

Calendar No. 17

112TH CONGRESS
1ST SESSION**S. 493**

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

IN THE SENATE OF THE UNITED STATES

MARCH 4, 2011

Ms. LANDRIEU (for herself, Ms. SNOWE, Mr. KERRY, Mr. BROWN of Massachusetts, Mrs. SHAHEEN, Ms. AYOTTE, Mr. CARDIN, Mr. PRYOR, and Mr. LEVIN) introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

MARCH 9, 2011

Reported by Ms. LANDRIEU, with amendments

[Omit the part struck through and insert the part printed in *italic*]**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 “SBIR/STTR Reau-
5 thorization Act of 2011”.

1 SEC. 2. TABLE OF CONTENTS.

2 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. Status of the Office of Technology.
- Sec. 103. SBIR allocation increase.
- Sec. 104. STTR allocation increase.
- Sec. 105. SBIR and STTR award levels.
- Sec. 106. Agency and program flexibility.
- Sec. 107. Elimination of Phase II invitations.
- Sec. 108. Participation by firms with substantial investment from multiple venture capital operating companies in a portion of the SBIR program.
- Sec. 109. SBIR and STTR special acquisition preference.
- Sec. 110. Collaborating with Federal laboratories and research and development centers.
- Sec. 111. Notice requirement.
- Sec. 112. Express authority for an agency to award sequential Phase II awards for SBIR or STTR funded projects.

TITLE II—OUTREACH AND COMMERCIALIZATION INITIATIVES

- Sec. 201. Rural and State outreach.
- ~~Sec. 202. SBIR-STEM Workforce Development Grant Pilot Program.~~
- ~~Sec. 203~~202. Technical assistance for awardees.
- ~~Sec. 204~~203. Commercialization Readiness Program at Department of Defense.
- ~~Sec. 205~~204. Commercialization Readiness Pilot Program for civilian agencies.
- ~~Sec. 206~~205. Accelerating cures.
- ~~Sec. 207~~206. Federal agency engagement with SBIR and STTR awardees that have been awarded multiple Phase I awards but have not been awarded Phase II awards.
- ~~Sec. 208~~207. Clarifying the definition of “Phase III”.
- ~~Sec. 209~~208. Shortened period for final decisions on proposals and applications.

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. Intellectual property protections.
- Sec. 310. Obtaining consent from SBIR and STTR applicants to release contact information to economic development organizations.
- Sec. 311. Pilot to allow funding for administrative, oversight, and contract processing costs.

- Sec. 312. GAO study with respect to venture capital operating company involvement.
- Sec. 313. Reducing vulnerability of SBIR and STTR programs to fraud, waste, and abuse.
- Sec. 314. Interagency policy committee.
- Sec. 315. *Simplified paperwork requirements.*

TITLE IV—POLICY DIRECTIVES

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

TITLE V—OTHER PROVISIONS

- Sec. 501. Research topics and program diversification.
- Sec. 502. Report on SBIR and STTR program goals.
- Sec. 503. Competitive selection procedures for SBIR and STTR programs.

1 **SEC. 3. DEFINITIONS.**

2 In this Act—

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

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

12 (3) the term “small business concern” has the
13 meaning given that term under section 3 of the
14 Small 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 “2019”;
10 and

11 (3) by striking paragraph (2).

12 (b) STTR.—Section 9(n)(1)(A) of the Small Busi-
13 ness 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
16 GENERAL.—With respect”;

17 (2) by striking “2009” and inserting “2019”;
18 and

19 (3) by striking clause (ii).

20 **SEC. 102. STATUS OF THE OFFICE OF TECHNOLOGY.**

21 Section 9(b) of the Small Business Act (15 U.S.C.
22 638(b)) is amended—

23 (1) in paragraph (7), by striking “and” at the
24 end;

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

3 (3) by redesignating paragraph (8) as para-
4 graph (9); and

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

6 “(10) to maintain an Office of Technology to
7 carry out the responsibilities of the Administration
8 under this section, which shall be—

9 “(A) headed by the Assistant Adminis-
10 trator for Technology, who shall report directly
11 to the Administrator; and

12 “(B) independent from the Office of Gov-
13 ernment Contracting of the Administration and
14 sufficiently staffed and funded to comply with
15 the oversight, reporting, and public database re-
16 sponsibilities assigned to the Office of Tech-
17 nology by the Administrator.”.

18 **SEC. 103. SBIR ALLOCATION INCREASE.**

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

21 (1) in paragraph (1)—

22 (A) in the matter preceding subparagraph
23 (A), by striking “Each” and inserting “Except
24 as provided in paragraph (2)(B), each”;

1 (B) in subparagraph (B), by striking
2 “and” at the end; and

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

5 “(C) not less than 2.5 percent of such
6 budget in fiscal year 2013;

7 “(D) not less than 2.6 percent of such
8 budget in fiscal year 2014;

9 “(E) not less than 2.7 percent of such
10 budget in fiscal year 2015;

11 “(F) not less than 2.8 percent of such
12 budget in fiscal year 2016;

13 “(G) not less than 2.9 percent of such
14 budget in fiscal year 2017;

15 “(H) not less than 3.0 percent of such
16 budget in fiscal year 2018;

17 “(I) not less than 3.1 percent of such
18 budget in fiscal year 2019;

19 “(J) not less than 3.2 percent of such
20 budget in fiscal year 2020;

21 “(K) not less than 3.3 percent of such
22 budget in fiscal year 2021;

23 “(L) not less than 3.4 percent of such
24 budget in fiscal year 2022; and

1 “(M) not less than 3.5 percent of such
2 budget in fiscal year 2023 and each fiscal year
3 thereafter.”; ~~and~~

4 (2) in paragraph (2)—

5 (A) by redesignating subparagraphs (A)
6 and (B) as clauses (i) and (ii), respectively, and
7 adjusting the margins accordingly;

8 (B) by striking “A Federal agency” and
9 inserting the following:

10 “(A) IN GENERAL.—A Federal agency”;

11 and

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

13 “(B) DEPARTMENT OF DEFENSE AND DE-
14 PARTMENT OF ENERGY.—For the Department
15 of Defense and the Department of Energy, to
16 the greatest extent practicable, the percentage
17 of the extramural budget in excess of 2.5 per-
18 cent required to be expended with small busi-
19 ness concerns under subparagraphs (D)
20 through (M) of paragraph (1)—

21 “(i) may not be used for new Phase I
22 or Phase II awards; and

23 “(ii) shall be used for activities that
24 further the readiness levels of technologies
25 developed under Phase II awards, includ-

1 ing conducting testing and evaluation to
 2 promote the transition of such technologies
 3 into commercial or defense products, or
 4 systems furthering the mission needs of
 5 the Department of Defense or the Depart-
 6 ment of Energy, as the case may be.”;

7 *and*

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

9 “(4) *RULE OF CONSTRUCTION.—Nothing in this*
 10 *subsection may be construed to prohibit a Federal*
 11 *agency from expending with small business concerns*
 12 *an amount of the extramural budget for research or*
 13 *research and development of the Federal agency that*
 14 *exceeds the amount required under paragraph (1).”.*

15 **SEC. 104. STTR ALLOCATION INCREASE.**

16 Section 9(n)(1)(B) of the Small Business Act (15
 17 U.S.C. 638(n)(1)(B)) is amended—

18 (1) in clause (i), by striking “and” at the end;

19 (2) in clause (ii), by striking “thereafter.” and
 20 inserting “through fiscal year 2012;”;

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

22 “(iii) 0.4 percent for fiscal years 2013
 23 and 2014;

24 “(iv) 0.5 percent for fiscal years 2015
 25 and 2016; and

1 “(v) 0.6 percent for fiscal year 2017
2 and each fiscal year thereafter.”; and

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

4 “(4) *RULE OF CONSTRUCTION.*—*Nothing in this*
5 *subsection may be construed to prohibit a Federal*
6 *agency from expending with small business concerns*
7 *an amount of the extramural budget for research or*
8 *research and development of the Federal agency that*
9 *exceeds the amount required under paragraph (1).*”.

10 **SEC. 105. SBIR AND STTR AWARD LEVELS.**

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

14 (1) by striking “\$100,000” and inserting
15 “\$150,000”; and

16 (2) by striking “\$750,000” and inserting
17 “\$1,000,000”.

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

21 (1) by striking “\$100,000” and inserting
22 “\$150,000”; and

23 (2) by striking “\$750,000” and inserting
24 “\$1,000,000”.

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

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

7 (2) in subsection (p)(2)(B)(ix), as amended by
8 subsection (b) of this section, by inserting “(each of
9 which the Administrator shall adjust for inflation
10 annually)” after “\$1,000,000,”.

11 (d) LIMITATION ON SIZE OF AWARDS.—Section 9 of
12 the Small Business Act (15 U.S.C. 638) is amended by
13 adding at the end the following:

14 “(aa) LIMITATION ON SIZE OF AWARDS.—

15 “(1) LIMITATION.—No Federal agency may
16 issue an award under the SBIR program or the
17 STTR program if the size of the award exceeds the
18 award guidelines established under this section by
19 more than 50 percent.

20 “(2) MAINTENANCE OF INFORMATION.—Par-
21 ticipating agencies shall maintain information on
22 awards exceeding the guidelines established under
23 this section, including—

24 “(A) the amount of each award;

1 “(B) a justification for exceeding the
2 award amount;

3 “(C) the identity and location of each
4 award recipient; and

5 “(D) whether an award recipient has re-
6 ceived any venture capital investment and, if so,
7 whether the recipient is majority-owned by mul-
8 tiple venture capital operating companies.

9 “(3) REPORTS.—The Administrator shall in-
10 clude the information described in paragraph (2) in
11 the annual report of the Administrator to Congress.

12 “(4) RULE OF CONSTRUCTION.—Nothing in
13 this subsection shall be construed to prevent a Fed-
14 eral agency from supplementing an award under the
15 SBIR program or the STTR program using funds of
16 the Federal agency that are not part of the SBIR
17 program or the STTR program of the Federal agen-
18 cy.”.

19 **SEC. 106. AGENCY AND PROGRAM FLEXIBILITY.**

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

23 “(bb) SUBSEQUENT PHASE II AWARDS.—

24 “(1) AGENCY FLEXIBILITY.—A small business
25 concern that received an award from a Federal

1 agency under this section shall be eligible to receive
2 a subsequent Phase II award from another Federal
3 agency, if the head of each relevant Federal agency
4 or the relevant component of the Federal agency
5 makes a written determination that the topics of the
6 relevant awards are the same and both agencies re-
7 port the awards to the Administrator for inclusion in
8 the public database under subsection (k).

9 “(2) SBIR AND STTR PROGRAM FLEXIBILITY.—

10 A small business concern that received an award
11 under this section under the SBIR program or the
12 STTR program may receive a subsequent Phase II
13 award in either the SBIR program or the STTR
14 program and the participating agency or agencies
15 shall report the awards to the Administrator for in-
16 clusion in the public database under subsection (k).

17 “(3) PREVENTING DUPLICATIVE AWARDS.—Be-

18 fore making an award under paragraph (1) or (2),
19 the head of a Federal agency shall verify that the
20 project to be performed with the award has not been
21 funded under the SBIR program or STTR program
22 of another Federal agency.”.

23 **SEC. 107. ELIMINATION OF PHASE II INVITATIONS.**

24 (a) IN GENERAL.—Section 9(e) of the Small Busi-
25 ness Act (15 U.S.C. 638(e)) is amended—

1 (1) in paragraph (4)(B), by striking “to fur-
 2 ther” and inserting: “which shall not include any in-
 3 vitation, pre-screening, pre-selection, or down-selec-
 4 tion process for eligibility for the second phase, that
 5 will further”; and

6 (2) in paragraph (6)(B), by striking “to further
 7 develop proposed ideas to” and inserting “which
 8 shall not include any invitation, pre-screening, pre-
 9 selection, or down-selection process for eligibility for
 10 the second phase, that will further develop proposals
 11 that”.

12 **SEC. 108. PARTICIPATION BY FIRMS WITH SUBSTANTIAL IN-**
 13 **VESTMENT FROM MULTIPLE VENTURE CAP-**
 14 **ITAL OPERATING COMPANIES IN A PORTION**
 15 **OF THE SBIR PROGRAM.**

16 (a) IN GENERAL.—Section 9 of the Small Business
 17 Act (15 U.S.C. 638), as amended by this Act, is amended
 18 by adding at the end the following:

19 “(cc) PARTICIPATION OF SMALL BUSINESS CON-
 20 CERNS MAJORITY-OWNED BY VENTURE CAPITAL OPER-
 21 ATING COMPANIES IN THE SBIR PROGRAM.—

22 “(1) AUTHORITY.—Upon a written determina-
 23 tion described in paragraph (2) provided to the Ad-
 24 ministrator and to the Committee on Small Business
 25 and Entrepreneurship of the Senate and the Com-

1 mittee on Small Business of the House of Rep-
2 representatives not later than 30 days before the date
3 on which an award is made—

4 “(A) the Director of the National Insti-
5 tutes of Health, the Secretary of Energy, and
6 the Director of the National Science Founda-
7 tion may award not more than 25 percent of
8 the funds allocated for the SBIR program of
9 the Federal agency to small business concerns
10 that are owned in majority part by multiple
11 venture capital operating companies through
12 competitive, merit-based procedures that are
13 open to all eligible small business concerns; and

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

24 “(2) DETERMINATION.—A written determina-
25 tion described in this paragraph is a written deter-

1 mination by the head of a Federal agency that ex-
2 plains how the use of the authority under paragraph
3 (1) will—

4 “(A) induce additional venture capital
5 funding of small business innovations;

6 “(B) substantially contribute to the mis-
7 sion of the Federal agency;

8 “(C) demonstrate a need for public re-
9 search; 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 and qualified for participation
16 in the program authorized under paragraph (1)
17 shall—

18 “(A) register with the Administrator on
19 the date that the small business concern sub-
20 mits an application for an award under the
21 SBIR program; and

22 “(B) indicate in any SBIR proposal that
23 the small business concern is registered under
24 subparagraph (A) as majority-owned by mul-
25 tiple venture capital operating companies.

1 “(4) COMPLIANCE.—

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

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

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

1 the non-SBIR and non-STTR research and develop-
2 ment funds of the Federal agency not later than 180
3 days after the date on which the Federal agency
4 made the award that caused the total awarded under
5 paragraph (1) to be more than the amount author-
6 ized under paragraph (1) for a purpose described in
7 paragraph (1).

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

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

13 “(i) *was not majority-owned by mul-*
14 *tiple venture capital operating companies*
15 *on the date on which the small business con-*
16 *cern submitted an application in response*
17 *to a solicitation under the SBIR programs;*
18 *and*

19 “(ii) *on the date of the award under*
20 *the SBIR program is majority-owned by*
21 *multiple venture capital operating compa-*
22 *nies.*

23 “(B) *IN GENERAL.*—*If a Federal agency*
24 *does not make an award under a solicitation*
25 *under the SBIR program before the date that is*

1 9 months after the date on which the period for
2 submitting applications under the solicitation
3 ends—

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

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

23 “(6)(7) EVALUATION CRITERIA.—A Federal
24 agency may not use investment of venture capital as

1 a criterion for the award of contracts under the
2 SBIR program or STTR program.

3 (b) TECHNICAL AND CONFORMING AMENDMENT.—
4 Section 3 of the Small Business Act (15 U.S.C. 632) is
5 amended by adding at the end the following:

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

11 (c) RULEMAKING TO ENSURE THAT FIRMS THAT
12 ARE MAJORITY-OWNED BY MULTIPLE VENTURE CAPITAL
13 OPERATING COMPANIES ARE ABLE TO PARTICIPATE IN
14 A PORTION OF THE SBIR PROGRAM.—

15 (1) STATEMENT OF CONGRESSIONAL INTENT.—

16 It is the stated intent of Congress that the Adminis-
17 trator should promulgate regulations to carry out
18 the authority under section 9(cc) of the Small Busi-
19 ness Act, as added by this section, that—

20 (A) permit small business concerns that
21 are majority-owned by multiple venture capital
22 operating companies to participate in the SBIR
23 program in accordance with section 9(cc) of the
24 Small Business Act;

1 (B) provide specific guidance for small
2 business concerns that are majority-owned by
3 multiple venture capital operating companies
4 with regard to eligibility, participation, and af-
5 filiation rules; and

6 (C) preserve and maintain the integrity of
7 the SBIR program as a program for small busi-
8 ness concerns in the United States, prohibiting
9 large businesses or large entities or foreign-
10 owned businesses or entities from participation
11 in the program established under section 9 of
12 the Small Business Act.

13 (2) RULEMAKING REQUIRED.—

14 (A) PROPOSED REGULATIONS.—Not later
15 than 4 months after the date of enactment of
16 this Act, the Administrator shall issue proposed
17 regulations to amend section 121.103 (relating
18 to determinations of affiliation applicable to the
19 SBIR program) and section 121.702 (relating
20 to ownership and control standards and size
21 standards applicable to the SBIR program) of
22 title 13, Code of Federal Regulations, for firms
23 that are majority-owned by multiple venture
24 capital operating companies and participating
25 in the SBIR program solely under the authority

1 under section 9(cc) of the Small Business Act,
2 as added by this section.

3 (B) FINAL REGULATIONS.—Not later than
4 1 year after the date of enactment of this Act,
5 and after providing notice of and opportunity
6 for comment on the proposed regulations issued
7 under subparagraph (A), the Administrator
8 shall issue final or interim final regulations
9 under this subsection.

10 (3) CONTENTS.—

11 (A) IN GENERAL.—The regulations issued
12 under this subsection shall permit the participa-
13 tion of applicants majority-owned by multiple
14 venture capital operating companies in the
15 SBIR program in accordance with section 9(cc)
16 of the Small Business Act, as added by this sec-
17 tion, unless the Administrator determines—

18 (i) in accordance with the size stand-
19 ards established under subparagraph (B),
20 that the applicant is—

21 (I) a large business or large enti-
22 ty; or

23 (II) majority-owned or controlled
24 by a large business or large entity; or

1 (ii) in accordance with the criteria es-
2 tablished under subparagraph (C), that the
3 applicant—

4 (I) is a foreign business or a for-
5 eign entity or is not a citizen of the
6 United States or alien lawfully admit-
7 ted for permanent residence; or

8 (II) is majority-owned or con-
9 trolled by a foreign business, foreign
10 entity, or person who is not a citizen
11 of the United States or alien lawfully
12 admitted for permanent residence.

13 (B) SIZE STANDARDS.—Under the author-
14 ity to establish size standards under paragraphs
15 (2) and (3) of section 3(a) of the Small Busi-
16 ness Act (15 U.S.C. 632(a)), the Administrator
17 shall, in accordance with paragraph (1) of this
18 subsection, establish size standards for appli-
19 cants seeking to participate in the SBIR pro-
20 gram solely under the authority under section
21 9(cc) of the Small Business Act, as added by
22 this section.

23 (C) CRITERIA FOR DETERMINING FOREIGN
24 OWNERSHIP.—The Administrator shall establish
25 criteria for determining whether an applicant

1 meets the requirements under subparagraph
2 (A)(ii), and, in establishing the criteria, shall
3 consider whether the criteria should include—

4 (i) whether the applicant is at least 51
5 percent owned or controlled by citizens of
6 the United States or domestic venture cap-
7 ital operating companies;

8 (ii) whether the applicant is domiciled
9 in the United States; and

10 (iii) whether the applicant is a direct
11 or indirect subsidiary of a foreign-owned
12 firm, including whether the criteria should
13 include that an applicant is a direct or in-
14 direct subsidiary of a foreign-owned entity
15 if—

16 (I) any venture capital operating
17 company that owns more than 20 per-
18 cent of the applicant is a direct or in-
19 direct subsidiary of a foreign-owned
20 entity; or

21 (II) in the aggregate, entities
22 that are direct or indirect subsidiaries
23 of foreign-owned entities own more
24 than 49 percent of the applicant.

1 (D) CRITERIA FOR DETERMINING AFFILI-
2 ATION.—The Administrator shall establish cri-
3 teria, in accordance with paragraph (1), for de-
4 termining whether an applicant is affiliated
5 with a venture capital operating company or
6 any other business that the venture capital op-
7 erating company has financed and, in estab-
8 lishing the criteria, shall specify that—

9 (i) if a venture capital operating com-
10 pany that is determined to be affiliated
11 with an applicant is a minority investor in
12 the applicant, the portfolio companies of
13 the venture capital operating company
14 shall not be determined to be affiliated
15 with the applicant, unless—

16 (I) the venture capital operating
17 company owns a majority of the port-
18 folio company; or

19 (II) the venture capital operating
20 company holds a majority of the seats
21 on the board of directors of the port-
22 folio company;

23 (ii) subject to clause (i), the Adminis-
24 trator retains the authority to determine
25 whether a venture capital operating com-

1 pany is affiliated with an applicant, includ-
2 ing establishing other criteria;

3 (iii) the Administrator may not deter-
4 mine that a portfolio company of a venture
5 capital operating company is affiliated with
6 an applicant based solely on one or more
7 shared investors; and

8 (iv) subject to clauses (i), (ii), and
9 (iii), the Administrator retains the author-
10 ity to determine whether a portfolio com-
11 pany of a venture capital operating com-
12 pany is affiliated with an applicant based
13 on factors independent of whether there is
14 a shared investor, such as whether there
15 are contractual obligations between the
16 portfolio company and the applicant.

17 (4) ENFORCEMENT.—If the Administrator does
18 not issue final or interim final regulations under this
19 subsection on or before the date that is 1 year after
20 the date of enactment of this Act, the Administrator
21 may not carry out any activities under section 4(h)
22 of the Small Business Act (15 U.S.C. 633(h)) (as
23 continued in effect pursuant to the Act entitled “An
24 Act to extend temporarily certain authorities of the
25 Small Business Administration”, approved October

1 10, 2006 (Public Law 109–316; 120 Stat. 1742))
2 during the period beginning on the date that is 1
3 year and 1 day after the date of enactment of this
4 Act, and ending on the date on which the final or
5 interim final regulations are issued.

6 (5) DEFINITION.—In this subsection, the term
7 “venture capital operating company” has the same
8 meaning as in section 3(aa) of the Small Business
9 Act, as added by this section.

10 (d) ASSISTANCE FOR DETERMINING AFFILIATES.—

11 (1) CLEAR EXPLANATION REQUIRED.—Not
12 later than 30 days after the date of enactment of
13 this Act, the Administrator shall post on the Web
14 site of the Administration (with a direct link dis-
15 played on the homepage of the Web site of the Ad-
16 ministration or the SBIR and STTR Web sites of
17 the Administration)—

18 (A) a clear explanation of the SBIR and
19 STTR affiliation rules under part 121 of title
20 13, Code of Federal Regulations; and

21 (B) contact information for officers or em-
22 ployees of the Administration who—

23 (i) upon request, shall review an issue
24 relating to the rules described in subpara-
25 graph (A); and

1 (ii) shall respond to a request under
2 clause (i) not later than 20 business days
3 after the date on which the request is re-
4 ceived.

5 (2) INCLUSION OF AFFILIATION RULES FOR
6 CERTAIN SMALL BUSINESS CONCERNS.—On and
7 after the date on which the final regulations under
8 subsection (c) are issued, the Administrator shall
9 post on the Web site of the Administration informa-
10 tion relating to the regulations, in accordance with
11 paragraph (1).

12 **SEC. 109. SBIR AND STTR SPECIAL ACQUISITION PREF-**
13 **ERENCE.**

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

16 “(4) PHASE III AWARDS.—To the greatest ex-
17 tent practicable, Federal agencies and Federal prime
18 contractors shall issue Phase III awards relating to
19 technology, including sole source awards, to the
20 SBIR and STTR award recipients that developed
21 the technology.”.

1 **SEC. 110. COLLABORATING WITH FEDERAL LABORATORIES**
 2 **AND RESEARCH AND DEVELOPMENT CEN-**
 3 **TERS.**

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

7 “(dd) COLLABORATING WITH FEDERAL LABORA-
 8 TORIES AND RESEARCH AND DEVELOPMENT CENTERS.—

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

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

18 “(B) has entered into a cooperative re-
 19 search and development agreement (as defined
 20 in section 12(d) of the Stevenson-Wydler Tech-
 21 nology Innovation Act of 1980 (15 U.S.C.
 22 3710a(d))) with a Federal laboratory.

23 “(2) PROHIBITION.—No Federal agency shall—

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

1 research and development center for any por-
2 tion of the activities to be performed under that
3 award;

4 “(B) approve an agreement between a
5 small business concern receiving a SBIR or
6 STTR award and a Federal laboratory or feder-
7 ally funded laboratory or research and develop-
8 ment center, if the small business concern per-
9 forms a lesser portion of the activities to be
10 performed under that award than required by
11 this section and by the SBIR Policy Directive
12 and the STTR Policy Directive of the Adminis-
13 trator; or

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

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

23 “(A) have the flexibility to use the re-
24 sources of the Federal laboratories and feder-

1 ally funded research and development centers;
2 and

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

7 **SEC. 111. NOTICE REQUIREMENT.**

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

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

12 (2) in paragraph (11), by striking the period at
13 the end and inserting a semicolon; and

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

15 “(12) provide timely notice to the Adminis-
16 trator of any case or controversy before any Federal
17 judicial or administrative tribunal concerning the
18 SBIR program of the Federal agency; and”.

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

21 (1) by striking paragraph (15);

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

24 (3) by redesignating paragraph (16) as para-
25 graph (15); and

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

2 “(16) provide timely notice to the Adminis-
3 trator of any case or controversy before any Federal
4 judicial or administrative tribunal concerning the
5 STTR program of the Federal agency.”.

6 **SEC. 112. EXPRESS AUTHORITY FOR AN AGENCY TO AWARD**
7 **SEQUENTIAL PHASE II AWARDS FOR SBIR OR**
8 **STTR FUNDED PROJECTS.**

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

12 “(ee) ADDITIONAL PHASE II SBIR AND STTR
13 AWARDS.—A small business concern that receives a Phase
14 II SBIR award or a Phase II STTR award for a project
15 remains eligible to receive an additional Phase II SBIR
16 award or Phase II STTR award for that project.”.

17 **TITLE II—OUTREACH AND COM-**
18 **MERCIALIZATION INITIA-**
19 **TIVES**

20 **SEC. 201. RURAL AND STATE OUTREACH.**

21 (a) IN GENERAL.—Section 9 of the Small Business
22 Act (15 U.S.C. 638) is amended by inserting after sub-
23 section (r) the following:

24 “(s) FEDERAL AND STATE TECHNOLOGY PARTNER-
25 SHIP PROGRAM.—

1 “(1) DEFINITIONS.—In this subsection, the fol-
2 lowing definitions apply:

3 “(A) APPLICANT.—The term ‘applicant’
4 means an entity, organization, or individual
5 that submits a proposal for an award or a coop-
6 erative agreement under this subsection.

7 “(B) FAST PROGRAM.—The term ‘FAST
8 program’ means the Federal and State Tech-
9 nology Partnership Program established under
10 this subsection.

11 “(C) RECIPIENT.—The term ‘recipient’
12 means a person that receives an award or be-
13 comes party to a cooperative agreement under
14 this subsection.

15 “(D) STATE.—The term ‘State’ means
16 each of the several States, the District of Co-
17 lumbia, the Commonwealth of Puerto Rico, the
18 Virgin Islands, Guam, and American Samoa.

19 “(E) DEFINITIONS RELATING TO MEN-
20 TORING NETWORKS.—The terms ‘business ad-
21 vice and counseling’, ‘mentor’, and ‘mentoring
22 network’ have the meanings given those terms
23 in section 34(e).

24 “(2) ESTABLISHMENT OF PROGRAM.—The Ad-
25 ministrators shall establish a program to be known as

1 the Federal and State Technology Partnership Pro-
2 gram, the purpose of which shall be to strengthen
3 the technological competitiveness of small business
4 concerns in the States.

5 “(3) GRANTS AND COOPERATIVE AGREE-
6 MENTS.—

7 “(A) JOINT REVIEW.—In carrying out the
8 FAST program, the Administrator and the pro-
9 gram managers for the SBIR program and
10 STTR program at the National Science Foun-
11 dation, the Department of Defense, and any
12 other Federal agency determined appropriate by
13 the Administrator shall jointly review proposals
14 submitted by applicants and may make awards
15 or enter into cooperative agreements under this
16 subsection based on the factors for consider-
17 ation set forth in subparagraph (B), in order to
18 enhance or develop in a State—

19 “(i) technology research and develop-
20 ment by small business concerns;

21 “(ii) technology transfer from univer-
22 sity research to technology-based small
23 business concerns;

24 “(iii) technology deployment and dif-
25 fusion benefitting small business concerns;

1 “(iv) the technological capabilities of
2 small business concerns through the estab-
3 lishment or operation of consortia com-
4 prised of entities, organizations, or individ-
5 uals, including—

6 “(I) State and local development
7 agencies and entities;

8 “(II) representatives of tech-
9 nology-based small business concerns;

10 “(III) industries and emerging
11 companies;

12 “(IV) universities; and

13 “(V) small business development
14 centers; and

15 “(v) outreach, financial support, and
16 technical assistance to technology-based
17 small business concerns participating in or
18 interested in participating in an SBIR pro-
19 gram or STTR program, including initia-
20 tives—

21 “(I) to make grants or loans to
22 companies to pay a portion or all of
23 the cost of developing SBIR or STTR
24 proposals;

1 “(II) to establish or operate a
2 Mentoring Network within the FAST
3 program to provide business advice
4 and counseling that will assist small
5 business concerns that have been
6 identified by FAST program partici-
7 pants, program managers of partici-
8 pating SBIR agencies, the Adminis-
9 tration, or other entities that are
10 knowledgeable about the SBIR and
11 STTR programs as good candidates
12 for the SBIR and STTR programs,
13 and that would benefit from men-
14 toring, in accordance with section 34;

15 “(III) to create or participate in
16 a training program for individuals
17 providing SBIR or STTR outreach
18 and assistance at the State and local
19 levels; and

20 “(IV) to encourage the commer-
21 cialization of technology developed
22 through funding under the SBIR pro-
23 gram or the STTR program.

24 “(B) SELECTION CONSIDERATIONS.—In
25 making awards or entering into cooperative

1 agreements under this subsection, the Adminis-
2 trator and the program managers referred to in
3 subparagraph (A)—

4 “(i) may only consider proposals by
5 applicants that intend to use a portion of
6 the Federal assistance provided under this
7 subsection to provide outreach, financial
8 support, or technical assistance to tech-
9 nology-based small business concerns par-
10 ticipating in or interested in participating
11 in the SBIR program or STTR program;
12 and

13 “(ii) shall consider, at a minimum—

14 “(I) whether the applicant has
15 demonstrated that the assistance to
16 be provided would address unmet
17 needs of small business concerns in
18 the community, and whether it is im-
19 portant to use Federal funding for the
20 proposed activities;

21 “(II) whether the applicant has
22 demonstrated that a need exists to in-
23 crease the number or success of small
24 high-technology businesses in the
25 State or an area of the State, as

1 measured by the number of Phase I
2 and Phase II SBIR awards that have
3 historically been received by small
4 business concerns in the State or area
5 of the State;

6 “(III) whether the projected costs
7 of the proposed activities are reason-
8 able;

9 “(IV) whether the proposal inte-
10 grates and coordinates the proposed
11 activities with other State and local
12 programs assisting small high-tech-
13 nology firms in the State;

14 “(V) the manner in which the ap-
15 plicant will measure the results of the
16 activities to be conducted; and

17 “(VI) whether the proposal ad-
18 dresses the needs of small business
19 concerns—

20 “(aa) owned and controlled
21 by women;

22 “(bb) that are socially and
23 economically disadvantaged small
24 business concerns (as defined in
25 section 8(a)(4)(A));

1 “(cc) that are HUBZone
2 small business concerns;

3 “(dd) located in areas that
4 have historically not participated
5 in the SBIR and STTR pro-
6 grams;

7 “(ee) owned and controlled
8 by service-disabled veterans;

9 “(ff) owned and controlled
10 by Native Americans; and

11 “(gg) located in geographic
12 areas with an unemployment rate
13 that exceeds the national unem-
14 ployment rate, based on the most
15 recently available monthly publi-
16 cations of the Bureau of Labor
17 Statistics of the Department of
18 Labor.

19 “(C) PROPOSAL LIMIT.—Not more than 1
20 proposal may be submitted for inclusion in the
21 FAST program under this subsection to provide
22 services in any one State in any 1 fiscal year.

23 “(D) PROCESS.—Proposals and applica-
24 tions for assistance under this subsection shall
25 be in such form and subject to such procedures

1 as the Administrator shall establish. The Ad-
2 ministrator shall promulgate regulations estab-
3 lishing standards for the consideration of pro-
4 posals under subparagraph (B), including
5 standards regarding each of the considerations
6 identified in subparagraph (B)(ii).

7 “(4) COOPERATION AND COORDINATION.—In
8 carrying out the FAST program, the Administrator
9 shall cooperate and coordinate with—

10 “(A) Federal agencies required by this sec-
11 tion to have an SBIR program; and

12 “(B) entities, organizations, and individ-
13 uals actively engaged in enhancing or devel-
14 oping the technological capabilities of small
15 business concerns, including—

16 “(i) State and local development agen-
17 cies and entities;

18 “(ii) State committees established
19 under the Experimental Program to Stim-
20 ulate Competitive Research of the National
21 Science Foundation (as established under
22 section 113 of the National Science Foun-
23 dation Authorization Act of 1988 (42
24 U.S.C. 1862g));

1 “(iii) State science and technology
2 councils; and

3 “(iv) representatives of technology-
4 based small business concerns.

5 “(5) ADMINISTRATIVE REQUIREMENTS.—

6 “(A) COMPETITIVE BASIS.—Awards and
7 cooperative agreements under this subsection
8 shall be made or entered into, as applicable, on
9 a competitive basis.

10 “(B) MATCHING REQUIREMENTS.—

11 “(i) IN GENERAL.—The non-Federal
12 share of the cost of an activity (other than
13 a planning activity) carried out using an
14 award or under a cooperative agreement
15 under this subsection shall be—

16 “(I) except as provided in clause
17 (iii), 35 cents for each Federal dollar,
18 in the case of a recipient that will
19 serve small business concerns located
20 in 1 of the 18 States receiving the
21 fewest Phase I SBIR awards;

22 “(II) except as provided in clause
23 (ii) or (iii), 1 dollar for each Federal
24 dollar, in the case of a recipient that
25 will serve small business concerns lo-

1 cated in 1 of the 16 States receiving
2 the greatest number of Phase I SBIR
3 awards; and

4 “(III) except as provided in
5 clause (ii) or (iii), 50 cents for each
6 Federal dollar, in the case of a recipi-
7 ent that will serve small business con-
8 cerns located in a State that is not de-
9 scribed in subclause (I) or (II) that is
10 receiving Phase I SBIR awards.

11 “(ii) LOW-INCOME AREAS.—The non-
12 Federal share of the cost of the activity
13 carried out using an award or under a co-
14 operative agreement under this subsection
15 shall be 35 cents for each Federal dollar
16 that will be directly allocated by a recipient
17 described in clause (i) to serve small busi-
18 ness concerns located in a qualified census
19 tract, as that term is defined in section
20 42(d)(5)(B)(ii)(I) of the Internal Revenue
21 Code of 1986. Federal dollars not so allo-
22 cated by that recipient shall be subject to
23 the matching requirements of clause (i).

24 “(iii) RURAL AREAS.—

1 “(I) IN GENERAL.—Except as
2 provided in subclause (II), the non-
3 Federal share of the cost of the activ-
4 ity carried out using an award or
5 under a cooperative agreement under
6 this subsection shall be 35 cents for
7 each Federal dollar that will be di-
8 rectly allocated by a recipient de-
9 scribed in clause (i) to serve small
10 business concerns located in a rural
11 area.

12 “(II) ENHANCED RURAL
13 AWARDS.—For a recipient located in a
14 rural area that is located in a State
15 described in clause (i)(I), the non-
16 Federal share of the cost of the activ-
17 ity carried out using an award or
18 under a cooperative agreement under
19 this subsection shall be 15 cents for
20 each Federal dollar that will be di-
21 rectly allocated by a recipient de-
22 scribed in clause (i) to serve small
23 business concerns located in the rural
24 area.

1 “(III) DEFINITION OF RURAL
2 AREA.—In this clause, the term ‘rural
3 area’ has the meaning given that term
4 in section 1393(a)(2) of the Internal
5 Revenue Code of 1986.

6 “(iv) TYPES OF FUNDING.—The non-
7 Federal share of the cost of an activity
8 carried out by a recipient shall be com-
9 prised of not less than 50 percent cash and
10 not more than 50 percent of indirect costs
11 and in-kind contributions, except that no
12 such costs or contributions may be derived
13 from funds from any other Federal pro-
14 gram.

15 “(v) RANKINGS.—For the first full
16 fiscal year after the date of enactment of
17 the SBIR/STTR Reauthorization Act of
18 2011, and each fiscal year thereafter,
19 based on the statistics for the most recent
20 full fiscal year for which the Administrator
21 has compiled statistics, the Administrator
22 shall reevaluate the ranking of each State
23 for purposes of clause (i).

24 “(C) DURATION.—Awards may be made or
25 cooperative agreements entered into under this

1 subsection for multiple years, not to exceed 5
2 years in total.

3 “(6) ANNUAL REPORTS.—The Administrator
4 shall submit an annual report to the Committee on
5 Small Business of the Senate and the Committee on
6 Science and the Committee on Small Business of the
7 House of Representatives regarding—

8 “(A) the number and amount of awards
9 provided and cooperative agreements entered
10 into under the FAST program during the pre-
11 ceding year;

12 “(B) a list of recipients under this sub-
13 section, including their location and the activi-
14 ties being performed with the awards made or
15 under the cooperative agreements entered into;
16 and

17 “(C) the Mentoring Networks and the
18 mentoring database, as provided for under sec-
19 tion 34, including—

20 “(i) the status of the inclusion of
21 mentoring information in the database re-
22 quired by subsection (k); and

23 “(ii) the status of the implementation
24 and description of the usage of the Men-
25 toring Networks.

1 “(7) PROGRAM LEVELS.—

2 “(A) IN GENERAL.—There is authorized to
3 be appropriated to carry out the FAST pro-
4 gram, including Mentoring Networks, under
5 this subsection and section 34, \$15,000,000 for
6 each of fiscal years 2011 through 2016.

7 “(B) MENTORING DATABASE.—Of the
8 total amount made available under subpara-
9 graph (A) for fiscal years 2011 through 2016,
10 a reasonable amount, not to exceed a total of
11 \$500,000, may be used by the Administration
12 to carry out section 34(d).

13 “(8) TERMINATION.—The authority to carry
14 out the FAST program under this subsection shall
15 terminate on September 30, 2016.”.

16 (b) TECHNICAL AND CONFORMING AMENDMENTS.—
17 The Small Business Act (15 U.S.C. 631 et seq.) is amend-
18 ed—

19 (1) by striking section 34 (15 U.S.C. 657d);

20 (2) by redesignating sections 35 through 43 as
21 sections 34 through 42, respectively;

22 (3) in section 9(k)(1)(D) (15 U.S.C.
23 638(k)(1)(D)), by striking “section 35(d)” and in-
24 serting “section 34(d)”;

1 (4) in section 34 (15 U.S.C. 657e), as so redesi-
2 gnated—

3 (A) in subsection (c)(1), by striking “sec-
4 tion 34(c)(1)(E)(ii)” and inserting “section
5 9(s)(3)(A)(v)(II)”;

6 (B) by striking “section 34” each place it
7 appears and inserting “section 9(s)”; and

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

9 “(e) DEFINITIONS.—In this section, the following
10 definitions apply:

11 “(1) BUSINESS ADVICE AND COUNSELING.—
12 The term ‘business advice and counseling’ means
13 providing advice and assistance on matters described
14 in subsection (c)(2)(B) to small business concerns to
15 guide them through the SBIR and STTR program
16 process, from application to award and successful
17 completion of each phase of the program.

18 “(2) FAST PROGRAM.—The term ‘FAST pro-
19 gram’ means the Federal and State Technology
20 Partnership Program established under section 9(s).

21 “(3) MENTOR.—The term ‘mentor’ means an
22 individual described in subsection (c)(2).

23 “(4) MENTORING NETWORK.—The term ‘Men-
24 toring Network’ means an association, organization,

1 coalition, or other entity (including an individual)
2 that meets the requirements of subsection (c).

3 “(5) RECIPIENT.—The term ‘recipient’ means a
4 person that receives an award or becomes party to
5 a cooperative agreement under this section.

6 “(6) SBIR PROGRAM.—The term ‘SBIR pro-
7 gram’ has the same meaning as in section 9(e)(4).

8 “(7) STATE.—The term ‘State’ means each of
9 the several States, the District of Columbia, the
10 Commonwealth of Puerto Rico, the Virgin Islands,
11 Guam, and American Samoa.

12 “(8) STTR PROGRAM.—The term ‘STTR pro-
13 gram’ has the same meaning as in section 9(e)(6).”;

14 (5) in section 36(d) (15 U.S.C. 657i(d)), as so
15 redesignated, by striking “section 43” and inserting
16 “section 42”;

17 (6) in section 39(d) (15 U.S.C. 657l(d)), as so
18 redesignated, by striking “section 43” and inserting
19 “section 42”; and

20 (7) in section 40(b) (15 U.S.C. 657m(b)), as so
21 redesignated, by striking “section 43” and inserting
22 “section 42”.

1 **SEC. 202. SBIR-STEM WORKFORCE DEVELOPMENT GRANT**
2 **PILOT PROGRAM.**

3 (a) **PILOT PROGRAM ESTABLISHED.**—From amounts
4 made available to carry out this section, the Administrator
5 shall establish a **SBIR-STEM Workforce Development**
6 **Grant Pilot Program** to encourage the business commu-
7 nity to provide workforce development opportunities for
8 college students, in the fields of science, technology, engi-
9 neering, and math (in this section referred to as “**STEM**
10 **college students**”), particularly those that are socially and
11 economically disadvantaged individuals, from rural areas,
12 or from areas with high unemployment, as determined by
13 the Administrator, by providing a **SBIR bonus grant**.

14 (b) **ELIGIBLE ENTITIES DEFINED.**—In this section
15 the term “**eligible entity**” means a grantee receiving a
16 grant under the **SBIR Program** on the date of the bonus
17 grant under subsection (a) that provides an internship
18 program for **STEM college students**.

19 (c) **AWARDS.**—An eligible entity shall receive a bonus
20 grant equal to 10 percent of either a **Phase I** or **Phase**
21 **II grant**, as applicable, with a total award maximum of
22 not more than \$10,000 per year.

23 (d) **EVALUATION.**—Following the fourth year of
24 funding under this section, the Administrator shall submit
25 to Congress as part of the report under section 9(b)(7)
26 of the **Small Business Act (15 U.S.C. 638(b)(7))** the re-

1 sults of the ~~SBIR-STEM~~ Workforce Development Grant
 2 Pilot Program.

3 (c) ~~AUTHORIZATION OF APPROPRIATIONS.~~—There
 4 are authorized to be appropriated to carry out this sec-
 5 tion—

6 (1) ~~\$1,000,000 for fiscal year 2012;~~

7 (2) ~~\$1,000,000 for fiscal year 2013;~~

8 (3) ~~\$1,000,000 for fiscal year 2014;~~

9 (4) ~~\$1,000,000 for fiscal year 2015; and~~

10 (5) ~~\$1,000,000 for fiscal year 2016.~~

11 **SEC. 203202. TECHNICAL ASSISTANCE FOR AWARDEES.**

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

14 (1) in paragraph (1)—

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

17 (B) by striking “SBIR projects” and in-
 18 serting “SBIR or STTR projects”;

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

21 (3) in paragraph (3)—

22 (A) in subparagraph (A)—

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

1 (ii) by striking “\$4,000” and insert-
2 ing “\$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
8 Phase II SBIR or STTR award, through a
9 vendor selected under paragraph (2), the
10 services described in paragraph (1), in an
11 amount equal to not more than \$5,000 per
12 year; or

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

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

21 “(C) FLEXIBILITY.—In carrying out sub-
22 paragraphs (A) and (B), each Federal agency
23 shall provide the allowable amounts to a recipi-
24 ent that meets the eligibility requirements
25 under the applicable subparagraph, if the re-

1 recipient requests to seek technical assistance
 2 from an individual or entity other than the ven-
 3 dor selected under paragraph (2) by the Fed-
 4 eral agency.

5 “(D) LIMITATION.—A Federal agency may
 6 not—

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

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

16 **SEC. 204203. COMMERCIALIZATION READINESS PROGRAM**
 17 **AT DEPARTMENT OF DEFENSE.**

18 (a) IN GENERAL.—Section 9(y) of the Small Busi-
 19 ness Act (15 U.S.C. 638(y)) is amended—

20 (1) in the subsection heading, by striking
 21 “PILOT” and inserting “READINESS”;

22 (2) by striking “Pilot” each place that term ap-
 23 pears and inserting “Readiness”;

24 (3) in paragraph (1)—

1 (A) by inserting “or Small Business Tech-
2 nology Transfer Program” after “Small Busi-
3 ness Innovation Research Program”; and

4 (B) by adding at the end the following:
5 “The authority to create and administer a Com-
6 mercialization Readiness Program under this
7 subsection may not be construed to eliminate or
8 replace any other SBIR program or STTR pro-
9 gram that enhances the insertion or transition
10 of SBIR or STTR technologies, including any
11 such program in effect on the date of enact-
12 ment of the National Defense Authorization Act
13 for Fiscal Year 2006 (Public Law 109–163;
14 119 Stat. 3136).”;

15 (4) in paragraph (2), by inserting “or Small
16 Business Technology Transfer Program” after
17 “Small Business Innovation Research Program”;

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

19 (6) by inserting after paragraph (4) the fol-
20 lowing:

21 “(5) INSERTION INCENTIVES.—For any con-
22 tract with a value of not less than \$100,000,000, the
23 Secretary of Defense is authorized to—

1 “(A) establish goals for the transition of
2 Phase III technologies in subcontracting plans;
3 and

4 “(B) require a prime contractor on such a
5 contract to report the number and dollar
6 amount of contracts entered into by that prime
7 contractor for Phase III SBIR or STTR
8 projects.

9 “(6) GOAL FOR SBIR AND STTR TECHNOLOGY
10 INSERTION.—The Secretary of Defense shall—

11 “(A) set a goal to increase the number of
12 Phase II SBIR contracts and the number of
13 Phase II STTR contracts awarded by that Sec-
14 retary that lead to technology transition into
15 programs of record or fielded systems;

16 “(B) use incentives in effect on the date of
17 enactment of the SBIR/STTR Reauthorization
18 Act of 2011, or create new incentives, to en-
19 courage agency program managers and prime
20 contractors to meet the goal under subpara-
21 graph (A); and

22 “(C) include in the annual report to Con-
23 gress the percentage of contracts described in
24 subparagraph (A) awarded by that Secretary,
25 and information on the ongoing status of

1 projects funded through the Commercialization
2 Readiness Program and efforts to transition
3 these technologies into programs of record or
4 fielded systems.”.

5 (b) TECHNICAL AND CONFORMING AMENDMENT.—
6 Section 9(i)(1) of the Small Business Act (15 U.S.C.
7 638(i)(1)) is amended by inserting “(including awards
8 under subsection (y))” after “the number of awards”.

9 **SEC. 205204. COMMERCIALIZATION READINESS PILOT PRO-**
10 **GRAM FOR CIVILIAN AGENCIES.**

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

14 “(ff) PILOT PROGRAM.—

15 “(1) AUTHORIZATION.—The head of each cov-
16 ered Federal agency may allocate not more than 10
17 percent of the funds allocated to the SBIR program
18 and the STTR program of the covered Federal agen-
19 cy—

20 “(A) for awards for technology develop-
21 ment, testing, and evaluation of SBIR and
22 STTR Phase II technologies; or

23 “(B) to support the progress of research or
24 research and development conducted under the
25 SBIR or STTR programs to Phase III.

1 “(2) APPLICATION BY FEDERAL AGENCY.—

2 “(A) IN GENERAL.—A covered Federal
3 agency may not establish a pilot program unless
4 the covered Federal agency makes a written ap-
5 plication to the Administrator, not later than
6 90 days before to the first day of the fiscal year
7 in which the pilot program is to be established,
8 that describes a compelling reason that addi-
9 tional investment in SBIR or STTR tech-
10 nologies is necessary, including unusually high
11 regulatory, systems integration, or other costs
12 relating to development or manufacturing of
13 identifiable, highly promising small business
14 technologies or a class of such technologies ex-
15 pected to substantially advance the mission of
16 the agency.

17 “(B) DETERMINATION.—The Adminis-
18 trator shall—

19 “(i) make a determination regarding
20 an application submitted under subpara-
21 graph (A) not later than 30 days before
22 the first day of the fiscal year for which
23 the application is submitted;

24 “(ii) publish the determination in the
25 Federal Register; and

1 “(iii) make a copy of the determina-
2 tion and any related materials available to
3 the Committee on Small Business and En-
4 trepreneurship of the Senate and the Com-
5 mittee on Small Business of the House of
6 Representatives.

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

12 “(4) REGISTRATION.—Any applicant that re-
13 ceives an award under a pilot program shall register
14 with the Administrator in a registry that is available
15 to the public.

16 “(5) REPORT.—The head of each covered Fed-
17 eral agency shall include in the annual report of the
18 covered Federal agency to the Administrator an
19 analysis of the various activities considered for inclu-
20 sion in the pilot program of the covered Federal
21 agency and a statement of the reasons why each ac-
22 tivity considered was included or not included, as the
23 case may be.

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

4 “(7) DEFINITIONS.—In this subsection—

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

6 “(i) means a Federal agency partici-
7 pating 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. 206205. ACCELERATING CURES.**

14 (a) IN GENERAL.—The Small Business Act (15
15 U.S.C. 631 et seq.) is amended by inserting after section
16 42, as redesignated by section 201 of this Act, the fol-
17 lowing:

18 **“SEC. 43. SMALL BUSINESS INNOVATION RESEARCH PRO-**
19 **GRAM.**

20 “(a) NIH CURES PILOT.—

21 “(1) ESTABLISHMENT.—An independent advi-
22 sory board shall be established at the National Acad-
23 emy of Sciences (in this section referred to as the
24 ‘advisory board’) to conduct periodic evaluations of
25 the SBIR program (as that term is defined in sec-

1 tion 9) of each of the National Institutes of Health
2 (referred to in this section as the ‘NIH’) institutes
3 and centers for the purpose of improving the man-
4 agement of the SBIR program through data-driven
5 assessment.

6 “(2) MEMBERSHIP.—

7 “(A) IN GENERAL.—The advisory board
8 shall consist of—

9 “(i) the Director of the NIH;

10 “(ii) the Director of the SBIR pro-
11 gram of the NIH;

12 “(iii) senior NIH agency managers,
13 selected by the Director of NIH;

14 “(iv) industry experts, selected by the
15 Council of the National Academy of
16 Sciences in consultation with the Associate
17 Administrator for Technology of the Ad-
18 ministration and the Director of the Office
19 of Science and Technology Policy; and

20 “(v) owners or operators of small
21 business concerns that have received an
22 award under the SBIR program of the
23 NIH, selected by the Associate Adminis-
24 trator for Technology of the Administra-
25 tion.

1 “(B) NUMBER OF MEMBERS.—The total
2 number of members selected under clauses (iii),
3 (iv), and (v) of subparagraph (A) shall not ex-
4 ceed 10.

5 “(C) EQUAL REPRESENTATION.—The total
6 number of members of the advisory board se-
7 lected under clauses (i), (ii), (iii), and (iv) of
8 subparagraph (A) shall be equal to the number
9 of members of the advisory board selected
10 under subparagraph (A)(v).

11 “(b) ADDRESSING DATA GAPS.—In order to enhance
12 the evidence-base guiding SBIR program decisions and
13 changes, the Director of the SBIR program of the NIH
14 shall address the gaps and deficiencies in the data collec-
15 tion concerns identified in the 2007 report of the National
16 Academy of Science entitled ‘An Assessment of the Small
17 Business Innovation Research Program at the NIH’.

18 “(c) PILOT PROGRAM.—

19 “(1) IN GENERAL.—The Director of the SBIR
20 program of the NIH may initiate a pilot program,
21 under a formal mechanism for designing, imple-
22 menting, and evaluating pilot programs, to spur in-
23 novation and to test new strategies that may en-
24 hance the development of cures and therapies.

1 “(2) CONSIDERATIONS.—The Director of the
2 SBIR program of the NIH may consider conducting
3 a pilot program to include individuals with success-
4 ful SBIR program experience in study sections, hir-
5 ing individuals with small business development ex-
6 perience for staff positions, separating the commer-
7 cial and scientific review processes, and examining
8 the impact of the trend toward larger awards on the
9 overall program.

10 “(d) REPORT TO CONGRESS.—The Director of the
11 NIH shall submit an annual report to Congress and the
12 advisory board on the activities of the SBIR program of
13 the NIH under this section.

14 “(e) SBIR GRANTS AND CONTRACTS.—

15 “(1) IN GENERAL.—In awarding grants and
16 contracts under the SBIR program of the NIH each
17 SBIR program manager shall emphasize applica-
18 tions that identify products, processes, technologies,
19 and services that may enhance the development of
20 cures and therapies.

21 “(2) EXAMINATION OF COMMERCIALIZATION
22 AND OTHER METRICS.—The advisory board shall
23 evaluate the implementation of the requirement
24 under paragraph (1) by examining increased com-

1 mercialization and other metrics, to be determined
2 and collected by the SBIR program of the NIH.

3 “(3) PHASE I AND II.—To the greatest extent
4 practicable, the Director of the SBIR program of
5 the NIH shall reduce the time period between Phase
6 I and Phase II funding of grants and contracts
7 under the SBIR program of the NIH to 90 days.

8 “(f) LIMIT.—Not more than a total of 1 percent of
9 the extramural budget (as defined in section 9 of the
10 Small Business Act (15 U.S.C. 638)) of the NIH for re-
11 search or research and development may be used for the
12 pilot program under subsection (c) and to carry out sub-
13 section (e).”.

14 (b) PROSPECTIVE REPEAL.—Effective 5 years after
15 the date of enactment of this Act, the Small Business Act
16 (15 U.S.C. 631 et seq.) is amended—

17 (1) by striking section 43, as added by sub-
18 section (a); and

19 (2) by redesignating sections 44 and 45 as sec-
20 tions 43 and 44, respectively.

1 **SEC. 207206. FEDERAL AGENCY ENGAGEMENT WITH SBIR**
2 **AND STTR AWARDEES THAT HAVE BEEN**
3 **AWARDED MULTIPLE PHASE I AWARDS BUT**
4 **HAVE NOT BEEN AWARDED PHASE II**
5 **AWARDS.**

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

9 “(gg) REQUIREMENTS RELATING TO FEDERAL
10 AGENCY ENGAGEMENT WITH CERTAIN PHASE I SBIR
11 AND STTR AWARDEES.—

12 “(1) DEFINITION.—In this subsection, the term
13 ‘covered awardee’ means a small business concern
14 that—

15 “(A) has received multiple Phase I awards
16 over multiple years, as determined by the head
17 of a Federal agency, under the SBIR program
18 or the STTR program of the Federal agency;
19 and

20 “(B) has not received a Phase II award—

21 “(i) under the SBIR program or
22 STTR program, as the case may be, of the
23 Federal agency described in subparagraph
24 (A); or

25 “(ii) relating to a Phase I award de-
26 scribed in subparagraph (A) under the

1 SBIR program or the STTR program of
2 another Federal agency.

3 “(2) PERFORMANCE MEASURES.—The head of
4 each Federal agency that participates in the SBIR
5 program or the STTR program shall develop per-
6 formance measures for any covered awardee relating
7 to commercializing research or research and develop-
8 ment activities under the SBIR program or the
9 STTR program of the Federal agency.”.

10 **SEC. 208207. 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)) is amended—

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

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

23 (3) in paragraph (8), by striking “and” at the
24 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 com-
11 mercial markets;”.

12 (b) TECHNICAL AND CONFORMING AMENDMENTS.—

13 The Small Business Act (15 U.S.C. 631 et seq.) is amend-
14 ed—

15 (1) in section 9 (15 U.S.C. 638)—

16 (A) in subsection (e)—

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

20 (ii) in paragraph (9), by striking “the
21 second or the third phase” and inserting
22 “Phase II or Phase III”; and

23 (iii) by adding at the end the fol-
24 lowing:

25 “(11) the term ‘Phase I’ means—

1 “(A) with respect to the SBIR program,
2 the first phase described in paragraph (4)(A);
3 and

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

6 “(12) the term ‘Phase II’ means—

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

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

13 “(13) the term ‘Phase III’ means—

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

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

20 (B) in subsection (j)—

21 (i) in paragraph (1)(B), by striking
22 “phase two” and inserting “Phase II”;

23 (ii) in paragraph (2)—

24 (I) in subparagraph (B)—

1 (aa) by striking “the third
2 phase” each place it appears and
3 inserting “Phase III”; and

4 (bb) by striking “the second
5 phase” and inserting “Phase II”;
6 (II) in subparagraph (D)—

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

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

12 (III) in subparagraph (F), by
13 striking “the third phase” and insert-
14 ing “Phase III”;

15 (IV) in subparagraph (G)—

16 (aa) by striking “the first
17 phase” and inserting “Phase I”;
18 and

19 (bb) by striking “the second
20 phase” and inserting “Phase II”;

21 and

22 (V) in subparagraph (H)—

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

1 (bb) by striking “second
2 phase” each place it appears and
3 inserting “Phase II”; and

4 (cc) by striking “third
5 phase” and inserting “Phase
6 III”; and

7 (iii) in paragraph (3)—

8 (I) in subparagraph (A)—

9 (aa) by striking “the first
10 phase (as described in subsection
11 (e)(4)(A))” and inserting “Phase
12 I”;

13 (bb) by striking “the second
14 phase (as described in subsection
15 (e)(4)(B))” and inserting “Phase
16 II”; and

17 (cc) by striking “the third
18 phase (as described in subsection
19 (e)(4)(C))” and inserting “Phase
20 III”; and

21 (II) in subparagraph (B), by
22 striking “second phase” and inserting
23 “Phase II”;

24 (C) in subsection (k)—

- 1 (i) by striking “first phase” each
2 place it appears and inserting “Phase I”;
3 and
- 4 (ii) by striking “second phase” each
5 place it appears and inserting “Phase II”;
6 (D) in subsection (l)(2)—
- 7 (i) by striking “the first phase” and
8 inserting “Phase I”; and
- 9 (ii) by striking “the second phase”
10 and inserting “Phase II”;
11 (E) in subsection (o)(13)—
- 12 (i) in subparagraph (B), by striking
13 “second phase” and inserting “Phase II”;
14 and
- 15 (ii) in subparagraph (C), by striking
16 “third phase” and inserting “Phase III”;
17 (F) in subsection (p)—
- 18 (i) in paragraph (2)(B)—
- 19 (I) in clause (vi)—
- 20 (aa) by striking “the second
21 phase” and inserting “Phase II”;
22 and
- 23 (bb) by striking “the third
24 phase” and inserting “Phase
25 III”; and

1 (II) in clause (ix)—

2 (aa) by striking “the first
3 phase” and inserting “Phase I”;

4 and

5 (bb) by striking “the second
6 phase” and inserting “Phase II”;

7 and

8 (ii) in paragraph (3)—

9 (I) by striking “the first phase
10 (as described in subsection
11 (e)(6)(A))” and inserting “Phase I”;

12 (II) by striking “the second
13 phase (as described in subsection
14 (e)(6)(B))” and inserting “Phase II”;

15 and

16 (III) by striking “the third phase
17 (as described in subsection
18 (e)(6)(A))” and inserting “Phase III”;

19 (G) in subsection (q)(3)—

20 (i) in subparagraph (A)—

21 (I) in the subparagraph heading,
22 by striking “FIRST PHASE” and in-
23 serting “PHASE I”; and

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

1 (ii) in subparagraph (B)—

2 (I) in the subparagraph heading,
3 by striking “SECOND PHASE” and in-
4 serting “PHASE II”; and

5 (II) by striking “second phase”
6 and inserting “Phase II”;

7 (H) in subsection (r)—

8 (i) in the subsection heading, by strik-
9 ing “THIRD PHASE” and inserting
10 “PHASE III”;

11 (ii) in paragraph (1)—

12 (I) in the first sentence—

13 (aa) by striking “for the sec-
14 ond phase” and inserting “for
15 Phase II”;

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

19 (cc) by striking “second
20 phase period” and inserting
21 “Phase II period”; and

22 (II) in the second sentence—

23 (aa) by striking “second
24 phase” and inserting “Phase II”;
25 and

1 (bb) by striking “third
2 phase” and inserting “Phase
3 III”; and

4 (iii) in paragraph (2), by striking
5 “third phase” and inserting “Phase III”;
6 and

7 (I) in subsection (u)(2)(B), by striking
8 “the first phase” and inserting “Phase I”; and
9 (2) in section 34(c)(2)(B)(vii) (15 U.S.C.
10 657e(c)(2)(B)(vii)), as redesignated by section 201
11 of this Act, by striking “third phase” and inserting
12 “Phase III”.

13 **SEC. 209208. SHORTENED PERIOD FOR FINAL DECISIONS**
14 **ON PROPOSALS AND APPLICATIONS.**

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

17 (1) in subsection (g)(4)—

18 (A) by inserting “(A)” after “(4)”;

19 (B) by adding “and” after the semicolon
20 at the end; and

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

22 “(B) make a final decision on each proposal
23 submitted under the SBIR program—

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

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

5 (2) in subsection (o)(4)—

6 (A) by inserting “(A)” after “(4)”;

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

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

10 “(B) make a final decision on each proposal
11 submitted under the STTR program—

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

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

18 (b) NIH PEER REVIEW PROCESS.—

19 (1) IN GENERAL.—Section 9 of the Small Busi-
20 ness Act (15 U.S.C. 638), as amended by this Act,
21 is amended by adding at the end the following:

22 “(hh) NIH PEER REVIEW PROCESS.—The Director
23 of the National Institutes of Health may make an award
24 under the SBIR program or the STTR program of the
25 National Institutes of Health if the application for the

1 award has undergone technical and scientific peer review
2 under section 492 of the Public Health Service Act (42
3 U.S.C. 289a).”.

4 (2) TECHNICAL AND CONFORMING AMEND-
5 MENTS.—Section 105 of the National Institutes of
6 Health Reform Act of 2006 (42 U.S.C. 284n) is
7 amended—

8 (A) in subsection (a)(3)—

9 (i) by striking “A grant” and insert-
10 ing “Except as provided in section 9(hh) of
11 the Small Business Act (15 U.S.C.
12 638(hh)), a grant”; and

13 (ii) by striking “section 402(k)” and
14 all that follows through “Act)” and insert-
15 ing “section 402(l) of such Act”; and

16 (B) in subsection (b)(5)—

17 (i) by striking “A grant” and insert-
18 ing “Except as provided in section 9(hh) of
19 the Small Business Act (15 U.S.C.
20 638(hh)), a grant”; and

21 (ii) by striking “section 402(k)” and
22 all that follows through “Act)” and insert-
23 ing “section 402(l) of such Act”.

1 **TITLE III—OVERSIGHT AND**
2 **EVALUATION**

3 **SEC. 301. STREAMLINING ANNUAL EVALUATION REQUIRE-**
4 **MENTS.**

5 Section 9(b) of the Small Business Act (15 U.S.C.
6 638(b)), as amended by section 102 of this Act, is amend-
7 ed—

8 (1) in paragraph (7)—

9 (A) by striking “STTR programs, includ-
10 ing the data” and inserting the following:
11 “STTR programs, including—

12 “(A) the data”;

13 (B) by striking “(g)(10), (o)(9), and
14 (o)(15), the number” and all that follows
15 through “under each of the SBIR and STTR
16 programs, and a description” and inserting the
17 following: “(g)(8) and (o)(9); and

18 “(B) the number of proposals received
19 from, and the number and total amount of
20 awards to, HUBZone small business concerns
21 and firms with venture capital investment (in-
22 cluding those majority-owned by multiple ven-
23 ture capital operating companies) under each of
24 the SBIR and STTR programs;

1 “(C) a description of the extent to which
2 each Federal agency is increasing outreach and
3 awards to firms owned and controlled by women
4 and social or economically disadvantaged indi-
5 viduals under each of the SBIR and STTR pro-
6 grams;

7 “(D) general information about the imple-
8 mentation of, and compliance with the alloca-
9 tion of funds required under, subsection (cc) for
10 firms owned in majority part by venture capital
11 operating companies and participating in the
12 SBIR program;

13 “(E) a detailed description of appeals of
14 Phase III awards and notices of noncompliance
15 with the SBIR Policy Directive and the STTR
16 Policy Directive filed by the Administrator with
17 Federal agencies; and

18 “(F) a description”; and

19 (2) by inserting after paragraph (7) the fol-
20 lowing:

21 “(8) to coordinate the implementation of elec-
22 tronic databases at each of the Federal agencies par-
23 ticipating in the SBIR program or the STTR pro-
24 gram, including the technical ability of the partici-
25 pating agencies to electronically share data;”.

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

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

4 (1) by striking paragraph (10);

5 (2) by redesignating paragraphs (8) and (9) as
6 paragraphs (9) and (10), respectively; and

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

9 “(8) collect annually, and maintain in a com-
10 mon format in accordance with the simplified report-
11 ing requirements under subsection (v), such informa-
12 tion from awardees as is necessary to assess the
13 SBIR program, including information necessary to
14 maintain the database described in subsection (k),
15 including—

16 “(A) whether an awardee—

17 “(i) has venture capital or is majority-
18 owned by multiple venture capital oper-
19 ating companies, and, if so—

20 “(I) the amount of venture cap-
21 ital that the awardee has received as
22 of the date of the award; and

23 “(II) the amount of additional
24 capital that the awardee has invested
25 in the SBIR technology;

26 “(ii) has an investor that—

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

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

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

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

17 “(v) received assistance under the
18 FAST program under section 34, as in ef-
19 fect on the day before the date of enact-
20 ment of the SBIR/STTR Reauthorization
21 Act of 2011, or the outreach program
22 under subsection (s);

23 “(vi) is a faculty member or a student
24 of an institution of higher education, as
25 that term is defined in section 101 of the

1 Higher Education Act of 1965 (20 U.S.C.
2 1001); or

3 “(vii) is located in a State described
4 in subsection (u)(3); and

5 “(B) a justification statement from the
6 agency, if an awardee receives an award in an
7 amount that is more than the award guidelines
8 under this section;”.

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

10 Section 9(o) of the Small Business Act (15 U.S.C.
11 638(o)) is amended by striking paragraph (9) and insert-
12 ing the following:

13 “(9) collect annually, and maintain in a com-
14 mon format in accordance with the simplified report-
15 ing requirements under subsection (v), such informa-
16 tion from applicants and awardees as is necessary to
17 assess the STTR program outputs and outcomes, in-
18 cluding information necessary to maintain the data-
19 base described in subsection (k), including—

20 “(A) whether an applicant or awardee—

21 “(i) has venture capital or is majority-
22 owned by multiple venture capital oper-
23 ating companies, and, if so—

24 “(I) the amount of venture cap-
25 ital that the applicant or awardee has

1 received as of the date of the applica-
2 tion or award, as applicable; and

3 “(II) the amount of additional
4 capital that the applicant or awardee
5 has invested in the SBIR technology;

6 “(ii) has an investor that—

7 “(I) is an individual who is not a
8 citizen of the United States or a law-
9 ful permanent resident of the United
10 States, and if so, the name of any
11 such individual; or

12 “(II) is a person that is not an
13 individual and is not organized under
14 the laws of a State or the United
15 States, and if so the name of any such
16 person;

17 “(iii) is owned by a woman or has a
18 woman as a principal investigator;

19 “(iv) is owned by a socially or eco-
20 nomically disadvantaged individual or has
21 a socially or economically disadvantaged
22 individual as a principal investigator;

23 “(v) received assistance under the
24 FAST program under section 34 or the
25 outreach program under subsection (s);

1 “(vi) is a faculty member or a student
2 of an institution of higher education, as
3 that term is defined in section 101 of the
4 Higher Education Act of 1965 (20 U.S.C.
5 1001); or

6 “(vii) is located in a State in which
7 the total value of contracts awarded to
8 small business concerns under all STTR
9 programs is less than the total value of
10 contracts awarded to small business con-
11 cerns in a majority of other States, as de-
12 termined by the Administrator in biennial
13 fiscal years, beginning with fiscal year
14 2008, based on the most recent statistics
15 compiled by the Administrator; and

16 “(B) if an awardee receives an award in an
17 amount that is more than the award guidelines
18 under this section, a statement from the agency
19 that justifies the award amount;”.

20 **SEC. 304. PUBLIC DATABASE.**

21 Section 9(k)(1) of the Small Business Act (15 U.S.C.
22 638(k)(1)) is amended—

23 (1) in subparagraph (D), by striking “and” at
24 the end;

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

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

4 “(F) for each small business concern that
5 has received a Phase I or Phase II SBIR or
6 STTR award from a Federal agency, whether
7 the small business concern—

8 “(i) has venture capital and, if so,
9 whether the small business concern is reg-
10 istered as majority-owned by multiple ven-
11 ture capital operating companies as re-
12 quired under subsection (cc)(4);

13 “(ii) is owned by a woman or has a
14 woman as a principal investigator;

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

19 “(iv) received assistance under the
20 FAST program under section 34, as in ef-
21 fect on the day before the date of enact-
22 ment of the SBIR/STTR Reauthorization
23 Act of 2011, or the outreach program
24 under subsection (s); or

1 “(v) is owned by a faculty member or
2 a student of an institution of higher edu-
3 cation, as that term is defined in section
4 101 of the Higher Education Act of 1965
5 (20 U.S.C. 1001).”.

6 **SEC. 305. GOVERNMENT DATABASE.**

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

9 (1) in paragraph (2)—

10 (A) in the matter preceding subparagraph
11 (A), by striking “Not later” and all that follows
12 through “Act of 2000” and inserting “Not later
13 than 90 days after the date of enactment of the
14 SBIR/STTR Reauthorization Act of 2011”;

15 (B) by striking subparagraph (C);

16 (C) by redesignating subparagraphs (A)
17 and (B) as subparagraphs (B) and (C), respec-
18 tively;

19 (D) by inserting before subparagraph (B),
20 as so redesignated, the following:

21 “(A) contains, for each small business con-
22 cern that applies for, submits a proposal for, or
23 receives an award under Phase I or Phase II of
24 the SBIR program or the STTR program—

- 1 “(i) the name, size, and location, and
2 an identifying number assigned by the Ad-
3 ministration of the small business concern;
4 “(ii) an abstract of the project;
5 “(iii) the specific aims of the project;
6 “(iv) the number of employees of the
7 small business concern;
8 “(v) the names of key individuals that
9 will carry out the project;
10 “(vi) the percentage of effort each in-
11 dividual described in clause (iv) will con-
12 tribute to the project;
13 “(vii) whether the small business con-
14 cern is majority-owned by multiple venture
15 capital operating companies; and
16 “(viii) the Federal agency to which
17 the application is made, and contact infor-
18 mation for the person or office within the
19 Federal agency that is responsible for re-
20 viewing applications and making awards
21 under the SBIR program or the STTR
22 program;”;
23 (E) by redesignating subparagraphs (D),
24 and (E) as subparagraphs (E) and (F), respec-
25 tively;

1 (F) by inserting after subparagraph (C),
2 as so redesignated, the following:

3 “(D) includes, for each awardee—

4 “(i) the name, size, location, and any
5 identifying number assigned to the award-
6 ee by the Administrator;

7 “(ii) whether the awardee has venture
8 capital, and, if so—

9 “(I) the amount of venture cap-
10 ital as of the date of the award;

11 “(II) the percentage of ownership
12 of the awardee held by a venture cap-
13 ital operating company, including
14 whether the awardee is majority-
15 owned by multiple venture capital op-
16 erating companies; and

17 “(III) the amount of additional
18 capital that the awardee has invested
19 in the SBIR technology, which infor-
20 mation shall be collected on an annual
21 basis;

22 “(iii) the names and locations of any
23 affiliates of the awardee;

24 “(iv) the number of employees of the
25 awardee;

1 “(v) the number of employees of the
2 affiliates of the awardee; and

3 “(vi) the names of, and the percent-
4 age of ownership of the awardee held by—

5 “(I) any individual who is not a
6 citizen of the United States or a law-
7 ful permanent resident of the United
8 States; or

9 “(II) any person that is not an
10 individual and is not organized under
11 the laws of a State or the United
12 States;”;

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

15 (H) in subparagraph (F), as so redesign-
16 ated, by striking the period at the end and in-
17 serting “; and”; and

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

19 “(G) includes a timely and accurate list of
20 any individual or small business concern that
21 has participated in the SBIR program or STTR
22 program that has committed fraud, waste, or
23 abuse relating to the SBIR program or STTR
24 program.”; 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
5 Federal agency for submitting applications or
6 proposals for a Phase I or Phase II award
7 under the SBIR program or STTR program,
8 the head of the Federal agency shall submit to
9 the Administrator the data required under
10 paragraph (2) with respect to each small busi-
11 ness concern that applies or submits a proposal
12 for the Phase I or Phase II award.”.

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

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

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

22 (A) determine whether Federal agencies
23 comply with the expenditure amount require-
24 ments under subsections (f)(1) and (n)(1) of

1 section 9 of the Small Business Act (15 U.S.C.
2 638), as amended by this Act;

3 (B) assess the extent of compliance with
4 the requirements of section 9(i)(2) of the Small
5 Business Act (15 U.S.C. 638(i)(2)) by Federal
6 agencies participating in the SBIR program or
7 the STTR program and the Administration;

8 (C) assess whether it would be more con-
9 sistent and effective to base the amount of the
10 allocations under the SBIR program and the
11 STTR program on a percentage of the research
12 and development budget of a Federal agency,
13 rather than the extramural budget of the Fed-
14 eral agency; and

15 (D) determine the portion of the extra-
16 mural research or research and development
17 budget of a Federal agency that each Federal
18 agency spends for administrative purposes re-
19 lating to the SBIR program or STTR program,
20 and for what specific purposes, including the
21 portion, if any, of such budget the Federal
22 agency spends for salaries and expenses, travel
23 to visit applicants, outreach events, marketing,
24 and technical assistance; and

1 (2) submit a report to the Committee on Small
2 Business and Entrepreneurship of the Senate and
3 the Committee on Small Business of the House of
4 Representatives regarding the audit conducted under
5 paragraph (1), including the assessments required
6 under subparagraphs (B) and (C), and the deter-
7 mination made under subparagraph (D) of para-
8 graph (1).

9 (b) DEFINITION OF APPLICABLE PERIOD.—In this
10 section, the term “applicable period” means—

11 (1) for the first report submitted under this
12 section, the period beginning on October 1, 2005,
13 and ending on September 30 of the last full fiscal
14 year before the date of enactment of this Act for
15 which information is available; and

16 (2) for the second and each subsequent report
17 submitted under this section, the period—

18 (A) beginning on October 1 of the first fis-
19 cal year after the end of the most recent full
20 fiscal year relating to which a report under this
21 section was submitted; and

22 (B) ending on September 30 of the last
23 full fiscal year before the date of the report.

1 **SEC. 307. CONTINUED EVALUATION BY THE NATIONAL**
2 **ACADEMY OF SCIENCES.**

3 Section 108 of the Small Business Reauthorization
4 Act of 2000 (15 U.S.C. 638 note) is amended by adding
5 at the end the following:

6 “(e) **EXTENSIONS AND ENHANCEMENTS OF AUTHOR-**
7 **ITY.—**

8 “(1) **IN GENERAL.—**Not later than 6 months
9 after the date of enactment of the SBIR/STTR Re-
10 authorization Act of 2011, the head of each agency
11 described in subsection (a), in consultation with the
12 Small Business Administration, shall cooperatively
13 enter into an agreement with the National Academy
14 of Sciences for the National Research Council to,
15 not later than 4 years after the date of enactment
16 of the SBIR/STTR Reauthorization Act of 2011,
17 and every 4 years thereafter—

18 “(A) continue the most recent study under
19 this section relating to—

20 “(i) the issues described in subpara-
21 graphs (A), (B), (C), and (E) of subsection
22 (a)(1); and

23 “(ii) the effectiveness of the govern-
24 ment and public databases described in
25 section 9(k) of the Small Business Act (15
26 U.S.C. 638(k)) in reducing vulnerabilities

1 of the SBIR program and the STTR pro-
2 gram to fraud, waste, and abuse, particu-
3 larly with respect to Federal agencies
4 funding duplicative proposals and business
5 concerns falsifying information in pro-
6 posals;

7 “(B) make recommendations with respect
8 to the issues described in subparagraph (A)(ii)
9 and subparagraphs (A), (D), and (E) of sub-
10 section (a)(2); *and*

11 “(C) estimate, to the extent practicable, the
12 number of jobs created by the SBIR program or
13 STTR program of the agency.

14 “(2) CONSULTATION.—An agreement under
15 paragraph (1) shall require the National Research
16 Council to ensure there is participation by and con-
17 sultation with the small business community, the
18 Administration, and other interested parties as de-
19 scribed in subsection (b).

20 “(3) REPORTING.—An agreement under para-
21 graph (1) shall require that not later than 4 years
22 after the date of enactment of the SBIR/STTR Re-
23 authorization Act of 2011, and every 4 years there-
24 after, the National Research Council shall submit to
25 the head of the agency entering into the agreement,

1 the Committee on Small Business and Entrepre-
2 neurship of the Senate, and the Committee on Small
3 Business of the House of Representatives a report
4 regarding the study conducted under paragraph (1)
5 and containing the recommendations described in
6 paragraph (1).”.

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 amended by adding at the end
11 the following:

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

16 “(1) the name of the agency or component of
17 the agency or the non-Federal source of capital mak-
18 ing 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
22 award.”.

1 **SEC. 309. INTELLECTUAL PROPERTY PROTECTIONS.**

2 (a) IN GENERAL.—The Comptroller General of the
3 United States shall conduct a study of the SBIR program
4 to assess whether—

5 (1) Federal agencies comply with the data
6 rights protections for SBIR awardees and the tech-
7 nologies of SBIR awardees under section 9 of the
8 Small Business Act (15 U.S.C. 638);

9 (2) the laws and policy directives intended to
10 clarify the scope of data rights, including in proto-
11 types and mentor-protégé relationships and agree-
12 ments with Federal laboratories, are sufficient to
13 protect SBIR awardees; and

14 (3) there is an effective grievance tracking proc-
15 ess for SBIR awardees who have grievances against
16 a Federal agency regarding data rights and a proc-
17 ess for resolving those grievances.

18 (b) REPORT.—Not later than 18 months after the
19 date of enactment of this Act, the Comptroller General
20 shall submit to the Committee on Small Business and En-
21 trepreneurship of the Senate and the Committee on Small
22 Business of the House of Representatives a report regard-
23 ing the study conducted under subsection (a).

1 **SEC. 310. 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 amended by adding at the end
7 the following:

8 “(jj) 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 or-
19 ganizations 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 estab-
24 lish rules to implement this subsection. The rules
25 shall include a requirement that a Federal agency
26 include in the SBIR and STTR application a provi-

1 sion through which the applicant can indicate con-
2 sent for purposes of paragraph (1).”.

3 **SEC. 311. PILOT TO ALLOW FUNDING FOR ADMINISTRA-**
4 **TIVE, OVERSIGHT, AND CONTRACT PROC-**
5 **ESSING COSTS.**

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

9 “(kk) ASSISTANCE FOR ADMINISTRATIVE, OVER-
10 SIGHT, AND CONTRACT PROCESSING COSTS.—

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

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

21 “(B) the provision of outreach and tech-
22 nical assistance relating to the SBIR program
23 or STTR program of the Federal agency, in-
24 cluding technical assistance site visits and per-
25 sonnel 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 the waste,
8 fraud, and abuse prevention activities described
9 in section 313(a)(1)(B)(ii) of the SBIR/STTR
10 Reauthorization Act of 2011;

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

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

21 “(H) carrying out subsection (cc);

22 “(I) carrying out subsection (ff);

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

1 “(K) funding for additional personnel and
2 assistance with application reviews.

3 “(2) PERFORMANCE CRITERIA.—A Federal
4 agency may not use funds as authorized under para-
5 graph (1) until after the effective date of perform-
6 ance criteria, which the Administrator shall estab-
7 lish, to measure any benefits of using funds as au-
8 thorized under paragraph (1) and to assess continu-
9 ation of the authority under paragraph (1).

10 “(3) RULES.—Not later than 180 days after
11 the date of enactment of this subsection, the Admin-
12 istrator shall issue rules to carry out this sub-
13 section.”.

14 (b) TECHNICAL AND CONFORMING AMENDMENTS.—

15 (1) IN GENERAL.—Section 9 of the Small Busi-
16 ness Act (15 U.S.C. 638) is amended—

17 (A) in subsection (f)(2)(A), as so des-
18 ignated by section 103(2) of this Act, by strik-
19 ing “shall not” and all that follows through
20 “make available for the purpose” and inserting
21 “shall not make available for the purpose”; and

22 (B) in subsection (y), as amended by sec-
23 tion ~~204~~ 203—

24 (i) by striking paragraph (4);

1 (ii) by redesignating paragraphs (5)
2 and (6) as paragraphs (4) and (5), respec-
3 tively.

4 (2) TRANSITIONAL RULE.—Notwithstanding the
5 amendments made by paragraph (1), subsection
6 (f)(2)(A) and (y)(4) of section 9 of the Small Busi-
7 ness Act (15 U.S.C. 638), as in effect on the day
8 before the date of enactment of this Act, shall con-
9 tinue to apply to each Federal agency until the ef-
10 fective date of the performance criteria established
11 by the Administrator under subsection (kk)(2) of
12 section 9 of the Small Business Act, as added by
13 subsection (a).

14 (3) PROSPECTIVE REPEAL.—Effective on the
15 first day of the fourth full fiscal year following the
16 date of enactment of this Act, section 9 of the Small
17 Business Act (15 U.S.C. 638), as amended by para-
18 graph (1) of this section, is amended—

19 (A) in subsection (f)(2)(A), by striking
20 “shall not make available for the purpose” and
21 inserting the following: “shall not—

22 “(i) use any of its SBIR budget estab-
23 lished pursuant to paragraph (1) for the
24 purpose of funding administrative costs of

1 the program, including costs associated
2 with salaries and expenses; or

3 “(ii) make available for the purpose”;

4 and

5 (B) in subsection (y)—

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

9 (ii) by inserting after paragraph (3)
10 the following:

11 “(4) FUNDING.—

12 “(A) IN GENERAL.—The Secretary of De-
13 fense and each Secretary of a military depart-
14 ment may use not more than an amount equal
15 to 1 percent of the funds available to the De-
16 partment of Defense or the military department
17 pursuant to the Small Business Innovation Re-
18 search Program for payment of expenses in-
19 curred to administer the Commercialization
20 Pilot Program under this subsection.

21 “(B) LIMITATIONS.—The funds described
22 in subparagraph (A)—

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

1 “(ii) shall not be used to make Phase
2 III awards.”.

3 **SEC. 312. GAO STUDY WITH RESPECT TO VENTURE CAPITAL**
4 **OPERATING COMPANY INVOLVEMENT.**

5 Not later than 3 years after the date of enactment
6 of this Act, and every 3 years thereafter, the Comptroller
7 General of the United States shall—

8 (1) conduct a study of the impact of require-
9 ments relating to venture capital operating company
10 involvement under section 9(cc) of the Small Busi-
11 ness Act, as added by section 108 of this Act; and

12 (2) submit to Congress a report regarding the
13 study conducted under paragraph (1).

14 **SEC. 313. REDUCING VULNERABILITY OF SBIR AND STTR**
15 **PROGRAMS TO FRAUD, WASTE, AND ABUSE.**

16 (a) FRAUD, WASTE, AND ABUSE PREVENTION.—

17 (1) GUIDELINES FOR FRAUD, WASTE, AND
18 ABUSE PREVENTION.—

19 (A) AMENDMENTS REQUIRED.—Not later
20 than 90 days after the date of enactment of
21 this Act, the Administrator shall amend the
22 SBIR Policy Directive and the STTR Policy
23 Directive to include measures to prevent fraud,
24 waste, and abuse in the SBIR program and the
25 STTR program.

1 (B) CONTENT OF AMENDMENTS.—The
2 amendments required under subparagraph (A)
3 shall include—

4 (i) definitions or descriptions of fraud,
5 waste, and abuse;

6 (ii) a requirement that the Inspectors
7 General of each Federal agency that par-
8 ticipates in the SBIR program or the
9 STTR program cooperate to—

10 (I) establish fraud detection indi-
11 cators;

12 (II) review regulations and oper-
13 ating procedures of the Federal agen-
14 cies;

15 (III) coordinate information
16 sharing between the Federal agencies;
17 and

18 (IV) improve the education and
19 training of, and outreach to—

20 (aa) administrators of the
21 SBIR program and the STTR
22 program of each Federal agency;

23 (bb) applicants to the SBIR
24 program or the STTR program;
25 and

1 (cc) recipients of awards
2 under the SBIR program or the
3 STTR program;

4 (iii) guidelines for the monitoring and
5 oversight of applicants to and recipients of
6 awards under the SBIR program or the
7 STTR program; and

8 (iv) a requirement that each Federal
9 agency that participates in the SBIR pro-
10 gram or STTR program include the tele-
11 phone number of the hotline established
12 under paragraph (2)—

13 (I) on the Web site of the Fed-
14 eral agency; and

15 (II) in any solicitation or notice
16 of funding opportunity issued by the
17 Federal agency for the SBIR program
18 or the STTR program.

19 (2) FRAUD, WASTE, AND ABUSE PREVENTION
20 HOTLINE.—

21 (A) HOTLINE ESTABLISHED.—The Admin-
22 istrator shall establish a telephone hotline that
23 allows individuals to report fraud, waste, and
24 abuse in the SBIR program or STTR program.

1 (B) PUBLICATION.—The Administrator
2 shall include the telephone number for the hot-
3 line established under subparagraph (A) on the
4 Web site of the Administration.

5 (b) STUDY AND REPORT.—

6 (1) STUDY.—Not later than 1 year after the
7 date of enactment of this Act, and every 3 years
8 thereafter, the Comptroller General of the United
9 States shall—

10 (A) conduct a study that evaluates—

11 (i) the implementation by each Fed-
12 eral agency that participates in the SBIR
13 program or the STTR program of the
14 amendments to the SBIR Policy Directive
15 and the STTR Policy Directive made pur-
16 suant to subsection (a);

17 (ii) the effectiveness of the manage-
18 ment information system of each Federal
19 agency that participates in the SBIR pro-
20 gram or STTR program in identifying du-
21 plicative SBIR and STTR projects;

22 (iii) the effectiveness of the risk man-
23 agement strategies of each Federal agency
24 that participates in the SBIR program or
25 STTR program in identifying areas of the

1 SBIR program or the STTR program that
2 are at high risk for fraud;

3 (iv) technological tools that may be
4 used to detect patterns of behavior that
5 may indicate fraud by applicants to the
6 SBIR program or the STTR program;

7 (v) the success of each Federal agency
8 that participates in the SBIR program or
9 STTR program in reducing fraud, waste,
10 and abuse in the SBIR program or the
11 STTR program of the Federal agency; and

12 (vi) the extent to which the Inspector
13 General of each Federal agency that par-
14 ticipates in the SBIR program or STTR
15 program effectively conducts investigations
16 of individuals alleged to have submitted
17 false claims or violated Federal law relat-
18 ing to fraud, conflicts of interest, bribery,
19 gratuity, or other misconduct; and

20 (B) submit to the Committee on Small
21 Business and Entrepreneurship of the Senate,
22 the Committee on Small Business of the House
23 of Representatives, and the head of each Fed-
24 eral agency that participates in the SBIR pro-
25 gram or STTR program a report on the results

1 of the study conducted under subparagraph
2 (A).

3 **SEC. 314. INTERAGENCY POLICY COMMITTEE.**

4 (a) ESTABLISHMENT.—The Director of the Office of
5 Science and Technology Policy (in this section referred to
6 as the “Director”), in conjunction with the Administrator,
7 shall establish an Interagency SBIR/STTR Policy Com-
8 mittee (in this section referred to as the “Committee”)
9 comprised of 1 representative from each Federal agency
10 with an SBIR program or an STTR program and 1 rep-
11 resentative of the Office of Management and Budget.

12 (b) COCHAIRPERSONS.—The Director and the Ad-
13 ministrator shall serve as cochairpersons of the Com-
14 mittee.

15 (c) DUTIES.—The Committee shall review, and make
16 policy recommendations on ways to improve the effective-
17 ness and efficiency of, the SBIR program and the STTR
18 program, including—

19 (1) reviewing the effectiveness of the public and
20 government databases described in section 9(k) of
21 the Small Business Act (15 U.S.C. 638(k));

22 (2) identifying—

23 (A) best practices for commercialization
24 assistance by Federal agencies that have signifi-

1 cant potential to be employed by other Federal
2 agencies; and

3 (B) proposals by Federal agencies for ini-
4 tiatives to address challenges for small business
5 concerns in obtaining funding after a Phase II
6 award ends and before commercialization; and

7 (3) developing and incorporating a standard
8 evaluation framework to enable systematic assess-
9 ment of the SBIR program and STTR program, in-
10 cluding through improved tracking of awards and
11 outcomes and development of performance measures
12 for the SBIR program and STTR program of each
13 Federal agency.

14 (d) REPORTS.—The Committee shall submit to the
15 Committee on Small Business and Entrepreneurship of
16 the Senate and the Committee on Science and Technology
17 and the Committee on Small Business of the House of
18 Representatives—

19 (1) a report on the review by and recommenda-
20 tions of the Committee under subsection (c)(1) not
21 later than 1 year after the date of enactment of this
22 Act;

23 (2) a report on the review by and recommenda-
24 tions of the Committee under subsection (c)(2) not

1 later than 18 months after the date of enactment of
2 this Act; and

3 (3) a report on the review by and recommenda-
4 tions of the Committee under subsection (c)(3) not
5 later than 2 years after the date of enactment of
6 this Act.

7 **SEC. 315. SIMPLIFIED PAPERWORK REQUIREMENTS.**

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

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

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

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

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

19 “(2) *SIMPLIFICATION OF APPLICATION AND*
20 *AWARD PROCESS.—Not later than one year after the*
21 *date of enactment of this paragraph, and after a pe-*
22 *riod of public comment, the Administrator shall issue*
23 *regulations or guidelines, taking into consideration*
24 *the unique needs of each Federal agency, to ensure*
25 *that each Federal agency required to carry out an*

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

11 **TITLE IV—POLICY DIRECTIVES**

12 **SEC. 401. CONFORMING AMENDMENTS TO THE SBIR AND** 13 **THE STTR POLICY DIRECTIVES.**

14 (a) IN GENERAL.—Not later than 180 days after the
 15 date of enactment of this Act, the Administrator shall pro-
 16 mulgate amendments to the SBIR Policy Directive and
 17 the STTR Policy Directive to conform such directives to
 18 this Act and the amendments made by this Act.

19 (b) PUBLISHING SBIR POLICY DIRECTIVE AND THE
 20 STTR POLICY DIRECTIVE IN THE FEDERAL REGISTER.—
 21 Not later than 180 days after the date of enactment of
 22 this Act, the Administrator shall publish the amended
 23 SBIR Policy Directive and the amended STTR Policy Di-
 24 rective in the Federal Register.

1 **TITLE V—OTHER PROVISIONS**

2 **SEC. 501. RESEARCH TOPICS AND PROGRAM DIVERSIFICA-**
3 **TION.**

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

6 (1) in paragraph (3)—

7 (A) in the matter preceding subparagraph
8 (A), by striking “broad research topics and to
9 topics that further 1 or more critical tech-
10 nologies” and inserting “applications to the
11 Federal agency for support of projects relating
12 to nanotechnology, rare diseases, security, en-
13 ergy, transportation, or improving the security
14 and quality of the water supply of the United
15 States, and the efficiency of water delivery sys-
16 tems and usage patterns in the United States
17 (including the territories of the United States)
18 through the use of technology (to the extent
19 that the projects relate to the mission of the
20 Federal agency), broad research topics, and
21 topics that further 1 or more critical tech-
22 nologies or research priorities”;

23 (B) in subparagraph (A), by striking “or”
24 at the end; and

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

1 “(C) the National Academy of Sciences, in
2 the final report issued by the ‘America’s Energy
3 Future: Technology Opportunities, Risks, and
4 Tradeoffs’ project, and in any subsequent re-
5 port by the National Academy of Sciences on
6 sustainability, energy, or alternative fuels;

7 “(D) the National Institutes of Health, in
8 the annual report on the rare diseases research
9 activities of the National Institutes of Health
10 for fiscal year 2005, and in any subsequent re-
11 port by the National Institutes of Health on
12 rare diseases research activities;

13 “(E) the National Academy of Sciences, in
14 the final report issued by the ‘Transit Research
15 and Development: Federal Role in the National
16 Program’ project and the report entitled
17 ‘Transportation Research, Development and
18 Technology Strategic Plan (2006–2010)’ issued
19 by the Research and Innovative Technology Ad-
20 ministration of the Department of Transpor-
21 tation, and in any subsequent report issued by
22 the National Academy of Sciences or the De-
23 partment of Transportation on transportation
24 and infrastructure; or

1 “(F) the national nanotechnology strategic
2 plan required under section 2(c)(4) of the 21st
3 Century Nanotechnology Research and Develop-
4 ment Act (15 U.S.C. 7501(c)(4)) and in any re-
5 port issued by the National Science and Tech-
6 nology Council Committee on Technology that
7 focuses on areas of nanotechnology identified in
8 such plan;” and

9 (2) by adding after paragraph (12), as added
10 by section 111(a) of this Act, the following:

11 “(13) encourage applications under the SBIR
12 program (to the extent that the projects relate to the
13 mission of the Federal agency)—

14 “(A) from small business concerns in geo-
15 graphic areas underrepresented in the SBIR
16 program or located in rural areas (as defined in
17 section 1393(a)(2) of the Internal Revenue
18 Code of 1986);

19 “(B) small business concerns owned and
20 controlled by women;

21 “(C) small business concerns owned and
22 controlled by veterans;

23 “(D) small business concerns owned and
24 controlled by Native Americans; and

1 “(E) small business concerns located in a
2 geographic area with an unemployment rates
3 that exceed the national unemployment rate,
4 based on the most recently available monthly
5 publications of the Bureau of Labor Statistics
6 of the Department of Labor.”.

7 (b) STTR PROGRAM.—Section 9(o) of the Small
8 Business Act (15 U.S.C. 638(o)), as amended by section
9 111(b) of this Act, is amended—

10 (1) in paragraph (3)—

11 (A) in the matter preceding subparagraph
12 (A), by striking “broad research topics and to
13 topics that further 1 or more critical tech-
14 nologies” and inserting “applications to the
15 Federal agency for support of projects relating
16 to nanotechnology, security, energy, rare dis-
17 eases, transportation, or improving the security
18 and quality of the water supply of the United
19 States (to the extent that the projects relate to
20 the mission of the Federal agency), broad re-
21 search topics, and topics that further 1 or more
22 critical technologies or research priorities”;

23 (B) in subparagraph (A), by striking “or”
24 at the end; and

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

1 “(C) the National Academy of Sciences, in
2 the final report issued by the ‘America’s Energy
3 Future: Technology Opportunities, Risks, and
4 Tradeoffs’ project, and in any subsequent re-
5 port by the National Academy of Sciences on
6 sustainability, energy, or alternative fuels;

7 “(D) the National Institutes of Health, in
8 the annual report on the rare diseases research
9 activities of the National Institutes of Health
10 for fiscal year 2005, and in any subsequent re-
11 port by the National Institutes of Health on
12 rare diseases research activities;

13 “(E) the National Academy of Sciences, in
14 the final report issued by the ‘Transit Research
15 and Development: Federal Role in the National
16 Program’ project and the report entitled
17 ‘Transportation Research, Development and
18 Technology Strategic Plan (2006–2010)’ issued
19 by the Research and Innovative Technology Ad-
20 ministration of the Department of Transpor-
21 tation, and in any subsequent report issued by
22 the National Academy of Sciences or the De-
23 partment of Transportation on transportation
24 and infrastructure; or

1 “(F) the national nanotechnology strategic
2 plan required under section 2(c)(4) of the 21st
3 Century Nanotechnology Research and Develop-
4 ment Act (15 U.S.C. 7501(c)(4)) and in any re-
5 port issued by the National Science and Tech-
6 nology Council Committee on Technology that
7 focuses on areas of nanotechnology identified in
8 such plan;”;

9 (2) in paragraph (15), by striking “and” at the
10 end;

11 (3) in paragraph (16), by striking the period at
12 the end and inserting “; and”; and

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

14 “(17) encourage applications under the STTR
15 program (to the extent that the projects relate to the
16 mission of the Federal agency)—

17 “(A) from small business concerns in geo-
18 graphic areas underrepresented in the STTR
19 program or located in rural areas (as defined in
20 section 1393(a)(2) of the Internal Revenue
21 Code of 1986);

22 “(B) small business concerns owned and
23 controlled by women;

24 “(C) small business concerns owned and
25 controlled by veterans;

1 “(D) small business concerns owned and
2 controlled by Native Americans; and

3 “(E) small business concerns located in a
4 geographic area with an unemployment rates
5 that exceed the national unemployment rate,
6 based on the most recently available monthly
7 publications of the Bureau of Labor Statistics
8 of the Department of Labor.”.

9 (c) **RESEARCH AND DEVELOPMENT FOCUS.**—Section
10 9(x) of the Small Business Act (15 U.S.C. 638(x)) is
11 amended—

12 (1) by striking paragraph (2); and

13 (2) by redesignating paragraph (3) as para-
14 graph (2).

15 **SEC. 502. REPORT ON SBIR AND STTR PROGRAM GOALS.**

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

19 “(ll) **ANNUAL REPORT ON SBIR AND STTR PRO-**
20 **GRAM GOALS.**—

21 “(1) **DEVELOPMENT OF METRICS.**—The head of
22 each Federal agency required to participate in the
23 SBIR program or the STTR program shall develop
24 metrics to evaluate the effectiveness, and the benefit
25 to the people of the United States, of the SBIR pro-

1 gram and the STTR program of the Federal agency
2 that—

3 “(A) are science-based and statistically
4 driven;

5 “(B) reflect the mission of the Federal
6 agency; and

7 “(C) include factors relating to the eco-
8 nomic impact of the programs.

9 “(2) EVALUATION.—The head of each Federal
10 agency described in paragraph (1) shall conduct an
11 annual evaluation using the metrics developed under
12 paragraph (1) of—

13 “(A) the SBIR program and the STTR
14 program of the Federal agency; and

15 “(B) the benefits to the people of the
16 United States of the SBIR program and the
17 STTR program of the Federal agency.

18 “(3) REPORT.—

19 “(A) IN GENERAL.—The head of each
20 Federal agency described in paragraph (1) shall
21 submit to the appropriate committees of Con-
22 gress and the Administrator an annual report
23 describing in detail the results of an evaluation
24 conducted under paragraph (2).

1 “(B) PUBLIC AVAILABILITY OF REPORT.—
2 The head of each Federal agency described in
3 paragraph (1) shall make each report submitted
4 under subparagraph (A) available to the public
5 online.

6 “(C) DEFINITION.—In this paragraph, the
7 term ‘appropriate committees of Congress’
8 means—

9 “(i) the Committee on Small Business
10 and Entrepreneurship of the Senate; and

11 “(ii) the Committee on Small Busi-
12 ness and the Committee on Science and
13 Technology of the House of Representa-
14 tives.”.

15 **SEC. 503. COMPETITIVE SELECTION PROCEDURES FOR**
16 **SBIR AND STTR PROGRAMS.**

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

20 “(mm) COMPETITIVE SELECTION PROCEDURES FOR
21 SBIR AND STTR PROGRAMS.—All funds awarded, appro-
22 priated, or otherwise made available in accordance with
23 subsection (f) or (n) must be awarded pursuant to com-
24 petitive and merit-based selection procedures.”.

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112TH CONGRESS
1ST Session

S. 493

A BILL

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

March, 9, 2011

Reported with amendments