           **(2) make recommendations with re-**  
5       **spect to the issues described in para-**  
6       **graph (1); and**

7           **(3) submit to the head of each agency**  
8       **described in section 108(a) of the Small**  
9       **Business Reauthorization Act of 2000 (15**  
10       **U.S.C. 638 note), the Committee on Small**  
11       **Business and Entrepreneurship of the**  
12       **Senate, and the Committee on Small**  
13       **Business and the Committee on Science,**  
14       **Space, and Technology of the House of**  
15       **Representatives a report regarding the**  
16       **study conducted under paragraph (1) and**  
17       **containing the recommendations de-**  
18       **scribed in paragraph (2).**

## 19       **TITLE IV—POLICY DIRECTIVES**

20       **SEC. 401. CONFORMING AMENDMENTS TO THE SBIR AND**  
21           **THE STTR POLICY DIRECTIVES.**

22           **(a) IN GENERAL.—Not later than 180 days**  
23       **after the date of enactment of this Act, the Ad-**  
24       **ministrator shall promulgate amendments to**  
25       **the SBIR Policy Directive and the STTR Pol-**

1 icy Directive to conform such directives to  
2 this Act and the amendments made by this  
3 Act.

4 (b) PUBLISHING SBIR POLICY DIRECTIVE  
5 AND THE STTR POLICY DIRECTIVE IN THE FED-  
6 ERAL REGISTER.—Not later than 180 days after  
7 the date of enactment of this Act, the Adminis-  
8 trator shall publish the amended SBIR Policy  
9 Directive and the amended STTR Policy Di-  
10 rective in the Federal Register.

## 11 TITLE V—OTHER PROVISIONS

12 SEC. 501. REPORT ON SBIR AND STTR PROGRAM GOALS.

13 Section 9 of the Small Business Act (15  
14 U.S.C. 638), as amended by this Act, is further  
15 amended by adding at the end the following:

16 “(oo) ANNUAL REPORT ON SBIR AND STTR  
17 PROGRAM GOALS.—

18 “(1) DEVELOPMENT OF METRICS.—The  
19 head of each Federal agency required to  
20 participate in the SBIR program or the  
21 STTR program shall develop metrics to  
22 evaluate the effectiveness, and the ben-  
23 efit to the people of the United States, of  
24 the SBIR program and the STTR program  
25 of the Federal agency that—

1           “(A) are science-based and statis-  
2           tically driven;

3           “(B) reflect the mission of the  
4           Federal agency; and

5           “(C) include factors relating to  
6           the economic impact of the programs.

7           “(2) EVALUATION.—The head of each  
8           Federal agency described in paragraph  
9           (1) shall conduct an annual evaluation  
10          using the metrics developed under para-  
11          graph (1) of—

12           “(A) the SBIR program and the  
13           STTR program of the Federal agency;  
14           and

15           “(B) the benefits to the people of  
16           the United States of the SBIR pro-  
17           gram and the STTR program of the  
18           Federal agency.

19           “(3) REPORT.—

20           “(A) IN GENERAL.—The head of  
21           each Federal agency described in  
22           paragraph (1) shall submit to the ap-  
23           propriate committees of Congress and  
24           the Administrator an annual report  
25           describing in detail the results of an

1 evaluation conducted under para-  
2 graph (2).

3 “(B) PUBLIC AVAILABILITY OF RE-  
4 PORT.—The head of each Federal  
5 agency described in paragraph (1)  
6 shall make each report submitted  
7 under subparagraph (A) available to  
8 the public online.

9 “(C) DEFINITION.—In this para-  
10 graph, the term ‘appropriate commit-  
11 tees of Congress’ means—

12 “(i) the Committee on Small  
13 Business and Entrepreneurship of  
14 the Senate; and

15 “(ii) the Committee on Small  
16 Business and the Committee on  
17 Science, Space, and Technology of  
18 the House of Representatives.”.

19 SEC. 502. COMPETITIVE SELECTION PROCEDURES FOR  
20 SBIR AND STTR PROGRAMS.

21 Section 9 of the Small Business Act (15  
22 U.S.C. 638), as amended by this Act, is further  
23 amended by adding at the end the following:

24 “(pp) COMPETITIVE SELECTION PROCEDURES  
25 FOR SBIR AND STTR PROGRAMS.—All funds

1 awarded, appropriated, or otherwise made  
2 available in accordance with subsection (f) or  
3 (n) must be awarded pursuant to competitive  
4 and merit-based selection procedures.”.

5 SEC. 503. LOAN RESTRICTIONS.

6 (a) **RULE REQUIRED.**—For purposes of sec-  
7 tion 9 of the Small Business Act (15 U.S.C.  
8 638), the Administrator shall promulgate a  
9 rule not later than 180 days after the date of  
10 enactment of this Act that determines what  
11 restrictions, conditions, or covenants con-  
12 tained in a note, bond, debenture, other evi-  
13 dence of indebtedness, or preferred stock con-  
14 stitute affiliation for purposes of section  
15 121.103(a) of title 13, Code of Federal Regula-  
16 tions, as in effect on January 1, 2011.

17 (b) **FAILURE TO PROMULGATE.**—If the Ad-  
18 ministrator fails to promulgate a rule in the  
19 time period required under subsection (a), the  
20 holder of a note, bond, debenture, other evi-  
21 dence of indebtedness, or preferred stock  
22 shall be considered to be affiliated with the  
23 debtor or issuer of the preferred stock until  
24 such time as the Administrator promulgates  
25 the rule required under subsection (a).

1 SEC. 504. LIMITATION ON PILOT PROGRAMS.

2 Section 9 of the Small Business Act (15  
3 U.S.C. 638), as amended by this Act, is further  
4 amended by adding at the end the following:

5 “(qq) LIMITATION ON PILOT PROGRAMS.—

6 “(1) IN GENERAL.—The Administrator  
7 may only carry out a covered pilot pro-  
8 gram if in accordance with paragraphs  
9 (2) and (3).

10 “(2) EXISTING PILOT PROGRAMS.—With  
11 respect to a covered pilot program in op-  
12 eration on the date of enactment of this  
13 subsection, such program may only be  
14 carried out during the 3-year period be-  
15 ginning on such date of enactment.

16 “(3) NEW PILOT PROGRAMS.—With re-  
17 spect to a covered pilot program estab-  
18 lished after the date of enactment of this  
19 subsection, such program—

20 “(A) may only be carried out dur-  
21 ing the 3-year period beginning on  
22 the date on which such program is es-  
23 tablished; and

24 “(B) may not continue or be based  
25 on, in any manner, a previously es-  
26 tablished covered pilot program.

1           **“(4) COVERED PILOT PROGRAM DE-**  
2           **FINED.—In this subsection, the term ‘cov-**  
3           **ered pilot program’ means any initiative,**  
4           **project, innovation, or other activity—**

5                   **“(A) relating to an SBIR or STTR**  
6                   **program; and**

7                   **“(B) not specifically authorized by**  
8                   **law.”.**

9           **SEC. 505. ENSURING EQUITY IN SBIR AND STTR AWARDS TO**  
10                   **INDIVIDUAL COMPANIES.**

11           **Section 9 of the Small Business Act (15**  
12           **U.S.C. 638), as amended by this Act, is further**  
13           **amended by adding at the end the following:**

14           **“(rr) ENSURING EQUITY IN SBIR AND STTR**  
15           **AWARDS TO INDIVIDUAL COMPANIES.—A small**  
16           **business concern, including affiliates of the**  
17           **small business concern, may not receive an**  
18           **SBIR or STTR award in a fiscal year if, at the**  
19           **time the award is made—**

20                   **“(1) the small business concern has**  
21                   **received an aggregate dollar amount of**  
22                   **such awards in such fiscal year that ex-**  
23                   **ceeds 50 percent of the aggregate dollar**  
24                   **amount of such awards received, in the**  
25                   **preceding fiscal year, by the median**



1       **State with respect to such aggregate**  
2       **amount; or**

3               **“(2) the small business concern has**  
4       **received an aggregate number of such**  
5       **awards in such fiscal year that exceeds**  
6       **50 percent of the aggregate number of**  
7       **such awards received, in the preceding**  
8       **fiscal year, by the median State with re-**  
9       **spect to such aggregate number.”.**

10 **SEC. 506. INSPECTOR GENERAL REPORTS.**

11       **Not later than October 1 of each year, the**  
12 **Inspector General of each Federal agency**  
13 **that participates in the SBIR program or**  
14 **STTR program shall submit to the Committee**  
15 **on Small Business and Entrepreneurship of**  
16 **the Senate and the Committee on Small Busi-**  
17 **ness and the Committee on Science, Space,**  
18 **and Technology of the House of Representa-**  
19 **tives a report describing—**

20               **(1) the number of cases referred to**  
21       **the Inspector General in the preceding**  
22       **year that related to fraud, waste, or**  
23       **abuse with respect to the SBIR program**  
24       **or STTR program;**

1           **(2) the actions taken in each case de-**  
2           **scribed in paragraph (1) if fraud, waste,**  
3           **or abuse was determined to have oc-**  
4           **curred;**

5           **(3) if no action was taken in a case**  
6           **described in paragraph (1) and fraud,**  
7           **waste, or abuse was determined to have**  
8           **occurred, the justification for action not**  
9           **being taken; and**

10           **(4) an accounting of the funds used to**  
11           **address fraud, waste, and abuse, includ-**  
12           **ing a description of personnel and re-**  
13           **sources funded and funds that were re-**  
14           **covered or saved.**

15 **SEC. 507. TIMING.**

16           **Federal agencies participating in the**  
17           **SBIR program or STTR program shall, to the**  
18           **extent possible, attempt to shorten the**  
19           **amount of time between the provision of no-**  
20           **tice of an award under the SBIR program or**  
21           **STTR program and the subsequent release of**  
22           **funding with respect to the award.**

1 SEC. 508. PUBLICATION OF CERTAIN INFORMATION.

2 Section 9 of the Small Business Act (15  
3 U.S.C. 638), as amended by this Act, is further  
4 amended by adding at the end the following:

5 “(ss) PUBLICATION OF CERTAIN INFORMA-  
6 TION.—In order to increase the number of  
7 small businesses receiving awards under the  
8 SBIR or STTR programs of participating  
9 agencies, and to simplify the application proc-  
10 ess for such awards, the Administrator shall  
11 establish and maintain a public Internet  
12 website on which the Administrator shall  
13 publish such information relating to notice of  
14 and application for awards under the SBIR  
15 program and STTR program of each partici-  
16 pating Federal agency as the Administrator  
17 determines appropriate.”.

18 SEC. 509. PREFERENCE FOR CLEAN COAL TECHNOLOGY  
19 RESEARCH.

20 Section 9 of the Small Business Act (15  
21 U.S.C. 638), as amended by this Act, is further  
22 amended by adding at the end the following:

23 “(tt) CLEAN COAL TECHNOLOGY RESEARCH  
24 PREFERENCE.—In making awards under this  
25 section, a Federal agency shall give priority  
26 to applications in a manner that increases the

1 **number of SBIR and STTR award recipients**  
2 **conducting research with respect to clean**  
3 **coal technology, including the gasification of**  
4 **coal.”.**

5 **SEC. 510. REPORT ON ENHANCEMENT OF MANUFACTURING**  
6 **ACTIVITIES.**

7 **Section 9 of the Small Business Act (15**  
8 **U.S.C. 638), as amended by this Act, is further**  
9 **amended by adding at the end the following:**

10 **“(uu) REPORT ON ENHANCEMENT OF MANU-**  
11 **FACTURING ACTIVITIES.—Not later than Octo-**  
12 **ber 1, 2011, and annually thereafter, the head**  
13 **of each Federal agency that makes more than**  
14 **\$50,000,000 in awards under the SBIR and**  
15 **STTR programs of the agency combined shall**  
16 **submit to the Committee on Small Business**  
17 **and Entrepreneurship of the Senate and the**  
18 **Committee on Small Business and the Com-**  
19 **mittee on Science, Space, and Technology of**  
20 **the House of Representatives a report that in-**  
21 **cludes—**

22 **“(1) a description of efforts under-**  
23 **taken by the head of the Federal agency**  
24 **to enhance manufacturing activities;**

1           “(2) a comprehensive description of  
2           the actions undertaken each year by the  
3           head of the Federal agency in carrying  
4           out the SBIR or STTR program of the  
5           agency in support of Executive Order  
6           13329 (69 Fed. Reg. 9181; relating to en-  
7           couraging innovation in manufacturing);

8           “(3) an assessment of the effective-  
9           ness of the actions described in para-  
10          graph (2) at enhancing the research and  
11          development of manufacturing tech-  
12          nologies and processes; and

13          “(4) recommendations that the pro-  
14          gram managers of the SBIR or STTR pro-  
15          gram of the agency consider appropriate  
16          for additional actions to increase the ef-  
17          fectiveness of enhancing manufacturing  
18          activities.”.

19   SEC. 511. EXPRESS AUTHORITY TO “FAST-TRACK” PHASE II  
20                   AWARDS FOR PROMISING PHASE I RE-  
21                   SEARCH.

22          Section 9 of the Small Business Act (15  
23   U.S.C. 638), as amended by this Act, is further  
24   amended by adding at the end the following:

1       “(vv) **AUTHORITY TO ‘FAST-TRACK’ PHASE II**  
2 **AWARDS FOR PROMISING PHASE I RESEARCH.—**  
3 **To address the delay between an award for**  
4 **Phase I of an SBIR program and the applica-**  
5 **tion for and extension of an award for Phase**  
6 **II of such program, each Federal agency with**  
7 **an SBIR program may develop ‘fast-track’**  
8 **programs to eliminate such delay by issuing**  
9 **Phase II SBIR awards as soon as practicable,**  
10 **including in appropriate cases simulta-**  
11 **neously with the issuance of the Phase I SBIR**  
12 **award. The Administrator shall encourage the**  
13 **development of such ‘fast-track’ programs.”.**

14 **SEC. 512. INCREASED PARTNERSHIPS BETWEEN SBIR**  
15 **AWARDEES AND PRIME CONTRACTORS, VEN-**  
16 **TURE CAPITAL INVESTMENT COMPANIES,**  
17 **AND LARGER BUSINESSES.**

18       **Section 9 of the Small Business Act (15**  
19 **U.S.C. 638), as amended by this Act, is further**  
20 **amended by adding at the end the following:**

21       **“(ww) INCREASED PARTNERSHIPS.—**

22               **“(1) IN GENERAL.—Each agency re-**  
23 **quired by this section to conduct an SBIR**  
24 **program shall establish initiatives by**  
25 **which the agency encourages partner-**

1        **ships between SBIR awardees and prime**  
2        **contractors, venture capital investment**  
3        **companies, business incubators, and larg-**  
4        **er businesses, for the purpose of facili-**  
5        **tating the progress of the SBIR awardees**  
6        **to Phase III.**

7            **“(2) DEFINITION.—In this subsection,**  
8        **the term ‘business incubator’ means an**  
9        **entity that provides coordinated and spe-**  
10       **cialized services to entrepreneurial busi-**  
11       **nesses which meet selected criteria dur-**  
12       **ing the businesses’ startup phases, in-**  
13       **cluding providing services such as shared**  
14       **office space and office services, access to**  
15       **equipment, access to telecommunications**  
16       **and technology services, flexible leases,**  
17       **specialized management assistance, ac-**  
18       **cess to financing, mentoring and training**  
19       **services, or other coordinated business or**  
20       **technical support services designed to**  
21       **provide business development assistance**  
22       **to entrepreneurial businesses during**  
23       **these businesses’ startup phases.”.**

1 SEC. 513. PREFERENCE FOR ACID MINE DRAINAGE RE-  
2 SEARCH.

3 Section 9 of the Small Business Act (15  
4 U.S.C. 638), as amended by this Act, is further  
5 amended by adding at the end the following:

6 “(xx) ACID MINE DRAINAGE RESEARCH PREF-  
7 ERENCE.—In making awards under this sec-  
8 tion, a Federal agency shall give priority to  
9 applications in a manner that increases the  
10 number of SBIR and STTR award recipients  
11 conducting research related to reducing the  
12 environmental impact, including with respect  
13 to water quality, of acid mine drainage.”.

14 SEC. 514. PREFERENCE FOR HYDRAULIC FRACTURING RE-  
15 SEARCH.

16 Section 9 of the Small Business Act (15  
17 U.S.C. 638), as amended by this Act, is further  
18 amended by adding at the end the following:

19 “(yy) HYDRAULIC FRACTURING RESEARCH  
20 PREFERENCE.—In making awards under this  
21 section, a Federal agency shall give priority  
22 to applications in a manner that increases the  
23 number of SBIR and STTR award recipients  
24 conducting research related to reducing the  
25 environmental impact, including with respect  
26 to water quality, of the use of hydraulic frac-



1 turing during natural gas exploration activi-  
2 ties.”.

Union Calendar No. 85

112<sup>TH</sup> CONGRESS  
1<sup>ST</sup> Session

**H. R. 1425**

[Report No. 112-90, Parts I and II]

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## **A BILL**

To reauthorize and improve the SBIR and STTR programs, and for other purposes.

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JULY 1, 2011

Reported from the Committee on Small Business with an amendment

JULY 1, 2011

Committee on Armed Services discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed