

COMMITTEE PRINT

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Creating Jobs Through
3 Small Business Innovation Act of 2011”.

4 SEC. 2. TABLE OF CONTENTS.

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

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

TITLE I—REAUTHORIZATION OF THE SBIR AND STTR PROGRAMS

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

TITLE II—OUTREACH AND COMMERCIALIZATION INITIATIVES

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

TITLE III—OVERSIGHT AND EVALUATION

- Sec. 301. Streamlining annual evaluation requirements.
- Sec. 302. Data collection from agencies for SBIR.
- Sec. 303. Data collection from agencies for STTR.

- Sec. 304. Public database.
- Sec. 305. Government database.
- Sec. 306. Accuracy in funding base calculations.
- Sec. 307. Continued evaluation by the National Academy of Sciences.
- Sec. 308. Technology insertion reporting requirements.
- Sec. 309. Obtaining consent from SBIR and STTR applicants to release contact information to economic development organizations.
- Sec. 310. Pilot to allow funding for administrative, oversight, and contract processing costs.
- Sec. 311. GAO study with respect to venture capital operating company, hedge fund, and private equity firm involvement.
- Sec. 312. Reducing vulnerability of SBIR and STTR programs to fraud, waste, and abuse.
- Sec. 313. Simplified paperwork requirements.
- Sec. 314. Reducing fraud, waste, and abuse.

TITLE IV—POLICY DIRECTIVES

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

TITLE V—OTHER PROVISIONS

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

1 **SEC. 3. DEFINITIONS.**

2 In this Act—

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

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

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

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

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

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

9 (1) by striking “TERMINATION.—” and all that
10 follows through “the authorization” and inserting
11 “TERMINATION.—The authorization”;

12 (2) by striking “2008” and inserting “2014”;
13 and

14 (3) by striking paragraph (2).

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

17 (1) by striking “IN GENERAL.—” and all that
18 follows through “with respect” and inserting “IN
19 GENERAL.—With respect”;

20 (2) by striking “2009” and inserting “2014”;
21 and

22 (3) by striking clause (ii).

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

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

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

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

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

12 (1) by striking “\$100,000” and inserting
13 “\$150,000”; and

14 (2) by striking “\$750,000” and inserting
15 “\$1,000,000”.

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

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

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

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

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

6 “(1) LIMITATION.—No Federal agency may
7 issue an award under the SBIR program or the
8 STTR program if the size of the award exceeds the
9 award guidelines established under this section by
10 more than 50 percent.

11 “(2) MAINTENANCE OF INFORMATION.—Par-
12 ticipating agencies shall maintain information on
13 awards exceeding the guidelines established under
14 this section, including—

15 “(A) the amount of each award;

16 “(B) a justification for exceeding the
17 award amount;

18 “(C) the identity and location of each
19 award recipient; and

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

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

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

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

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

15 “(bb) SUBSEQUENT PHASE II AWARDS.—

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

1 inclusion in the public database under subsection
2 (k).

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

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

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

15 (1) in paragraph (4)(B), by striking “to fur-
16 ther” and inserting “which shall not include any in-
17 vitation, pre-screening, pre-selection, or down-selec-
18 tion process for eligibility for Phase II, that will fur-
19 ther”; and

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

1 **SEC. 105. PHASE FLEXIBILITY.**

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

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

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

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

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

1 “(1) AUTHORITY.—Upon a written determina-
2 tion described in paragraph (2) provided to the Ad-
3 ministrator, the Committee on Small Business and
4 Entrepreneurship of the Senate, and the Committee
5 on Small Business and the Committee on Science,
6 Space, and Technology of the House of Representa-
7 tives not later than 30 days before the date on which
8 an award is made—

9 “(A) the Director of the National Insti-
10 tutes of Health, the Secretary of Energy, the
11 Administrator of the National Aeronautics and
12 Space Administration, and the Director of the
13 National Science Foundation may award not
14 more than 45 percent of the funds allocated for
15 the SBIR program of the Federal agency to
16 small business concerns that are owned in ma-
17 jority part by multiple venture capital operating
18 companies, hedge funds, or private equity firms
19 through competitive, merit-based procedures
20 that are open to all eligible small business con-
21 cerns; and

22 “(B) the head of a Federal agency other
23 than a Federal agency described in subpara-
24 graph (A) that participates in the SBIR pro-
25 gram may award not more than 35 percent of

1 the funds allocated for the SBIR program of
2 the Federal agency to small business concerns
3 that are owned in majority part by multiple
4 venture capital operating companies, hedge
5 funds, or private equity firms through competi-
6 tive, merit-based procedures that are open to all
7 eligible small business concerns.

8 “(2) DETERMINATION.—A written determina-
9 tion described in this paragraph is a written deter-
10 mination by the head of a Federal agency that ex-
11 plains how the use of the authority under paragraph
12 (1) will—

13 “(A) induce additional venture capital,
14 hedge fund, or private equity firm funding of
15 small business innovations;

16 “(B) substantially contribute to the mis-
17 sion of the Federal agency;

18 “(C) demonstrate a need for public re-
19 search; and

20 “(D) otherwise fulfill the capital needs of
21 small business concerns for additional financing
22 for the SBIR project.

23 “(3) REGISTRATION.—A small business concern
24 that is majority-owned by multiple venture capital
25 operating companies, hedge funds, or private equity

1 firms and qualified for participation in the program
2 authorized under paragraph (1) shall—

3 “(A) register with the Administrator on
4 the date that the small business concern sub-
5 mits an application for an award under the
6 SBIR program; and

7 “(B) indicate in any SBIR proposal that
8 the small business concern is registered under
9 subparagraph (A) as majority-owned by mul-
10 tiple venture capital operating companies, hedge
11 funds, or private equity firms.

12 “(4) COMPLIANCE.—

13 “(A) IN GENERAL.—The head of a Federal
14 agency that makes an award under this sub-
15 section during a fiscal year shall collect and
16 submit to the Administrator data relating to
17 the number and dollar amount of Phase I
18 awards, Phase II awards, and any other cat-
19 egory of awards by the Federal agency under
20 the SBIR program during that fiscal year.

21 “(B) ANNUAL REPORTING.—The Adminis-
22 trator shall include as part of each annual re-
23 port by the Administration under subsection
24 (b)(7) any data submitted under subparagraph
25 (A) and a discussion of the compliance of each

1 Federal agency that makes an award under this
2 subsection during the fiscal year with the max-
3 imum percentages under paragraph (1).

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

19 “(6) FINAL DECISIONS ON APPLICATIONS
20 UNDER THE SBIR PROGRAM.—

21 “(A) DEFINITION.—In this paragraph, the
22 term ‘covered small business concern’ means a
23 small business concern that—

24 “(i) was not majority-owned by mul-
25 tiple venture capital operating companies,

1 hedge funds, or private equity firms on the
2 date on which the small business concern
3 submitted an application in response to a
4 solicitation under the SBIR programs; and

5 “(ii) on the date of the award under
6 the SBIR program is majority-owned by
7 multiple venture capital operating compa-
8 nies, hedge funds, or private equity firms.

9 “(B) IN GENERAL.—If a Federal agency
10 does not make an award under a solicitation
11 under the SBIR program before the date that
12 is 9 months after the date on which the period
13 for submitting applications under the sollicita-
14 tion ends—

15 “(i) a covered small business concern
16 is eligible to receive the award, without re-
17 gard to whether the covered small business
18 concern meets the requirements for receiv-
19 ing an award under the SBIR program for
20 a small business concern that is majority-
21 owned by multiple venture capital oper-
22 ating companies, hedge funds, or private
23 equity firms, if the covered small business
24 concern meets all other requirements for
25 such an award; and

1 “(ii) the head of the Federal agency
2 shall transfer an amount equal to any
3 amount awarded to a covered small busi-
4 ness concern under the solicitation to the
5 funds for general SBIR programs from the
6 non-SBIR and non-STTR research and de-
7 velopment funds of the Federal agency, not
8 later than 90 days after the date on which
9 the Federal agency makes the award.

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

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

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

23 “(bb) HEDGE FUND.—In this Act, the term ‘hedge
24 fund’ has the meaning given that term in section 13(h)(2)

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

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

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

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

16 “(ee) VENTURE CAPITAL OPERATING COMPANIES,
17 HEDGE FUNDS, AND PRIVATE EQUITY FIRMS.—Effective
18 only for the SBIR and STTR programs the following shall
19 apply:

20 “(1) A business concern that has more than
21 500 employees shall not qualify as a small business
22 concern.

23 “(2) In determining whether a small business
24 concern is independently owned and operated under
25 section 3(a)(1) or meets the small business size

1 standards instituted under section 3(a)(2), the Ad-
2 ministrator shall not consider a business concern to
3 be affiliated with a venture capital operating com-
4 pany, hedge fund, or private equity firm (or with
5 any other business that the venture capital operating
6 company, hedge fund, or private equity firm has fi-
7 nanced) if—

8 “(A) the venture capital operating com-
9 pany, hedge fund, or private equity firm does
10 not own 50 percent or more of the business
11 concern; and

12 “(B) employees of the venture capital oper-
13 ating company, hedge fund, or private equity
14 firm do not constitute a majority of the board
15 of directors of the business concern.

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

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

22 “(B) there is no single venture capital op-
23 erating company, hedge fund, or private equity
24 firm that owns 50 percent or more of the busi-
25 ness concern; and

1 “(C) there is no single venture capital op-
2 erating company, hedge fund, or private equity
3 firm the employees of which constitute a major-
4 ity of the board of directors of the business con-
5 cern.

6 “(4) If a venture capital operating company,
7 hedge fund, or private equity firm controlled by a
8 business with more than 500 employees (in this
9 paragraph referred to as a ‘VCOC, hedge fund, or
10 private equity firm under large business control’)
11 has an ownership interest in a small business con-
12 cern that is owned in majority part by venture cap-
13 ital operating companies, hedge funds, or private eq-
14 uity firms, the small business concern is eligible to
15 receive an award under the SBIR or STTR program
16 only if—

17 “(A) not more than two VCOCs, hedge
18 funds, or private equity firms under large busi-
19 ness control have an ownership interest in the
20 small business concern; and

21 “(B) the VCOCs, hedge funds, or private
22 equity firms under large business control do not
23 collectively own more than 20 percent of the
24 small business concern.”.

1 **SEC. 108. SBIR AND STTR SPECIAL ACQUISITION PREF-**
2 **ERENCE.**

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

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

11 **SEC. 109. COLLABORATING WITH FEDERAL LABORATORIES**
12 **AND RESEARCH AND DEVELOPMENT CEN-**
13 **TERS.**

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

17 “(ff) COLLABORATING WITH FEDERAL LABORA-
18 TORIES AND RESEARCH AND DEVELOPMENT CENTERS.—

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

23 “(A) intends to enter into an agreement
24 with a Federal laboratory or federally funded
25 research and development center for portions of

1 the activities to be performed under that award;
2 or

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

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

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

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

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

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

10 “(A) have the flexibility to use the re-
11 sources of the Federal laboratories and feder-
12 ally funded research and development centers;
13 and

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

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

1 an amount greater than the amount necessary to
2 pay for 30 days of such activities.”.

3 **SEC. 110. NOTICE REQUIREMENT.**

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

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

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

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

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

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

17 (1) by striking paragraph (15);

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

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

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

23 “(16) provide timely notice to the Adminis-
24 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. 111. ADDITIONAL SBIR AND STTR AWARDS.**

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

7 “(gg) **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 one 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.”.

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

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

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

7 (1) in paragraph (1)—

8 (A) by inserting “or STTR program” after
9 “SBIR program”; and

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

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

14 (3) in paragraph (3)—

15 (A) in subparagraph (A)—

16 (i) by inserting “or STTR” after
17 “SBIR”; and

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

20 (B) by striking subparagraph (B) and in-
21 serting the following:

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

24 “(i) provide to the recipient of a
25 Phase II SBIR or STTR award, through a

1 vendor selected under paragraph (2), the
2 services described in paragraph (1), in an
3 amount equal to not more than \$5,000 per
4 year; or

5 “(ii) authorize the recipient of a
6 Phase II SBIR or STTR award to pur-
7 chase the services described in paragraph
8 (1), in an amount equal to not more than
9 \$5,000 per year, which shall be in addition
10 to the amount of the recipient’s award.”;
11 and

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

13 “(C) FLEXIBILITY.—In carrying out sub-
14 paragraphs (A) and (B), each Federal agency
15 shall provide the allowable amounts to a recipi-
16 ent that meets the eligibility requirements
17 under the applicable subparagraph, if the re-
18 cipient requests to seek technical assistance
19 from an individual or entity other than the ven-
20 dor selected under paragraph (2) by the Fed-
21 eral agency.

22 “(D) LIMITATION.—A Federal agency may
23 not—

24 “(i) use the amounts authorized under
25 subparagraph (A) or (B) unless the vendor

1 selected under paragraph (2) provides the
2 technical assistance to the recipient; or

3 “(ii) enter a contract with a vendor
4 under paragraph (2) under which the
5 amount provided for technical assistance is
6 based on total number of Phase I or Phase
7 II awards.”.

8 **SEC. 202. COMMERCIALIZATION READINESS PROGRAM AT**
9 **DEPARTMENT OF DEFENSE.**

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

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

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

16 (3) in paragraph (1)—

17 (A) by inserting “or Small Business Tech-
18 nology Transfer Program” after “Small Busi-
19 ness Innovation Research Program”; and

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

21 “The authority to create and administer a Com-
22 mercialization Readiness Program under this
23 subsection may not be construed to eliminate or
24 replace any other SBIR program or STTR pro-
25 gram that enhances the insertion or transition

1 of SBIR or STTR technologies, including any
2 such program in effect on the date of enact-
3 ment of the National Defense Authorization Act
4 for Fiscal Year 2006 (Public Law 109–163;
5 119 Stat. 3136).”;

6 (4) in paragraph (2), by inserting “or Small
7 Business Technology Transfer Program” after
8 “Small Business Innovation Research Program”;

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

10 (6) by inserting after paragraph (4) the fol-
11 lowing:

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

15 “(A) establish goals for the transition of
16 Phase III technologies in subcontracting plans;
17 and

18 “(B) require a prime contractor on such a
19 contract to report the number and dollar
20 amount of contracts entered into by that prime
21 contractor for Phase III SBIR or STTR
22 projects.

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

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

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

12 “(C) include in the annual report to Con-
13 gress the percentage of contracts described in
14 subparagraph (A) awarded by that Secretary,
15 and information on the ongoing status of
16 projects funded through the Commercialization
17 Readiness Program and efforts to transition
18 these technologies into programs of record or
19 fielded systems.”.

20 (b) TECHNICAL AND CONFORMING AMENDMENT.—
21 Section 9(i)(1) of the Small Business Act (15 U.S.C.
22 638(i)(1)) is amended by inserting “(including awards
23 under subsection (y))” after “the number of awards”.

1 **SEC. 203. COMMERCIALIZATION READINESS PILOT PRO-**
2 **GRAM FOR CIVILIAN AGENCIES.**

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

6 “(hh) PILOT PROGRAM.—

7 “(1) AUTHORIZATION.—The head of each cov-
8 ered Federal agency may allocate not more than 10
9 percent of the funds allocated to the SBIR program
10 and the STTR program of the covered Federal agen-
11 cy—

12 “(A) for awards for technology develop-
13 ment, testing, evaluation, and commercialization
14 assistance for SBIR and STTR Phase II tech-
15 nologies; or

16 “(B) to support the progress of research,
17 research and development, and commercializa-
18 tion conducted under the SBIR or STTR pro-
19 grams to Phase III.

20 “(2) APPLICATION BY FEDERAL AGENCY.—

21 “(A) IN GENERAL.—A covered Federal
22 agency may not establish a pilot program unless
23 the covered Federal agency makes a written ap-
24 plication to the Administrator, not later than
25 90 days before the first day of the fiscal year
26 in which the pilot program is to be established,

1 that describes a compelling reason that addi-
2 tional investment in SBIR or STTR tech-
3 nologies is necessary, including unusually high
4 regulatory, systems integration, or other costs
5 relating to development or manufacturing of
6 identifiable, highly promising small business
7 technologies or a class of such technologies ex-
8 pected to substantially advance the mission of
9 the agency.

10 “(B) DETERMINATION.—The Adminis-
11 trator shall—

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

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

19 “(iii) make a copy of the determina-
20 tion and any related materials available to
21 the Committee on Small Business and En-
22 trepreneurship of the Senate and the Com-
23 mittee on Small Business and the Com-
24 mittee on Science, Space, and Technology
25 of the House of Representatives.

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

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

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

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

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

4 “(8) DEFINITIONS.—In this subsection—
5 “(A) the term ‘covered Federal agency’—
6 “(i) means a Federal agency partici-
7 pating in the SBIR program or the STTR
8 program; and
9 “(ii) does not include the Department
10 of Defense; and
11 “(B) the term ‘pilot program’ means the
12 program established under paragraph (1).”.

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

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

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

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

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

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

11 (4) Developing and incorporating a standard
12 evaluation framework to enable systematic assess-
13 ment of SBIR and STTR, including through im-
14 proved tracking of awards and outcomes and devel-
15 opment of performance measures for the SBIR pro-
16 gram and STTR program of each Federal agency.

17 (c) 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 (b)(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 (b)(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 (b)(3) not later than 2 years after
6 the date of enactment of this Act; and

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

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

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

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

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

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

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

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

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

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

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

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

15 (1) in subsection (e)—

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

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

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

23 “(11) the term ‘Phase I’ means—

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

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

6 “(12) the term ‘Phase II’ means—

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

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

13 “(13) the term ‘Phase III’ means—

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

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

20 (2) in subsection (j)—

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

23 (B) in paragraph (2)—

24 (i) in subparagraph (B)—

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

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

6 (ii) in subparagraph (D)—

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

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

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

14 (iv) in subparagraph (G)—

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

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

19 (v) in subparagraph (H)—

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

22 (II) by striking “second phase”
23 each place it appears and inserting
24 “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 (q)(3)(A)—

8 (A) in the subparagraph heading, by strik-
9 ing “FIRST PHASE” and inserting “PHASE I”;
10 and

11 (B) by striking “first phase” and inserting
12 “Phase I”;

13 (8) in subsection (r)—

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

16 (B) in paragraph (1)—

17 (i) in the first sentence—

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

20 (II) by striking “third phase”
21 and inserting “Phase III”; and

22 (III) by striking “second phase
23 period” and inserting “Phase II pe-
24 riod”; and

25 (ii) in the second sentence—

- 1 (I) by striking “second phase”
2 and inserting “Phase II”; and
3 (II) by striking “third phase”
4 and inserting “Phase III”; and
5 (C) in paragraph (2), by striking “third
6 phase” and inserting “Phase III”; and
7 (9) in subsection (u)(2)(B), by striking “the
8 first phase” and inserting “Phase I”.

9 **SEC. 206. SHORTENED PERIOD FOR FINAL DECISIONS ON**
10 **PROPOSALS AND APPLICATIONS.**

11 (a) IN GENERAL.—Section 9 of the Small Business
12 Act (15 U.S.C. 638), as amended by this Act, is further
13 amended—

14 (1) in subsection (g)(4)—

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

16 (B) by adding “and” after the semicolon
17 at the end; and

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

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

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

23 “(ii) if the Administrator authorizes an ex-
24 tension for a solicitation, not later than 180

1 days after the date on which the solicitation
2 closes;” 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 90 days after the date
11 on which the solicitation closes; or

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

16 (b) NIH PEER REVIEW PROCESS.—Section 9 of the
17 Small Business Act (15 U.S.C. 638), as amended by this
18 Act, is further amended by adding at the end the fol-
19 lowing:

20 “(ii) NIH PEER REVIEW PROCESS.—Notwith-
21 standing subsections (g)(4)(B) and (o)(4)(B), the Director
22 of the National Institutes of Health may make an award
23 under the SBIR program or the STTR program of the
24 National Institutes of Health only if the application for
25 the award has undergone technical and scientific peer re-

1 view under section 492 of the Public Health Service Act
2 (42 U.S.C. 289a).

3 “(jj) NSF PEER REVIEW PROCESS.—Notwith-
4 standing subsections (g)(4)(B) and (o)(4)(B), the Director
5 of the National Science Foundation may make an award
6 under the SBIR program or the STTR program of the
7 National Science Foundation only if the application for
8 the award has undergone the National Science Founda-
9 tion’s technical and scientific peer review process and met
10 all other applicable peer review procedures and guidelines
11 pursuant to the National Science Foundation Act of 1950
12 (42 U.S.C. 1861, et seq.) and other applicable Federal
13 law.”.

14 **SEC. 207. PHASE 0 PROOF OF CONCEPT PARTNERSHIP**
15 **PILOT PROGRAM.**

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

19 “(kk) PHASE 0 PROOF OF CONCEPT PARTNERSHIP
20 PILOT PROGRAM.—

21 “(1) IN GENERAL.—The Director of the Na-
22 tional Institutes of Health shall use \$10,000,000 of
23 the funds allocated under subsection (n)(1) for a
24 Proof of Concept Partnership pilot program to accel-
25 erate the creation of small businesses and the com-

1 mercialization of research innovations from quali-
2 fying institutions. To implement this program, the
3 Director shall award, through a competitive, merit-
4 based process, grants to qualifying institutions.
5 These grants shall only be used to administer Proof
6 of Concept Partnership awards in conformity with
7 this subsection.

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

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

11 “(B) the term ‘pilot program’ refers to the
12 Proof of Concept Partnership pilot program;
13 and

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

18 “(3) PROOF OF CONCEPT PARTNERSHIPS.—

19 “(A) IN GENERAL.—A Proof of Concept
20 Partnership shall be set up by a qualifying in-
21 stitution to award grants to individual research-
22 ers. These grants should provide researchers
23 with the initial investment and the resources to
24 support the proof of concept work and commer-
25 cialization mentoring needed to translate prom-

1 ising research projects and technologies into a
2 viable company. This work may include tech-
3 nical validations, market research, clarifying in-
4 tellectual property rights position and strategy
5 and investigating commercial or business oppor-
6 tunities.

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

11 “(i) The Proof of Concept Partnership
12 shall use a market-focused project manage-
13 ment oversight process, including—

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

21 “(II) technology validation mile-
22 stones focused on market feasibility;

23 “(III) simple reporting effective
24 at redirecting projects; and

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

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

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

12 “(4) AWARDS.—

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

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

22 “(i) have an established and proven
23 technology transfer or commercialization
24 office and have a plan for engaging that
25 office in the program implementation;

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

4 “(iii) are located in diverse geog-
5 raphies and are of diverse sizes;

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

10 “(v) have an intellectual property
11 rights strategy or office; and

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

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

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

20 “(i) proof of concept research or pro-
21 totype development; and

22 “(ii) activities that contribute to de-
23 termining a project’s commercialization
24 path, to include technical validations, mar-
25 ket research, clarifying intellectual prop-

1 erty rights, and investigating commercial
2 and business opportunities; or

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

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

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

15 “(B) an accounting of the funds used in
16 the pilot program;

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

20 “(D) a detailed compilation of results
21 achieved by the pilot program, including the
22 number of small business concerns included and
23 the number of business packages developed, and
24 the number of projects that progressed into
25 subsequent STTR phases; and

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

3 “(7) SUNSET.—The pilot program under this
4 subsection shall terminate at the end of fiscal year
5 2014.”.

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

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

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

12 (1) in paragraph (7)—

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

15 “STTR programs, including—

16 “(A) the data”;

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

22 “(B) the number of proposals received
23 from, and the number and total amount of
24 awards to, HUBZone small business concerns
25 and firms with venture capital, hedge fund, or

1 private equity firm investment (including those
2 majority-owned by multiple venture capital op-
3 erating companies, hedge funds, or private eq-
4 uity firms) under each of the SBIR and STTR
5 programs;

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

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

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

24 “(F) a description”; and

25 (C) by striking “and” at the end;

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

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

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

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

11 Section 9(g) of the Small Business Act (15 U.S.C.
12 638(g)), as amended by this Act, is further amended—

13 (1) by striking paragraph (10);

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

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

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

25 “(A) whether an awardee—

1 “(i) has venture capital, hedge fund,
2 or private equity firm investment or is ma-
3 jority-owned by multiple venture capital
4 operating companies, hedge funds, or pri-
5 vate equity firms, and, if so—

6 “(I) the amount of venture cap-
7 ital, hedge fund, or private equity firm
8 investment that the awardee has re-
9 ceived as of the date of the award;
10 and

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

14 “(ii) has an investor that—

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

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

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

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

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

12 “(vi) is located in a State described in
13 subsection (u)(3); and

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

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

19 Section 9(o) of the Small Business Act (15 U.S.C.
20 638(o)), as amended by this Act, is further amended by
21 striking paragraph (9) and inserting the following:

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

1 assess the STTR program outputs and outcomes, in-
2 cluding information necessary to maintain the data-
3 base described in subsection (k), including—

4 “(A) whether an applicant or awardee—

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

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

16 “(II) the amount of additional
17 capital that the applicant or awardee
18 has invested 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 such
5 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 in which the
18 total value of contracts awarded to small
19 business concerns under all STTR pro-
20 grams is less than the total value of con-
21 tracts awarded to small business concerns
22 in a majority of other States, as deter-
23 mined by the Administrator in biennial fis-
24 cal years, beginning with fiscal year 2008,

1 based on the most recent statistics com-
2 piled by the Administrator; and

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

7 **SEC. 304. PUBLIC DATABASE.**

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

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

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

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

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

19 “(i) has venture capital, hedge fund,
20 or private equity firm investment and, if
21 so, whether the small business concern is
22 registered as majority-owned by multiple
23 venture capital operating companies, hedge
24 funds, or private equity firms as required
25 under subsection (dd)(3);

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

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

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

12 **SEC. 305. GOVERNMENT DATABASE.**

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

15 (1) in paragraph (2)—

16 (A) in the matter preceding subparagraph
17 (A), by striking “Not later” and all that follows
18 through “Act of 2000” and inserting “Not later
19 than 90 days after the date of enactment of the
20 Creating Jobs Through Small Business Innova-
21 tion Act of 2011”;

22 (B) by striking subparagraph (C);

23 (C) by redesignating subparagraphs (A)
24 and (B) as subparagraphs (B) and (C), respec-
25 tively;

1 (D) by inserting before subparagraph (B),
2 as so redesignated, the following:

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

7 “(i) the name, size, and location, and
8 an identifying number assigned by the Ad-
9 ministration of the small business concern;

10 “(ii) an abstract of the project;

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

12 “(iv) the number of employees of the
13 small business concern;

14 “(v) the names and titles of the key
15 individuals that will carry out the project,
16 the position each key individual holds in
17 the small business concern, and contact in-
18 formation for each key individual;

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

22 “(vii) whether the small business con-
23 cern is majority-owned by multiple venture
24 capital operating companies, hedge funds,
25 or private equity firms; and

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

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

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

13 “(D) includes, for each awardee—

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

17 “(ii) whether the awardee has venture
18 capital, hedge fund, or private equity firm
19 investment, and, if so—

20 “(I) the amount of venture cap-
21 ital, hedge fund, or private equity firm
22 investment as of the date of the
23 award;

24 “(II) the percentage of ownership
25 of the awardee held by a venture cap-

1 ital operating company, hedge fund,
2 or private equity firm, including
3 whether the awardee is majority-
4 owned by multiple venture capital op-
5 erating companies, hedge funds, or
6 private equity firms; and

7 “(III) the amount of additional
8 capital that the awardee has invested
9 in the SBIR technology, which infor-
10 mation shall be collected on an annual
11 basis;

12 “(iii) the names and locations of any
13 affiliates of the awardee;

14 “(iv) the number of employees of the
15 awardee;

16 “(v) the number of employees of the
17 affiliates of the awardee; and

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

20 “(I) any individual who is not a
21 citizen of the United States or a law-
22 ful permanent resident of the United
23 States; or

24 “(II) any person that is not an
25 individual and is not organized under

1 the laws of a State or the United
2 States;”;

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

5 (H) in subparagraph (F), as so redesign-
6 nated, by striking the period at the end and in-
7 serting “; and”; and

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

9 “(G) includes a timely and accurate list of
10 any individual or small business concern that
11 has participated in the SBIR program or STTR
12 program that has been—

13 “(i) convicted of a fraud-related crime
14 involving funding received under the SBIR
15 program or STTR program; or

16 “(ii) found civilly liable for a fraud-re-
17 lated violation involving funding received
18 under the SBIR program or STTR pro-
19 gram.”; and

20 (2) in paragraph (3), by adding at the end the
21 following:

22 “(C) GOVERNMENT DATABASE.—Not later
23 than 60 days after the date established by a
24 Federal agency for submitting applications or
25 proposals for a Phase I or Phase II award

1 under the SBIR program or STTR program,
2 the head of the Federal agency shall submit to
3 the Administrator the data required under
4 paragraph (2) with respect to each small busi-
5 ness concern that applies or submits a proposal
6 for the Phase I or Phase II award.”.

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

8 (a) IN GENERAL.—Not later than 1 year after the
9 date of enactment of this Act, and every year thereafter
10 until the date that is 5 years after the date of enactment
11 of this Act, the Comptroller General of the United States
12 shall—

13 (1) conduct a fiscal and management audit of
14 the SBIR program and the STTR program for the
15 applicable period to—

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

21 (B) assess the extent of compliance with
22 the requirements of section 9(i)(2) of the Small
23 Business Act (15 U.S.C. 638(i)(2)) by Federal
24 agencies participating in the SBIR program or

1 the STTR program and the Administration;
2 and

3 (C) determine the portion of the extra-
4 mural research or research and development
5 budget of a Federal agency that each Federal
6 agency spends for administrative purposes re-
7 lating to the SBIR program or STTR program,
8 and for what specific purposes, including the
9 portion, if any, of such budget the Federal
10 agency spends for salaries and expenses, travel
11 to visit applicants, outreach events, marketing,
12 and technical assistance; and

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

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

24 (1) for the first report submitted under this
25 section, the period beginning on October 1, 2005,

1 and ending on September 30 of the last full fiscal
2 year before the date of enactment of this Act for
3 which information is available; and

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

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

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

12 **SEC. 307. CONTINUED EVALUATION BY THE NATIONAL**
13 **ACADEMY OF SCIENCES.**

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

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

19 “(1) IN GENERAL.—Not later than 6 months
20 after the date of enactment of the Creating Jobs
21 Through Small Business Innovation Act of 2011,
22 the head of each agency described in subsection (a),
23 in consultation with the Small Business Administra-
24 tion, shall cooperatively enter into an agreement
25 with the National Academy of Sciences for the Na-

1 tional Research Council to, not later than 4 years
2 after the date of enactment of the Creating Jobs
3 Through Small Business Innovation Act of 2011,
4 and every 4 years thereafter—

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

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

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

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

24 “(iii) an evaluation of the program’s
25 success at commercializing technologies

1 compared with other Federal technology
2 transfer programs and the SBIR program;

3 “(iv) to the extent practicable, an
4 evaluation of the economic benefits
5 achieved by the STTR program, including
6 the economic rate of return;

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

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

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

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

23 “(2) CONSULTATION.—An agreement under
24 paragraph (1) shall require the National Research
25 Council to ensure that there is participation by and

1 consultation with the small business community, the
2 Administration, and other interested parties as de-
3 scribed in subsection (b).

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

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

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

1 on Small Business and the Committee on
2 Science, Space, and Technology of the House of
3 Representatives, a report of preliminary find-
4 ings and recommendations regarding the study
5 conducted under paragraph (1)(B).”.

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

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

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

15 “(1) the name of the agency or component of
16 the agency or the non-Federal source of capital mak-
17 ing the Phase III award;

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

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

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

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

8 “(mm) CONSENT TO RELEASE CONTACT INFORMA-
9 TION TO ORGANIZATIONS.—

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

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

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

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

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

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

3 **SEC. 310. PILOT TO ALLOW FUNDING FOR ADMINISTRA-**
4 **TIVE, OVERSIGHT, AND CONTRACT PROC-**
5 **ESSING COSTS.**

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

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

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

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

21 “(B) the provision of outreach and tech-
22 nical assistance relating to the SBIR program
23 or STTR program of the Federal agency, in-
24 cluding technical assistance site visits and per-
25 sonnel interviews;

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

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

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

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

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

19 “(H) carrying out subsection (dd);

20 “(I) carrying out subsection (hh);

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

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

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

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

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

20 (b) TECHNICAL AND CONFORMING AMENDMENTS.—

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

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

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

3 (B) in subsection (y)—

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

5 (ii) by redesignating paragraphs (5)

6 and (6) as paragraphs (4) and (5), respec-

7 tively.

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

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

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

1 “(A) use any of its SBIR budget estab-
2 lished pursuant to paragraph (1) for the pur-
3 pose of funding administrative costs of the pro-
4 gram, including costs associated with salaries
5 and expenses; or

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

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

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

13 “(4) FUNDING.—

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

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

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

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

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

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

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

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

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

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

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

1 ures to prevent fraud, waste, and abuse in the SBIR
2 program and the STTR program.

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

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

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

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

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

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

24 (D) a requirement that each applicant for
25 and small business concern that receives fund-

1 ing under the SBIR program or the STTR pro-
2 gram shall certify whether the applicant or
3 small business concern is in compliance with the
4 laws relating to the SBIR program and the
5 STTR program and the conduct guidelines es-
6 tablished under the SBIR Policy Directive and
7 the STTR Policy Directive.

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

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

15 (A) cover the lifecycle of the award to re-
16 quire certifications at the application, funding,
17 reporting, and closeout phases of every SBIR
18 and STTR award;

19 (B) require the small business concern to
20 certify compliance with the “principal investi-
21 gator primary employment” requirement, the
22 “small business concern” definition require-
23 ment, and the “performance of work” require-
24 ments as set forth in the Directive applicable to
25 the award;

1 (C) require the small business concern to
2 disclose whether it has applied for, plans to
3 apply for, or received an SBIR or STTR award
4 for the same or overlapping work, and require
5 the concern to certify that the award that it is
6 applying for or obtaining funding for is not the
7 same or overlapping with work it has per-
8 formed, or will perform, in connection with any
9 other SBIR or STTR award that the concern
10 has applied for or received from any other
11 agency except as fully disclosed to all funding
12 agencies; and

13 (D) require that the small business con-
14 cern certify that it will or did perform the work
15 on the award at its facilities with its employees,
16 unless otherwise indicated.

17 (5) INSPECTORS GENERAL.—The Inspector
18 General of each Federal agency that participates in
19 the SBIR program or STTR program shall cooper-
20 ate to prevent fraud, waste, and abuse in the SBIR
21 program and the STTR program by—

22 (A) establishing fraud detection indicators;

23 (B) reviewing regulations and operating
24 procedures of the Federal agency;

1 (C) coordinating information sharing be-
2 tween Federal agencies, to the extent otherwise
3 permitted under Federal law; and

4 (D) improving the education and training
5 of, and outreach to—

6 (i) administrators of the SBIR pro-
7 gram and the STTR program of the Fed-
8 eral agency;

9 (ii) applicants to the SBIR program
10 or the STTR program; and

11 (iii) recipients of awards under the
12 SBIR program or the STTR program.

13 (b) STUDY AND REPORT.—Not later than 1 year
14 after the date of enactment of this Act to establish a base-
15 line of changes made to the program to fight fraud, waste,
16 and abuse, and every 3 years thereafter to evaluate the
17 effectiveness of the agency strategies, the Comptroller
18 General of the United States shall—

19 (1) conduct a study that evaluates—

20 (A) the implementation by each Federal
21 agency that participates in the SBIR program
22 or the STTR program of the amendments to
23 the SBIR Policy Directive and the STTR Policy
24 Directive made pursuant to subsection (a);

1 (B) the effectiveness of the management
2 information system of each Federal agency that
3 participates in the SBIR program or STTR
4 program in identifying duplicative SBIR and
5 STTR projects;

6 (C) the effectiveness of the risk manage-
7 ment strategies of each Federal agency that
8 participates in the SBIR program or STTR
9 program in identifying areas of the SBIR pro-
10 gram or the STTR program that are at high
11 risk for fraud;

12 (D) technological tools that may be used to
13 detect patterns of behavior that may indicate
14 fraud by applicants to the SBIR program or
15 the STTR program;

16 (E) the success of each Federal agency
17 that participates in the SBIR program or
18 STTR program in reducing fraud, waste, and
19 abuse in the SBIR program or the STTR pro-
20 gram of the Federal agency; and

21 (F) the extent to which the Inspector Gen-
22 eral of each Federal agency that participates in
23 the SBIR and STTR program effectively con-
24 ducts investigations, audits, inspections, and

1 outreach relating to the SBIR and STTR pro-
2 grams of the Federal agency; 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 subparagraph (A).

11 **SEC. 313. SIMPLIFIED PAPERWORK REQUIREMENTS.**

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

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

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

20 “(1) STANDARDIZATION OF REPORTING RE-
21 QUIREMENTS.—The Administrator”; and

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

23 “(2) SIMPLIFICATION OF APPLICATION AND
24 AWARD PROCESS.—Not later than one year after the
25 date of enactment of this paragraph, and after a pe-

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

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

16 Not later than 4 years after the date of enactment
17 of this Act, and every 4 years thereafter, the Comptroller
18 General of the United States shall—

19 (1) conduct a study of the effectiveness of the
20 government and public databases described in sec-
21 tion 9(k) of the Small Business Act (15 U.S.C.
22 638(k)) in reducing vulnerabilities of the SBIR pro-
23 gram and the STTR program to fraud, waste, and
24 abuse, particularly with respect to Federal agencies

1 funding duplicative proposals and business concerns
2 falsifying information in proposals;

3 (2) make recommendations with respect to the
4 issues described in paragraph (1); and

5 (3) submit to the head of each agency described
6 in section 108(a) of the Small Business Reauthoriza-
7 tion Act of 2000 (15 U.S.C. 638 note), the Com-
8 mittee on Small Business and Entrepreneurship of
9 the Senate, and the Committee on Small Business
10 and the Committee on Science, Space, and Tech-
11 nology of the House of Representatives a report re-
12 garding the study conducted under paragraph (1)
13 and containing the recommendations described in
14 paragraph (2).

15 **TITLE IV—POLICY DIRECTIVES**

16 **SEC. 401. CONFORMING AMENDMENTS TO THE SBIR AND** 17 **THE STTR POLICY DIRECTIVES.**

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

23 (b) PUBLISHING SBIR POLICY DIRECTIVE AND THE
24 STTR POLICY DIRECTIVE IN THE FEDERAL REGISTER.—
25 Not later than 180 days after the date of enactment of

1 this Act, the Administrator shall publish the amended
2 SBIR Policy Directive and the amended STTR Policy Di-
3 rective in the Federal Register.

4 **TITLE V—OTHER PROVISIONS**

5 **SEC. 501. REPORT ON SBIR AND STTR PROGRAM GOALS.**

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

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

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

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

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

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

24 “(2) EVALUATION.—The head of each Federal
25 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. 502. 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 Act, is further amended by adding
9 at the end the following:

10 “(pp) **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. 503. LOAN RESTRICTIONS.**

16 (a) **RULE REQUIRED.**—For purposes of section 9 of
17 the Small Business Act (15 U.S.C. 638), the Adminis-
18 trator shall promulgate a rule not later than 180 days
19 after the date of enactment of this Act that determines
20 what restrictions, conditions, or covenants contained in a
21 note, bond, debenture, other evidence of indebtedness, or
22 preferred stock constitute affiliation for purposes of sec-
23 tion 121.103(a) of title 13, Code of Federal Regulations,
24 as in effect on January 1, 2011.

1 (b) FAILURE TO PROMULGATE.—If the Adminis-
2 trator fails to promulgate a rule in the time period re-
3 quired under subsection (a), the holder of a note, bond,
4 debenture, other evidence of indebtedness, or preferred
5 stock shall be considered to be affiliated with the debtor
6 or issuer of the preferred stock until such time as the Ad-
7 ministrator promulgates the rule required under sub-
8 section (a).

9 **SEC. 504. PROGRAM DIVERSIFICATION.**

10 Federal agencies shall encourage applications under
11 the SBIR and STTR programs (to the extent that the
12 projects relate to the mission of the Federal agency)
13 from—

14 (1) small business concerns in geographic areas
15 underrepresented in the SBIR and STTR programs
16 or located in rural areas (as defined in section
17 1393(a)(2) of the Internal Revenue Code of 1986);

18 (2) small business concerns owned and con-
19 trolled by women;

20 (3) small business concerns owned and con-
21 trolled by veterans;

22 (4) small business concerns owned and con-
23 trolled by minorities;

24 (5) small business concerns owned and con-
25 trolled by people with disabilities; and

1 (6) small business concerns located in a geo-
2 graphic area with an unemployment rate that ex-
3 ceeds the national unemployment rate, based on the
4 most recently available monthly publications of the
5 Bureau of Labor Statistics of the Department of
6 Labor.

