

112TH CONGRESS
1ST SESSION

H. R. 1425

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

IN THE HOUSE OF REPRESENTATIVES

APRIL 7, 2011

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

A BILL

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

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

3 **SECTION 1. SHORT TITLE.**

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

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

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

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

TITLE I—REAUTHORIZATION OF THE SBIR AND STTR PROGRAMS

- Sec. 101. Extension of termination dates.
- Sec. 102. SBIR and STTR award levels.
- Sec. 103. Agency and program flexibility.
- Sec. 104. Elimination of Phase II invitations.
- Sec. 105. Phase flexibility.
- Sec. 106. Participation by firms with substantial investment from multiple 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.

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.

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.

1 **SEC. 3. DEFINITIONS.**

2 In this Act—

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

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

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

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

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

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

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

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

2 and

3 (3) by striking paragraph (2).

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

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

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

10 and

11 (3) by striking clause (ii).

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

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

16 (1) by striking “\$100,000” and inserting
17 “\$150,000”; and

18 (2) by striking “\$750,000” and inserting
19 “\$1,000,000”.

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

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

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

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

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

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

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

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

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

23 “(2) MAINTENANCE OF INFORMATION.—Par-
24 ticipating agencies shall maintain information on

1 awards exceeding the guidelines established under
2 this section, including—

3 “(A) the amount of each award;

4 “(B) a justification for exceeding the
5 award amount;

6 “(C) the identity and location of each
7 award recipient; and

8 “(D) whether an award recipient has re-
9 ceived any venture capital, hedge fund, or pri-
10 vate equity firm investment and, if so, whether
11 the recipient is majority-owned by multiple ven-
12 ture capital operating companies, hedge funds,
13 or private equity firms.

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

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

1 **SEC. 103. AGENCY AND PROGRAM 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 “(bb) SUBSEQUENT PHASE II AWARDS.—

6 “(1) AGENCY FLEXIBILITY.—A small business
7 concern that received a Phase I award from a Fed-
8 eral agency under this section shall be eligible to re-
9 ceive a subsequent Phase II award from another
10 Federal agency, if the head of each relevant Federal
11 agency or the relevant component of the Federal
12 agency makes a written determination that the top-
13 ics of the relevant awards are the same and both
14 agencies report the awards to the Administrator for
15 inclusion in the public database under subsection
16 (k).

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

18 A small business concern that received a Phase I
19 award under this section under the SBIR program
20 or the STTR program may receive a subsequent
21 Phase II award in either the SBIR program or the
22 STTR program and the participating agency or
23 agencies shall report the awards to the Adminis-
24 trator for inclusion in the public database under
25 subsection (k).”.

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

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

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

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

14 **SEC. 105. PHASE FLEXIBILITY.**

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

18 “(cc) PHASE I REQUIRED.—Under this section, a
19 Federal agency shall provide to a small business concern
20 an award under Phase II of an SBIR program with re-
21 spect to a project only if such agency finds that the small
22 business concern has been provided an award under Phase
23 I of an SBIR program with respect to such project or has
24 completed the determinations described in subsection
25 (e)(4)(A) with respect to such project despite not having
26 been provided a Phase I award.”.

1 **SEC. 106. PARTICIPATION BY FIRMS WITH SUBSTANTIAL IN-**
2 **VESTMENT FROM MULTIPLE VENTURE CAP-**
3 **ITAL 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 Act, 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 a written determina-
14 tion described in paragraph (2) provided 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 which
20 an 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 45 percent of
25 the funds allocated for the SBIR program of
26 the Federal agency to small business concerns

1 that are owned in majority part by multiple
2 venture capital operating companies, hedge
3 funds, or private equity firms through competi-
4 tive, merit-based procedures that are open to all
5 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 35 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 the SBIR project.

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) TECHNICAL AND CONFORMING AMENDMENT.—
 2 Section 3 of the Small Business Act (15 U.S.C. 632) is
 3 amended by adding at the end the 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 **SEC. 107. ENSURING THAT INNOVATIVE SMALL BUSI-**
 18 **NESSES WITH SUBSTANTIAL INVESTMENT**
 19 **FROM VENTURE CAPITAL OPERATING COM-**
 20 **PANIES, HEDGE FUNDS, OR PRIVATE EQUITY**
 21 **FIRMS ARE ABLE TO PARTICIPATE IN THE**
 22 **SBIR AND STTR PROGRAMS.**

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

1 “(ee) VENTURE CAPITAL OPERATING COMPANIES,
2 HEDGE FUNDS, AND PRIVATE EQUITY FIRMS.—Effective
3 only for the SBIR and STTR programs the following shall
4 apply:

5 “(1) A business concern that has more than
6 500 employees shall not qualify as a small business
7 concern.

8 “(2) In determining whether a small business
9 concern is independently owned and operated under
10 section 3(a)(1) or meets the small business size
11 standards instituted under section 3(a)(2), the Ad-
12 ministrator shall not consider a business concern to
13 be affiliated with a venture capital operating com-
14 pany, hedge fund, or private equity firm (or with
15 any other business that the venture capital operating
16 company, hedge fund, or private equity firm has fi-
17 nanced) if—

18 “(A) the venture capital operating com-
19 pany, hedge fund, or private equity firm does
20 not own 50 percent or more of the business
21 concern; and

22 “(B) employees of the venture capital oper-
23 ating company, hedge fund, or private equity
24 firm do not constitute a majority of the board
25 of directors of the business concern.

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

3 “(A) it is owned in majority part by one or
4 more natural persons or venture capital oper-
5 ating companies, hedge funds, or private equity
6 firms;

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

11 “(C) there is no single venture capital op-
12 erating company, hedge fund, or private equity
13 firm the employees of which constitute a major-
14 ity of the board of directors of the business con-
15 cern.

16 “(4) If a venture capital operating company,
17 hedge fund, or private equity firm controlled by a
18 business with more than 500 employees (in this
19 paragraph referred to as a ‘VCOC, hedge fund, or
20 private equity firm under large business control’)
21 has an ownership interest in a small business con-
22 cern that is owned in majority part by venture cap-
23 ital operating companies, hedge funds, or private eq-
24 uity firms, the small business concern is eligible to

1 receive an award under the SBIR or STTR program
2 only if—

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

7 “(B) the VCOCs, hedge funds, or private
8 equity firms under large business control do not
9 collectively own more than 20 percent of the
10 small business concern.”.

11 **SEC. 108. SBIR AND STTR SPECIAL ACQUISITION PREF-**
12 **ERENCE.**

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

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

1 **SEC. 109. COLLABORATING WITH FEDERAL LABORATORIES**
2 **AND RESEARCH AND DEVELOPMENT CEN-**
3 **TERS.**

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

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

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

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

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

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

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

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

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

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

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

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

1 ally funded research and development centers;
2 and

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

7 **SEC. 110. NOTICE REQUIREMENT.**

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

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

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

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

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

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

21 (1) by striking paragraph (15);

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

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

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

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

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

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

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

18 “(2) **PREVENTING DUPLICATIVE AWARDS.**—The
19 head of a Federal agency shall verify that any activ-
20 ity to be performed with respect to a project with a
21 Phase I or Phase II SBIR or STTR award has not
22 been funded under the SBIR program or STTR pro-
23 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) REPORT.—The head of each covered Fed-
11 eral agency shall include in the annual report of the
12 covered Federal agency to the Administrator an
13 analysis of the various activities considered for inclu-
14 sion in the pilot program of the covered Federal
15 agency and a statement of the reasons why each ac-
16 tivity considered was included or not included, as the
17 case may be.

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

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

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

23 “(i) means a Federal agency partici-
24 pating in the SBIR program or the STTR
25 program; and

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

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

5 **SEC. 204. 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) DUTIES.—The Interagency SBIR/STTR Policy
10 Committee shall review the following issues and make pol-
11 icy recommendations on ways to improve program effec-
12 tiveness and efficiency:

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

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

19 (3) Commercialization assistance best practices
20 of Federal agencies with significant potential to be
21 employed by other agencies, and the appropriate
22 steps to achieve that leverage, as well as proposals
23 for new initiatives to address funding gaps that busi-
24 ness concerns face after Phase II but before com-
25 mercialization.

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

7 (c) REPORTS.—The Interagency SBIR/STTR Policy
8 Committee shall transmit to the Committee on Science,
9 Space, and Technology and the Committee on Small Busi-
10 ness of the House of Representatives and to the Com-
11 mittee on Small Business and Entrepreneurship of the
12 Senate—

13 (1) a report on its review and recommendations
14 under subsection (b)(1) not later than 1 year after
15 the date of enactment of this Act;

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

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

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

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

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

5 (1) in paragraph (4)(C), in the matter pre-
6 ceding clause (i), by inserting “for work that derives
7 from, extends, or completes efforts made under prior
8 funding agreements under the SBIR program” after
9 “phase”;

10 (2) in paragraph (6)(C), in the matter pre-
11 ceding clause (i), by inserting “for work that derives
12 from, extends, or completes efforts made under prior
13 funding agreements under the STTR program” after
14 “phase”;

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

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

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

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

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

23 “(B) the production and delivery of prod-
24 ucts, processes, technologies, or services for sale
25 (whether by the originating party or by others)

1 to or use by the Federal Government or com-
2 mercial markets;”.

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

6 (1) in subsection (e)—

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

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

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

14 “(11) the term ‘Phase I’ means—

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

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

20 “(12) the term ‘Phase II’ means—

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

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

4 “(13) the term ‘Phase III’ means—

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

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

11 (2) in subsection (j)—

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

14 (B) in paragraph (2)—

15 (i) in subparagraph (B)—

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

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

21 (ii) in subparagraph (D)—

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

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

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

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

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

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

3 (B) in paragraph (1)—

4 (i) in the first sentence—

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

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

9 (III) by striking “second phase
10 period” and inserting “Phase II pe-
11 riod”; and

12 (ii) in the second sentence—

13 (I) by striking “second phase”
14 and inserting “Phase II”; and

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

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

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

21 **SEC. 206. SHORTENED PERIOD FOR FINAL DECISIONS ON**
22 **PROPOSALS AND APPLICATIONS.**

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

1 (1) in subsection (g)(4)—

2 (A) by inserting “(A)” after “(4)”;

3 (B) by adding “and” after the semicolon
4 at the end; and

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

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

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

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

14 (2) in subsection (o)(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 STTR 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;”.

3 (b) NIH PEER REVIEW PROCESS.—

4 (1) IN GENERAL.—Section 9 of the Small Busi-
5 ness Act (15 U.S.C. 638), as amended by this Act,
6 is further amended by adding at the end the fol-
7 lowing:

8 “(ii) NIH PEER REVIEW PROCESS.—The Director of
9 the National Institutes of Health may make an award
10 under the SBIR program or the STTR program of the
11 National Institutes of Health only if the application for
12 the award has undergone technical and scientific peer re-
13 view under section 492 of the Public Health Service Act
14 (42 U.S.C. 289a).”.

15 (2) TECHNICAL AND CONFORMING AMEND-
16 MENTS.—Section 105 of the National Institutes of
17 Health Reform Act of 2006 (42 U.S.C. 284n) is
18 amended—

19 (A) in subsection (a)(3)—

20 (i) by striking “A grant” and insert-
21 ing “Except as provided in section 9(ii) of
22 the Small Business Act (15 U.S.C.
23 638(ii)), a grant”; and

1 (ii) by striking “section 402(k)” and
2 all that follows through “Act)” and insert-
3 ing “section 402(l) of such Act”; and

4 (B) in subsection (b)(5)—

5 (i) by striking “A grant” and insert-
6 ing “Except as provided in section 9(ii) of
7 the Small Business Act (15 U.S.C.
8 638(ii)), a grant”; and

9 (ii) by striking “section 402(k)” and
10 all that follows through “Act)” and insert-
11 ing “section 402(l) of such Act”.

12 **TITLE III—OVERSIGHT AND** 13 **EVALUATION**

14 **SEC. 301. STREAMLINING ANNUAL EVALUATION REQUIRE-** 15 **MENTS.**

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

18 (1) in paragraph (7)—

19 (A) by striking “STTR programs, includ-
20 ing the data” and inserting the following:
21 “STTR programs, including—

22 “(A) the data”;

23 (B) by striking “(g)(10), (o)(9), and
24 (o)(15), the number” and all that follows
25 through “under each of the SBIR and STTR

1 programs, and a description” and inserting the
2 following: “(g)(8) and (o)(9); and

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

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

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

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

6 “(F) a description”; and

7 (C) by striking “and” at the end;

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

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

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

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

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

20 (1) by striking paragraph (10);

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

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

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

8 “(A) whether an awardee—

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

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

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

22 “(ii) has an investor that—

23 “(I) is an individual who is not a
24 citizen of the United States or a law-
25 ful permanent resident of the United

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

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

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

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

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

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

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

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

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

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

12 “(A) whether an applicant or awardee—

13 “(i) has venture capital, hedge fund,
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 SBIR technology;

1 “(ii) has an investor that—

2 “(I) is an individual who is not a
3 citizen of the United States or a 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 such
11 person;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 (1) in paragraph (2)—

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

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

3 (B) by striking subparagraph (C);

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

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

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

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

16 “(ii) an abstract of the project;

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

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

20 “(v) the names of key individuals that
21 will carry out the project;

22 “(vi) the percentage of effort each in-
23 dividual described in clause (iv) will con-
24 tribute to the project;

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

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

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

15 (F) by inserting after subparagraph (C),
16 as so redesignated, the following:

17 “(D) includes, for each awardee—

18 “(i) the name, size, location, and any
19 identifying number assigned to the award-
20 ee by the Administrator;

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

24 “(I) the amount of venture cap-
25 ital, hedge fund, or private equity firm

1 investment as of the date of the
2 award;

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

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

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

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

20 “(v) the number of employees of the
21 affiliates of the awardee; and

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

24 “(I) any individual who is not a
25 citizen of the United States or a law-

1 ful permanent resident of the United
2 States; or

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

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

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

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

13 “(G) includes a timely and accurate list of
14 any individual or small business concern that
15 has participated in the SBIR program or STTR
16 program that has committed fraud, waste, or
17 abuse relating to the SBIR program or STTR
18 program.”; and

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

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

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

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

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

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

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

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

1 (C) 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, including the
7 portion, if any, of such budget the Federal
8 agency spends for salaries and expenses, travel
9 to visit applicants, outreach events, marketing,
10 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 termination made under subparagraph (C) 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. 307. 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 Creating Jobs
20 Through Small Business Innovation Act of 2011,
21 the head of each agency described in subsection (a),
22 in consultation with the Small Business Administra-
23 tion, shall cooperatively enter into an agreement
24 with the National Academy of Sciences for the Na-
25 tional Research Council to, not later than 4 years

1 after the date of enactment of the Creating Jobs
2 Through Small Business Innovation Act of 2011,
3 and every 4 years thereafter—

4 “(A) continue the most recent study under
5 this section relating to—

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

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

19 “(B) make recommendations with respect
20 to the issues described in subparagraph (A)(ii)
21 and subparagraphs (A), (D), and (E) of sub-
22 section (a)(2); and

23 “(C) estimate, to the extent practicable,
24 the number of jobs created by the SBIR pro-
25 gram or STTR program of the agency.

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

7 “(3) REPORTING.—An agreement under para-
8 graph (1) shall require that not later than 4 years
9 after the date of enactment of the Creating Jobs
10 Through Small Business Innovation Act of 2011,
11 and every 4 years thereafter, the National Research
12 Council shall submit to the head of the agency enter-
13 ing into the agreement, 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 a report regarding the
18 study conducted under paragraph (1) and containing
19 the recommendations described in paragraph (1).”.

20 **SEC. 308. TECHNOLOGY INSERTION REPORTING REQUIRE-**
21 **MENTS.**

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

1 “(jj) PHASE III REPORTING.—The annual SBIR or
2 STTR report to Congress by the Administration under
3 subsection (b)(7) shall include, for each Phase III award
4 made by the Federal agency—

5 “(1) the name of the agency or component of
6 the agency or the non-Federal source of capital mak-
7 ing the Phase III award;

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

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

12 **SEC. 309. OBTAINING CONSENT FROM SBIR AND STTR AP-**
13 **PLICANTS TO RELEASE CONTACT INFORMA-**
14 **TION TO ECONOMIC DEVELOPMENT ORGANI-**
15 **ZATIONS.**

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) CONSENT TO RELEASE CONTACT INFORMA-
20 TION TO ORGANIZATIONS.—

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

22 Each Federal agency required by this section to con-
23 duct an SBIR program or an STTR program shall
24 enable a small business concern that is an SBIR ap-
25 plicant or an STTR applicant to indicate to the Fed-

1 eral agency whether the Federal agency has the con-
2 sent of the concern to—

3 “(A) identify the concern to appropriate
4 local and State-level economic development or-
5 ganizations as an SBIR applicant or an STTR
6 applicant; and

7 “(B) release the contact information of the
8 concern to such organizations.

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

15 **SEC. 310. PILOT TO ALLOW FUNDING FOR ADMINISTRA-**
16 **TIVE, OVERSIGHT, AND CONTRACT PROC-**
17 **ESSING COSTS.**

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

21 “(ll) ASSISTANCE FOR ADMINISTRATIVE, OVER-
22 SIGHT, AND CONTRACT PROCESSING COSTS.—

23 “(1) IN GENERAL.—Subject to paragraph (2),
24 for the 3 full fiscal years beginning after the date
25 of enactment of this subsection, the Administrator

1 shall allow each Federal agency required to conduct
2 an SBIR program to use not more than 3 percent
3 of the funds allocated to the SBIR program of the
4 Federal agency for—

5 “(A) the administration of the SBIR pro-
6 gram or the STTR program of the Federal
7 agency;

8 “(B) the provision of outreach and tech-
9 nical assistance relating to the SBIR program
10 or STTR program of the Federal agency, in-
11 cluding technical assistance site visits and per-
12 sonnel interviews;

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

16 “(D) carrying out the program under sub-
17 section (y);

18 “(E) activities relating to oversight and
19 congressional reporting, including the waste,
20 fraud, and abuse prevention activities described
21 in section 312(a)(1)(B)(ii) of the Creating Jobs
22 Through Small Business Innovation Act of
23 2011;

24 “(F) targeted reviews of recipients of
25 awards under the SBIR program or STTR pro-

1 gram of the Federal agency that the head of
2 the Federal agency determines are at high risk
3 for fraud, waste, or abuse, to ensure compliance
4 with requirements of the SBIR program or
5 STTR program, respectively;

6 “(G) the implementation of oversight and
7 quality control measures, including verification
8 of reports and invoices and cost reviews;

9 “(H) carrying out subsection (dd);

10 “(I) carrying out subsection (hh);

11 “(J) contract processing costs relating to
12 the SBIR program or STTR program of the
13 Federal agency; and

14 “(K) funding for additional personnel and
15 assistance with application reviews.

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

23 “(3) RULES.—Not later than 180 days after
24 the date of enactment of this subsection, the Admin-

1 administrator shall issue rules to carry out this sub-
2 section.”.

3 (b) TECHNICAL AND CONFORMING AMENDMENTS.—

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

7 (A) in subsection (f)(2), by striking “shall
8 not” and all that follows through “make avail-
9 able for the purpose” and inserting “shall not
10 make available for the purpose”; and

11 (B) in subsection (y)—

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

13 (ii) by redesignating paragraphs (5)
14 and (6) as paragraphs (4) and (5), respec-
15 tively.

16 (2) TRANSITIONAL RULE.—Notwithstanding the
17 amendments made by paragraph (1), subsection
18 (f)(2) and (y)(4) of section 9 of the Small Business
19 Act (15 U.S.C. 638), as in effect on the day before
20 the date of enactment of this Act, shall continue to
21 apply to each Federal agency until the effective date
22 of the performance criteria established by the Ad-
23 ministrator under subsection (ll)(2) of section 9 of
24 the Small Business Act, as added by subsection (a).

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

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

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

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

15 (B) in subsection (y)—

16 (i) by redesignating paragraphs (4)
17 and (5) as paragraphs (5) and (6), respec-
18 tively; and

19 (ii) by inserting after paragraph (3)
20 the following:

21 “(4) FUNDING.—

22 “(A) IN GENERAL.—The Secretary of De-
23 fense and each Secretary of a military depart-
24 ment may use not more than an amount equal
25 to 1 percent of the funds available to the De-

1 partment of Defense or the military department
2 pursuant to the Small Business Innovation Re-
3 search Program for payment of expenses in-
4 curred to administer the Commercialization
5 Pilot Program under this subsection.

6 “(B) LIMITATIONS.—The funds described
7 in subparagraph (A)—

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

11 “(ii) shall not be used to make Phase
12 III awards.”.

13 **SEC. 311. GAO STUDY WITH RESPECT TO VENTURE CAPITAL**
14 **OPERATING COMPANY, HEDGE FUND, AND**
15 **PRIVATE EQUITY FIRM INVOLVEMENT.**

16 Not later than 2 years after the date of enactment
17 of this Act, and every 2 years thereafter, the Comptroller
18 General of the United States shall—

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

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

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

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

4 (1) GUIDELINES FOR FRAUD, WASTE, AND
5 ABUSE PREVENTION.—

6 (A) AMENDMENTS REQUIRED.—Not later
7 than 90 days after the date of enactment of
8 this Act, the Administrator shall amend the
9 SBIR Policy Directive and the STTR Policy
10 Directive to include measures to prevent fraud,
11 waste, and abuse in the SBIR program and the
12 STTR program.

13 (B) CONTENT OF AMENDMENTS.—The
14 amendments required under subparagraph (A)
15 shall include—

16 (i) definitions or descriptions of fraud,
17 waste, and abuse;

18 (ii) a requirement that the Inspectors
19 General of each Federal agency that par-
20 ticipates in the SBIR program or the
21 STTR program cooperate to—

22 (I) establish fraud detection indi-
23 cators;

24 (II) review regulations and oper-
25 ating procedures of the Federal agen-
26 cies;

1 (III) coordinate information
2 sharing between the Federal agencies;
3 and

4 (IV) improve the education and
5 training of, and outreach to—

6 (aa) administrators of the
7 SBIR program and the STTR
8 program of each Federal agency;

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

12 (cc) recipients of awards
13 under the SBIR program or the
14 STTR program;

15 (iii) guidelines for the monitoring and
16 oversight of applicants to and recipients of
17 awards under the SBIR program or the
18 STTR program; and

19 (iv) a requirement that each Federal
20 agency that participates in the SBIR pro-
21 gram or STTR program include the tele-
22 phone number of the hotline established
23 under paragraph (2)—

24 (I) on the Web site of the Fed-
25 eral agency; and

1 (II) in any solicitation or notice
2 of funding opportunity issued by the
3 Federal agency for the SBIR program
4 or the STTR program.

5 (2) FRAUD, WASTE, AND ABUSE PREVENTION
6 HOTLINE.—

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

11 (B) PUBLICATION.—The Administrator
12 shall include the telephone number for the hot-
13 line established under subparagraph (A) on the
14 Web site of the Administration.

15 (b) STUDY AND REPORT.—Not later than 1 year
16 after the date of enactment of this Act, and every 3 years
17 thereafter, the Comptroller General of the United States
18 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 program or STTR program effec-
24 tively conducts investigations of individuals al-
25 leged to have submitted false claims or violated

1 Federal law relating to fraud, conflicts of inter-
2 est, bribery, gratuity, or other misconduct; 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”;

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 **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 “(mm) 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 “(nn) **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).

○