

112TH CONGRESS  
1ST SESSION

# S. 493

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

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## 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

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## A BILL

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

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “SBIR/STTR Reau-  
5 thorization Act of 2011”.

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

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

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

TITLE I—REAUTHORIZATION OF THE SBIR AND STTR PROGRAMS

- Sec. 101. Extension of termination dates.
- Sec. 102. 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. Technical assistance for awardees.
- Sec. 204. Commercialization Readiness Program at Department of Defense.
- Sec. 205. Commercialization Readiness Pilot Program for civilian agencies.
- Sec. 206. Accelerating cures.
- Sec. 207. 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. Clarifying the definition of “Phase III”.
- Sec. 209. 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.

#### 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).

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

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

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

20 (1) by striking “TERMINATION.—” and all that  
21 follows through “the authorization” and inserting  
22 “TERMINATION.—The authorization”;

1 (2) by striking “2008” and inserting “2019”;

2 and

3 (3) by striking paragraph (2).

4 (b) STTR.—Section 9(n)(1)(A) of the Small Busi-  
5 ness Act (15 U.S.C. 638(n)(1)(A)) is amended—

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

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

10 and

11 (3) by striking clause (ii).

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

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

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

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

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

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

22 “(10) to maintain an Office of Technology to  
23 carry out the responsibilities of the Administration  
24 under this section, which shall be—

1           “(A) headed by the Assistant Adminis-  
2           trator for Technology, who shall report directly  
3           to the Administrator; and

4           “(B) independent from the Office of Gov-  
5           ernment Contracting of the Administration and  
6           sufficiently staffed and funded to comply with  
7           the oversight, reporting, and public database re-  
8           sponsibilities assigned to the Office of Tech-  
9           nology by the Administrator.”.

10 **SEC. 103. SBIR ALLOCATION INCREASE.**

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

13           (1) in paragraph (1)—

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

17           (B) in subparagraph (B), by striking  
18           “and” at the end; and

19           (C) by striking subparagraph (C) and in-  
20           serting the following:

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

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

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

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

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

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

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

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

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

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

17           “(M) not less than 3.5 percent of such  
18 budget in fiscal year 2023 and each fiscal year  
19 thereafter,”; and

20 (2) in paragraph (2)—

21           (A) by redesignating subparagraphs (A)  
22 and (B) as clauses (i) and (ii), respectively, and  
23 adjusting the margins accordingly;

24           (B) by striking “A Federal agency” and  
25 inserting the following:

1 “(A) IN GENERAL.—A Federal agency”;

2 and

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

4 “(B) DEPARTMENT OF DEFENSE AND DE-  
5 PARTMENT OF ENERGY.—For the Department  
6 of Defense and the Department of Energy, to  
7 the greatest extent practicable, the percentage  
8 of the extramural budget in excess of 2.5 per-  
9 cent required to be expended with small busi-  
10 ness concerns under subparagraphs (D)  
11 through (M) of paragraph (1)—

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

14 “(ii) shall be used for activities that  
15 further the readiness levels of technologies  
16 developed under Phase II awards, includ-  
17 ing conducting testing and evaluation to  
18 promote the transition of such technologies  
19 into commercial or defense products, or  
20 systems furthering the mission needs of  
21 the Department of Defense or the Depart-  
22 ment of Energy, as the case may be.”.

23 **SEC. 104. STTR ALLOCATION INCREASE.**

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

- 1 (1) in clause (i), by striking “and” at the end;  
2 (2) in clause (ii), by striking “thereafter.” and  
3 inserting “through fiscal year 2012;”; and  
4 (3) by adding at the end the following:  
5 “(iii) 0.4 percent for fiscal years 2013  
6 and 2014;  
7 “(iv) 0.5 percent for fiscal years 2015  
8 and 2016; and  
9 “(v) 0.6 percent for fiscal year 2017  
10 and each fiscal year thereafter.”.

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

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

- 15 (1) by striking “\$100,000” and inserting  
16 “\$150,000”; and  
17 (2) by striking “\$750,000” and inserting  
18 “\$1,000,000”.

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

- 22 (1) by striking “\$100,000” and inserting  
23 “\$150,000”; and  
24 (2) by striking “\$750,000” and inserting  
25 “\$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) EVALUATION CRITERIA.—A Federal agen-  
9 cy may not use investment of venture capital as a  
10 criterion for the award of contracts under the SBIR  
11 program or STTR program.”.

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

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

20 (c) RULEMAKING TO ENSURE THAT FIRMS THAT  
21 ARE MAJORITY-OWNED BY MULTIPLE VENTURE CAPITAL  
22 OPERATING COMPANIES ARE ABLE TO PARTICIPATE IN  
23 A PORTION OF THE SBIR PROGRAM.—

24 (1) STATEMENT OF CONGRESSIONAL INTENT.—

25 It is the stated intent of Congress that the Adminis-



1 trator should promulgate regulations to carry out  
2 the authority under section 9(cc) of the Small Busi-  
3 ness Act, as added by this section, that—

4 (A) permit small business concerns that  
5 are majority-owned by multiple venture capital  
6 operating companies to participate in the SBIR  
7 program in accordance with section 9(cc) of the  
8 Small Business Act;

9 (B) provide specific guidance for small  
10 business concerns that are majority-owned by  
11 multiple venture capital operating companies  
12 with regard to eligibility, participation, and af-  
13 filiation rules; and

14 (C) preserve and maintain the integrity of  
15 the SBIR program as a program for small busi-  
16 ness concerns in the United States, prohibiting  
17 large businesses or large entities or foreign-  
18 owned businesses or entities from participation  
19 in the program established under section 9 of  
20 the Small Business Act.

21 (2) RULEMAKING REQUIRED.—

22 (A) PROPOSED REGULATIONS.—Not later  
23 than 4 months after the date of enactment of  
24 this Act, the Administrator shall issue proposed  
25 regulations to amend section 121.103 (relating

1 to determinations of affiliation applicable to the  
2 SBIR program) and section 121.702 (relating  
3 to ownership and control standards and size  
4 standards applicable to the SBIR program) of  
5 title 13, Code of Federal Regulations, for firms  
6 that are majority-owned by multiple venture  
7 capital operating companies and participating  
8 in the SBIR program solely under the authority  
9 under section 9(cc) of the Small Business Act,  
10 as added by this section.

11 (B) FINAL REGULATIONS.—Not later than  
12 1 year after the date of enactment of this Act,  
13 and after providing notice of and opportunity  
14 for comment on the proposed regulations issued  
15 under subparagraph (A), the Administrator  
16 shall issue final or interim final regulations  
17 under this subsection.

18 (3) CONTENTS.—

19 (A) IN GENERAL.—The regulations issued  
20 under this subsection shall permit the participa-  
21 tion of applicants majority-owned by multiple  
22 venture capital operating companies in the  
23 SBIR program in accordance with section 9(cc)  
24 of the Small Business Act, as added by this sec-  
25 tion, unless the Administrator determines—

1 (i) in accordance with the size stand-  
2 ards established under subparagraph (B),  
3 that the applicant is—

4 (I) a large business or large enti-  
5 ty; or

6 (II) majority-owned or controlled  
7 by a large business or large entity; or

8 (ii) in accordance with the criteria es-  
9 tablished under subparagraph (C), that the  
10 applicant—

11 (I) is a foreign business or a for-  
12 eign entity or is not a citizen of the  
13 United States or alien lawfully admit-  
14 ted for permanent residence; or

15 (II) is majority-owned or con-  
16 trolled by a foreign business, foreign  
17 entity, or person who is not a citizen  
18 of the United States or alien lawfully  
19 admitted for permanent residence.

20 (B) SIZE STANDARDS.—Under the author-  
21 ity to establish size standards under paragraphs  
22 (2) and (3) of section 3(a) of the Small Busi-  
23 ness Act (15 U.S.C. 632(a)), the Administrator  
24 shall, in accordance with paragraph (1) of this  
25 subsection, establish size standards for appli-

1           cants seeking to participate in the SBIR pro-  
2           gram solely under the authority under section  
3           9(cc) of the Small Business Act, as added by  
4           this section.

5           (C) CRITERIA FOR DETERMINING FOREIGN  
6           OWNERSHIP.—The Administrator shall establish  
7           criteria for determining whether an applicant  
8           meets the requirements under subparagraph  
9           (A)(ii), and, in establishing the criteria, shall  
10          consider whether the criteria should include—

11                 (i) whether the applicant is at least 51  
12                 percent owned or controlled by citizens of  
13                 the United States or domestic venture cap-  
14                 ital operating companies;

15                 (ii) whether the applicant is domiciled  
16                 in the United States; and

17                 (iii) whether the applicant is a direct  
18                 or indirect subsidiary of a foreign-owned  
19                 firm, including whether the criteria should  
20                 include that an applicant is a direct or in-  
21                 direct subsidiary of a foreign-owned entity  
22                 if—

23                         (I) any venture capital operating  
24                         company that owns more than 20 per-  
25                         cent of the applicant is a direct or in-

1 direct subsidiary of a foreign-owned  
2 entity; or

3 (II) in the aggregate, entities  
4 that are direct or indirect subsidiaries  
5 of foreign-owned entities own more  
6 than 49 percent of the applicant.

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

15 (i) if a venture capital operating com-  
16 pany that is determined to be affiliated  
17 with an applicant is a minority investor in  
18 the applicant, the portfolio companies of  
19 the venture capital operating company  
20 shall not be determined to be affiliated  
21 with the applicant, unless—

22 (I) the venture capital operating  
23 company owns a majority of the port-  
24 folio company; or

1 (II) the venture capital operating  
2 company holds a majority of the seats  
3 on the board of directors of the port-  
4 folio company;

5 (ii) subject to clause (i), the Adminis-  
6 trator retains the authority to determine  
7 whether a venture capital operating com-  
8 pany is affiliated with an applicant, includ-  
9 ing establishing other criteria;

10 (iii) the Administrator may not deter-  
11 mine that a portfolio company of a venture  
12 capital operating company is affiliated with  
13 an applicant based solely on one or more  
14 shared investors; and

15 (iv) subject to clauses (i), (ii), and  
16 (iii), the Administrator retains the author-  
17 ity to determine whether a portfolio com-  
18 pany of a venture capital operating com-  
19 pany is affiliated with an applicant based  
20 on factors independent of whether there is  
21 a shared investor, such as whether there  
22 are contractual obligations between the  
23 portfolio company and the applicant.

24 (4) ENFORCEMENT.—If the Administrator does  
25 not issue final or interim final regulations under this

1 subsection on or before the date that is 1 year after  
2 the date of enactment of this Act, the Administrator  
3 may not carry out any activities under section 4(h)  
4 of the Small Business Act (15 U.S.C. 633(h)) (as  
5 continued in effect pursuant to the Act entitled “An  
6 Act to extend temporarily certain authorities of the  
7 Small Business Administration”, approved October  
8 10, 2006 (Public Law 109–316; 120 Stat. 1742))  
9 during the period beginning on the date that is 1  
10 year and 1 day after the date of enactment of this  
11 Act, and ending on the date on which the final or  
12 interim final regulations are issued.

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

17 (d) ASSISTANCE FOR DETERMINING AFFILIATES.—

18 (1) CLEAR EXPLANATION REQUIRED.—Not  
19 later than 30 days after the date of enactment of  
20 this Act, the Administrator shall post on the Web  
21 site of the Administration (with a direct link dis-  
22 played on the homepage of the Web site of the Ad-  
23 ministration or the SBIR and STTR Web sites of  
24 the Administration)—

1 (A) a clear explanation of the SBIR and  
2 STTR affiliation rules under part 121 of title  
3 13, Code of Federal Regulations; and

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

6 (i) upon request, shall review an issue  
7 relating to the rules described in subpara-  
8 graph (A); and

9 (ii) shall respond to a request under  
10 clause (i) not later than 20 business days  
11 after the date on which the request is re-  
12 ceived.

13 (2) INCLUSION OF AFFILIATION RULES FOR  
14 CERTAIN SMALL BUSINESS CONCERNS.—On and  
15 after the date on which the final regulations under  
16 subsection (c) are issued, the Administrator shall  
17 post on the Web site of the Administration informa-  
18 tion relating to the regulations, in accordance with  
19 paragraph (1).

20 **SEC. 109. SBIR AND STTR SPECIAL ACQUISITION PREF-**  
21 **ERENCE.**

22 Section 9(r) of the Small Business Act (15 U.S.C.  
23 638(r)) is amended by adding at the end the following:

24 “(4) PHASE III AWARDS.—To the greatest ex-  
25 tent practicable, Federal agencies and Federal prime



1 contractors shall issue Phase III awards relating to  
2 technology, including sole source awards, to the  
3 SBIR and STTR award recipients that developed  
4 the technology.”.

5 **SEC. 110. COLLABORATING WITH FEDERAL LABORATORIES**  
6 **AND RESEARCH AND DEVELOPMENT CEN-**  
7 **TERS.**

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

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

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

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

22 “(B) has entered into a cooperative re-  
23 search and development agreement (as defined  
24 in section 12(d) of the Stevenson-Wydler Tech-

1 nology Innovation Act of 1980 (15 U.S.C.  
2 3710a(d))) with a Federal laboratory.

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

4 “(A) condition an SBIR or STTR award  
5 upon entering into agreement with any Federal  
6 laboratory or any federally funded laboratory or  
7 research and development center for any por-  
8 tion of the activities to be performed under that  
9 award;

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

20 “(C) approve an agreement that violates  
21 any provision, including any data rights protec-  
22 tions provision, of this section or the SBIR and  
23 the STTR Policy Directives.

24 “(3) IMPLEMENTATION.—Not later than 180  
25 days after the date of enactment of this subsection,

1 the Administrator shall modify the SBIR Policy Di-  
2 rective and the STTR Policy Directive issued under  
3 this section to ensure that small business concerns—

4 “(A) have the flexibility to use the re-  
5 sources of the Federal laboratories and feder-  
6 ally funded research and development centers;  
7 and

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

12 **SEC. 111. NOTICE REQUIREMENT.**

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

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

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

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

20 “(12) provide timely notice to the Adminis-  
21 trator of any case or controversy before any Federal  
22 judicial or administrative tribunal concerning the  
23 SBIR program of the Federal agency; and”.

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

1 (1) by striking paragraph (15);

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

4 (3) by redesignating paragraph (16) as para-  
5 graph (15); and

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

7 “(16) provide timely notice to the Adminis-  
8 trator of any case or controversy before any Federal  
9 judicial or administrative tribunal concerning the  
10 STTR program of the Federal agency.”.

11 **SEC. 112. EXPRESS AUTHORITY FOR AN AGENCY TO AWARD**  
12 **SEQUENTIAL PHASE II AWARDS FOR SBIR OR**  
13 **STTR FUNDED PROJECTS.**

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

17 “(ee) **ADDITIONAL PHASE II SBIR AND STTR**  
18 **AWARDS.**—A small business concern that receives a Phase  
19 II SBIR award or a Phase II STTR award for a project  
20 remains eligible to receive an additional Phase II SBIR  
21 award or Phase II STTR award for that project.”.

1 **TITLE II—OUTREACH AND COM-**  
2 **MERCIALIZATION INITIA-**  
3 **TIVES**

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

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

8 “(s) FEDERAL AND STATE TECHNOLOGY PARTNER-  
9 SHIP PROGRAM.—

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

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

16 “(B) FAST PROGRAM.—The term ‘FAST  
17 program’ means the Federal and State Tech-  
18 nology Partnership Program established under  
19 this subsection.

20 “(C) RECIPIENT.—The term ‘recipient’  
21 means a person that receives an award or be-  
22 comes party to a cooperative agreement under  
23 this subsection.

24 “(D) STATE.—The term ‘State’ means  
25 each of the several States, the District of Co-

1           lumbia, the Commonwealth of Puerto Rico, the  
2           Virgin Islands, Guam, and American Samoa.

3           “(E) DEFINITIONS RELATING TO MEN-  
4           TORING NETWORKS.—The terms ‘business ad-  
5           vice and counseling’, ‘mentor’, and ‘mentoring  
6           network’ have the meanings given those terms  
7           in section 34(e).

8           “(2) ESTABLISHMENT OF PROGRAM.—The Ad-  
9           ministrator shall establish a program to be known as  
10          the Federal and State Technology Partnership Pro-  
11          gram, the purpose of which shall be to strengthen  
12          the technological competitiveness of small business  
13          concerns in the States.

14          “(3) GRANTS AND COOPERATIVE AGREE-  
15          MENTS.—

16          “(A) JOINT REVIEW.—In carrying out the  
17          FAST program, the Administrator and the pro-  
18          gram managers for the SBIR program and  
19          STTR program at the National Science Foun-  
20          dation, the Department of Defense, and any  
21          other Federal agency determined appropriate by  
22          the Administrator shall jointly review proposals  
23          submitted by applicants and may make awards  
24          or enter into cooperative agreements under this  
25          subsection based on the factors for consider-

1           ation set forth in subparagraph (B), in order to  
2           enhance or develop in a State—

3                   “(i) technology research and develop-  
4                   ment by small business concerns;

5                   “(ii) technology transfer from univer-  
6                   sity research to technology-based small  
7                   business concerns;

8                   “(iii) technology deployment and dif-  
9                   fusion benefitting small business concerns;

10                   “(iv) the technological capabilities of  
11                   small business concerns through the estab-  
12                   lishment or operation of consortia com-  
13                   prised of entities, organizations, or individ-  
14                   uals, including—

15                           “(I) State and local development  
16                           agencies and entities;

17                           “(II) representatives of tech-  
18                           nology-based small business concerns;

19                           “(III) industries and emerging  
20                           companies;

21                           “(IV) universities; and

22                           “(V) small business development  
23                           centers; and

24                           “(v) outreach, financial support, and  
25                           technical assistance to technology-based

1 small business concerns participating in or  
2 interested in participating in an SBIR pro-  
3 gram or STTR program, including initia-  
4 tives—

5 “(I) to make grants or loans to  
6 companies to pay a portion or all of  
7 the cost of developing SBIR or STTR  
8 proposals;

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

23 “(III) to create or participate in  
24 a training program for individuals  
25 providing SBIR or STTR outreach



1 and assistance at the State and local  
2 levels; and

3 “(IV) to encourage the commer-  
4 cialization of technology developed  
5 through funding under the SBIR pro-  
6 gram or the STTR program.

7 “(B) SELECTION CONSIDERATIONS.—In  
8 making awards or entering into cooperative  
9 agreements under this subsection, the Adminis-  
10 trator and the program managers referred to in  
11 subparagraph (A)—

12 “(i) may only consider proposals by  
13 applicants that intend to use a portion of  
14 the Federal assistance provided under this  
15 subsection to provide outreach, financial  
16 support, or technical assistance to tech-  
17 nology-based small business concerns par-  
18 ticipating in or interested in participating  
19 in the SBIR program or STTR program;  
20 and

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

22 “(I) whether the applicant has  
23 demonstrated that the assistance to  
24 be provided would address unmet  
25 needs of small business concerns in

1 the community, and whether it is im-  
2 portant to use Federal funding for the  
3 proposed activities;

4 “(II) whether the applicant has  
5 demonstrated that a need exists to in-  
6 crease the number or success of small  
7 high-technology businesses in the  
8 State or an area of the State, as  
9 measured by the number of Phase I  
10 and Phase II SBIR awards that have  
11 historically been received by small  
12 business concerns in the State or area  
13 of the State;

14 “(III) whether the projected costs  
15 of the proposed activities are reason-  
16 able;

17 “(IV) whether the proposal inte-  
18 grates and coordinates the proposed  
19 activities with other State and local  
20 programs assisting small high-tech-  
21 nology firms in the State;

22 “(V) the manner in which the ap-  
23 plicant will measure the results of the  
24 activities to be conducted; and

1           “(VI) whether the proposal ad-  
2 dresses the needs of small business  
3 concerns—

4                   “(aa) owned and controlled  
5 by women;

6                   “(bb) that are socially and  
7 economically disadvantaged small  
8 business concerns (as defined in  
9 section 8(a)(4)(A));

10                   “(cc) that are HUBZone  
11 small business concerns;

12                   “(dd) located in areas that  
13 have historically not participated  
14 in the SBIR and STTR pro-  
15 grams;

16                   “(ee) owned and controlled  
17 by service-disabled veterans;

18                   “(ff) owned and controlled  
19 by Native Americans; and

20                   “(gg) located in geographic  
21 areas with an unemployment rate  
22 that exceeds the national unem-  
23 ployment rate, based on the most  
24 recently available monthly publi-  
25 cations of the Bureau of Labor

1                                   Statistics of the Department of  
2                                   Labor.

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

7                           “(D) PROCESS.—Proposals and applica-  
8                   tions for assistance under this subsection shall  
9                   be in such form and subject to such procedures  
10                  as the Administrator shall establish. The Ad-  
11                  ministrators shall promulgate regulations estab-  
12                  lishing standards for the consideration of pro-  
13                  posals under subparagraph (B), including  
14                  standards regarding each of the considerations  
15                  identified in subparagraph (B)(ii).

16                           “(4) COOPERATION AND COORDINATION.—In  
17                  carrying out the FAST program, the Administrator  
18                  shall cooperate and coordinate with—

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

21                           “(B) entities, organizations, and individ-  
22                           uals actively engaged in enhancing or devel-  
23                           oping the technological capabilities of small  
24                           business concerns, including—

1           “(i) State and local development agen-  
2           cies and entities;

3           “(ii) State committees established  
4           under the Experimental Program to Stim-  
5           ulate Competitive Research of the National  
6           Science Foundation (as established under  
7           section 113 of the National Science Foun-  
8           dation Authorization Act of 1988 (42  
9           U.S.C. 1862g));

10           “(iii) State science and technology  
11           councils; and

12           “(iv) representatives of technology-  
13           based small business concerns.

14           “(5) ADMINISTRATIVE REQUIREMENTS.—

15           “(A) COMPETITIVE BASIS.—Awards and  
16           cooperative agreements under this subsection  
17           shall be made or entered into, as applicable, on  
18           a competitive basis.

19           “(B) MATCHING REQUIREMENTS.—

20           “(i) IN GENERAL.—The non-Federal  
21           share of the cost of an activity (other than  
22           a planning activity) carried out using an  
23           award or under a cooperative agreement  
24           under this subsection shall be—

1           “(I) except as provided in clause  
2           (iii), 35 cents for each Federal dollar,  
3           in the case of a recipient that will  
4           serve small business concerns located  
5           in 1 of the 18 States receiving the  
6           fewest Phase I SBIR awards;

7           “(II) except as provided in clause  
8           (ii) or (iii), 1 dollar for each Federal  
9           dollar, in the case of a recipient that  
10          will serve small business concerns lo-  
11          cated in 1 of the 16 States receiving  
12          the greatest number of Phase I SBIR  
13          awards; and

14          “(III) except as provided in  
15          clause (ii) or (iii), 50 cents for each  
16          Federal dollar, in the case of a recipi-  
17          ent that will serve small business con-  
18          cerns located in a State that is not de-  
19          scribed in subclause (I) or (II) that is  
20          receiving Phase I SBIR awards.

21          “(ii) LOW-INCOME AREAS.—The non-  
22          Federal share of the cost of the activity  
23          carried out using an award or under a co-  
24          operative agreement under this subsection  
25          shall be 35 cents for each Federal dollar

1 that will be directly allocated by a recipient  
2 described in clause (i) to serve small busi-  
3 ness concerns located in a qualified census  
4 tract, as that term is defined in section  
5 42(d)(5)(B)(ii)(I) of the Internal Revenue  
6 Code of 1986. Federal dollars not so allo-  
7 cated by that recipient shall be subject to  
8 the matching requirements of clause (i).

9 “(iii) RURAL AREAS.—

10 “(I) IN GENERAL.—Except as  
11 provided in subclause (II), the non-  
12 Federal share of the cost of the activ-  
13 ity carried out using an award or  
14 under a cooperative agreement under  
15 this subsection shall be 35 cents for  
16 each Federal dollar that will be di-  
17 rectly allocated by a recipient de-  
18 scribed in clause (i) to serve small  
19 business concerns located in a rural  
20 area.

21 “(II) ENHANCED RURAL  
22 AWARDS.—For a recipient located in a  
23 rural area that is located in a State  
24 described in clause (i)(I), the non-  
25 Federal share of the cost of the activ-

1           ity carried out using an award or  
2           under a cooperative agreement under  
3           this subsection shall be 15 cents for  
4           each Federal dollar that will be di-  
5           rectly allocated by a recipient de-  
6           scribed in clause (i) to serve small  
7           business concerns located in the rural  
8           area.

9                   “(III) DEFINITION OF RURAL  
10           AREA.—In this clause, the term ‘rural  
11           area’ has the meaning given that term  
12           in section 1393(a)(2) of the Internal  
13           Revenue Code of 1986.

14                   “(iv) TYPES OF FUNDING.—The non-  
15           Federal share of the cost of an activity  
16           carried out by a recipient shall be com-  
17           prised of not less than 50 percent cash and  
18           not more than 50 percent of indirect costs  
19           and in-kind contributions, except that no  
20           such costs or contributions may be derived  
21           from funds from any other Federal pro-  
22           gram.

23                   “(v) RANKINGS.—For the first full  
24           fiscal year after the date of enactment of  
25           the SBIR/STTR Reauthorization Act of



1           2011, and each fiscal year thereafter,  
2           based on the statistics for the most recent  
3           full fiscal year for which the Administrator  
4           has compiled statistics, the Administrator  
5           shall reevaluate the ranking of each State  
6           for purposes of clause (i).

7           “(C) DURATION.—Awards may be made or  
8           cooperative agreements entered into under this  
9           subsection for multiple years, not to exceed 5  
10          years in total.

11          “(6) ANNUAL REPORTS.—The Administrator  
12          shall submit an annual report to the Committee on  
13          Small Business of the Senate and the Committee on  
14          Science and the Committee on Small Business of the  
15          House of Representatives regarding—

16                 “(A) the number and amount of awards  
17                 provided and cooperative agreements entered  
18                 into under the FAST program during the pre-  
19                 ceding year;

20                 “(B) a list of recipients under this sub-  
21                 section, including their location and the activi-  
22                 ties being performed with the awards made or  
23                 under the cooperative agreements entered into;  
24                 and

1           “(C) the Mentoring Networks and the  
2 mentoring database, as provided for under sec-  
3 tion 34, including—

4           “(i) the status of the inclusion of  
5 mentoring information in the database re-  
6 quired by subsection (k); and

7           “(ii) the status of the implementation  
8 and description of the usage of the Men-  
9 toring Networks.

10       “(7) PROGRAM LEVELS.—

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

16       “(B) MENTORING DATABASE.—Of the  
17 total amount made available under subpara-  
18 graph (A) for fiscal years 2011 through 2016,  
19 a reasonable amount, not to exceed a total of  
20 \$500,000, may be used by the Administration  
21 to carry out section 34(d).

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

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

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

5 (2) by redesignating sections 35 through 43 as  
6 sections 34 through 42, respectively;

7 (3) in section 9(k)(1)(D) (15 U.S.C.  
8 638(k)(1)(D)), by striking “section 35(d)” and in-  
9 serting “section 34(d)”;

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

12 (A) in subsection (c)(1), by striking “sec-  
13 tion 34(c)(1)(E)(ii)” and inserting “section  
14 9(s)(3)(A)(v)(II)”;

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

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

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

20 “(1) BUSINESS ADVICE AND COUNSELING.—

21 The term ‘business advice and counseling’ means  
22 providing advice and assistance on matters described  
23 in subsection (c)(2)(B) to small business concerns to  
24 guide them through the SBIR and STTR program

1 process, from application to award and successful  
2 completion of each phase of the program.

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

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

8 “(4) MENTORING NETWORK.—The term ‘Men-  
9 toring Network’ means an association, organization,  
10 coalition, or other entity (including an individual)  
11 that meets the requirements of subsection (c).

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

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

17 “(7) STATE.—The term ‘State’ means each of  
18 the several States, the District of Columbia, the  
19 Commonwealth of Puerto Rico, the Virgin Islands,  
20 Guam, and American Samoa.

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

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

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

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

7   **SEC. 202. SBIR-STEM WORKFORCE DEVELOPMENT GRANT**  
8                                   **PILOT PROGRAM.**

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

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

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

5 (d) EVALUATION.—Following the fourth year of  
6 funding under this section, the Administrator shall submit  
7 to Congress as part of the report under section 9(b)(7)  
8 of the Small Business Act (15 U.S.C. 638(b)(7)) the re-  
9 sults of the SBIR–STEM Workforce Development Grant  
10 Pilot Program.

11 (e) AUTHORIZATION OF APPROPRIATIONS.—There  
12 are authorized to be appropriated to carry out this sec-  
13 tion—

- 14 (1) \$1,000,000 for fiscal year 2012;
- 15 (2) \$1,000,000 for fiscal year 2013;
- 16 (3) \$1,000,000 for fiscal year 2014;
- 17 (4) \$1,000,000 for fiscal year 2015; and
- 18 (5) \$1,000,000 for fiscal year 2016.

19 **SEC. 203. TECHNICAL ASSISTANCE FOR AWARDEES.**

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

- 22 (1) in paragraph (1)—
  - 23 (A) by inserting “or STTR program” after
  - 24 “SBIR program”; and

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

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

5 (3) in paragraph (3)—

6 (A) in subparagraph (A)—

7 (i) by inserting “or STTR” after  
8 “SBIR”; and

9 (ii) by striking “\$4,000” and insert-  
10 ing “\$5,000”;

11 (B) by striking subparagraph (B) and in-  
12 serting the following:

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

15 “(i) provide to the recipient of a  
16 Phase II SBIR or STTR award, through a  
17 vendor selected under paragraph (2), the  
18 services described in paragraph (1), in an  
19 amount equal to not more than \$5,000 per  
20 year; or

21 “(ii) authorize the recipient of a  
22 Phase II SBIR or STTR award to pur-  
23 chase the services described in paragraph  
24 (1), in an amount equal to not more than  
25 \$5,000 per year, which shall be in addition

1 to the amount of the recipient’s award.”;

2 and

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

4 “(C) FLEXIBILITY.—In carrying out sub-  
5 paragraphs (A) and (B), each Federal agency  
6 shall provide the allowable amounts to a recipi-  
7 ent that meets the eligibility requirements  
8 under the applicable subparagraph, if the re-  
9 cipient requests to seek technical assistance  
10 from an individual or entity other than the ven-  
11 dor selected under paragraph (2) by the Fed-  
12 eral agency.

13 “(D) LIMITATION.—A Federal agency may  
14 not—

15 “(i) use the amounts authorized under  
16 subparagraph (A) or (B) unless the vendor  
17 selected under paragraph (2) provides the  
18 technical assistance to the recipient; or

19 “(ii) enter a contract with a vendor  
20 under paragraph (2) under which the  
21 amount provided for technical assistance is  
22 based on total number of Phase I or Phase  
23 II awards.”.



1 **SEC. 204. COMMERCIALIZATION READINESS PROGRAM AT**  
2 **DEPARTMENT OF DEFENSE.**

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

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

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

9 (3) in paragraph (1)—

10 (A) by inserting “or Small Business Tech-  
11 nology Transfer Program” after “Small Busi-  
12 ness Innovation Research Program”; and

13 (B) by adding at the end the following:  
14 “The authority to create and administer a Com-  
15 mercialization Readiness Program under this  
16 subsection may not be construed to eliminate or  
17 replace any other SBIR program or STTR pro-  
18 gram that enhances the insertion or transition  
19 of SBIR or STTR technologies, including any  
20 such program in effect on the date of enact-  
21 ment of the National Defense Authorization Act  
22 for Fiscal Year 2006 (Public Law 109–163;  
23 119 Stat. 3136).”;

24 (4) in paragraph (2), by inserting “or Small  
25 Business Technology Transfer Program” after  
26 “Small Business Innovation Research Program”;

1 (5) by striking paragraphs (5) and (6); and  
2 (6) by inserting after paragraph (4) the fol-  
3 lowing:

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

7 “(A) establish goals for the transition of  
8 Phase III technologies in subcontracting plans;  
9 and

10 “(B) require a prime contractor on such a  
11 contract to report the number and dollar  
12 amount of contracts entered into by that prime  
13 contractor for Phase III SBIR or STTR  
14 projects.

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

17 “(A) set a goal to increase the number of  
18 Phase II SBIR contracts and the number of  
19 Phase II STTR contracts awarded by that Sec-  
20 retary that lead to technology transition into  
21 programs of record or fielded systems;

22 “(B) use incentives in effect on the date of  
23 enactment of the SBIR/STTR Reauthorization  
24 Act of 2011, or create new incentives, to en-  
25 courage agency program managers and prime

1 contractors to meet the goal under subpara-  
2 graph (A); and

3 “(C) include in the annual report to Con-  
4 gress the percentage of contracts described in  
5 subparagraph (A) awarded by that Secretary,  
6 and information on the ongoing status of  
7 projects funded through the Commercialization  
8 Readiness Program and efforts to transition  
9 these technologies into programs of record or  
10 fielded systems.”.

11 (b) TECHNICAL AND CONFORMING AMENDMENT.—  
12 Section 9(i)(1) of the Small Business Act (15 U.S.C.  
13 638(i)(1)) is amended by inserting “(including awards  
14 under subsection (y))” after “the number of awards”.

15 **SEC. 205. COMMERCIALIZATION READINESS PILOT PRO-**  
16 **GRAM FOR CIVILIAN AGENCIES.**

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 “(ff) PILOT PROGRAM.—

21 “(1) AUTHORIZATION.—The head of each cov-  
22 ered Federal agency may allocate not more than 10  
23 percent of the funds allocated to the SBIR program  
24 and the STTR program of the covered Federal agen-  
25 cy—

1           “(A) for awards for technology develop-  
2           ment, testing, and evaluation of SBIR and  
3           STTR Phase II technologies; or

4           “(B) to support the progress of research or  
5           research and development conducted under the  
6           SBIR or STTR programs to Phase III.

7           “(2) APPLICATION BY FEDERAL AGENCY.—

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

23          “(B) DETERMINATION.—The Adminis-  
24          trator shall—

1           “(i) make a determination regarding  
2           an application submitted under subpara-  
3           graph (A) not later than 30 days before  
4           the first day of the fiscal year for which  
5           the application is submitted;

6           “(ii) publish the determination in the  
7           Federal Register; and

8           “(iii) make a copy of the determina-  
9           tion and any related materials available to  
10          the Committee on Small Business and En-  
11          trepreneurship of the Senate and the Com-  
12          mittee on Small Business of the House of  
13          Representatives.

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

19          “(4) REGISTRATION.—Any applicant that re-  
20          ceives an award under a pilot program shall register  
21          with the Administrator in a registry that is available  
22          to the public.

23          “(5) REPORT.—The head of each covered Fed-  
24          eral agency shall include in the annual report of the  
25          covered Federal agency to the Administrator an

1 analysis of the various activities considered for inclu-  
 2 sion in the pilot program of the covered Federal  
 3 agency and a statement of the reasons why each ac-  
 4 tivity considered was included or not included, as the  
 5 case may be.

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

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

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

11 “(i) means a Federal agency partici-  
 12 pating in the SBIR program or the STTR  
 13 program; and

14 “(ii) does not include the Department  
 15 of Defense; and

16 “(B) the term ‘pilot program’ means the  
 17 program established under paragraph (1).”.

18 **SEC. 206. ACCELERATING CURES.**

19 (a) IN GENERAL.—The Small Business Act (15  
 20 U.S.C. 631 et seq.) is amended by inserting after section  
 21 42, as redesignated by section 201 of this Act, the fol-  
 22 lowing:

23 **“SEC. 43. SMALL BUSINESS INNOVATION RESEARCH PRO-**  
 24 **GRAM.**

25 “(a) NIH CURES PILOT.—

1           “(1) ESTABLISHMENT.—An independent advi-  
2           sory board shall be established at the National Acad-  
3           emy of Sciences (in this section referred to as the  
4           ‘advisory board’) to conduct periodic evaluations of  
5           the SBIR program (as that term is defined in sec-  
6           tion 9) of each of the National Institutes of Health  
7           (referred to in this section as the ‘NIH’) institutes  
8           and centers for the purpose of improving the man-  
9           agement of the SBIR program through data-driven  
10          assessment.

11           “(2) MEMBERSHIP.—

12           “(A) IN GENERAL.—The advisory board  
13          shall consist of—

14                   “(i) the Director of the NIH;

15                   “(ii) the Director of the SBIR pro-  
16                   gram of the NIH;

17                   “(iii) senior NIH agency managers,  
18                   selected by the Director of NIH;

19                   “(iv) industry experts, selected by the  
20                   Council of the National Academy of  
21                   Sciences in consultation with the Associate  
22                   Administrator for Technology of the Ad-  
23                   ministration and the Director of the Office  
24                   of Science and Technology Policy; and

1                   “(v) owners or operators of small  
2                   business concerns that have received an  
3                   award under the SBIR program of the  
4                   NIH, selected by the Associate Adminis-  
5                   trator for Technology of the Administra-  
6                   tion.

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

11                  “(C) EQUAL REPRESENTATION.—The total  
12                  number of members of the advisory board se-  
13                  lected under clauses (i), (ii), (iii), and (iv) of  
14                  subparagraph (A) shall be equal to the number  
15                  of members of the advisory board selected  
16                  under subparagraph (A)(v).

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

24                  “(c) PILOT PROGRAM.—



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

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

16          “(d) REPORT TO CONGRESS.—The Director of the  
17          NIH shall submit an annual report to Congress and the  
18          advisory board on the activities of the SBIR program of  
19          the NIH under this section.

20          “(e) SBIR GRANTS AND CONTRACTS.—

21                 “(1) IN GENERAL.—In awarding grants and  
22                 contracts under the SBIR program of the NIH each  
23                 SBIR program manager shall emphasize applica-  
24                 tions that identify products, processes, technologies,

1 and services that may enhance the development of  
2 cures and therapies.

3 “(2) EXAMINATION OF COMMERCIALIZATION  
4 AND OTHER METRICS.—The advisory board shall  
5 evaluate the implementation of the requirement  
6 under paragraph (1) by examining increased com-  
7 mercialization and other metrics, to be determined  
8 and collected by the SBIR program of the NIH.

9 “(3) PHASE I AND II.—To the greatest extent  
10 practicable, the Director of the SBIR program of  
11 the NIH shall reduce the time period between Phase  
12 I and Phase II funding of grants and contracts  
13 under the SBIR program of the NIH to 90 days.

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

20 (b) PROSPECTIVE REPEAL.—Effective 5 years after  
21 the date of enactment of this Act, the Small Business Act  
22 (15 U.S.C. 631 et seq.) is amended—

23 (1) by striking section 43, as added by sub-  
24 section (a); and

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

3 **SEC. 207. FEDERAL AGENCY ENGAGEMENT WITH SBIR AND**  
4 **STTR AWARDEES THAT HAVE BEEN AWARDED**  
5 **MULTIPLE PHASE I AWARDS BUT HAVE NOT**  
6 **BEEN AWARDED PHASE II AWARDS.**

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

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

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

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

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

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

1                   “(ii) relating to a Phase I award de-  
2                   scribed in subparagraph (A) under the  
3                   SBIR program or the STTR program of  
4                   another Federal agency.

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

12 **SEC. 208. CLARIFYING THE DEFINITION OF “PHASE III”.**

13                  (a) PHASE III AWARDS.—Section 9(e) of the Small  
14 Business Act (15 U.S.C. 638(e)) is amended—

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

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

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

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

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

6           “(10) the term ‘commercialization’ means—

7                 “(A) the process of developing products,  
8 processes, technologies, or services; and

9                 “(B) the production and delivery of prod-  
10 ucts, processes, technologies, or services for sale  
11 (whether by the originating party or by others)  
12 to or use by the Federal Government or com-  
13 mercial markets;”.

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

17           (1) in section 9 (15 U.S.C. 638)—

18                 (A) in subsection (e)—

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

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

1 (iii) by adding at the end the fol-  
2 lowing:

3 “(11) the term ‘Phase I’ means—

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

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

9 “(12) the term ‘Phase II’ means—

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

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

16 “(13) the term ‘Phase III’ means—

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

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

23 (B) in subsection (j)—

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

- 1 (ii) in paragraph (2)—
- 2 (I) in subparagraph (B)—
- 3 (aa) by striking “the third
- 4 phase” each place it appears and
- 5 inserting “Phase III”; and
- 6 (bb) by striking “the second
- 7 phase” and inserting “Phase II”;
- 8 (II) in subparagraph (D)—
- 9 (aa) by striking “the first
- 10 phase” and inserting “Phase I”;
- 11 and
- 12 (bb) by striking “the second
- 13 phase” and inserting “Phase II”;
- 14 (III) in subparagraph (F), by
- 15 striking “the third phase” and insert-
- 16 ing “Phase III”;
- 17 (IV) in subparagraph (G)—
- 18 (aa) by striking “the first
- 19 phase” and inserting “Phase I”;
- 20 and
- 21 (bb) by striking “the second
- 22 phase” and inserting “Phase II”;
- 23 and
- 24 (V) in subparagraph (H)—

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

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

6 (cc) by striking “third  
7 phase” and inserting “Phase  
8 III”; and

9 (iii) in paragraph (3)—

10 (I) in subparagraph (A)—

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

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

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

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



1 (C) in subsection (k)—

2 (i) by striking “first phase” each  
3 place it appears and inserting “Phase I”;  
4 and

5 (ii) by striking “second phase” each  
6 place it appears and inserting “Phase II”;

7 (D) in subsection (l)(2)—

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

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

12 (E) in subsection (o)(13)—

13 (i) in subparagraph (B), by striking  
14 “second phase” and inserting “Phase II”;  
15 and

16 (ii) in subparagraph (C), by striking  
17 “third phase” and inserting “Phase III”;

18 (F) in subsection (p)—

19 (i) in paragraph (2)(B)—

20 (I) in clause (vi)—

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

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

4 (II) in clause (ix)—

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

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

10 and

11 (ii) in paragraph (3)—

12 (I) by striking “the first phase  
13 (as described in subsection  
14 (e)(6)(A))” and inserting “Phase I”;

15 (II) by striking “the second  
16 phase (as described in subsection  
17 (e)(6)(B))” and inserting “Phase II”;  
18 and

19 (III) by striking “the third phase  
20 (as described in subsection  
21 (e)(6)(A))” and inserting “Phase III”;

22 (G) in subsection (q)(3)—

23 (i) in subparagraph (A)—

- 1 (I) in the subparagraph heading,  
2 by striking “FIRST PHASE” and in-  
3 sserting “PHASE I”; and
- 4 (II) by striking “first phase” and  
5 inserting “Phase I”; and
- 6 (ii) in subparagraph (B)—
- 7 (I) in the subparagraph heading,  
8 by striking “SECOND PHASE” and in-  
9 sserting “PHASE II”; and
- 10 (II) by striking “second phase”  
11 and inserting “Phase II”;
- 12 (H) in subsection (r)—
- 13 (i) in the subsection heading, by strik-  
14 ing “THIRD PHASE” and inserting  
15 “PHASE III”;
- 16 (ii) in paragraph (1)—
- 17 (I) in the first sentence—
- 18 (aa) by striking “for the sec-  
19 ond phase” and inserting “for  
20 Phase II”;
- 21 (bb) by striking “third  
22 phase” and inserting “Phase  
23 III”; and

1 (cc) by striking “second  
2 phase period” and inserting  
3 “Phase II period”; and

4 (II) in the second sentence—

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

8 (bb) by striking “third  
9 phase” and inserting “Phase  
10 III”; and

11 (iii) in paragraph (2), by striking  
12 “third phase” and inserting “Phase III”;  
13 and

14 (I) in subsection (u)(2)(B), by striking  
15 “the first phase” and inserting “Phase I”; and

16 (2) in section 34(c)(2)(B)(vii) (15 U.S.C.  
17 657e(c)(2)(B)(vii)), as redesignated by section 201  
18 of this Act, by striking “third phase” and inserting  
19 “Phase III”.

20 **SEC. 209. SHORTENED PERIOD FOR FINAL DECISIONS ON**  
21 **PROPOSALS AND APPLICATIONS.**

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

24 (1) in subsection (g)(4)—

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

1 (B) by adding “and” after the semicolon  
2 at the end; and

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

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

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

8 “(ii) if the Administrator authorizes an ex-  
9 tension for a solicitation, not later than 180  
10 days after the date on which the solicitation  
11 closes;”; and

12 (2) in subsection (o)(4)—

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

14 (B) by adding “and” after the semicolon  
15 at the end; and

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

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

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

21 “(ii) if the Administrator authorizes an ex-  
22 tension for a solicitation, not later than 180  
23 days after the date on which the solicitation  
24 closes;”.

25 (b) NIH PEER REVIEW PROCESS.—

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

4           “(hh) NIH PEER REVIEW PROCESS.—The Director  
5           of the National Institutes of Health may make an award  
6           under the SBIR program or the STTR program of the  
7           National Institutes of Health if the application for the  
8           award has undergone technical and scientific peer review  
9           under section 492 of the Public Health Service Act (42  
10          U.S.C. 289a).”.

11           (2) TECHNICAL AND CONFORMING AMEND-  
12          MENTS.—Section 105 of the National Institutes of  
13          Health Reform Act of 2006 (42 U.S.C. 284n) is  
14          amended—

15                   (A) in subsection (a)(3)—

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

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

23                   (B) in subsection (b)(5)—

24                           (i) by striking “A grant” and insert-  
25                           ing “Except as provided in section 9(hh) of

1 the Small Business Act (15 U.S.C.  
2 638(hh)), a grant”; and

3 (ii) by striking “section 402(k)” and  
4 all that follows through “Act)” and insert-  
5 ing “section 402(l) of such Act”.

6 **TITLE III—OVERSIGHT AND**  
7 **EVALUATION**

8 **SEC. 301. STREAMLINING ANNUAL EVALUATION REQUIRE-**  
9 **MENTS.**

10 Section 9(b) of the Small Business Act (15 U.S.C.  
11 638(b)), as amended by section 102 of this Act, is amend-  
12 ed—

13 (1) in paragraph (7)—

14 (A) by striking “STTR programs, includ-  
15 ing the data” and inserting the following:

16 “STTR programs, including—

17 “(A) the data”;

18 (B) by striking “(g)(10), (o)(9), and  
19 (o)(15), the number” and all that follows  
20 through “under each of the SBIR and STTR  
21 programs, and a description” and inserting the  
22 following: “(g)(8) and (o)(9); and

23 “(B) the number of proposals received  
24 from, and the number and total amount of  
25 awards to, HUBZone small business concerns

1 and firms with venture capital investment (in-  
2 cluding those majority-owned by multiple ven-  
3 ture capital operating companies) under each of  
4 the SBIR and STTR programs;

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

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

17 “(E) a detailed description of appeals of  
18 Phase III awards and notices of noncompliance  
19 with the SBIR Policy Directive and the STTR  
20 Policy Directive filed by the Administrator with  
21 Federal agencies; and

22 “(F) a description”; and

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



1           “(8) to coordinate the implementation of elec-  
2           tronic databases at each of the Federal agencies par-  
3           ticipating in the SBIR program or the STTR pro-  
4           gram, including the technical ability of the partici-  
5           pating agencies to electronically share data;”.

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

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

9           (1) by striking paragraph (10);

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

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

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

21           “(A) whether an awardee—

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

1           “(I) the amount of venture cap-  
2           ital that the awardee has received as  
3           of the date of the award; and

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

7           “(ii) has an investor that—

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

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

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

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

24          “(v) received assistance under the  
25          FAST program under section 34, as in ef-

1           fect on the day before the date of enact-  
2           ment of the SBIR/STTR Reauthorization  
3           Act of 2011, or the outreach program  
4           under subsection (s);

5           “(vi) is a faculty member or a student  
6           of an institution of higher education, as  
7           that term is defined in section 101 of the  
8           Higher Education Act of 1965 (20 U.S.C.  
9           1001); or

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

12           “(B) a justification statement from the  
13           agency, if an awardee receives an award in an  
14           amount that is more than the award guidelines  
15           under this section;”.

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

17           Section 9(o) of the Small Business Act (15 U.S.C.  
18           638(o)) is amended by striking paragraph (9) and insert-  
19           ing the following:

20           “(9) collect annually, and maintain in a com-  
21           mon format in accordance with the simplified report-  
22           ing requirements under subsection (v), such informa-  
23           tion from applicants and awardees as is necessary to  
24           assess the STTR program outputs and outcomes, in-

1 including information necessary to maintain the data-  
2 base described in subsection (k), including—

3 “(A) whether an applicant or awardee—

4 “(i) has venture capital or is majority-  
5 owned by multiple venture capital oper-  
6 ating companies, and, if so—

7 “(I) the amount of venture cap-  
8 ital that the applicant or awardee has  
9 received as of the date of the applica-  
10 tion or award, as applicable; and

11 “(II) the amount of additional  
12 capital that the applicant or awardee  
13 has invested in the SBIR technology;

14 “(ii) has an investor that—

15 “(I) is an individual who is not a  
16 citizen of the United States or a law-  
17 ful permanent resident of the United  
18 States, and if so, the name of any  
19 such individual; or

20 “(II) is a person that is not an  
21 individual and is not organized under  
22 the laws of a State or the United  
23 States, and if so the name of any such  
24 person;

1           “(iii) is owned by a woman or has a  
2 woman as a principal investigator;

3           “(iv) is owned by a socially or eco-  
4 nomically disadvantaged individual or has  
5 a socially or economically disadvantaged  
6 individual as a principal investigator;

7           “(v) received assistance under the  
8 FAST program under section 34 or the  
9 outreach program under subsection (s);

10           “(vi) is a faculty member or a student  
11 of an institution of higher education, as  
12 that term is defined in section 101 of the  
13 Higher Education Act of 1965 (20 U.S.C.  
14 1001); or

15           “(vii) is located in a State in which  
16 the total value of contracts awarded to  
17 small business concerns under all STTR  
18 programs is less than the total value of  
19 contracts awarded to small business con-  
20 cerns in a majority of other States, as de-  
21 termined by the Administrator in biennial  
22 fiscal years, beginning with fiscal year  
23 2008, based on the most recent statistics  
24 compiled by the Administrator; and

1           “(B) if an awardee receives an award in an  
2           amount that is more than the award guidelines  
3           under this section, a statement from the agency  
4           that justifies the award amount;”.

5 **SEC. 304. PUBLIC DATABASE.**

6           Section 9(k)(1) of the Small Business Act (15 U.S.C.  
7 638(k)(1)) is amended—

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

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

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

13                 “(F) for each small business concern that  
14                 has received a Phase I or Phase II SBIR or  
15                 STTR award from a Federal agency, whether  
16                 the small business concern—

17                         “(i) has venture capital and, if so,  
18                         whether the small business concern is reg-  
19                         istered as majority-owned by multiple ven-  
20                         ture capital operating companies as re-  
21                         quired under subsection (cc)(4);

22                         “(ii) is owned by a woman or has a  
23                         woman as a principal investigator;

24                         “(iii) is owned by a socially or eco-  
25                         nomically disadvantaged individual or has

1 a socially or economically disadvantaged  
2 individual as a principal investigator;

3 “(iv) received assistance under the  
4 FAST program under section 34, as in ef-  
5 fect on the day before the date of enact-  
6 ment of the SBIR/STTR Reauthorization  
7 Act of 2011, or the outreach program  
8 under subsection (s); or

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

14 **SEC. 305. GOVERNMENT DATABASE.**

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

17 (1) in paragraph (2)—

18 (A) in the matter preceding subparagraph  
19 (A), by striking “Not later” and all that follows  
20 through “Act of 2000” and inserting “Not later  
21 than 90 days after the date of enactment of the  
22 SBIR/STTR Reauthorization Act of 2011”;

23 (B) by striking subparagraph (C);

1 (C) by redesignating subparagraphs (A)  
2 and (B) as subparagraphs (B) and (C), respec-  
3 tively;

4 (D) by inserting before subparagraph (B),  
5 as so redesignated, the following:

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

10 “(i) the name, size, and location, and  
11 an identifying number assigned by the Ad-  
12 ministration of the small business concern;

13 “(ii) an abstract of the project;

14 “(iii) the specific aims of the project;

15 “(iv) the number of employees of the  
16 small business concern;

17 “(v) the names of key individuals that  
18 will carry out the project;

19 “(vi) the percentage of effort each in-  
20 dividual described in clause (iv) will con-  
21 tribute to the project;

22 “(vii) whether the small business con-  
23 cern is majority-owned by multiple venture  
24 capital operating companies; and



1           “(viii) the Federal agency to which  
2           the application is made, and contact infor-  
3           mation for the person or office within the  
4           Federal agency that is responsible for re-  
5           viewing applications and making awards  
6           under the SBIR program or the STTR  
7           program;”;

8           (E) by redesignating subparagraphs (D),  
9           and (E) as subparagraphs (E) and (F), respec-  
10          tively;

11          (F) by inserting after subparagraph (C),  
12          as so redesignated, the following:

13           “(D) includes, for each awardee—

14            “(i) the name, size, location, and any  
15            identifying number assigned to the award-  
16            ee by the Administrator;

17            “(ii) whether the awardee has venture  
18            capital, and, if so—

19              “(I) the amount of venture cap-  
20              ital as of the date of the award;

21              “(II) the percentage of ownership  
22              of the awardee held by a venture cap-  
23              ital operating company, including  
24              whether the awardee is majority-

1 owned by multiple venture capital op-  
2 erating companies; and

3 “(III) the amount of additional  
4 capital that the awardee has invested  
5 in the SBIR technology, which infor-  
6 mation shall be collected on an annual  
7 basis;

8 “(iii) the names and locations of any  
9 affiliates of the awardee;

10 “(iv) the number of employees of the  
11 awardee;

12 “(v) the number of employees of the  
13 affiliates of the awardee; and

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

16 “(I) any individual who is not a  
17 citizen of the United States or a law-  
18 ful permanent resident of the United  
19 States; or

20 “(II) any person that is not an  
21 individual and is not organized under  
22 the laws of a State or the United  
23 States;”;

24 (G) in subparagraph (E), as so redesign-  
25 nated, by striking “and” at the end;

1 (H) in subparagraph (F), as so redesignated,  
2 nated, by striking the period at the end and inserting  
3 “; and”; and

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

5 “(G) includes a timely and accurate list of  
6 any individual or small business concern that  
7 has participated in the SBIR program or STTR  
8 program that has committed fraud, waste, or  
9 abuse relating to the SBIR program or STTR  
10 program.”; and

11 (2) in paragraph (3), by adding at the end the  
12 following:

13 “(C) GOVERNMENT DATABASE.—Not later  
14 than 60 days after the date established by a  
15 Federal agency for submitting applications or  
16 proposals for a Phase I or Phase II award  
17 under the SBIR program or STTR program,  
18 the head of the Federal agency shall submit to  
19 the Administrator the data required under  
20 paragraph (2) with respect to each small business  
21 concern that applies or submits a proposal  
22 for the Phase I or Phase II award.”.

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

24 (a) IN GENERAL.—Not later than 1 year after the  
25 date of enactment of this Act, and every year thereafter

1 until the date that is 5 years after the date of enactment  
2 of this Act, the Comptroller General of the United States  
3 shall—

4 (1) conduct a fiscal and management audit of  
5 the SBIR program and the STTR program for the  
6 applicable period to—

7 (A) determine whether Federal agencies  
8 comply with the expenditure amount require-  
9 ments under subsections (f)(1) and (n)(1) of  
10 section 9 of the Small Business Act (15 U.S.C.  
11 638), as amended by this Act;

12 (B) assess the extent of compliance with  
13 the requirements of section 9(i)(2) of the Small  
14 Business Act (15 U.S.C. 638(i)(2)) by Federal  
15 agencies participating in the SBIR program or  
16 the STTR program and the Administration;

17 (C) assess whether it would be more con-  
18 sistent and effective to base the amount of the  
19 allocations under the SBIR program and the  
20 STTR program on a percentage of the research  
21 and development budget of a Federal agency,  
22 rather than the extramural budget of the Fed-  
23 eral agency; and

24 (D) determine the portion of the extra-  
25 mural research or research and development

1 budget of a Federal agency that each Federal  
2 agency spends for administrative purposes re-  
3 lating to the SBIR program or STTR program,  
4 and for what specific purposes, including the  
5 portion, if any, of such budget the Federal  
6 agency spends for salaries and expenses, travel  
7 to visit applicants, outreach events, marketing,  
8 and technical assistance; and

9 (2) submit a report to the Committee on Small  
10 Business and Entrepreneurship of the Senate and  
11 the Committee on Small Business of the House of  
12 Representatives regarding the audit conducted under  
13 paragraph (1), including the assessments required  
14 under subparagraphs (B) and (C), and the deter-  
15 mination made under subparagraph (D) of para-  
16 graph (1).

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

19 (1) for the first report submitted under this  
20 section, the period beginning on October 1, 2005,  
21 and ending on September 30 of the last full fiscal  
22 year before the date of enactment of this Act for  
23 which information is available; and

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

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

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

7 **SEC. 307. CONTINUED EVALUATION BY THE NATIONAL**  
8 **ACADEMY OF SCIENCES.**

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

12 “(e) EXTENSIONS AND ENHANCEMENTS OF AUTHOR-  
13 ITY.—

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

24 “(A) continue the most recent study under  
25 this section relating to—

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

4           “(ii) the effectiveness of the govern-  
5           ment and public databases described in  
6           section 9(k) of the Small Business Act (15  
7           U.S.C. 638(k)) in reducing vulnerabilities  
8           of the SBIR program and the STTR pro-  
9           gram to fraud, waste, and abuse, particu-  
10          larly with respect to Federal agencies  
11          funding duplicative proposals and business  
12          concerns falsifying information in pro-  
13          posals;

14          “(B) make recommendations with respect  
15          to the issues described in subparagraph (A)(ii)  
16          and subparagraphs (A), (D), and (E) of sub-  
17          section (a)(2).

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

24          “(3) REPORTING.—An agreement under para-  
25          graph (1) shall require that not later than 4 years

1 after the date of enactment of the SBIR/STTR Re-  
2 authorization Act of 2011, and every 4 years there-  
3 after, the National Research Council shall submit to  
4 the head of the agency entering into the agreement,  
5 the Committee on Small Business and Entrepre-  
6 neurship of the Senate, and the Committee on Small  
7 Business of the House of Representatives a report  
8 regarding the study conducted under paragraph (1)  
9 and containing the recommendations described in  
10 paragraph (1).”.

11 **SEC. 308. TECHNOLOGY INSERTION REPORTING REQUIRE-**  
12 **MENTS.**

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

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

20 “(1) the name of the agency or component of  
21 the agency or the non-Federal source of capital mak-  
22 ing the Phase III award;

23 “(2) the name of the small business concern or  
24 individual receiving the Phase III award; and



1           “(3) the dollar amount of the Phase III  
2           award.”.

3 **SEC. 309. INTELLECTUAL PROPERTY PROTECTIONS.**

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

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

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

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

20           (b) REPORT.—Not later than 18 months after the  
21 date of enactment of this Act, the Comptroller General  
22 shall submit to the Committee on Small Business and En-  
23 trepreneurship of the Senate and the Committee on Small  
24 Business of the House of Representatives a report regard-  
25 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—

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 **TITLE IV—POLICY DIRECTIVES**

### 8 **SEC. 401. CONFORMING AMENDMENTS TO THE SBIR AND** 9 **THE STTR POLICY DIRECTIVES.**

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

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

## 21 **TITLE V—OTHER PROVISIONS**

### 22 **SEC. 501. RESEARCH TOPICS AND PROGRAM DIVERSIFICA-** 23 **TION.**

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

1 (1) in paragraph (3)—

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

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

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

21 “(C) the National Academy of Sciences, in  
22 the final report issued by the ‘America’s Energy  
23 Future: Technology Opportunities, Risks, and  
24 Tradeoffs’ project, and in any subsequent re-



1 port by the National Academy of Sciences on  
2 sustainability, energy, or alternative fuels;

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

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

21 “(F) the national nanotechnology strategic  
22 plan required under section 2(c)(4) of the 21st  
23 Century Nanotechnology Research and Develop-  
24 ment Act (15 U.S.C. 7501(c)(4)) and in any re-  
25 port issued by the National Science and Tech-

1           nology Council Committee on Technology that  
2           focuses on areas of nanotechnology identified in  
3           such plan;”); and

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

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

9                   “(A) from small business concerns in geo-  
10                  graphic areas underrepresented in the SBIR  
11                  program or located in rural areas (as defined in  
12                  section 1393(a)(2) of the Internal Revenue  
13                  Code of 1986);

14                  “(B) small business concerns owned and  
15                  controlled by women;

16                  “(C) small business concerns owned and  
17                  controlled by veterans;

18                  “(D) small business concerns owned and  
19                  controlled by Native Americans; and

20                  “(E) small business concerns located in a  
21                  geographic area with an unemployment rates  
22                  that exceed the national unemployment rate,  
23                  based on the most recently available monthly  
24                  publications of the Bureau of Labor Statistics  
25                  of the Department of Labor.”.

1 (b) STTR PROGRAM.—Section 9(o) of the Small  
2 Business Act (15 U.S.C. 638(o)), as amended by section  
3 111(b) of this Act, is amended—

4 (1) in paragraph (3)—

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

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

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

20 “(C) the National Academy of Sciences, in  
21 the final report issued by the ‘America’s Energy  
22 Future: Technology Opportunities, Risks, and  
23 Tradeoffs’ project, and in any subsequent re-  
24 port by the National Academy of Sciences on  
25 sustainability, energy, or alternative fuels;

1           “(D) the National Institutes of Health, in  
2           the annual report on the rare diseases research  
3           activities of the National Institutes of Health  
4           for fiscal year 2005, and in any subsequent re-  
5           port by the National Institutes of Health on  
6           rare diseases research activities;

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

19          “(F) the national nanotechnology strategic  
20          plan required under section 2(c)(4) of the 21st  
21          Century Nanotechnology Research and Develop-  
22          ment Act (15 U.S.C. 7501(c)(4)) and in any re-  
23          port issued by the National Science and Tech-  
24          nology Council Committee on Technology that

1 focuses on areas of nanotechnology identified in  
2 such plan;”;

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

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

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

8 “(17) encourage applications under the STTR  
9 program (to the extent that the projects relate to the  
10 mission of the Federal agency)—

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

16 “(B) small business concerns owned and  
17 controlled by women;

18 “(C) small business concerns owned and  
19 controlled by veterans;

20 “(D) small business concerns owned and  
21 controlled by Native Americans; and

22 “(E) small business concerns located in a  
23 geographic area with an unemployment rates  
24 that exceed the national unemployment rate,  
25 based on the most recently available monthly

1           publications of the Bureau of Labor Statistics  
2           of the Department of Labor.”.

3           (c) **RESEARCH AND DEVELOPMENT FOCUS.**—Section  
4 9(x) of the Small Business Act (15 U.S.C. 638(x)) is  
5 amended—

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

7           (2) by redesignating paragraph (3) as para-  
8 graph (2).

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

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

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

15               “(1) **DEVELOPMENT OF METRICS.**—The head of  
16 each Federal agency required to participate in the  
17 SBIR program or the STTR program shall develop  
18 metrics to evaluate the effectiveness, and the benefit  
19 to the people of the United States, of the SBIR pro-  
20 gram and the STTR program of the Federal agency  
21 that—

22               “(A) are science-based and statistically  
23 driven;

24               “(B) reflect the mission of the Federal  
25 agency; and

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

3           “(2) EVALUATION.—The head of each Federal  
4           agency described in paragraph (1) shall conduct an  
5           annual evaluation using the metrics developed under  
6           paragraph (1) of—

7           “(A) the SBIR program and the STTR  
8           program of the Federal agency; and

9           “(B) the benefits to the people of the  
10          United States of the SBIR program and the  
11          STTR program of the Federal agency.

12          “(3) REPORT.—

13          “(A) IN GENERAL.—The head of each  
14          Federal agency described in paragraph (1) shall  
15          submit to the appropriate committees of Con-  
16          gress and the Administrator an annual report  
17          describing in detail the results of an evaluation  
18          conducted under paragraph (2).

19          “(B) PUBLIC AVAILABILITY OF REPORT.—  
20          The head of each Federal agency described in  
21          paragraph (1) shall make each report submitted  
22          under subparagraph (A) available to the public  
23          online.

1           “(C) DEFINITION.—In this paragraph, the  
2           term ‘appropriate committees of Congress’  
3           means—

4                   “(i) the Committee on Small Business  
5                   and Entrepreneurship of the Senate; and

6                   “(ii) the Committee on Small Busi-  
7                   ness and the Committee on Science and  
8                   Technology of the House of Representa-  
9                   tives.”.

10 **SEC. 503. COMPETITIVE SELECTION PROCEDURES FOR**  
11 **SBIR AND STTR PROGRAMS.**

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

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

○