

1 **DIVISION E—SBIR AND STTR**
2 **REAUTHORIZATION**
3 **TITLE L—SHORT TITLE;**
4 **DEFINITIONS**

5 **SEC. 5001. SHORT TITLE.**

6 This division may be cited as the “SBIR/STTR Re-
7 authorization Act of 2011”.

8 **SEC. 5002. DEFINITIONS.**

9 In this division—

10 (1) the terms “Administration” and “Adminis-
11 trator” mean the Small Business Administration
12 and the Administrator thereof, respectively;

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

19 (3) the term “small business concern” has the
20 meaning given that term under section 3 of the
21 Small Business Act (15 U.S.C. 632).

22 **TITLE LI—SBIR AND STTR**
23 **REAUTHORIZATION**

 Subtitle A—Reauthorization of the SBIR and STTR Programs

- Sec. 5101. Extension of termination dates.
- Sec. 5102. SBIR and STTR allocation increase.
- Sec. 5103. SBIR and STTR award levels.

- Sec. 5104. Agency and program flexibility.
- Sec. 5105. Elimination of Phase II invitations.
- Sec. 5106. Pilot to allow phase flexibility.
- Sec. 5107. Participation by firms with substantial investment from multiple venture capital operating companies, hedge funds, or private equity firms in a portion of the SBIR program.
- Sec. 5108. SBIR and STTR special acquisition preference.
- Sec. 5109. Collaborating with Federal laboratories and research and development centers.
- Sec. 5110. Notice requirement.
- Sec. 5111. Additional SBIR and STTR awards.

Subtitle B—Outreach and Commercialization Initiatives

- Sec. 5121. Technical assistance for awardees.
- Sec. 5122. Commercialization Readiness Program at Department of Defense.
- Sec. 5123. Commercialization Readiness Pilot Program for civilian agencies.
- Sec. 5124. Interagency Policy Committee.
- Sec. 5125. Clarifying the definition of “Phase III”.
- Sec. 5126. Shortened period for final decisions on proposals and applications.
- Sec. 5127. Phase 0 Proof of Concept Partnership pilot program.

Subtitle C—Oversight and Evaluation

- Sec. 5131. Streamlining annual evaluation requirements.
- Sec. 5132. Data collection from agencies for SBIR.
- Sec. 5133. Data collection from agencies for STTR.
- Sec. 5134. Public database.
- Sec. 5135. Government database.
- Sec. 5136. Accuracy in funding base calculations.
- Sec. 5137. Continued evaluation by the National Academy of Sciences.
- Sec. 5138. Technology insertion reporting requirements.
- Sec. 5139. Intellectual property protections.
- Sec. 5140. Obtaining consent from SBIR and STTR applicants to release contact information to economic development organizations.
- Sec. 5141. Pilot to allow funding for administrative, oversight, and contract processing costs.
- Sec. 5142. GAO study with respect to venture capital operating company, hedge fund, and private equity firm involvement.
- Sec. 5143. Reducing vulnerability of SBIR and STTR programs to fraud, waste, and abuse.
- Sec. 5144. Simplified paperwork requirements.

Subtitle D—Policy Directives

- Sec. 5151. Conforming amendments to the SBIR and the STTR Policy Directives.

Subtitle E—Other Provisions

- Sec. 5161. Report on SBIR and STTR program goals.
- Sec. 5162. Competitive selection procedures for SBIR and STTR programs.
- Sec. 5163. Loan restrictions.
- Sec. 5164. Limitation on pilot programs.
- Sec. 5165. Commercialization success.
- Sec. 5166. Publication of certain information.
- Sec. 5167. Report on enhancement of manufacturing activities.

Sec. 5168. Coordination of the SBIR program and the Experimental Program to Stimulate Competitive Research.

1 **Subtitle A—Reauthorization of the**
2 **SBIR and STTR Programs**

3 **SEC. 5101. EXTENSION OF TERMINATION DATES.**

4 (a) SBIR.—Section 9(m) of the Small Business Act
5 (15 U.S.C. 638(m)) is amended by striking “2011” and
6 inserting “2017”.

7 (b) STTR.—Section 9(n)(1)(A) of the Small Busi-
8 ness Act (15 U.S.C. 638(n)(1)(A)) is amended by striking
9 “2011” and inserting “2017”.

10 **SEC. 5102. SBIR AND STTR ALLOCATION INCREASE.**

11 (a) SBIR.—Section 9(f) of the Small Business Act
12 (15 U.S.C. 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 each of fiscal years 1997 through
23 2011;

1 “(D) not less than 2.6 percent of such
2 budget in fiscal year 2012;

3 “(E) not less than 2.7 percent of such
4 budget in fiscal year 2013;

5 “(F) not less than 2.8 percent of such
6 budget in fiscal year 2014;

7 “(G) not less than 2.9 percent of such
8 budget in fiscal year 2015;

9 “(H) not less than 3.0 percent of such
10 budget in fiscal year 2016; and

11 “(I) not less than 3.2 percent of such
12 budget in fiscal year 2017 and each fiscal year
13 thereafter,”; and

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

15 “(4) RULE OF CONSTRUCTION.—Nothing in
16 this subsection may be construed to prohibit a Fed-
17 eral agency from expending with small business con-
18 cerns an amount of the extramural budget for re-
19 search or research and development of the agency
20 that exceeds the amount required under paragraph
21 (1).”.

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

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

25 and

1 (2) by striking clause (ii) and inserting the fol-
2 lowing:

3 “(ii) 0.3 percent for each of fiscal
4 years 2004 through 2011;

5 “(iii) 0.35 percent for each of fiscal
6 years 2012 and 2013;

7 “(iv) 0.40 percent for each of fiscal
8 years 2014 and 2015; and

9 “(v) 0.45 percent for fiscal year 2016
10 and each fiscal year thereafter.”.

11 **SEC. 5103. 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), as amended by
13 this title, is further amended by adding at the end the
14 following:

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

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

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

25 “(A) the amount of each award;

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

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, hedge fund, or pri-
7 vate equity firm investment and, if so, whether
8 the recipient is majority-owned by multiple ven-
9 ture capital operating companies, hedge funds,
10 or private equity firms.

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

14 “(4) WAIVER FOR SPECIFIC TOPIC.—Upon the
15 receipt of an application from a Federal agency, the
16 Administrator may grant a waiver from the require-
17 ment under paragraph (1) with respect to a specific
18 topic (but not for the agency as a whole) for a fiscal
19 year if the Administrator determines, based on the
20 information contained in the application from the
21 agency, that—

22 “(A) the requirement under paragraph (1)
23 will interfere with the ability of the agency to
24 fulfill its research mission through the SBIR
25 program or the STTR program; and

1 “(B) the agency will minimize, to the max-
2 imum extent possible, the number of awards
3 that do not satisfy the requirement under para-
4 graph (1) to preserve the nature and intent of
5 the SBIR program and the STTR program.

6 “(5) RULE OF CONSTRUCTION.—Nothing in
7 this subsection shall be construed to prevent a Fed-
8 eral agency from supplementing an award under the
9 SBIR program or the STTR program using funds of
10 the Federal agency that are not part of the SBIR
11 program or the STTR program of the Federal agen-
12 cy.”.

13 **SEC. 5104. AGENCY AND PROGRAM FLEXIBILITY.**

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

17 “(bb) SUBSEQUENT PHASE II AWARDS.—

18 “(1) AGENCY FLEXIBILITY.—A small business
19 concern that received a Phase I award from a Fed-
20 eral agency under this section shall be eligible to re-
21 ceive a subsequent Phase II award from another
22 Federal agency, if the head of each relevant Federal
23 agency or the relevant component of the Federal
24 agency makes a written determination that the top-
25 ics of the relevant awards are the same and both

1 agencies report the awards to the Administrator for
2 inclusion in the public database under subsection
3 (k).

4 “(2) SBIR AND STTR PROGRAM FLEXIBILITY.—
5 A small business concern that received a Phase I
6 award under this section under the SBIR program
7 or the STTR program may receive a subsequent
8 Phase II award in either the SBIR program or the
9 STTR program and the participating agency or
10 agencies shall report the awards to the Adminis-
11 trator for inclusion in the public database under
12 subsection (k).

13 “(3) PREVENTING DUPLICATIVE AWARDS.—The
14 head of a Federal agency shall verify that any activ-
15 ity to be performed with respect to a project with a
16 Phase I or Phase II SBIR or STTR award has not
17 been funded under the SBIR program or STTR pro-
18 gram of another Federal agency.”.

19 **SEC. 5105. ELIMINATION OF PHASE II INVITATIONS.**

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

22 (1) in paragraph (4)(B), by striking “to fur-
23 ther” and inserting “which shall not include any in-
24 vitation, pre-screening, or pre-selection process for
25 eligibility for Phase II, that will further”; and

1 (2) in paragraph (6)(B), by striking “to further
2 develop proposed ideas to” and inserting “which
3 shall not include any invitation, pre-screening, or
4 pre-selection process for eligibility for Phase II, that
5 will further develop proposals that”.

6 **SEC. 5106. PILOT TO ALLOW PHASE FLEXIBILITY.**

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

10 “(cc) PHASE FLEXIBILITY.—During fiscal years
11 2012 through 2017, the National Institutes of Health, the
12 Department of Defense, and the Department of Education
13 may each provide to a small business concern an award
14 under Phase II of the SBIR program with respect to a
15 project, without regard to whether the small business con-
16 cern was provided an award under Phase I of an SBIR
17 program with respect to such project, if the head of the
18 applicable agency determines that the small business con-
19 cern has completed the determinations described in sub-
20 section (e)(4)(A) with respect to such project despite not
21 having been provided a Phase I award.”.

1 **SEC. 5107. PARTICIPATION BY FIRMS WITH SUBSTANTIAL**
2 **INVESTMENT FROM MULTIPLE VENTURE**
3 **CAPITAL OPERATING COMPANIES, HEDGE**
4 **FUNDS, OR PRIVATE EQUITY FIRMS IN A POR-**
5 **TION OF THE SBIR PROGRAM.**

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

9 “(dd) PARTICIPATION OF SMALL BUSINESS CON-
10 CERNS MAJORITY-OWNED BY VENTURE CAPITAL OPER-
11 ATING COMPANIES, HEDGE FUNDS, OR PRIVATE EQUITY
12 FIRMS IN THE SBIR PROGRAM.—

13 “(1) AUTHORITY.—Upon providing a written
14 determination described in paragraph (2) to the Ad-
15 ministrator, the Committee on Small Business and
16 Entrepreneurship of the Senate, and the Committee
17 on Small Business and the Committee on Science,
18 Space, and Technology of the House of Representa-
19 tives, not later than 30 days before the date on
20 which any such award is made—

21 “(A) the Director of the National Insti-
22 tutes of Health, the Secretary of Energy, and
23 the Director of the National Science Founda-
24 tion may award not more than 25 percent of
25 the funds allocated for the SBIR program of
26 the applicable Federal agency to small business

1 concerns that are owned in majority part by
2 multiple venture capital operating companies,
3 hedge funds, or private equity firms through
4 competitive, merit-based procedures that are
5 open to all eligible small business concerns; and

6 “(B) the head of a Federal agency other
7 than a Federal agency described in subpara-
8 graph (A) that participates in the SBIR pro-
9 gram may award not more than 15 percent of
10 the funds allocated for the SBIR program of
11 the Federal agency to small business concerns
12 that are owned in majority part by multiple
13 venture capital operating companies, hedge
14 funds, or private equity firms through competi-
15 tive, merit-based procedures that are open to all
16 eligible small business concerns.

17 “(2) DETERMINATION.—A written determina-
18 tion described in this paragraph is a written deter-
19 mination by the head of a Federal agency that ex-
20 plains how the use of the authority under paragraph
21 (1) will—

22 “(A) induce additional venture capital,
23 hedge fund, or private equity firm funding of
24 small business innovations;

1 “(B) substantially contribute to the mis-
2 sion of the Federal agency;

3 “(C) demonstrate a need for public re-
4 search; and

5 “(D) otherwise fulfill the capital needs of
6 small business concerns for additional financing
7 for SBIR projects.

8 “(3) REGISTRATION.—A small business concern
9 that is majority-owned by multiple venture capital
10 operating companies, hedge funds, or private equity
11 firms and qualified for participation in the program
12 authorized under paragraph (1) shall—

13 “(A) register with the Administrator on
14 the date that the small business concern sub-
15 mits an application for an award under the
16 SBIR program; and

17 “(B) indicate in any SBIR proposal that
18 the small business concern is registered under
19 subparagraph (A) as majority-owned by mul-
20 tiple venture capital operating companies, hedge
21 funds, or private equity firms.

22 “(4) COMPLIANCE.—

23 “(A) IN GENERAL.—The head of a Federal
24 agency that makes an award under this sub-
25 section during a fiscal year shall collect and

1 submit to the Administrator data relating to
2 the number and dollar amount of Phase I
3 awards, Phase II awards, and any other cat-
4 egory of awards by the Federal agency under
5 the SBIR program during that fiscal year.

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

14 “(5) ENFORCEMENT.—If a Federal agency
15 awards more than the percent of the funds allocated
16 for the SBIR program of the Federal agency author-
17 ized under paragraph (1) for a purpose described in
18 paragraph (1), the head of the Federal agency shall
19 transfer an amount equal to the amount awarded in
20 excess of the amount authorized under paragraph
21 (1) to the funds for general SBIR programs from
22 the non-SBIR and non-STTR research and develop-
23 ment funds of the Federal agency not later than 180
24 days after the date on which the Federal agency
25 made the award that caused the total awarded under

1 paragraph (1) to be more than the amount author-
2 ized under paragraph (1) for a purpose described in
3 paragraph (1).

4 “(6) FINAL DECISIONS ON APPLICATIONS
5 UNDER THE SBIR PROGRAM.—

6 “(A) DEFINITION.—In this paragraph, the
7 term ‘covered small business concern’ means a
8 small business concern that—

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

15 “(ii) on the date of the award under
16 the SBIR program is majority-owned by
17 multiple venture capital operating compa-
18 nies, hedge funds, or private equity firms.

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

1 “(i) a covered small business concern
2 is eligible to receive the award, without re-
3 gard to whether the covered small business
4 concern meets the requirements for receiv-
5 ing an award under the SBIR program for
6 a small business concern that is majority-
7 owned by multiple venture capital oper-
8 ating companies, hedge funds, or private
9 equity firms, if the covered small business
10 concern meets all other requirements for
11 such an award; and

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

21 “(7) EVALUATION CRITERIA.—A Federal agen-
22 cy may not use investment of venture capital or in-
23 vestment from hedge funds or private equity firms
24 as a criterion for the award of contracts under the
25 SBIR program or STTR program.”.

1 (b) DEFINITIONS.—Section 3 of the Small Business
2 Act (15 U.S.C. 632) is amended by adding at the end the
3 following:

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

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

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

17 (c) RULEMAKING TO ENSURE THAT FIRMS THAT
18 ARE MAJORITY-OWNED BY MULTIPLE VENTURE CAPITAL
19 OPERATING COMPANIES, HEDGE FUNDS, OR PRIVATE
20 EQUITY FIRMS ARE ABLE TO PARTICIPATE IN A POR-
21 TION OF THE SBIR PROGRAM.—

22 (1) STATEMENT OF CONGRESSIONAL INTENT.—
23 It is the stated intent of Congress that the Adminis-
24 trator should promulgate regulations to carry out

1 the authority under section 9(dd) of the Small Busi-
2 ness Act, as added by this section, that—

3 (A) permit small business concerns that
4 are majority-owned by multiple venture capital
5 operating companies, hedge funds, or private
6 equity firms to participate in the SBIR pro-
7 gram in accordance with section 9(dd) 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 hedge funds, or private equity firms with regard
13 to eligibility, participation, and affiliation rules;
14 and

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

22 (2) RULEMAKING REQUIRED.—

23 (A) PROPOSED REGULATIONS.—Not later
24 than 120 days after the date of enactment of
25 this Act, the Administrator shall issue proposed

1 regulations to amend section 121.103 (relating
2 to determinations of affiliation applicable to the
3 SBIR program) and section 121.702 (relating
4 to ownership and control standards and size
5 standards applicable to the SBIR program) of
6 title 13, Code of Federal Regulations, for firms
7 that are majority-owned by multiple venture
8 capital operating companies, hedge funds, or
9 private equity firms and participating in the
10 SBIR program solely under the authority under
11 section 9(dd) of the Small Business Act, as
12 added by this section.

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

20 (3) CONTENTS.—

21 (A) IN GENERAL.—The regulations issued
22 under this subsection shall permit the participa-
23 tion of applicants majority-owned by multiple
24 venture capital operating companies, hedge
25 funds, or private equity firms in the SBIR pro-

1 gram in accordance with section 9(dd) of the
2 Small Business Act, as added by this section,
3 unless the Administrator determines—

4 (i) in accordance with the size stand-
5 ards established under subparagraph (B),
6 that the applicant is—

7 (I) a large business or large enti-
8 ty; or

9 (II) majority-owned or controlled
10 by a large business or large entity; or

11 (ii) in accordance with the criteria es-
12 tablished under subparagraph (C), that the
13 applicant—

14 (I) is a foreign-owned business or
15 a foreign entity or is not a citizen of
16 the United States or alien lawfully ad-
17 mitted for permanent residence; or

18 (II) is majority-owned or con-
19 trolled by a foreign-owned business,
20 foreign entity, or person who is not a
21 citizen of the United States or alien
22 lawfully admitted for permanent resi-
23 dence.

24 (B) SIZE STANDARDS.—Under the author-
25 ity to establish size standards under paragraphs

1 (2) and (3) of section 3(a) of the Small Busi-
2 ness Act (15 U.S.C. 632(a)), the Administrator
3 shall, in accordance with paragraph (1) of this
4 subsection, establish size standards for appli-
5 cants seeking to participate in the SBIR pro-
6 gram solely under the authority under section
7 9(dd) of the Small Business Act, as added by
8 this section.

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

15 (i) whether the applicant is at least 51
16 percent owned or controlled by citizens of
17 the United States or domestic venture cap-
18 ital operating companies, hedge funds, or
19 private equity firms;

20 (ii) whether the applicant is domiciled
21 in the United States; and

22 (iii) whether the applicant is a direct
23 or indirect subsidiary of a foreign-owned
24 firm, including whether the criteria should
25 include that an applicant is a direct or in-

1 direct subsidiary of a foreign-owned entity
2 if—

3 (I) any venture capital operating
4 company, hedge fund, or private equity
5 firm that owns more than 20 per-
6 cent of the applicant is a direct or in-
7 direct subsidiary of a foreign-owned
8 entity; or

9 (II) in the aggregate, entities
10 that are direct or indirect subsidiaries
11 of foreign-owned entities own more
12 than 49 percent of the applicant.

13 (D) CRITERIA FOR DETERMINING AFFILI-
14 ATION.—The Administrator shall establish cri-
15 teria, in accordance with paragraph (1), for de-
16 termining whether an applicant is affiliated
17 with a venture capital operating company,
18 hedge fund, private equity firm, or any other
19 business that the venture capital operating com-
20 pany, hedge fund, or private equity firm has fi-
21 nanced and, in establishing the criteria, shall
22 specify that—

23 (i) if a venture capital operating com-
24 pany, hedge fund, or private equity firm
25 that is determined to be affiliated with an

1 applicant is a minority investor in the ap-
2 plicant, the portfolio companies of the ven-
3 ture capital operating company, hedge
4 fund, or private equity firm shall not be
5 determined to be affiliated with the appli-
6 cant, unless—

7 (I) the venture capital operating
8 company, hedge fund, or private eq-
9 uity firm owns a majority of the port-
10 folio company; or

11 (II) the venture capital operating
12 company, hedge fund, or private eq-
13 uity firm holds a majority of the seats
14 on the board of directors of the port-
15 folio company;

16 (ii) subject to clause (i), the Adminis-
17 trator retains the authority to determine
18 whether a venture capital operating com-
19 pany, hedge fund, or private equity firm is
20 affiliated with an applicant, including es-
21 tablishing other criteria;

22 (iii) the Administrator may not deter-
23 mine that a portfolio company of a venture
24 capital operating company, hedge fund, or
25 private equity firm is affiliated with an ap-

1 plicant based solely on 1 or more shared
2 investors; and

3 (iv) subject to clauses (i), (ii), and
4 (iii), the Administrator retains the author-
5 ity to determine whether a portfolio com-
6 pany of a venture capital operating com-
7 pany, hedge fund, or private equity firm is
8 affiliated with an applicant based on fac-
9 tors independent of whether there is a
10 shared investor, such as whether there are
11 contractual obligations between the port-
12 folio company and the applicant.

13 (4) ENFORCEMENT.—If the Administrator does
14 not issue final or interim final regulations under this
15 subsection on or before the date that is 1 year after
16 the date of enactment of this Act, the Administrator
17 may not carry out or establish any pilot program
18 until the date on which the Administrator issues the
19 final or interim final regulations under this sub-
20 section.

21 (5) DEFINITION.—In this subsection, the terms
22 “venture capital operating company”, “hedge fund”,
23 and “private equity firm” have the same meaning as
24 in section 3 of the Small Business Act (15 U.S.C.
25 632), as amended by this section.

1 (d) ASSISTANCE FOR DETERMINING AFFILIATES.—

2 (1) CLEAR EXPLANATION REQUIRED.—Not
3 later than 30 days after the date of enactment of
4 this Act, the Administrator shall post on the Web
5 site of the Administration (with a direct link dis-
6 played on the homepage of the Web site of the Ad-
7 ministration or the SBIR and STTR Web sites of
8 the Administration)—

9 (A) a clear explanation of the SBIR and
10 STTR affiliation rules under part 121 of title
11 13, Code of Federal Regulations; and

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

14 (i) upon request, shall review an issue
15 relating to the rules described in subpara-
16 graph (A); and

17 (ii) shall respond to a request under
18 clause (i) not later than 20 business days
19 after the date on which the request is re-
20 ceived.

21 (2) INCLUSION OF AFFILIATION RULES FOR
22 CERTAIN SMALL BUSINESS CONCERNS.—On and
23 after the date on which the final regulations under
24 subsection (c) are issued, the Administrator shall
25 post on the Web site of the Administration informa-

1 tion relating to the regulations, in accordance with
2 paragraph (1).

3 **SEC. 5108. SBIR AND STTR SPECIAL ACQUISITION PREF-**
4 **ERENCE.**

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

7 “(4) PHASE III AWARDS.—To the greatest ex-
8 tent practicable, Federal agencies and Federal prime
9 contractors shall issue Phase III awards relating to
10 technology, including sole source awards, to the
11 SBIR and STTR award recipients that developed
12 the technology.”.

13 **SEC. 5109. COLLABORATING WITH FEDERAL LABORA-**
14 **TORIES AND RESEARCH AND DEVELOPMENT**
15 **CENTERS.**

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

19 “(ee) COLLABORATING WITH FEDERAL LABORA-
20 TORIES AND RESEARCH AND DEVELOPMENT CENTERS.—

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

1 “(A) intends to enter into an agreement
2 with a Federal laboratory or federally funded
3 research and development center for portions of
4 the activities to be performed under that award;
5 or

6 “(B) has entered into a cooperative re-
7 search and development agreement (as defined
8 in section 12(d) of the Stevenson-Wydler Tech-
9 nology Innovation Act of 1980 (15 U.S.C.
10 3710a(d))) with a Federal laboratory.

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

12 “(A) condition an SBIR or STTR award
13 upon entering into agreement with any Federal
14 laboratory or any federally funded laboratory or
15 research and development center for any por-
16 tion of the activities to be performed under that
17 award;

18 “(B) approve an agreement between a
19 small business concern receiving an SBIR or
20 STTR award and a Federal laboratory or feder-
21 ally funded laboratory or research and develop-
22 ment center, if the small business concern per-
23 forms a lesser portion of the activities to be
24 performed under that award than required by
25 this section and by the SBIR Policy Directive

1 and the STTR Policy Directive of the Adminis-
2 trator; or

3 “(C) approve an agreement that violates
4 any provision, including any data rights protec-
5 tions provision, of this section or the SBIR and
6 the STTR Policy Directives.

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

12 “(A) have the flexibility to use the re-
13 sources of the Federal laboratories or federally
14 funded research and development centers; and

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

19 “(4) ADVANCE PAYMENT.—If a small business
20 concern receiving an award under this section enters
21 into an agreement with a Federal laboratory or fed-
22 erally funded research and development center for
23 portions of the activities to be performed under that
24 award, the Federal laboratory or federally funded re-
25 search and development center may not require ad-

1 vance payment from the small business concern in
2 an amount greater than the amount necessary to
3 pay for 30 days of such activities.”.

4 **SEC. 5110. NOTICE REQUIREMENT.**

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

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

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

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

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

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

18 (1) by striking paragraph (15);

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

21 (3) by redesignating paragraph (16) as para-
22 graph (15); and

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

24 “(16) provide timely notice to the Adminis-
25 trator of any case or controversy before any Federal

1 judicial or administrative tribunal concerning the
2 STTR program of the Federal agency.”.

3 **SEC. 5111. ADDITIONAL SBIR AND STTR AWARDS.**

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

7 “(ff) **ADDITIONAL SBIR AND STTR AWARDS.**—

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

15 “(2) **PREVENTING DUPLICATIVE AWARDS.**—The
16 head of a Federal agency shall verify that any activ-
17 ity to be performed with respect to a project with a
18 Phase I or Phase II SBIR or STTR award has not
19 been funded under the SBIR program or STTR pro-
20 gram of another Federal agency.”.

21 **Subtitle B—Outreach and**
22 **Commercialization Initiatives**

23 **SEC. 5121. TECHNICAL ASSISTANCE FOR AWARDEES.**

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

1 (1) in paragraph (1)—

2 (A) by inserting “or STTR program” after
3 “SBIR program”; and

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

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

8 (3) in paragraph (3)—

9 (A) by striking subparagraph (A) and in-
10 serting the following:

11 “(A) PHASE I.—A Federal agency de-
12 scribed in paragraph (1) may—

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

19 “(ii) authorize the recipient of a
20 Phase I SBIR or STTR award to purchase
21 the services described in paragraph (1), in
22 an amount equal to not more than \$5,000
23 per year, which shall be in addition to the
24 amount of the recipient’s award.”;

1 (B) by striking subparagraph (B) and in-
2 serting the following:

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

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

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

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

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

1 dor selected under paragraph (2) by the Fed-
2 eral agency.

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

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

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

14 **SEC. 5122. COMMERCIALIZATION READINESS PROGRAM AT**
15 **DEPARTMENT OF DEFENSE.**

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

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

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

22 (3) in paragraph (1)—

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

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

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

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

15 (5) by striking paragraph (5);

16 (6) by striking paragraph (6); and

17 (7) by inserting after paragraph (4) the fol-
18 lowing:

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

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

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

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

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

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

19 “(C) submit to the Administrator for inclu-
20 sion in the annual report under subsection
21 (b)(7)—

22 “(i) the number and percentage of
23 Phase II SBIR and STTR contracts
24 awarded by the Secretary that led to tech-

1 nology transition into programs of record
2 or fielded systems;

3 “(ii) information on the status of each
4 project that received funding through the
5 Commercialization Readiness Program and
6 efforts to transition those projects into
7 programs of record or fielded systems; and

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

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

17 **SEC. 5123. COMMERCIALIZATION READINESS PILOT PRO-**
18 **GRAM FOR CIVILIAN AGENCIES.**

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

22 “(gg) PILOT PROGRAM.—

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

1 and the STTR program of the covered Federal agen-
2 cy—

3 “(A) for awards for technology develop-
4 ment, testing, evaluation, and commercialization
5 assistance for SBIR and STTR Phase II tech-
6 nologies; or

7 “(B) to support the progress of research,
8 research and development, and commercializa-
9 tion conducted under the SBIR or STTR pro-
10 grams to Phase III.

11 “(2) APPLICATION BY FEDERAL AGENCY.—

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

1 pected to substantially advance the mission of
2 the agency.

3 “(B) DETERMINATION.—The Adminis-
4 trator shall—

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

10 “(ii) publish the determination in the
11 Federal Register; and

12 “(iii) make a copy of the determina-
13 tion and any related materials available to
14 the Committee on Small Business and En-
15 trepreneurship of the Senate and the Com-
16 mittee on Small Business and the Com-
17 mittee on Science, Space, and Technology
18 of the House of Representatives.

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

24 “(4) REGISTRATION.—Any applicant that re-
25 ceives an award under a pilot program shall register

1 with the Administrator in a registry that is available
2 to the public.

3 “(5) AWARD CRITERIA OR CONSIDERATION.—
4 When making an award under this section, the head
5 of a covered Federal agency shall give consideration
6 to whether the technology to be supported by the
7 award is likely to be manufactured in the United
8 States.

9 “(6) REPORT.—The head of each covered Fed-
10 eral agency shall include in the annual report of the
11 covered Federal agency to the Administrator an
12 analysis of the various activities considered for inclu-
13 sion in the pilot program of the covered Federal
14 agency and a statement of the reasons why each ac-
15 tivity considered was included or not included, as the
16 case may be.

17 “(7) TERMINATION.—The authority to establish
18 a pilot program under this section expires at the end
19 of fiscal year 2017.

20 “(8) DEFINITIONS.—In this subsection—

21 “(A) the term ‘covered Federal agency’—
22 “(i) means a Federal agency partici-
23 pating in the SBIR program or the STTR
24 program; and

1 “(ii) does not include the Department
2 of Defense; and

3 “(B) the term ‘pilot program’ means each
4 program established under paragraph (1).”.

5 **SEC. 5124. INTERAGENCY POLICY COMMITTEE.**

6 (a) ESTABLISHMENT.—The Director of the Office of
7 Science and Technology Policy shall establish an Inter-
8 agency SBIR/STTR Policy Committee.

9 (b) MEMBERSHIP.—The Interagency SBIR/STTR
10 Policy Committee shall include representatives from Fed-
11 eral agencies with an SBIR or an STTR program and the
12 Small Business Administration.

13 (c) DUTIES.—The Interagency SBIR/STTR Policy
14 Committee shall review the following issues and make pol-
15 icy recommendations on ways to improve program effec-
16 tiveness and efficiency:

17 (1) The public and Government databases de-
18 scribed in section 9(k) of the Small Business Act
19 (15 U.S.C. 638(k)).

20 (2) Federal agency flexibility in establishing
21 Phase I and II award sizes, including appropriate
22 criteria for exercising such flexibility.

23 (3) Commercialization assistance best practices
24 of Federal agencies with significant potential to be
25 employed by other agencies and the appropriate

1 steps to achieve that leverage, as well as proposals
2 for new initiatives to address funding gaps that busi-
3 ness concerns face after Phase II but before com-
4 mercialization.

5 (4) Developing and incorporating a standard
6 evaluation framework to enable systematic assess-
7 ment of SBIR and STTR, including through im-
8 proved tracking of awards and outcomes and devel-
9 opment of performance measures for the SBIR pro-
10 gram and STTR program of each Federal agency.

11 (5) Outreach and technical assistance activities
12 that increase the participation of small businesses
13 underrepresented in the SBIR and STTR programs,
14 including the identification and sharing of best prac-
15 tices and the leveraging of resources in support of
16 such activities across agencies.

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

23 (1) a report on its review and recommendations
24 under subsection (c)(1) not later than 1 year after
25 the date of enactment of this Act;

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

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

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

10 (5) a report on its review and recommendations
11 under subsection (c)(5) not later than 2 years after
12 the date of enactment of this Act.

13 **SEC. 5125. CLARIFYING THE DEFINITION OF “PHASE III”.**

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

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

22 (2) in paragraph (6)(C), in the matter pre-
23 ceding clause (i), by inserting “for work that derives
24 from, extends, or completes efforts made under prior

1 funding agreements under the STTR program” after
2 “phase”;

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

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

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

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

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

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

16 (b) TECHNICAL AND CONFORMING AMENDMENTS.—
17 Section 9 of the Small Business Act (15 U.S.C. 638), as
18 amended by this title, is further amended—

19 (1) in subsection (e)—

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

23 (B) in paragraph (9), by striking “the sec-
24 ond or the third phase” and inserting “Phase
25 II or Phase III”; and

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

2 “(11) the term ‘Phase I’ means—

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

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

8 “(12) the term ‘Phase II’ means—

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

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

15 “(13) the term ‘Phase III’ means—

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

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

22 (2) in subsection (j)—

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

25 (B) in paragraph (2)—

1 (i) in subparagraph (B)—

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

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

7 (ii) in subparagraph (D)—

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

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

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

15 (iv) in subparagraph (G)—

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

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

20 (v) in subparagraph (H)—

21 (I) by striking “the first phase”
22 and inserting “Phase I”;

23 (II) by striking “second phase”
24 each place it appears and inserting
25 “Phase II”; and

- 1 (III) by striking “third phase”
2 and inserting “Phase III”; and
3 (C) in paragraph (3)—
4 (i) in subparagraph (A)—
5 (I) by striking “the first phase
6 (as described in subsection
7 (e)(4)(A))” and inserting “Phase I”;
8 (II) by striking “the second
9 phase (as described in subsection
10 (e)(4)(B))” and inserting “Phase II”;
11 and
12 (III) by striking “the third phase
13 (as described in subsection (e)(4)(C))”
14 and inserting “Phase III”; and
15 (ii) in subparagraph (B), by striking
16 “second phase” and inserting “Phase II”;
17 (3) in subsection (k)—
18 (A) by striking “first phase” each place it
19 appears and inserting “Phase I”; and
20 (B) by striking “second phase” each place
21 it appears and inserting “Phase II”;
22 (4) in subsection (l)(2)—
23 (A) by striking “the first phase” and in-
24 serting “Phase I”; and

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

3 (5) in subsection (o)(13)—

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

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

8 (6) in subsection (p)—

9 (A) in paragraph (2)(B)—

10 (i) in clause (vi)—

11 (I) by striking “the second
12 phase” and inserting “Phase II”; and

13 (II) by striking “the third phase”
14 and inserting “Phase III”; and

15 (ii) in clause (ix)—

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

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

20 (B) in paragraph (3)—

21 (i) by striking “the first phase (as de-
22 scribed in subsection (e)(6)(A))” and in-
23 serting “Phase I”;

1 (ii) by striking “the second phase (as
2 described in subsection (e)(6)(B))” and in-
3 sserting “Phase II”; and

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

7 (7) in subsection (r)—

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

10 (B) in paragraph (1)—

11 (i) in the first sentence—

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

14 (II) by striking “third phase”
15 and inserting “Phase III”; and

16 (III) by striking “second phase
17 period” and inserting “Phase II pe-
18 riod”; and

19 (ii) in the second sentence—

20 (I) by striking “second phase”
21 and inserting “Phase II”; and

22 (II) by striking “third phase”
23 and inserting “Phase III”; and

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

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

3 **SEC. 5126. SHORTENED PERIOD FOR FINAL DECISIONS ON**
4 **PROPOSALS AND APPLICATIONS.**

5 (a) IN GENERAL.—Section 9 of the Small Business
6 Act (15 U.S.C. 638), as amended by this title, is further
7 amended—

8 (1) in subsection (g)(4)—

9 (A) by inserting “(A)” after “(4)”;

10 (B) by adding “and” after the semicolon
11 at the end; and

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

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

15 “(i) not later than 1 year after the date on
16 which the applicable solicitation closes, if with
17 respect to the National Institutes of Health or
18 the National Science Foundation, or 90 days
19 after the date on which the applicable solicita-
20 tion closes, if with respect to any other partici-
21 pating agency; or

22 “(ii) if the Administrator authorizes an ex-
23 tension with respect to a solicitation, not later
24 than 90 days after the date that would other-

1 wise be applicable to the agency under clause
2 (i);” and

3 (2) in subsection (o)(4)—

4 (A) by inserting “(A)” after “(4)”;

5 (B) by adding “and” after the semicolon
6 at the end; and

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

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

10 “(i) not later than 1 year after the date on
11 which the applicable solicitation closes, if with
12 respect to the National Institutes of Health or
13 the National Science Foundation, or 90 days
14 after the date on which the applicable solicita-
15 tion closes, if with respect to any other partici-
16 pating agency; or

17 “(ii) if the Administrator authorizes an ex-
18 tension for a solicitation, not later than 90 days
19 after the date that would be applicable to the
20 agency under clause (i);”.

21 (b) OTHER TIMING PROVISIONS.—Section 9 of the
22 Small Business Act (15 U.S.C. 638), as amended by this
23 title, is further amended by adding at the end the fol-
24 lowing:

1 “(hh) TIMING OF RELEASE OF FUNDING.—Federal
2 agencies participating in the SBIR program or STTR pro-
3 gram shall, to the extent possible, attempt to shorten the
4 amount of time between the provision of notice of an
5 award under the SBIR program or STTR program and
6 the subsequent release of funding with respect to the
7 award.

8 “(ii) REPORTING ON TIMING.—Federal agencies par-
9 ticipating in the SBIR program or STTR program shall
10 provide to the Administrator, for the annual report on the
11 SBIR and STTR program under subsection (b)(7), the av-
12 erage amount of time the agency takes to make a final
13 decision on proposals submitted under such programs, the
14 average amount of time the agency takes to release fund-
15 ing with respect to an award under such programs, and
16 the goals established to reduce such amounts.”.

17 **SEC. 5127. PHASE 0 PROOF OF CONCEPT PARTNERSHIP**
18 **PILOT PROGRAM.**

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

22 “(jj) PHASE 0 PROOF OF CONCEPT PARTNERSHIP
23 PILOT PROGRAM.—

24 “(1) IN GENERAL.—The Director of the Na-
25 tional Institutes of Health may use \$5,000,000 of

1 the funds allocated under subsection (n)(1) for a
2 Proof of Concept Partnership pilot program to accel-
3 erate the creation of small businesses and the com-
4 mercialization of research innovations from quali-
5 fying institutions. To implement this program, the
6 Director shall award, through a competitive, merit-
7 based process, grants to qualifying institutions.
8 These grants shall only be used to administer Proof
9 of Concept Partnership awards in conformity with
10 this subsection.

11 “(2) DEFINITIONS.—In this subsection—

12 “(A) the term ‘Director’ means the Direc-
13 tor of the National Institutes of Health;

14 “(B) the term ‘pilot program’ refers to the
15 Proof of Concept Partnership pilot program;
16 and

17 “(C) the terms ‘qualifying institution’ and
18 ‘institution’ mean a university or other research
19 institution that participates in the National In-
20 stitutes of Health’s STTR program.

21 “(3) PROOF OF CONCEPT PARTNERSHIPS.—

22 “(A) IN GENERAL.—A Proof of Concept
23 Partnership shall be set up by a qualifying in-
24 stitution to award grants to individual research-
25 ers. These grants should provide researchers

1 with the initial investment and the resources to
2 support the proof of concept work and commer-
3 cialization mentoring needed to translate prom-
4 ising research projects and technologies into a
5 viable company. This work may include tech-
6 nical validations, market research, clarifying in-
7 tellectual property rights position and strategy,
8 and investigating commercial or business oppor-
9 tunities.

10 “(B) AWARD GUIDELINES.—The adminis-
11 trator of a Proof of Concept Partnership pro-
12 gram shall award grants in accordance with the
13 following guidelines:

14 “(i) The Proof of Concept Partnership
15 shall use a market-focused project manage-
16 ment oversight process, including—

17 “(I) a rigorous, diverse review
18 board comprised of local experts in
19 translational and proof of concept re-
20 search, including industry, start-up,
21 venture capital, technical, financial,
22 and business experts and university
23 technology transfer officials;

24 “(II) technology validation mile-
25 stones focused on market feasibility;

1 “(III) simple reporting effective
2 at redirecting projects; and

3 “(IV) the willingness to reallocate
4 funding from failing projects to those
5 with more potential.

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

8 “(C) EDUCATIONAL RESOURCES AND
9 GUIDANCE.—The administrator of a Proof of
10 Concept Partnership program shall make edu-
11 cational resources and guidance available to re-
12 searchers attempting to commercialize their in-
13 novations.

14 “(4) AWARDS.—

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

18 “(B) AWARD CRITERIA.—In determining
19 which qualifying institutions receive pilot pro-
20 gram grants, the Director shall consider, in ad-
21 dition to any other criteria the Director deter-
22 mines necessary, the extent to which qualifying
23 institutions—

24 “(i) have an established and proven
25 technology transfer or commercialization

1 office and have a plan for engaging that
2 office in the program's implementation;

3 “(ii) have demonstrated a commit-
4 ment to local and regional economic devel-
5 opment;

6 “(iii) are located in diverse geog-
7 raphies and are of diverse sizes;

8 “(iv) can assemble project manage-
9 ment boards comprised of industry, start-
10 up, venture capital, technical, financial,
11 and business experts;

12 “(v) have an intellectual property
13 rights strategy or office; and

14 “(vi) demonstrate a plan for sustain-
15 ability beyond the duration of the funding
16 award.

17 “(5) LIMITATIONS.—The funds for the pilot
18 program shall not be used—

19 “(A) for basic research, but to evaluate the
20 commercial potential of existing discoveries, in-
21 cluding—

22 “(i) proof of concept research or pro-
23 totype development; and

24 “(ii) activities that contribute to de-
25 termining a project's commercialization

1 path, to include technical validations, mar-
2 ket research, clarifying intellectual prop-
3 erty rights, and investigating commercial
4 and business opportunities; or

5 “(B) to fund the acquisition of research
6 equipment or supplies unrelated to commer-
7 cialization activities.

8 “(6) EVALUATIVE REPORT.—The Director shall
9 submit to the Committee on Science, Space, and
10 Technology and the Committee on Small Business of
11 the House of Representatives and the Committee on
12 Small Business and Entrepreneurship of the Senate
13 an evaluative report regarding the activities of the
14 pilot program. The report shall include—

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

17 “(B) an accounting of the funds used in
18 the pilot program;

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

22 “(D) a detailed compilation of results
23 achieved by the pilot program, including the
24 number of small business concerns included and
25 the number of business packages developed, and

1 the number of projects that progressed into
2 subsequent STTR phases; and

3 “(E) an analysis of the program’s effec-
4 tiveness with supporting data.

5 “(7) SUNSET.—The pilot program under this
6 subsection shall terminate at the end of fiscal year
7 2017.”.

8 **Subtitle C—Oversight and** 9 **Evaluation**

10 **SEC. 5131. STREAMLINING ANNUAL EVALUATION REQUIRE-** 11 **MENTS.**

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

14 (1) in paragraph (7)—

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

18 “(A) the data”;

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

24 “(B) the number of proposals received
25 from, and the number and total amount of

1 awards to, HUBZone small business concerns
2 and firms with venture capital, hedge fund, or
3 private equity firm investment (including those
4 majority-owned by multiple venture capital op-
5 erating companies, hedge funds, or private eq-
6 uity firms) under each of the SBIR and STTR
7 programs;

8 “(C) a description of the extent to which
9 each Federal agency is increasing outreach and
10 awards to firms owned and controlled by women
11 or by socially or economically disadvantaged in-
12 dividuals under each of the SBIR and STTR
13 programs;

14 “(D) general information about the imple-
15 mentation of, and compliance with the alloca-
16 tion of funds required under, subsection (dd)
17 for firms owned in majority part by venture
18 capital operating companies, hedge funds, or
19 private equity firms and participating in the
20 SBIR program;

21 “(E) a detailed description of appeals of
22 Phase III awards and notices of noncompliance
23 with the SBIR Policy Directive and the STTR
24 Policy Directive filed by the Administrator with
25 Federal agencies;

1 “(F) an accounting of funds, initiatives,
2 and outcomes under the Commercialization
3 Readiness Program; and

4 “(G) a description”; and

5 (C) by striking “and” at the end;

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

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

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

15 **SEC. 5132. DATA COLLECTION FROM AGENCIES FOR SBIR.**

16 Section 9(g) of the Small Business Act (15 U.S.C.
17 638(g)), as amended by this title, is further amended—

18 (1) by striking paragraph (10);

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

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

23 “(8) collect annually, and maintain in a com-
24 mon format in accordance with the simplified report-
25 ing requirements under subsection (v), such informa-

1 tion from awardees as is necessary to assess the
2 SBIR program, including information necessary to
3 maintain the database described in subsection (k),
4 including—

5 “(A) whether an awardee—

6 “(i) has venture capital, hedge fund,
7 or private equity firm investment or is ma-
8 jority-owned by multiple venture capital
9 operating companies, hedge funds, or pri-
10 vate equity firms and, if so—

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

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

19 “(ii) has an investor that—

20 “(I) is an individual who is not a
21 citizen of the United States or a law-
22 ful permanent resident of the United
23 States and, if so, the name of any
24 such individual; or

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

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

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

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

17 “(vi) is located in a State described in
18 subsection (u)(3);

19 “(B) a justification statement from the
20 agency, if an awardee receives an award in an
21 amount that is more than the award guidelines
22 under this section; and

23 “(C) data with respect to the Federal and
24 State Technology Partnership Program (FAST
25 Program);”.

1 **SEC. 5133. DATA COLLECTION FROM AGENCIES FOR STTR.**

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

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

12 “(A) whether an applicant or awardee—

13 “(i) has venture capital, hedge fund,
14 or private equity firm investment or is ma-
15 jority-owned by multiple venture capital
16 operating companies, hedge funds, or pri-
17 vate equity firms and, if so—

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

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

1 “(ii) has an investor that—

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

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

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

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

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

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

1 grams is less than the total value of con-
2 tracts awarded to small business concerns
3 in a majority of other States, as deter-
4 mined by the Administrator in biennial fis-
5 cal years, beginning with fiscal year 2008,
6 based on the most recent statistics com-
7 piled by the Administrator;

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

12 “(C) data with respect to the Federal and
13 State Technology Partnership Program (FAST
14 Program);”.

15 **SEC. 5134. PUBLIC DATABASE.**

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

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

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

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

23 “(F) for each small business concern that
24 has received a Phase I or Phase II SBIR or

1 STTR award from a Federal agency, whether
2 the small business concern—

3 “(i) has venture capital, hedge fund,
4 or private equity firm investment and, if
5 so, whether the small business concern is
6 registered as majority-owned by multiple
7 venture capital operating companies, hedge
8 funds, or private equity firms as required
9 under subsection (dd)(3);

10 “(ii) is owned by a woman or has a
11 woman as a principal investigator;

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

16 “(iv) is owned by a faculty member or
17 a student of an institution of higher edu-
18 cation, as that term is defined in section
19 101 of the Higher Education Act of 1965
20 (20 U.S.C. 1001); or

21 “(v) received assistance under the
22 Federal and State Technology Partnership
23 Program (FAST Program).”.

1 **SEC. 5135. GOVERNMENT DATABASE.**

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

4 (1) in paragraph (2)—

5 (A) in the matter preceding subparagraph
6 (A), by striking “Not later” and all that follows
7 through “Act of 2000” and inserting “Not later
8 than 90 days after the date of enactment of the
9 SBIR/STTR Reauthorization Act of 2011”;

10 (B) by striking subparagraph (C);

11 (C) by redesignating subparagraphs (A)
12 and (B) as subparagraphs (B) and (C), respec-
13 tively;

14 (D) by inserting before subparagraph (B),
15 as so redesignated, the following:

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

20 “(i) the name, size, and location of,
21 and the identifying number assigned by the
22 Administration to, the small business con-
23 cern;

24 “(ii) an abstract of the applicable
25 project;

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

1 “(iv) the number of employees of the
2 small business concern;

3 “(v) the names and titles of the key
4 individuals that will carry out the project,
5 the position each key individual holds in
6 the small business concern, and contact in-
7 formation for each key individual;

8 “(vi) the percentage of effort each in-
9 dividual described in clause (v) will con-
10 tribute to the project;

11 “(vii) whether the small business con-
12 cern is majority-owned by multiple venture
13 capital operating companies, hedge funds,
14 or private equity firms; and

15 “(viii) the Federal agency to which
16 the application is made and contact infor-
17 mation for the person or office within the
18 Federal agency that is responsible for re-
19 viewing applications and making awards
20 under the SBIR program or the STTR
21 program;”;

22 (E) by redesignating subparagraphs (D)
23 and (E) as subparagraphs (E) and (F), respec-
24 tively;

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

3 “(D) includes, for each awardee—

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

7 “(ii) whether the awardee has venture
8 capital, hedge fund, or private equity firm
9 investment and, if so—

10 “(I) the amount of venture cap-
11 ital, hedge fund, or private equity firm
12 investment as of the date of the
13 award;

14 “(II) the percentage of ownership
15 of the awardee held by a venture cap-
16 ital operating company, hedge fund,
17 or private equity firm, including
18 whether the awardee is majority-
19 owned by multiple venture capital op-
20 erating companies, hedge funds, or
21 private equity firms; and

22 “(III) the amount of additional
23 capital that the awardee has invested
24 in the SBIR or STTR technology,

1 which information shall be collected
2 on an annual basis;

3 “(iii) the names and locations of any
4 affiliates of the awardee;

5 “(iv) the number of employees of the
6 awardee;

7 “(v) the number of employees of the
8 affiliates of the awardee; and

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

11 “(I) any individual who is not a
12 citizen of the United States or a law-
13 ful permanent resident of the United
14 States; or

15 “(II) any person that is not an
16 individual and is not organized under
17 the laws of a State or the United
18 States;”;

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

21 (H) in subparagraph (F), as so redesign-
22 nated, by striking the period at the end and in-
23 serting “; and”; and

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

1 “(G) includes a timely and accurate list of
2 any individual or small business concern that
3 has participated in the SBIR program or STTR
4 program that has been—

5 “(i) convicted of a fraud-related crime
6 involving funding received under the SBIR
7 program or STTR program; or

8 “(ii) found civilly liable for a fraud-re-
9 lated violation involving funding received
10 under the SBIR program or STTR pro-
11 gram.”; and

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

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

1 **SEC. 5136. ACCURACY IN FUNDING BASE CALCULATIONS.**

2 (a) IN GENERAL.—Not later than 1 year after the
3 date of enactment of this Act, and every year thereafter
4 until the date that is 5 years after the date of enactment
5 of this Act, the Comptroller General of the United States
6 shall—

7 (1) conduct a fiscal and management audit of
8 the SBIR program and the STTR program for the
9 applicable period to—

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

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

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

1 (D) determine the portion of the extra-
2 mural research or research and development
3 budget of a Federal agency that each Federal
4 agency spends for administrative purposes re-
5 lating to the SBIR program or STTR program,
6 and for what specific purposes it is used, in-
7 cluding the portion, if any, of such budget the
8 Federal agency spends for salaries and ex-
9 penses, travel to visit applicants, outreach
10 events, marketing, and technical assistance; and

11 (2) submit a report to the Committee on Small
12 Business and Entrepreneurship of the Senate and
13 the Committee on Small Business and the Com-
14 mittee on Science, Space, and Technology of the
15 House of Representatives regarding the audit con-
16 ducted under paragraph (1), including the assess-
17 ments required under subparagraph (B) and the de-
18 terminations made under subparagraph (D) of para-
19 graph (1).

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

22 (1) for the first report submitted under this
23 section, the period beginning on October 1, 2005,
24 and ending on September 30 of the last full fiscal

1 year before the date of enactment of this Act for
2 which information is available; and

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

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

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

11 **SEC. 5137. CONTINUED EVALUATION BY THE NATIONAL**
12 **ACADEMY OF SCIENCES.**

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

16 “(e) EXTENSIONS AND ENHANCEMENTS OF AUTHOR-
17 ITY.—

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

1 of the SBIR/STTR Reauthorization Act of 2011,
2 and every 4 years thereafter—

3 “(A) continue the most recent study under
4 this section relating to the issues described in
5 subparagraphs (A), (B), (C), and (E) of sub-
6 section (a)(1);

7 “(B) conduct a comprehensive study of
8 how the STTR program has stimulated techno-
9 logical innovation and technology transfer, in-
10 cluding—

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

18 “(ii) an evaluation of the effectiveness
19 of the program at transferring technology
20 and capabilities developed through Federal
21 funding;

22 “(iii) to the extent practicable, an
23 evaluation of the economic benefits
24 achieved by the STTR program, including
25 the economic rate of return;

1 “(iv) an analysis of how Federal agen-
2 cies are using small businesses that have
3 completed Phase II under the STTR pro-
4 gram to fulfill their procurement needs;

5 “(v) an analysis of whether additional
6 funds could be employed effectively by the
7 STTR program; and

8 “(vi) an assessment of the systems
9 and minimum performance standards re-
10 lating to commercialization success estab-
11 lished under section 9(qq) of the Small
12 Business Act;

13 “(C) make recommendations with respect
14 to the issues described in subparagraphs (A),
15 (D), and (E) of subsection (a)(2) and subpara-
16 graph (B) of this paragraph; and

17 “(D) estimate, to the extent practicable,
18 the number of jobs created by the SBIR pro-
19 gram or STTR program of the agency.

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

1 “(3) REPORTING.—An agreement under para-
2 graph (1) shall require that not later than 4 years
3 after the date of enactment of the SBIR/STTR Re-
4 authorization Act of 2011, and every 4 years there-
5 after, the National Research Council shall submit to
6 the head of the agency entering into the agreement,
7 the Committee on Small Business and Entrepre-
8 neurship of the Senate, and the Committee on Small
9 Business and the Committee on Science, Space, and
10 Technology of the House of Representatives, a re-
11 port regarding the study conducted under paragraph
12 (1) and containing the recommendations described
13 in paragraph (1).”.

14 **SEC. 5138. TECHNOLOGY INSERTION REPORTING REQUIRE-**
15 **MENTS.**

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

19 “(kk) PHASE III REPORTING.—The annual SBIR or
20 STTR report to Congress by the Administration under
21 subsection (b)(7) shall include, for each Phase III
22 award—

23 “(1) the name of the agency or component of
24 the agency or the non-Federal source of capital mak-
25 ing the Phase III award;

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

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

5 **SEC. 5139. INTELLECTUAL PROPERTY PROTECTIONS.**

6 (a) **STUDY.**—The Comptroller General of the United
7 States shall conduct a study of the SBIR program to as-
8 sess whether—

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

13 (2) the laws and policy directives intended to
14 clarify the scope of data rights, including in proto-
15 types, mentor-protege relationships, and agreements
16 with Federal laboratories, are sufficient to protect
17 SBIR awardees; and

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

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

1 Business and the Committee on Science, Space, and Tech-
2 nology of the House of Representatives a report regarding
3 the study conducted under subsection (a).

4 **SEC. 5140. OBTAINING CONSENT FROM SBIR AND STTR AP-**
5 **PLICANTS TO RELEASE CONTACT INFORMA-**
6 **TION TO ECONOMIC DEVELOPMENT ORGANI-**
7 **ZATIONS.**

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

11 “(II) CONSENT TO RELEASE CONTACT INFORMATION
12 TO ORGANIZATIONS.—

13 “(1) ENABLING CONCERN TO GIVE CONSENT.—

14 Each Federal agency required by this section to con-
15 duct an SBIR program or an STTR program shall
16 enable a small business concern that is an SBIR ap-
17 plicant or an STTR applicant to indicate to the Fed-
18 eral agency whether the Federal agency has the con-
19 sent of the concern to—

20 “(A) identify the concern to appropriate
21 local and State-level economic development or-
22 ganizations as an SBIR applicant or an STTR
23 applicant; and

24 “(B) release the contact information of the
25 concern to such organizations.

1 “(2) RULES.—The Administrator shall estab-
2 lish rules to implement this subsection. The rules
3 shall include a requirement that a Federal agency
4 include in the SBIR and STTR application a provi-
5 sion through which the applicant can indicate con-
6 sent for purposes of paragraph (1).”.

7 **SEC. 5141. PILOT TO ALLOW FUNDING FOR ADMINISTRA-**
8 **TIVE, OVERSIGHT, AND CONTRACT PROC-**
9 **ESSING COSTS.**

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

13 “(mm) ASSISTANCE FOR ADMINISTRATIVE, OVER-
14 SIGHT, AND CONTRACT PROCESSING COSTS.—

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

22 “(A) the administration of the SBIR pro-
23 gram or the STTR program of the Federal
24 agency;

1 “(B) the provision of outreach and tech-
2 nical assistance relating to the SBIR program
3 or STTR program of the Federal agency, in-
4 cluding technical assistance site visits, per-
5 sonnel interviews, and national conferences;

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

9 “(D) carrying out the program under sub-
10 section (y);

11 “(E) activities relating to oversight and
12 congressional reporting, including waste, fraud,
13 and abuse prevention activities;

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

21 “(G) the implementation of oversight and
22 quality control measures, including verification
23 of reports and invoices and cost reviews;

24 “(H) carrying out subsection (dd);

1 “(I) contract processing costs relating to
2 the SBIR program or STTR program of the
3 Federal agency; and

4 “(J) funding for additional personnel and
5 assistance with application reviews.

6 “(2) OUTREACH AND TECHNICAL ASSIST-
7 ANCE.—

8 “(A) IN GENERAL.—Except as provided in
9 subparagraph (B), a Federal agency partici-
10 pating in the program under this subsection
11 shall use a portion of the funds authorized for
12 uses under paragraph (1) to carry out the pol-
13 icy directive required under subsection (j)(2)(F)
14 and to increase the participation of States with
15 respect to which a low level of SBIR awards
16 have historically been awarded.

17 “(B) WAIVER.—A Federal agency may re-
18 quest the Administrator to waive the require-
19 ment contained in subparagraph (A). Such re-
20 quest shall include an explanation of why the
21 waiver is necessary. The Administrator may
22 grant the waiver based on a determination that
23 the agency has demonstrated a sufficient need
24 for the waiver, that the outreach objectives of
25 the agency are being met, and that there is in-

1 creased participation by States with respect to
2 which a low level of SBIR awards have histori-
3 cally been awarded.

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

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

14 “(5) COORDINATION WITH IG.—Each Federal
15 agency shall coordinate the activities funded under
16 subparagraph (E), (F), or (G) of paragraph (1) with
17 their respective Inspectors General, when appro-
18 priate, and each Federal agency that allocates more
19 than \$50,000,000 to the SBIR program of the Fed-
20 eral agency for a fiscal year may share such funding
21 with its Inspector General when the Inspector Gen-
22 eral performs such activities.

23 “(6) REPORTING.—The Administrator shall col-
24 lect data and provide to the Committee on Small
25 Business and Entrepreneurship of the Senate and

1 the Committee on Small Business, the Committee on
2 Science, Space, and Technology, and the Committee
3 on Appropriations of the House of Representatives a
4 report on the use of funds under this subsection, in-
5 cluding funds used to achieve the objectives of para-
6 graph (2)(A) and any use of the waiver authority
7 under paragraph (2)(B).”.

8 (b) TECHNICAL AND CONFORMING AMENDMENTS.—

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

12 (A) in subsection (f)(2), by striking “shall
13 not” and all that follows through “make avail-
14 able for the purpose” and inserting “shall not
15 make available for the purpose”; and

16 (B) in subsection (y)—

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

18 (ii) by redesignating paragraphs (5)
19 and (6) as paragraphs (4) and (5), respec-
20 tively.

21 (2) TRANSITIONAL RULE.—Notwithstanding the
22 amendments made by paragraph (1), subsections
23 (f)(2) and (y)(4) of section 9 of the Small Business
24 Act (15 U.S.C. 638), as in effect on the day before
25 the date of enactment of this Act, shall continue to

1 apply to each Federal agency until the effective date
2 of the performance criteria established by the Ad-
3 ministrator under subsection (mm)(3) of section 9 of
4 the Small Business Act, as added by subsection (a).

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

10 (A) in subsection (f)(2), by striking “shall
11 not make available for the purpose” and insert-
12 ing the following: “shall not—

13 “(A) use any of its SBIR budget estab-
14 lished pursuant to paragraph (1) for the pur-
15 pose of funding administrative costs of the pro-
16 gram, including costs associated with salaries
17 and expenses; or

18 “(B) make available for the purpose”; and

19 (B) in subsection (y)—

20 (i) by redesignating paragraphs (4)
21 and (5) as paragraphs (5) and (6), respec-
22 tively; and

23 (ii) by inserting after paragraph (3)
24 the following:

25 “(4) FUNDING.—

1 “(A) IN GENERAL.—The Secretary of De-
2 fense and each Secretary of a military depart-
3 ment may use not more than an amount equal
4 to 1 percent of the funds available to the De-
5 partment of Defense or the military department
6 pursuant to the Small Business Innovation Re-
7 search Program for payment of expenses in-
8 curred to administer the Commercialization
9 Readiness Program under this subsection.

10 “(B) LIMITATIONS.—The funds described
11 in subparagraph (A)—

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

15 “(ii) shall not be used to make Phase
16 III awards.”.

17 **SEC. 5142. GAO STUDY WITH RESPECT TO VENTURE CAP-**
18 **ITAL OPERATING COMPANY, HEDGE FUND,**
19 **AND PRIVATE EQUITY FIRM INVOLVEMENT.**

20 Not later than 3 years after the date of enactment
21 of this Act, and every 3 years thereafter, the Comptroller
22 General of the United States shall—

23 (1) conduct a study of the impact of require-
24 ments relating to venture capital operating company,

1 hedge fund, and private equity firm involvement
2 under section 9 of the Small Business Act; and

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

5 **SEC. 5143. REDUCING VULNERABILITY OF SBIR AND STTR**
6 **PROGRAMS TO FRAUD, WASTE, AND ABUSE.**

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

8 (1) AMENDMENTS REQUIRED FOR FRAUD,
9 WASTE, AND ABUSE PREVENTION.—Not later than
10 90 days after the date of enactment of this Act, the
11 Administrator shall amend the SBIR Policy Direc-
12 tive and the STTR Policy Directive to include meas-
13 ures to prevent fraud, waste, and abuse in the SBIR
14 program and the STTR program.

15 (2) CONTENT OF AMENDMENTS.—The amend-
16 ments required under paragraph (1) shall include—

17 (A) definitions or descriptions of fraud,
18 waste, and abuse;

19 (B) guidelines for the monitoring and over-
20 sight of applicants to and recipients of awards
21 under the SBIR program or the STTR pro-
22 gram;

23 (C) a requirement that each Federal agen-
24 cy that participates in the SBIR program or
25 STTR program include information concerning

1 the method established by the Inspector Gen-
2 eral of the Federal agency to report fraud,
3 waste, and abuse (including any telephone hot-
4 line or Web-based platform)—

5 (i) on the Web site of the Federal
6 agency; and

7 (ii) in any solicitation or notice of
8 funding opportunity issued by the Federal
9 agency for the SBIR program or the
10 STTR program; and

11 (D) a requirement that each applicant for
12 and small business concern that receives fund-
13 ing under the SBIR program or the STTR pro-
14 gram shall certify whether the applicant or
15 small business concern is in compliance with the
16 laws relating to the SBIR program and the
17 STTR program and the conduct guidelines es-
18 tablished under the SBIR Policy Directive and
19 the STTR Policy Directive.

20 (3) CONSULTATION.—The Administrator shall
21 develop, in consultation with the Council of Inspec-
22 tors General on Integrity and Efficiency, the proce-
23 dures and requirements for the certification set forth
24 under paragraph (2)(D) after providing notice of

1 and an opportunity for public comment on such pro-
2 cedures and requirements.

3 (4) CERTIFICATION.—The certification devel-
4 oped under paragraph (3) may—

5 (A) cover the lifecycle of an award to re-
6 quire certifications at the application, funding,
7 reporting, and closeout phases of every SBIR
8 and STTR award;

9 (B) require the small business concern to
10 certify compliance with the “principal investi-
11 gator primary employment” requirement, the
12 “small business concern” definition require-
13 ment, and the “performance of work” require-
14 ments as set forth in the Directive applicable to
15 the award;

16 (C) require the small business concern to
17 disclose whether it has applied for, plans to
18 apply for, or received an SBIR or STTR award
19 for identical or essentially equivalent work (as
20 defined under the SBIR Policy Directive and
21 the STTR Policy Directive), and require the
22 concern to certify that the award that it is ap-
23 plying for or obtaining funding for is not iden-
24 tical or essentially equivalent to work it has
25 performed, or will perform, in connection with

1 any other SBIR or STTR award that the con-
2 cern has applied for or received from any other
3 agency except as fully disclosed to all funding
4 agencies; and

5 (D) require that the small business con-
6 cern certify that it will or did perform the work
7 on the award at its facilities with its employees,
8 unless otherwise indicated.

9 (5) INSPECTORS GENERAL.—The Inspector
10 General of each Federal agency that participates in
11 the SBIR program or STTR program shall cooper-
12 ate to prevent fraud, waste, and abuse in the SBIR
13 program and the STTR program by—

14 (A) establishing fraud detection indicators;

15 (B) reviewing regulations and operating
16 procedures of the Federal agency;

17 (C) coordinating information sharing be-
18 tween Federal agencies, to the extent otherwise
19 permitted under Federal law; and

20 (D) improving the education and training
21 of and outreach to—

22 (i) administrators of the SBIR pro-
23 gram and the STTR program of the Fed-
24 eral agency;

1 (ii) applicants to the SBIR program
2 or the STTR program; and

3 (iii) recipients of awards under the
4 SBIR program or the STTR program.

5 (b) STUDY AND REPORT.—Not later than 1 year
6 after the date of enactment of this Act to establish a base-
7 line of changes made to the program to fight fraud, waste,
8 and abuse, and every 4 years thereafter to evaluate the
9 effectiveness of the agency strategies, the Comptroller
10 General of the United States shall—

11 (1) conduct a study that evaluates—

12 (A) the implementation by each Federal
13 agency that participates in the SBIR program
14 or the STTR program of the amendments to
15 the SBIR Policy Directive and the STTR Policy
16 Directive made pursuant to subsection (a);

17 (B) the effectiveness of the management
18 information system of each Federal agency that
19 participates in the SBIR program or STTR
20 program in identifying duplicative SBIR and
21 STTR projects;

22 (C) the effectiveness of the risk manage-
23 ment strategies of each Federal agency that
24 participates in the SBIR program or STTR
25 program in identifying areas of the SBIR pro-

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

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

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

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

18 (G) the effectiveness of the Government
19 and public databases described in section 9(k)
20 of the Small Business Act (15 U.S.C. 638(k))
21 in reducing vulnerabilities of the SBIR program
22 and the STTR program to fraud, waste, and
23 abuse, particularly with respect to Federal
24 agencies funding duplicative proposals and busi-

1 ness concerns falsifying information in pro-
2 posals; and

3 (2) submit to the Committee on Small Business
4 and Entrepreneurship of the Senate, the Committee
5 on Small Business and the Committee on Science,
6 Space, and Technology of the House of Representa-
7 tives, and the head of each Federal agency that par-
8 ticipates in the SBIR program or STTR program a
9 report on the results of the study conducted under
10 paragraph (1).

11 (c) INSPECTOR GENERAL REPORTS.—Not later than
12 October 1 of each year, the Inspector General of each Fed-
13 eral agency that participates in the SBIR program or
14 STTR program shall submit to the Committee on Small
15 Business and Entrepreneurship of the Senate and the
16 Committee on Small Business and the Committee on
17 Science, Space, and Technology of the House of Rep-
18 resentatives a report describing—

19 (1) the number of cases referred to the Inspec-
20 tor General in the preceding year that related to
21 fraud, waste, or abuse with respect to the SBIR pro-
22 gram or STTR program;

23 (2) the actions taken in each case described in
24 paragraph (1) if fraud, waste, or abuse was deter-
25 mined to have occurred;

1 (3) if no action was taken in a case described
2 in paragraph (1) and fraud, waste, or abuse was de-
3 termined to have occurred, the justification for ac-
4 tion not being taken; and

5 (4) an accounting of the funds used to address
6 fraud, waste, and abuse, including a description of
7 personnel and resources funded and funds that were
8 recovered or saved.

9 **SEC. 5144. SIMPLIFIED PAPERWORK REQUIREMENTS.**

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

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

16 (2) by striking “The Administrator” and insert-
17 ing the following:

18 “(1) STANDARDIZATION OF REPORTING RE-
19 QUIREMENTS.—The Administrator”;

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

21 “(2) SIMPLIFICATION OF APPLICATION AND
22 AWARD PROCESS.—Not later than 1 year after the
23 date of enactment of this paragraph, and after a pe-
24 riod of public comment, the Administrator shall
25 issue regulations or guidelines, taking into consider-

1 ation the unique needs of each Federal agency, to
2 ensure that each Federal agency required to carry
3 out an SBIR program or STTR program simplifies
4 and standardizes the program proposal, selection,
5 contracting, compliance, and audit procedures for
6 the SBIR program or STTR program of the Federal
7 agency (including procedures relating to overhead
8 rates for applicants and documentation require-
9 ments) to reduce the paperwork and regulatory com-
10 compliance burden on small business concerns applying
11 to and participating in the SBIR program or STTR
12 program.”.

13 **Subtitle D—Policy Directives**

14 **SEC. 5151. CONFORMING AMENDMENTS TO THE SBIR AND** 15 **THE STTR POLICY DIRECTIVES.**

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

21 (b) PUBLISHING SBIR POLICY DIRECTIVE AND THE
22 STTR POLICY DIRECTIVE IN THE FEDERAL REGISTER.—
23 Not later than 180 days after the date of enactment of
24 this Act, the Administrator shall publish the amended

1 SBIR Policy Directive and the amended STTR Policy Di-
2 rective in the Federal Register.

3 **Subtitle E—Other Provisions**

4 **SEC. 5161. REPORT ON SBIR AND STTR PROGRAM GOALS.**

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

8 “(nn) ANNUAL REPORT ON SBIR AND STTR PRO-
9 GRAM GOALS.—

10 “(1) DEVELOPMENT OF METRICS.—The head of
11 each Federal agency required to participate in the
12 SBIR program or the STTR program shall develop
13 metrics to evaluate the effectiveness and the benefit
14 to the people of the United States of the SBIR pro-
15 gram and the STTR program of the Federal agency
16 that—

17 “(A) are science-based and statistically
18 driven;

19 “(B) reflect the mission of the Federal
20 agency; and

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

23 “(2) EVALUATION.—The head of each Federal
24 agency described in paragraph (1) shall conduct an

1 annual evaluation using the metrics developed under
2 paragraph (1) of—

3 “(A) the SBIR program and the STTR
4 program of the Federal agency; and

5 “(B) the benefits to the people of the
6 United States of the SBIR program and the
7 STTR program of the Federal agency.

8 “(3) REPORT.—

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

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

20 “(C) DEFINITION.—In this paragraph, the
21 term ‘appropriate committees of Congress’
22 means—

23 “(i) the Committee on Small Business
24 and Entrepreneurship of the Senate; and

1 “(ii) the Committee on Small Busi-
2 ness and the Committee on Science, Space,
3 and Technology of the House of Represent-
4 atives.”.

5 **SEC. 5162. COMPETITIVE SELECTION PROCEDURES FOR**
6 **SBIR AND STTR PROGRAMS.**

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

10 “(oo) COMPETITIVE SELECTION PROCEDURES FOR
11 SBIR AND STTR PROGRAMS.—All funds awarded, appro-
12 priated, or otherwise made available in accordance with
13 subsection (f) or (n) must be awarded pursuant to com-
14 petitive and merit-based selection procedures.”.

15 **SEC. 5163. LOAN RESTRICTIONS.**

16 Not later than 180 days after the date of enactment
17 of this Act, the Administrator shall submit to the Com-
18 mittee on Small Business and the Committee on Science,
19 Space, and Technology of the House of Representatives
20 and the Committee on Small Business and Entrepreneur-
21 ship of the Senate a report analyzing what restrictions,
22 conditions, or covenants contained in a note, bond, debenture,
23 other evidence of indebtedness, or preferred stock
24 should constitute affiliation under section 121.103(a) of

1 title 13, Code of Federal Regulations, for purposes of sec-
2 tion 9 of the Small Business Act (15 U.S.C. 638).

3 **SEC. 5164. LIMITATION ON PILOT PROGRAMS.**

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

7 “(pp) LIMITATION ON PILOT PROGRAMS.—

8 “(1) EXISTING PILOT PROGRAMS.—The Admin-
9 istrator may only carry out a covered pilot program
10 that is in operation on the date of enactment of this
11 subsection during the 3-year period beginning on
12 such date of enactment.

13 “(2) NEW PILOT PROGRAMS.—The Adminis-
14 trator may only carry out a covered pilot program
15 established after the date of enactment of this sub-
16 section—

17 “(A) during the 3-year period beginning on
18 the date on which such program is established;
19 and

20 “(B) if such program does not continue
21 and is not based on, in any manner, a pre-
22 viously established covered pilot program.

23 “(3) COVERED PILOT PROGRAM DEFINED.—In
24 this subsection, the term ‘covered pilot program’

1 means any initiative, project, innovation, or other ac-
2 tivity—

3 “(A) established by the Administrator;

4 “(B) relating to an SBIR or STTR pro-
5 gram; and

6 “(C) not specifically authorized by law.”.

7 **SEC. 5165. COMMERCIALIZATION SUCCESS.**

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

11 “(qq) MINIMUM STANDARDS FOR PARTICIPATION.—

12 “(1) PROGRESS TO PHASE II SUCCESS.—

13 “(A) ESTABLISHMENT OF SYSTEM AND
14 MINIMUM COMMERCIALIZATION RATE.—Not
15 later than 1 year after the date of enactment of
16 this subsection, the head of each Federal agen-
17 cy participating in the SBIR or STTR program
18 shall—

19 “(i) establish a system to measure,
20 where appropriate, the success of small
21 business concerns with respect to the re-
22 ceipt of Phase II SBIR or STTR awards
23 for projects that have received Phase I
24 SBIR or STTR awards;

1 “(ii) establish a minimum perform-
2 ance standard for small business concerns
3 with respect to the receipt of Phase II
4 SBIR or STTR awards for projects that
5 have received Phase I SBIR or STTR
6 awards; and

7 “(iii) begin evaluating, each fiscal
8 year, whether each small business concern
9 that received a Phase I SBIR or STTR
10 award from the agency meets the minimum
11 performance standard established under
12 clause (ii).

13 “(B) CONSEQUENCE OF FAILURE TO MEET
14 MINIMUM COMMERCIALIZATION RATE.—If the
15 head of a Federal agency determines that a
16 small business concern that received a Phase I
17 SBIR or STTR award from the agency is not
18 meeting the minimum performance standard es-
19 tablished under subparagraph (A)(ii), such con-
20 cern may not participate in Phase I (or Phase
21 II if under the authority of subsection (cc)) of
22 the SBIR or STTR program of that agency
23 during the 1-year period beginning on the date
24 on which such determination is made.

25 “(2) PROGRESS TO PHASE III SUCCESS.—

1 “(A) ESTABLISHMENT OF SYSTEM AND
2 MINIMUM COMMERCIALIZATION RATE.—Not
3 later than 2 years after the date of enactment
4 of this subsection, the head of each Federal
5 agency participating in the SBIR or STTR pro-
6 gram shall—

7 “(i) establish a system to measure,
8 where appropriate, the success of small
9 business concerns with respect to the re-
10 ceipt of Phase III SBIR or STTR awards
11 for projects that have received Phase I
12 SBIR or STTR awards;

13 “(ii) establish a minimum perform-
14 ance standard for small business concerns
15 with respect to the receipt of Phase III
16 SBIR or STTR awards for projects that
17 have received Phase I SBIR or STTR
18 awards; and

19 “(iii) begin evaluating, each fiscal
20 year, whether each small business concern
21 that received a Phase I SBIR or STTR
22 award from the agency meets the minimum
23 performance standard established under
24 clause (ii).

1 “(B) CONSEQUENCE OF FAILURE TO MEET
2 MINIMUM COMMERCIALIZATION RATE.—If the
3 head of a Federal agency determines that a
4 small business concern that received a Phase I
5 SBIR or STTR award from the agency is not
6 meeting the minimum performance standard es-
7 tablished under subparagraph (A)(ii), such con-
8 cern may not participate in Phase I (or Phase
9 II if under the authority of subsection (cc)) of
10 the SBIR or STTR program of that agency
11 during the 1-year period beginning on the date
12 on which such determination is made.

13 “(3) ADMINISTRATION OVERSIGHT.—

14 “(A) APPROVAL AND PUBLICATION OF
15 SYSTEMS AND MINIMUM PERFORMANCE STAND-
16 ARDS.—Each system and minimum perform-
17 ance standard established under paragraph (1)
18 or paragraph (2) shall be submitted by the head
19 of the applicable Federal agency to the Admin-
20 istrator and shall be subject to the approval of
21 the Administrator. In making a determination
22 with respect to approval, the Administrator
23 shall ensure that the minimum performance
24 standard exceeds a de minimis level. The Ad-
25 ministrator shall publish on the Internet Web

1 site of the Administration the systems and min-
2 imum performance standards approved.

3 “(B) SUBMISSION OF EVALUATION RE-
4 SULTS BY AGENCY.—The head of each covered
5 Federal agency shall submit to the Adminis-
6 trator the results of each evaluation conducted
7 under paragraph (1) or paragraph (2).

8 “(4) REQUIREMENT OF NOTICE AND COM-
9 MENT.—Each system and minimum performance
10 standard established under paragraph (1) or para-
11 graph (2) and each approval provided by the Admin-
12 istrator under paragraph (3)(A), at least 60 days be-
13 fore becoming effective, shall be preceded by the pro-
14 vision of notice of and an opportunity for public
15 comment on such system, standard, or approval.”.

16 **SEC. 5166. PUBLICATION OF CERTAIN INFORMATION.**

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

20 “(rr) PUBLICATION OF CERTAIN INFORMATION.—In
21 order to increase the number of small businesses receiving
22 awards under the SBIR or STTR programs of partici-
23 pating agencies, and to simplify the application process
24 for such awards, the Administrator shall establish and
25 maintain a public Internet Web site on which the Adminis-

1 trator shall publish such information relating to notice of
2 and application for awards under the SBIR program and
3 STTR program of each participating Federal agency as
4 the Administrator determines appropriate.”.

5 **SEC. 5167. REPORT ON ENHANCEMENT OF MANUFAC-**
6 **TURING ACTIVITIES.**

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

10 “(ss) REPORT ON ENHANCEMENT OF MANUFAC-
11 TURING ACTIVITIES.—Not later than October 1, 2013,
12 and annually thereafter, the head of each Federal agency
13 that makes more than \$50,000,000 in awards under the
14 SBIR and STTR programs of the agency combined shall
15 submit to the Administrator, for inclusion in the annual
16 report required under subsection (b)(7), information that
17 includes—

18 “(1) a description of efforts undertaken by the
19 head of the Federal agency to enhance United
20 States manufacturing activities;

21 “(2) a comprehensive description of the actions
22 undertaken each year by the head of the Federal
23 agency in carrying out the SBIR or STTR program
24 of the agency in support of Executive Order 13329

1 (69 Fed. Reg. 9181; relating to encouraging innova-
2 tion in manufacturing);

3 “(3) an assessment of the effectiveness of the
4 actions described in paragraph (2) at enhancing the
5 research and development of United States manufac-
6 turing technologies and processes;

7 “(4) a description of efforts by vendors selected
8 to provide discretionary technical assistance under
9 subsection (q)(1) to help SBIR and STTR concerns
10 manufacture in the United States; and

11 “(5) recommendations that the program man-
12 agers of the SBIR or STTR program of the agency
13 consider appropriate for additional actions to in-
14 crease the effectiveness of enhancing manufacturing
15 activities.”.

16 **SEC. 5168. COORDINATION OF THE SBIR PROGRAM AND**
17 **THE EXPERIMENTAL PROGRAM TO STIMU-**
18 **LATE COMPETITIVE RESEARCH.**

19 (a) COORDINATION REQUIRED.—The head of a Fed-
20 eral agency that participates in the SBIR program and
21 the Experimental Program to Stimulate Competitive Re-
22 search or the Institutional Development Award Program
23 shall coordinate, to the extent possible, the initiatives of
24 the agency with respect to such programs.

1 (b) COORDINATION REPORT.—Not later than 1 year
2 after the date of enactment of this Act, the head of each
3 Federal agency that participates in the SBIR program
4 and the Experimental Program to Stimulate Competitive
5 Research or the Institutional Development Award Pro-
6 gram shall submit to the Administrator, the Committee
7 on Small Business and the Committee on Science, Space,
8 and Technology of the House of Representatives, and the
9 Committee on Small Business and Entrepreneurship of
10 the Senate a report describing the actions taken during
11 the preceding 1-year period to increase coordination be-
12 tween such programs to maximize existing resources.

13 (c) PARTICIPATION REPORT.—Not later than 3 years
14 after the date of enactment of this Act, the head of each
15 Federal agency that participates in the SBIR program
16 and the Experimental Program to Stimulate Competitive
17 Research or the Institutional Development Award Pro-
18 gram shall submit to the Administrator, the Committee
19 on Small Business and the Committee on Science, Space,
20 and Technology of the House of Representatives, and the
21 Committee on Small Business and Entrepreneurship of
22 the Senate a report analyzing whether actions taken to
23 increase the coordination of such programs have been suc-
24 cessful in attracting entrepreneurs into the SBIR program
25 and increasing the participation of States with respect to

- 1 which a low level of SBIR awards have historically been
- 2 awarded.

And the Senate agree to the same.