

**H.R. 1425, AS AMENDED BY THE SUBCOMMITTEE
ON TECHNOLOGY AND INNOVATION ON APRIL
13, 2011**

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.

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- 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.
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- 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.
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- Sec. 503. Loan restrictions.
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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, and
11 the Director of the National Science Founda-
12 tion may award not more than 45 percent of
13 the funds allocated for the SBIR program of
14 the Federal agency to small business concerns
15 that are owned in majority part by multiple
16 venture capital operating companies, hedge
17 funds, or private equity firms through competi-
18 tive, merit-based procedures that are open to all
19 eligible small business concerns; and

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

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

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

14 “(B) substantially contribute to the mis-
15 sion of the Federal agency;

16 “(C) demonstrate a need for public re-
17 search; and

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

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

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

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

10 “(4) COMPLIANCE.—

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

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

1 subsection during the fiscal year with the max-
2 imum percentages under paragraph (1).

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

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

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

23 “(i) was not majority-owned by mul-
24 tiple venture capital operating companies,
25 hedge funds, or private equity firms on the

1 date on which the small business concern
2 submitted an application in response to a
3 solicitation under the SBIR programs; and

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

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

14 “(i) a covered small business concern
15 is eligible to receive the award, without re-
16 gard to whether the covered small business
17 concern meets the requirements for receiv-
18 ing an award under the SBIR program for
19 a small business concern that is majority-
20 owned by multiple venture capital oper-
21 ating companies, hedge funds, or private
22 equity firms, if the covered small business
23 concern meets all other requirements for
24 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 ministrators 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 oper-
23 ating 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 **SEC. 110. NOTICE REQUIREMENT.**

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

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

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

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

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

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

7 (1) by striking paragraph (15);

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

10 (3) by redesignating paragraph (16) as para-
11 graph (15); and

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

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

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

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

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

22 “(1) EXPRESS AUTHORITY FOR AWARDING A
23 SEQUENTIAL PHASE II AWARD.—A small business
24 concern that receives a Phase II SBIR award or a
25 Phase II STTR award for a project remains eligible

1 to receive one additional Phase II SBIR award or
2 Phase II STTR award for continued work on that
3 project.

4 “(2) PREVENTING DUPLICATIVE AWARDS.—The
5 head of a Federal agency shall verify that any activ-
6 ity to be performed with respect to a project with a
7 Phase I or Phase II SBIR or STTR award has not
8 been funded under the SBIR program or STTR pro-
9 gram of another Federal agency.”.

10 **TITLE II—OUTREACH AND COM-**
11 **MERCIALIZATION INITIA-**
12 **TIVES**

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

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

16 (1) in paragraph (1)—

17 (A) by inserting “or STTR program” after
18 “SBIR program”; and

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

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

23 (3) in paragraph (3)—

24 (A) in subparagraph (A)—

1 (i) by inserting “or STTR” after
2 “SBIR”; and

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

5 (B) by striking subparagraph (B) and in-
6 serting the following:

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

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

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

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

23 “(C) FLEXIBILITY.—In carrying out sub-
24 paragraphs (A) and (B), each Federal agency
25 shall provide the allowable amounts to a recipi-

1 ent that meets the eligibility requirements
2 under the applicable subparagraph, if the re-
3 cipient requests to seek technical assistance
4 from an individual or entity other than the ven-
5 dor selected under paragraph (2) by the Fed-
6 eral agency.

7 “(D) LIMITATION.—A Federal agency may
8 not—

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

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

18 **SEC. 202. COMMERCIALIZATION READINESS PROGRAM AT**
19 **DEPARTMENT OF DEFENSE.**

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

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

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

1 (3) in paragraph (1)—

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

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

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

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

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

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

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

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

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

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

16 “(B) use incentives in effect on the date of
17 enactment of the Creating Jobs Through Small
18 Business Innovation Act of 2011, or create new
19 incentives, to encourage agency program man-
20 agers and prime contractors to meet the goal
21 under subparagraph (A); and

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

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

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

9 **SEC. 203. COMMERCIALIZATION READINESS PILOT PRO-**
10 **GRAM FOR CIVILIAN AGENCIES.**

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

14 “(hh) PILOT PROGRAM.—

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

20 “(A) for awards for technology develop-
21 ment, testing, evaluation, and commercialization
22 assistance for SBIR and STTR Phase II tech-
23 nologies; or

24 “(B) to support the progress of research,
25 research and development, and commercializa-

1 tion conducted under the SBIR or STTR pro-
2 grams to Phase III.

3 “(2) APPLICATION BY FEDERAL AGENCY.—

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

19 “(B) DETERMINATION.—The Adminis-
20 trator shall—

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

1 “(ii) publish the determination in the
2 Federal Register; and

3 “(iii) make a copy of the determina-
4 tion and any related materials available to
5 the Committee on Small Business and En-
6 trepreneurship of the Senate and the Com-
7 mittee on Small Business and the Com-
8 mittee on Science, Space, and Technology
9 of the House of Representatives.

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

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

19 “(5) AWARD CRITERIA OR CONSIDERATION.—
20 When making an award under this section, the head
21 of a covered Federal agency shall give consideration
22 to whether the technology to be supported by the
23 award is likely to be manufactured in the United
24 States.

1 “(6) REPORT.—The head of each covered Fed-
2 eral agency shall include in the annual report of the
3 covered Federal agency to the Administrator an
4 analysis of the various activities considered for inclu-
5 sion in the pilot program of the covered Federal
6 agency and a statement of the reasons why each ac-
7 tivity considered was included or not included, as the
8 case may be.

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

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

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

14 “(i) means a Federal agency partici-
15 pating in the SBIR program or the STTR
16 program; and

17 “(ii) does not include the Department
18 of Defense; and

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

21 **SEC. 204. INTERAGENCY POLICY COMMITTEE.**

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

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

5 (1) The public and government databases de-
6 scribed in section 9(k) of the Small Business Act
7 (15 U.S.C. 638(k)).

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

11 (3) Commercialization assistance best practices
12 of Federal agencies with significant potential to be
13 employed by other agencies, and the appropriate
14 steps to achieve that leverage, as well as proposals
15 for new initiatives to address funding gaps that busi-
16 ness concerns face after Phase II but before com-
17 mercialization.

18 (4) Developing and incorporating a standard
19 evaluation framework to enable systematic assess-
20 ment of SBIR and STTR, including through im-
21 proved tracking of awards and outcomes and devel-
22 opment of performance measures for the SBIR pro-
23 gram and STTR program of each Federal agency.

24 (c) REPORTS.—The Interagency SBIR/STTR Policy
25 Committee shall transmit to the Committee on Science,

1 Space, and Technology and the Committee on Small Busi-
2 ness of the House of Representatives and to the Com-
3 mittee on Small Business and Entrepreneurship of the
4 Senate—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22 (1) in subsection (e)—

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

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

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

5 “(11) the term ‘Phase I’ means—

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

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

11 “(12) the term ‘Phase II’ means—

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

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

18 “(13) the term ‘Phase III’ means—

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

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

25 (2) in subsection (j)—

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

3 (B) in paragraph (2)—

4 (i) in subparagraph (B)—

5 (I) by striking “the third phase”
6 each place it appears and inserting
7 “Phase III”; and

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

10 (ii) in subparagraph (D)—

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

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

15 (iii) in subparagraph (F), by striking
16 “the third phase” and inserting “Phase
17 III”;

18 (iv) in subparagraph (G)—

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

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

23 (v) in subparagraph (H)—

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

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

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

6 (C) in paragraph (3)—

7 (i) in subparagraph (A)—

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

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

15 (III) by striking “the third phase
16 (as described in subsection (e)(4)(C))”
17 and inserting “Phase III”; and

18 (ii) in subparagraph (B), by striking
19 “second phase” and inserting “Phase II”;
20 (3) in subsection (k)—

21 (A) by striking “first phase” each place it
22 appears and inserting “Phase I”; and

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

25 (4) in subsection (l)(2)—

1 (A) by striking “the first phase” and in-
2 serting “Phase I”; and

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

5 (5) in subsection (o)(13)—

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

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

10 (6) in subsection (p)—

11 (A) in paragraph (2)(B)—

12 (i) in clause (vi)—

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

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

17 (ii) in clause (ix)—

18 (I) by striking “the first phase”
19 and inserting “Phase I”; and

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

22 (B) in paragraph (3)—

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

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

4 (iii) by striking “the third phase (as
5 described in subsection (e)(6)(C))” and in-
6 serting “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 **TITLE III—OVERSIGHT AND** 15 **EVALUATION**

16 **SEC. 301. STREAMLINING ANNUAL EVALUATION REQUIRE-** 17 **MENTS.**

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

20 (1) in paragraph (7)—

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

23 “STTR programs, including—

24 “(A) the data”;

1 (B) by striking “(g)(10), (o)(9), and
2 (o)(15), the number” and all that follows
3 through “under each of the SBIR and STTR
4 programs, and a description” and inserting the
5 following: “(g)(8) and (o)(9); and

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

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

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

1 private equity firms and participating in the
2 SBIR program;

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

8 “(F) a description”; and

9 (C) by striking “and” at the end;

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

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

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

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

20 Section 9(g) of the Small Business Act (15 U.S.C.
21 638(g)), as amended by this Act, is further amended—

22 (1) by striking paragraph (10);

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

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

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

10 “(A) whether an awardee—

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

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

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

24 “(ii) has an investor that—

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

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

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

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

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

22 “(vi) is located in a State described in
23 subsection (u)(3); and

24 “(B) a justification statement from the
25 agency, if an awardee receives an award in an

1 amount that is more than the award guidelines
2 under this section;”.

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

4 Section 9(o) of the Small Business Act (15 U.S.C.
5 638(o)), as amended by this Act, is further amended by
6 striking paragraph (9) and inserting the following:

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

14 “(A) whether an applicant or awardee—

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

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

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

4 “(ii) has an investor that—

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

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

15 “(iii) is owned by a woman or has a
16 woman as a principal investigator;

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

21 “(v) is a faculty member or a student
22 of an institution of higher education, as
23 that term is defined in section 101 of the
24 Higher Education Act of 1965 (20 U.S.C.
25 1001); or

1 “(vi) is located in a State in which the
2 total value of contracts awarded to small
3 business concerns under all STTR pro-
4 grams is less than the total value of con-
5 tracts awarded to small business concerns
6 in a majority of other States, as deter-
7 mined by the Administrator in biennial fis-
8 cal years, beginning with fiscal year 2008,
9 based on the most recent statistics com-
10 piled by the Administrator; and

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

15 **SEC. 304. PUBLIC DATABASE.**

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

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

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

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

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

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

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

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

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

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

21 **SEC. 305. GOVERNMENT DATABASE.**

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

24 (1) in paragraph (2)—

1 (A) in the matter preceding subparagraph
2 (A), by striking “Not later” and all that follows
3 through “Act of 2000” and inserting “Not later
4 than 90 days after the date of enactment of the
5 Creating Jobs Through Small Business Innova-
6 tion Act of 2011”;

7 (B) by striking subparagraph (C);

8 (C) by redesignating subparagraphs (A)
9 and (B) as subparagraphs (B) and (C), respec-
10 tively;

11 (D) by inserting before subparagraph (B),
12 as so redesignated, the following:

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

17 “(i) the name, size, and location, and
18 an identifying number assigned by the Ad-
19 ministration of the small business concern;

20 “(ii) an abstract of the project;

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

22 “(iv) the number of employees of the
23 small business concern;

24 “(v) the names of key individuals that
25 will carry out the project;

1 “(vi) the percentage of effort each in-
2 dividual described in clause (iv) will con-
3 tribute to the project;

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

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

15 (E) by redesignating subparagraphs (D)
16 and (E) as subparagraphs (E) and (F), respec-
17 tively;

18 (F) by inserting after subparagraph (C),
19 as so redesignated, the following:

20 “(D) includes, for each awardee—

21 “(i) the name, size, location, and any
22 identifying number assigned to the award-
23 ee by the Administrator;

1 “(ii) whether the awardee has venture
2 capital, hedge fund, or private equity firm
3 investment, and, if so—

4 “(I) the amount of venture cap-
5 ital, hedge fund, or private equity firm
6 investment as of the date of the
7 award;

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

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

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

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

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

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

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

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

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

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

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

19 “(G) includes a timely and accurate list of
20 any individual or small business concern that
21 has participated in the SBIR program or STTR
22 program that has committed fraud, waste, or
23 abuse relating to the SBIR program or STTR
24 program.”; and

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

3 “(C) GOVERNMENT DATABASE.—Not later
4 than 60 days after the date established by a
5 Federal agency for submitting applications or
6 proposals for a Phase I or Phase II award
7 under the SBIR program or STTR program,
8 the head of the Federal agency shall submit to
9 the Administrator the data required under
10 paragraph (2) with respect to each small busi-
11 ness concern that applies or submits a proposal
12 for the Phase I or Phase II award.”.

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

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

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

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

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

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

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

19 (2) submit a report to the Committee on Small
20 Business and Entrepreneurship of the Senate and
21 the Committee on Small Business and the Com-
22 mittee on Science, Space, and Technology of the
23 House of Representatives regarding the audit con-
24 ducted under paragraph (1), including the assess-
25 ments required under subparagraph (B), and the de-

1 termination made under subparagraph (C) of para-
2 graph (1).

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

5 (1) for the first report submitted under this
6 section, the period beginning on October 1, 2005,
7 and ending on September 30 of the last full fiscal
8 year before the date of enactment of this Act for
9 which information is available; and

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

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

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

18 **SEC. 307. CONTINUED EVALUATION BY THE NATIONAL**
19 **ACADEMY OF SCIENCES.**

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

23 “(e) EXTENSIONS AND ENHANCEMENTS OF AUTHOR-
24 ITY.—

1 “(1) IN GENERAL.—Not later than 6 months
2 after the date of enactment of the Creating Jobs
3 Through Small Business Innovation Act of 2011,
4 the head of each agency described in subsection (a),
5 in consultation with the Small Business Administra-
6 tion, shall cooperatively enter into an agreement
7 with the National Academy of Sciences for the Na-
8 tional Research Council to, 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—

12 “(A) continue the most recent study under
13 this section relating to—

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

17 “(ii) the effectiveness of the govern-
18 ment and public databases described in
19 section 9(k) of the Small Business Act (15
20 U.S.C. 638(k)) in reducing vulnerabilities
21 of the SBIR program and the STTR pro-
22 gram to fraud, waste, and abuse, particu-
23 larly with respect to Federal agencies
24 funding duplicative proposals and business

1 concerns falsifying information in pro-
2 posals;

3 “(B) make recommendations with respect
4 to the issues described in subparagraph (A)(ii)
5 and subparagraphs (A), (D), and (E) of sub-
6 section (a)(2); and

7 “(C) estimate, to the extent practicable,
8 the number of jobs created in the United States
9 by the SBIR program or STTR program of the
10 agency.

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

17 “(3) REPORTING.—An agreement under para-
18 graph (1) shall require that not later than 4 years
19 after the date of enactment of the Creating Jobs
20 Through Small Business Innovation Act of 2011,
21 and every 4 years thereafter, the National Research
22 Council shall submit to the head of the agency enter-
23 ing into the agreement, the Committee on Small
24 Business and Entrepreneurship of the Senate, and
25 the Committee on Small Business and the Com-

1 mittee on Science, Space, and Technology of the
 2 House of Representatives a report regarding the
 3 study conducted under paragraph (1) and containing
 4 the recommendations described in paragraph (1).”.

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

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

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

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

19 “(3) the dollar amount of the Phase III
 20 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 “(II) CONSENT TO RELEASE CONTACT INFORMATION
9 TO ORGANIZATIONS.—

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

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

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

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

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

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

3 **SEC. 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 “(mm) ASSISTANCE FOR ADMINISTRATIVE, OVER-
10 SIGHT, AND CONTRACT PROCESSING COSTS.—

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

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

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

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

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

6 “(E) activities relating to oversight and
7 congressional reporting, including the waste,
8 fraud, and abuse prevention activities described
9 in section 312(a)(1)(B)(ii) of the Creating Jobs
10 Through Small Business Innovation Act of
11 2011;

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

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

22 “(H) carrying out subsection (dd);

23 “(I) carrying out subsection (hh);

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

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

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

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

17 (b) TECHNICAL AND CONFORMING AMENDMENTS.—

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

21 (A) in subsection (f)(2), by striking “shall
22 not” and all that follows through “make avail-
23 able for the purpose” and inserting “shall not
24 make available for the purpose”; and

25 (B) in subsection (y)—

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

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

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

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

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

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

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

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

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

10 “(4) FUNDING.—

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

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

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

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

3 **SEC. 311. GAO STUDY WITH RESPECT TO VENTURE CAPITAL**
4 **OPERATING COMPANY, HEDGE FUND, AND**
5 **PRIVATE EQUITY FIRM INVOLVEMENT.**

6 Not later than 2 years after the date of enactment
7 of this Act, and every 2 years thereafter, the Comptroller
8 General of the United States shall—

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

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

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

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

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

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

1 waste, and abuse in the SBIR program and the
2 STTR program.

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

6 (i) definitions or descriptions of fraud,
7 waste, and abuse;

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

12 (I) establish fraud detection indi-
13 cators;

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

17 (III) coordinate information
18 sharing between the Federal agencies;

19 and

20 (IV) improve the education and
21 training of, and outreach to—

22 (aa) administrators of the
23 SBIR program and the STTR
24 program of each Federal agency;

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

4 (cc) recipients of awards
5 under the SBIR program or the
6 STTR program;

7 (iii) guidelines for the monitoring and
8 oversight of applicants to and recipients of
9 awards under the SBIR program or the
10 STTR program; and

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

16 (I) on the Web site of the Fed-
17 eral agency; and

18 (II) in any solicitation or notice
19 of funding opportunity issued by the
20 Federal agency for the SBIR program
21 or the STTR program.

22 (2) FRAUD, WASTE, AND ABUSE PREVENTION
23 HOTLINE.—

24 (A) HOTLINE ESTABLISHED.—The Admin-
25 istrator shall establish a telephone hotline that

1 allows individuals to report fraud, waste, and
2 abuse in the SBIR program or STTR program.

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

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

11 (1) conduct a study that evaluates—

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

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

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

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

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

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

12 (F) the extent to which the Inspector Gen-
13 eral of each Federal agency that participates in
14 the SBIR program or STTR program effec-
15 tively conducts investigations of individuals al-
16 leged to have submitted false claims or violated
17 Federal law relating to fraud, conflicts of inter-
18 est, bribery, gratuity, or other misconduct; and

19 (2) submit to the Committee on Small Business
20 and Entrepreneurship of the Senate, the Committee
21 on Small Business and the Committee on Science,
22 Space, and Technology of the House of Representa-
23 tives, and the head of each Federal agency that par-
24 ticipates in the SBIR program or STTR program a

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

3 **SEC. 313. SIMPLIFIED PAPERWORK REQUIREMENTS.**

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

6 (1) in the subsection heading, by striking “SIM-
7 PLIFIED REPORTING REQUIREMENTS” and inserting
8 “REDUCING PAPERWORK AND COMPLIANCE BUR-
9 DEN”;

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

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

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

15 “(2) SIMPLIFICATION OF APPLICATION AND
16 AWARD PROCESS.—Not later than one year after the
17 date of enactment of this paragraph, and after a pe-
18 riod of public comment, the Administrator shall
19 issue regulations or guidelines, taking into consider-
20 ation the unique needs of each Federal agency, to
21 ensure that each Federal agency required to carry
22 out an SBIR program or STTR program simplifies
23 and standardizes the program proposal, selection,
24 contracting, compliance, and audit procedures for
25 the SBIR program or STTR program of the Federal

1 agency (including procedures relating to overhead
2 rates for applicants and documentation require-
3 ments) to reduce the paperwork and regulatory com-
4 pliance burden on small business concerns applying
5 to and participating in the SBIR program or STTR
6 program.”.

7 **TITLE IV—POLICY DIRECTIVES**

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

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

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

21 **TITLE V—OTHER PROVISIONS**

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

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

3 “(1) DEVELOPMENT OF METRICS.—The head of
4 each Federal agency required to participate in the
5 SBIR program or the STTR program shall develop
6 metrics to evaluate the effectiveness, and the benefit
7 to the people of the United States, of the SBIR pro-
8 gram and the STTR program of the Federal agency
9 that—

10 “(A) are science-based and statistically
11 driven;

12 “(B) reflect the mission of the Federal
13 agency; and

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

16 “(2) EVALUATION.—The head of each Federal
17 agency described in paragraph (1) shall conduct an
18 annual evaluation using the metrics developed under
19 paragraph (1) of—

20 “(A) the SBIR program and the STTR
21 program of the Federal agency; and

22 “(B) the benefits to the people of the
23 United States of the SBIR program and the
24 STTR program of the Federal agency.

25 “(3) REPORT.—

1 “(A) IN GENERAL.—The head of each
2 Federal agency described in paragraph (1) shall
3 submit to the appropriate committees of Con-
4 gress and the Administrator an annual report
5 describing in detail the results of an evaluation
6 conducted under paragraph (2).

7 “(B) PUBLIC AVAILABILITY OF REPORT.—
8 The head of each Federal agency described in
9 paragraph (1) shall make each report submitted
10 under subparagraph (A) available to the public
11 online.

12 “(C) DEFINITION.—In this paragraph, the
13 term ‘appropriate committees of Congress’
14 means—

15 “(i) the Committee on Small Business
16 and Entrepreneurship of the Senate; and

17 “(ii) the Committee on Small Busi-
18 ness and the Committee on Science, Space,
19 and Technology of the House of Represent-
20 atives.”.

21 **SEC. 502. COMPETITIVE SELECTION PROCEDURES FOR**
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 “(oo) COMPETITIVE SELECTION PROCEDURES FOR
2 SBIR AND STTR PROGRAMS.—All funds awarded, appro-
3 priated, or otherwise made available in accordance with
4 subsection (f) or (n) must be awarded pursuant to com-
5 petitive and merit-based selection procedures.”.

6 **SEC. 503. LOAN RESTRICTIONS.**

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

16 (b) **FAILURE TO PROMULGATE.**—If the Adminis-
17 trator fails to promulgate a rule in the time period re-
18 quired under subsection (a), the holder of a note, bond,
19 debenture, other evidence of indebtedness, or preferred
20 stock shall be considered to be affiliated with the debtor
21 or issuer of the preferred stock until such time as the Ad-
22 ministrator promulgates the rule required under sub-
23 section (a).

1 **SEC. 504. PROGRAM DIVERSIFICATION.**

2 Federal agencies shall encourage applications under
3 the SBIR and STTR programs (to the extent that the
4 projects relate to the mission of the Federal agency)
5 from—

6 (1) small business concerns in geographic areas
7 underrepresented in the SBIR and STTR programs
8 or located in rural areas (as defined in section
9 1393(a)(2) of the Internal Revenue Code of 1986);

10 (2) small business concerns owned and con-
11 trolled by women;

12 (3) small business concerns owned and con-
13 trolled by veterans;

14 (4) small business concerns owned and con-
15 trolled by minorities; and

16 (5) small business concerns located in a geo-
17 graphic area with an unemployment rate that ex-
18 ceeds the national unemployment rate, based on the
19 most recently available monthly publications of the
20 Bureau of Labor Statistics of the Department of
21 Labor.

