112TH CONGRESS
1ST SESSION

S. _____

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

IN THE SENATE OF THE UNITED STATES

Ms. LANDRIEU (for herself and Ms. SNOWE) introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "SBIR/STTR Reauthorization Act of 2011".

SEC. 2. TABLE OF CONTENTS.

The table of contents for this Act is as follows:

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

TITLE I—REAUTHORIZATION OF THE SBIR AND STTR PROGRAMS

Sec. 101. Extension of termination dates.
Sec. 102. Status of the Office of Technology.
Sec. 103. SBIR allocation increase.
Sec. 104. STTR allocation increase.
Sec. 105. SBIR and STTR award levels.
Sec. 106. Agency and program flexibility.
Sec. 107. Elimination of Phase II invitations.
Sec. 108. Participation by firms with substantial investment from multiple venture capital operating companies in a portion of the SBIR program.
Sec. 109. SBIR and STTR special acquisition preference.
Sec. 110. Collaborating with Federal laboratories and research and development centers.
Sec. 111. Notice requirement.
Sec. 112. Express authority for an agency to award sequential Phase II awards for SBIR or STTR funded projects.

TITLE II—OUTREACH AND COMMERCIALIZATION INITIATIVES

Sec. 201. Rural and State outreach.
Sec. 202. SBIR–STEM Workforce Development Grant Pilot Program.
Sec. 203. Technical assistance for awardees.
Sec. 204. Commercialization Readiness Program at Department of Defense.
Sec. 205. Commercialization Readiness Pilot Program for civilian agencies.
Sec. 206. Accelerating cures.
Sec. 207. Federal agency engagement with SBIR and STTR awardees that have been awarded multiple Phase I awards but have not been awarded Phase II awards.
Sec. 208. Clarifying the definition of ''Phase III''.
Sec. 209. Shortened period for final decisions on proposals and applications.

TITLE III—OVERSIGHT AND EVALUATION

Sec. 301. Streamlining annual evaluation requirements.
Sec. 302. Data collection from agencies for SBIR.
Sec. 303. Data collection from agencies for STTR.
Sec. 304. Public database.
Sec. 305. Government database.
Sec. 306. Accuracy in funding base calculations.
Sec. 307. Continued evaluation by the National Academy of Sciences.
Sec. 308. Technology insertion reporting requirements.
Sec. 309. Intellectual property protections.
Sec. 310. Obtaining consent from SBIR and STTR applicants to release contact information to economic development organizations.
Sec. 311. Pilot to allow funding for administrative, oversight, and contract processing costs.
Sec. 312. GAO study with respect to venture capital operating company involvement.
Sec. 313. Reducing vulnerability of SBIR and STTR programs to fraud, waste, and abuse.
Sec. 314. Interagency policy committee.

TITLE IV—POLICY DIRECTIVES

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

TITLE V—OTHER PROVISIONS

Sec. 501. Research topics and program diversification.
Sec. 502. Report on SBIR and STTR program goals.
Sec. 503. Competitive selection procedures for SBIR and STTR programs.

SEC. 3. DEFINITIONS.

In this Act—

(1) the terms ''Administration'' and ''Administrator'' mean the Small Business Administration and the Administrator thereof, respectively;

(2) the terms ''extramural budget'', ''Federal agency'', ''Small Business Innovation Research Program'', ''SBIR'', ''Small Business Technology Transfer Program'', and ''STTR'' have the meanings given such terms in section 9 of the Small Business Act (15 U.S.C. 638); and

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

TITLE I—REAUTHORIZATION OF THE SBIR AND STTR PROGRAMS

SEC. 101. EXTENSION OF TERMINATION DATES.

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

(1) by striking ''TERMINATION.—'' and all that follows through ''the authorization'' and inserting ''TERMINATION.—The authorization'';

(2) by striking ''2008'' and inserting ''2019''; and

(3) by striking paragraph (2).

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

(1) by striking ''IN GENERAL.—'' and all that follows through ''with respect'' and inserting ''IN GENERAL.—With respect'';

(2) by striking ''2009'' and inserting ''2019''; and

(3) by striking clause (ii).

SEC. 102. STATUS OF THE OFFICE OF TECHNOLOGY.

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

(1) in paragraph (7), by striking ''and'' at the end;

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

(3) by redesignating paragraph (8) as paragraph (9); and

(4) by adding at the end the following:

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

"(A) headed by the Assistant Administrator for Technology, who shall report directly to the Administrator; and

"(B) independent from the Office of Government Contracting of the Administration and sufficiently staffed and funded to comply with the oversight, reporting, and public database responsibilities assigned to the Office of Technology by the Administrator.".

SEC. 103. SBIR ALLOCATION INCREASE.

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

(1) in paragraph (1)—

(A) in the matter preceding subparagraph (A), by striking "Each" and inserting "Except as provided in paragraph (2)(B), each";

(B) in subparagraph (B), by striking "and" at the end; and

(C) by striking subparagraph (C) and inserting the following:

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

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

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

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

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

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

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

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

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

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

"(M) not less than 3.5 percent of such budget in fiscal year 2023 and each fiscal year thereafter,"; and

(2) in paragraph (2)—

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

(B) by striking "A Federal agency" and inserting the following:

"(A) IN GENERAL.—A Federal agency"; and

(C) by adding at the end the following:

"(B) DEPARTMENT OF DEFENSE AND DEPARTMENT OF ENERGY.—For the Department of Defense and the Department of Energy, to the greatest extent practicable, the percentage of the extramural budget in excess of 2.5 percent required to be expended with small business concerns under subparagraphs (D) through (M) of paragraph (1)—

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

"(ii) shall be used for activities that further the readiness levels of technologies developed under Phase II awards, including conducting testing and evaluation to promote the transition of such technologies into commercial or defense products, or systems furthering the mission needs of the Department of Defense or the Department of Energy, as the case may be.".

SEC. 104. STTR ALLOCATION INCREASE.

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

(1) in clause (i), by striking ''and'' at the end;

(2) in clause (ii), by striking ''thereafter.'' and inserting ''through fiscal year 2012;''; and

(3) by adding at the end the following:

''(iii) 0.4 percent for fiscal years 2013 and 2014;

''(iv) 0.5 percent for fiscal years 2015 and 2016; and

''(v) 0.6 percent for fiscal year 2017 and each fiscal year thereafter.''.

SEC. 105. SBIR AND STTR AWARD LEVELS.

(a) SBIR ADJUSTMENTS.—Section 9(j)(2)(D) of the Small Business Act (15 U.S.C. 638(j)(2)(D)) is amended—

(1) by striking ''$100,000'' and inserting ''$150,000''; and

(2) by striking ''$750,000'' and inserting ''$1,000,000''.

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

(1) by striking ''$100,000'' and inserting ''$150,000''; and

(2) by striking ''$750,000'' and inserting ''$1,000,000''.

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

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

(2) in subsection (p)(2)(B)(ix), as amended by subsection (b) of this section, by inserting ''(each of which the Administrator shall adjust for inflation annually)'' after ''$1,000,000,''.

(d) LIMITATION ON SIZE OF AWARDS.—Section 9 of the Small Business Act (15 U.S.C. 638) is amended by adding at the end the following:

''(aa) LIMITATION ON SIZE OF AWARDS.—

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

''(2) MAINTENANCE OF INFORMATION.—Participating agencies shall maintain information on awards exceeding the guidelines established under this section, including—

''(A) the amount of each award;

"(B) a justification for exceeding the award amount;

"(C) the identity and location of each award recipient; and

"(D) whether an award recipient has received any venture capital investment and, if so, whether the recipient is majority-owned by multiple venture capital operating companies.

"(3) REPORTS.—The Administrator shall include the information described in paragraph (2) in the annual report of the Administrator to Congress.

"(4) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed to prevent a Federal agency from supplementing an award under the SBIR program or the STTR program using funds of the Federal agency that are not part of the SBIR program or the STTR program of the Federal agency.".

SEC. 106. AGENCY AND PROGRAM FLEXIBILITY.

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

"(bb) SUBSEQUENT PHASE II AWARDS.—

"(1) AGENCY FLEXIBILITY.—A small business concern that received an award from a Federal

agency under this section shall be eligible to receive a subsequent Phase II award from another Federal agency, if the head of each relevant Federal agency or the relevant component of the Federal agency makes a written determination that the topics of the relevant awards are the same and both agencies report the awards to the Administrator for inclusion in the public database under subsection (k).

"(2) SBIR AND STTR PROGRAM FLEXIBILITY.—A small business concern that received an award under this section under the SBIR program or the STTR program may receive a subsequent Phase II award in either the SBIR program or the STTR program and the participating agency or agencies shall report the awards to the Administrator for inclusion in the public database under subsection (k).

"(3) PREVENTING DUPLICATIVE AWARDS.—Before making an award under paragraph (1) or (2), the head of a Federal agency shall verify that the project to be performed with the award has not been funded under the SBIR program or STTR program of another Federal agency.".

SEC. 107. ELIMINATION OF PHASE II INVITATIONS.

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

(1) in paragraph (4)(B), by striking ''to further'' and inserting: ''which shall not include any invitation, pre-screening, pre-selection, or down-selection process for eligibility for the second phase, that will further''; and

(2) in paragraph (6)(B), by striking ''to further develop proposed ideas to'' and inserting ''which shall not include any invitation, pre-screening, pre-selection, or down-selection process for eligibility for the second phase, that will further develop proposals that''.

SEC. 108. PARTICIPATION BY FIRMS WITH SUBSTANTIAL INVESTMENT FROM MULTIPLE VENTURE CAPITAL OPERATING COMPANIES IN A PORTION OF THE SBIR PROGRAM.

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

''(cc) PARTICIPATION OF SMALL BUSINESS CONCERNS MAJORITY-OWNED BY VENTURE CAPITAL OPERATING COMPANIES IN THE SBIR PROGRAM.—

''(1) AUTHORITY.—Upon a written determination described in paragraph (2) provided to the Administrator and to the Committee on Small Business and Entrepreneurship of the Senate and the Com-

mittee on Small Business of the House of Representatives not later than 30 days before the date on which an award is made—

"(A) the Director of the National Institutes of Health, the Secretary of Energy, and the Director of the National Science Foundation may award not more than 25 percent of the funds allocated for the SBIR program of the Federal agency to small business concerns that are owned in majority part by multiple venture capital operating companies through competitive, merit-based procedures that are open to all eligible small business concerns; and

"(B) the head of a Federal agency other than a Federal agency described in subparagraph (A) that participates in the SBIR program may award not more than 15 percent of the funds allocated for the SBIR program of the Federal agency to small business concerns that are owned in majority part by multiple venture capital operating companies through competitive, merit-based procedures that are open to all eligible small business concerns.

"(2) DETERMINATION.—A written determination described in this paragraph is a written deter-

mination by the head of a Federal agency that explains how the use of the authority under paragraph (1) will—

"(A) induce additional venture capital funding of small business innovations;

"(B) substantially contribute to the mission of the Federal agency;

"(C) demonstrate a need for public research; and

"(D) otherwise fulfill the capital needs of small business concerns for additional financing for the SBIR project.

"(3) REGISTRATION.—A small business concern that is majority-owned by multiple venture capital operating companies and qualified for participation in the program authorized under paragraph (1) shall—

"(A) register with the Administrator on the date that the small business concern submits an application for an award under the SBIR program; and

"(B) indicate in any SBIR proposal that the small business concern is registered under subparagraph (A) as majority-owned by multiple venture capital operating companies.

"(4) COMPLIANCE.—

"(A) IN GENERAL.—The head of a Federal agency that makes an award under this subsection during a fiscal year shall collect and submit to the Administrator data relating to the number and dollar amount of Phase I awards, Phase II awards, and any other category of awards by the Federal agency under the SBIR program during that fiscal year.

"(B) ANNUAL REPORTING.—The Administrator shall include as part of each annual report by the Administration under subsection (b)(7) any data submitted under subparagraph (A) and a discussion of the compliance of each Federal agency that makes an award under this subsection during the fiscal year with the maximum percentages under paragraph (1).

"(5) ENFORCEMENT.—If a Federal agency awards more than the percent of the funds allocated for the SBIR program of the Federal agency authorized under paragraph (1) for a purpose described in paragraph (1), the head of the Federal agency shall transfer an amount equal to the amount awarded in excess of the amount authorized under paragraph (1) to the funds for general SBIR programs from

the non-SBIR and non-STTR research and development funds of the Federal agency not later than 180 days after the date on which the Federal agency made the award that caused the total awarded under paragraph (1) to be more than the amount authorized under paragraph (1) for a purpose described in paragraph (1).

"(6) EVALUATION CRITERIA.—A Federal agency may not use investment of venture capital as a criterion for the award of contracts under the SBIR program or STTR program.".

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

"(aa) VENTURE CAPITAL OPERATING COMPANY.—In this Act, the term 'venture capital operating company' means an entity described in clause (i), (v), or (vi) of section 121.103(b)(5) of title 13, Code of Federal Regulations (or any successor thereto).".

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

(1) STATEMENT OF CONGRESSIONAL INTENT.—It is the stated intent of Congress that the Adminis-

trator should promulgate regulations to carry out the authority under section 9(cc) of the Small Business Act, as added by this section, that—

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

(B) provide specific guidance for small business concerns that are majority-owned by multiple venture capital operating companies with regard to eligibility, participation, and affiliation rules; and

(C) preserve and maintain the integrity of the SBIR program as a program for small business concerns in the United States, prohibiting large businesses or large entities or foreign-owned businesses or entities from participation in the program established under section 9 of the Small Business Act.

(2) RULEMAKING REQUIRED.—

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

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

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

(3) CONTENTS.—

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

(i) in accordance with the size standards established under subparagraph (B), that the applicant is—

(I) a large business or large entity; or

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

(ii) in accordance with the criteria established under subparagraph (C), that the applicant—

(I) is a foreign business or a foreign entity or is not a citizen of the United States or alien lawfully admitted for permanent residence; or

(II) is majority-owned or controlled by a foreign business, foreign entity, or person who is not a citizen of the United States or alien lawfully admitted for permanent residence.

(B) SIZE STANDARDS.—Under the authority to establish size standards under paragraphs (2) and (3) of section 3(a) of the Small Business Act (15 U.S.C. 632(a)), the Administrator shall, in accordance with paragraph (1) of this subsection, establish size standards for appli-

cants seeking to participate in the SBIR program solely under the authority under section 9(cc) of the Small Business Act, as added by this section.

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

(i) whether the applicant is at least 51 percent owned or controlled by citizens of the United States or domestic venture capital operating companies;

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

(iii) whether the applicant is a direct or indirect subsidiary of a foreign-owned firm, including whether the criteria should include that an applicant is a direct or indirect subsidiary of a foreign-owned entity if—

(I) any venture capital operating company that owns more than 20 percent of the applicant is a direct or in-

direct subsidiary of a foreign-owned entity; or

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

(D) CRITERIA FOR DETERMINING AFFILIATION.—The Administrator shall establish criteria, in accordance with paragraph (1), for determining whether an applicant is affiliated with a venture capital operating company or any other business that the venture capital operating company has financed and, in establishing the criteria, shall specify that—

(i) if a venture capital operating company that is determined to be affiliated with an applicant is a minority investor in the applicant, the portfolio companies of the venture capital operating company shall not be determined to be affiliated with the applicant, unless—

(I) the venture capital operating company owns a majority of the portfolio company; or

(II) the venture capital operating company holds a majority of the seats on the board of directors of the portfolio company;

(ii) subject to clause (i), the Administrator retains the authority to determine whether a venture capital operating company is affiliated with an applicant, including establishing other criteria;

(iii) the Administrator may not determine that a portfolio company of a venture capital operating company is affiliated with an applicant based solely on one or more shared investors; and

(iv) subject to clauses (i), (ii), and (iii), the Administrator retains the authority to determine whether a portfolio company of a venture capital operating company is affiliated with an applicant based on factors independent of whether there is a shared investor, such as whether there are contractual obligations between the portfolio company and the applicant.

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

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

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

(d) ASSISTANCE FOR DETERMINING AFFILIATES.—

(1) CLEAR EXPLANATION REQUIRED.—Not later than 30 days after the date of enactment of this Act, the Administrator shall post on the website of the Administration (with a direct link displayed on the homepage of the website of the Administration or the SBIR and STTR websites of the Administration)—

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

(B) contact information for officers or employees of the Administration who—

(i) upon request, shall review an issue relating to the rules described in subparagraph (A); and

(ii) shall respond to a request under clause (i) not later than 20 business days after the date on which the request is received.

(2) INCLUSION OF AFFILIATION RULES FOR CERTAIN SMALL BUSINESS CONCERNS.—On and after the date on which the final regulations under subsection (c) are issued, the Administrator shall post on the website of the Administration information relating to the regulations, in accordance with paragraph (1).

SEC. 109. SBIR AND STTR SPECIAL ACQUISITION PREFERENCE.

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

"(4) PHASE III AWARDS.—To the greatest extent practicable, Federal agencies and Federal prime

contractors shall issue Phase III awards relating to technology, including sole source awards, to the SBIR and STTR award recipients that developed the technology.''.

SEC. 110. COLLABORATING WITH FEDERAL LABORATORIES AND RESEARCH AND DEVELOPMENT CENTERS.

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

''(dd) COLLABORATING WITH FEDERAL LABORATORIES AND RESEARCH AND DEVELOPMENT CENTERS.—

''(1) AUTHORIZATION.—Subject to the limitations under this section, the head of each participating Federal agency may make SBIR and STTR awards to any eligible small business concern that—

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

''(B) has entered into a cooperative research and development agreement (as defined in section 12(d) of the Stevenson-Wydler Tech-

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

"(2) PROHIBITION.—No Federal agency shall—

"(A) condition an SBIR or STTR award upon entering into agreement with any Federal laboratory or any federally funded laboratory or research and development center for any portion of the activities to be performed under that award;

"(B) approve an agreement between a small business concern receiving a SBIR or STTR award and a Federal laboratory or federally funded laboratory or research and development center, if the small business concern performs a lesser portion of the activities to be performed under that award than required by this section and by the SBIR Policy Directive and the STTR Policy Directive of the Administrator; or

"(C) approve an agreement that violates any provision, including any data rights protections provision, of this section or the SBIR and the STTR Policy Directives.

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

the Administrator shall modify the SBIR Policy Directive and the STTR Policy Directive issued under this section to ensure that small business concerns—

"(A) have the flexibility to use the resources of the Federal laboratories and federally funded research and development centers; and

"(B) are not mandated to enter into agreement with any Federal laboratory or any federally funded laboratory or research and development center as a condition of an award.".

SEC. 111. NOTICE REQUIREMENT.

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

(1) in paragraph (10), by striking "and" at the end;

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

(3) by adding at the end the following:

"(12) provide timely notice to the Administrator of any case or controversy before any Federal judicial or administrative tribunal concerning the SBIR program of the Federal agency; and".

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

(1) by striking paragraph (15);

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

(3) by redesignating paragraph (16) as paragraph (15); and

(4) by adding at the end the following:

"(16) provide timely notice to the Administrator of any case or controversy before any Federal judicial or administrative tribunal concerning the STTR program of the Federal agency.".

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

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

"(ee) ADDITIONAL PHASE II SBIR AND STTR AWARDS.—A small business concern that receives a Phase II SBIR award or a Phase II STTR award for a project remains eligible to receive an additional Phase II SBIR award or Phase II STTR award for that project.".

TITLE II—OUTREACH AND COMMERCIALIZATION INITIATIVES

SEC. 201. RURAL AND STATE OUTREACH.

(a) IN GENERAL.—Section 9 of the Small Business Act (15 U.S.C. 638) is amended by inserting after subsection (r) the following:

"(s) FEDERAL AND STATE TECHNOLOGY PARTNERSHIP PROGRAM.—

"(1) DEFINITIONS.—In this subsection, the following definitions apply:

"(A) APPLICANT.—The term 'applicant' means an entity, organization, or individual that submits a proposal for an award or a cooperative agreement under this subsection.

"(B) FAST PROGRAM.—The term 'FAST program' means the Federal and State Technology Partnership Program established under this subsection.

"(C) RECIPIENT.—The term 'recipient' means a person that receives an award or becomes party to a cooperative agreement under this subsection.

"(D) STATE.—The term 'State' means each of the several States, the District of Co-

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

"(E) DEFINITIONS RELATING TO MENTORING NETWORKS.—The terms 'business advice and counseling', 'mentor', and 'mentoring network' have the meanings given those terms in section 34(e).

"(2) ESTABLISHMENT OF PROGRAM.—The Administrator shall establish a program to be known as the Federal and State Technology Partnership Program, the purpose of which shall be to strengthen the technological competitiveness of small business concerns in the States.

"(3) GRANTS AND COOPERATIVE AGREEMENTS.—

"(A) JOINT REVIEW.—In carrying out the FAST program, the Administrator and the program managers for the SBIR program and STTR program at the National Science Foundation, the Department of Defense, and any other Federal agency determined appropriate by the Administrator shall jointly review proposals submitted by applicants and may make awards or enter into cooperative agreements under this subsection based on the factors for consider-

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

"(i) technology research and development by small business concerns;

"(ii) technology transfer from university research to technology-based small business concerns;

"(iii) technology deployment and diffusion benefitting small business concerns;

"(iv) the technological capabilities of small business concerns through the establishment or operation of consortia comprised of entities, organizations, or individuals, including—

"(I) State and local development agencies and entities;

"(II) representatives of technology-based small business concerns;

"(III) industries and emerging companies;

"(IV) universities; and

"(V) small business development centers; and

"(v) outreach, financial support, and technical assistance to technology-based

small business concerns participating in or interested in participating in an SBIR program or STTR program, including initiatives—

"(I) to make grants or loans to companies to pay a portion or all of the cost of developing SBIR or STTR proposals;

"(II) to establish or operate a Mentoring Network within the FAST program to provide business advice and counseling that will assist small business concerns that have been identified by FAST program participants, program managers of participating SBIR agencies, the Administration, or other entities that are knowledgeable about the SBIR and STTR programs as good candidates for the SBIR and STTR programs, and that would benefit from mentoring, in accordance with section 34;

"(III) to create or participate in a training program for individuals providing SBIR or STTR outreach

and assistance at the State and local levels; and

"(IV) to encourage the commercialization of technology developed through funding under the SBIR program or the STTR program.

"(B) SELECTION CONSIDERATIONS.—In making awards or entering into cooperative agreements under this subsection, the Administrator and the program managers referred to in subparagraph (A)—

"(i) may only consider proposals by applicants that intend to use a portion of the Federal assistance provided under this subsection to provide outreach, financial support, or technical assistance to technology-based small business concerns participating in or interested in participating in the SBIR program or STTR program; and

"(ii) shall consider, at a minimum—

"(I) whether the applicant has demonstrated that the assistance to be provided would address unmet needs of small business concerns in

the community, and whether it is important to use Federal funding for the proposed activities;

"(II) whether the applicant has demonstrated that a need exists to increase the number or success of small high-technology businesses in the State or an area of the State, as measured by the number of Phase I and Phase II SBIR awards that have historically been received by small business concerns in the State or area of the State;

"(III) whether the projected costs of the proposed activities are reasonable;

"(IV) whether the proposal integrates and coordinates the proposed activities with other State and local programs assisting small high-technology firms in the State;

"(V) the manner in which the applicant will measure the results of the activities to be conducted; and

"(VI) whether the proposal addresses the needs of small business concerns—

"(aa) owned and controlled by women;

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

"(cc) that are HUBZone small business concerns;

"(dd) located in areas that have historically not participated in the SBIR and STTR programs;

"(ee) owned and controlled by service-disabled veterans;

"(ff) owned and controlled by Native Americans; and

"(gg) located in geographic areas with an unemployment rate that exceeds the national unemployment rate, based on the most recently available monthly publications of the Bureau of Labor

Statistics of the Department of Labor.

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

"(D) PROCESS.—Proposals and applications for assistance under this subsection shall be in such form and subject to such procedures as the Administrator shall establish. The Administrator shall promulgate regulations establishing standards for the consideration of proposals under subparagraph (B), including standards regarding each of the considerations identified in subparagraph (B)(ii).

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

"(A) Federal agencies required by this section to have an SBIR program; and

"(B) entities, organizations, and individuals actively engaged in enhancing or developing the technological capabilities of small business concerns, including—

"(i) State and local development agencies and entities;

"(ii) State committees established under the Experimental Program to Stimulate Competitive Research of the National Science Foundation (as established under section 113 of the National Science Foundation Authorization Act of 1988 (42 U.S.C. 1862g));

"(iii) State science and technology councils; and

"(iv) representatives of technology-based small business concerns.

"(5) ADMINISTRATIVE REQUIREMENTS.—

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

"(B) MATCHING REQUIREMENTS.—

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

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

"(II) except as provided in clause (ii) or (iii), 1 dollar for each Federal dollar, in the case of a recipient that will serve small business concerns located in 1 of the 16 States receiving the greatest number of Phase I SBIR awards; and

"(III) except as provided in clause (ii) or (iii), 50 cents for each Federal dollar, in the case of a recipient that will serve small business concerns located in a State that is not described in subclause (I) or (II) that is receiving Phase I SBIR awards.

"(ii) LOW-INCOME AREAS.—The non-Federal share of the cost of the activity carried out using an award or under a cooperative agreement under this subsection shall be 35 cents for each Federal dollar

that will be directly allocated by a recipient described in clause (i) to serve small business concerns located in a qualified census tract, as that term is defined in section 42(d)(5)(B)(ii)(I) of the Internal Revenue Code of 1986. Federal dollars not so allocated by that recipient shall be subject to the matching requirements of clause (i).

"(iii) RURAL AREAS.—

"(I) IN GENERAL.—Except as provided in subclause (II), the non-Federal share of the cost of the activity carried out using an award or under a cooperative agreement under this subsection shall be 35 cents for each Federal dollar that will be directly allocated by a recipient described in clause (i) to serve small business concerns located in a rural area.

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

ity carried out using an award or under a cooperative agreement under this subsection shall be 15 cents for each Federal dollar that will be directly allocated by a recipient described in clause (i) to serve small business concerns located in the rural area.

"(III) DEFINITION OF RURAL AREA.—In this clause, the term 'rural area' has the meaning given that term in section 1393(a)(2) of the Internal Revenue Code of 1986.

"(iv) TYPES OF FUNDING.—The non-Federal share of the cost of an activity carried out by a recipient shall be comprised of not less than 50 percent cash and not more than 50 percent of indirect costs and in-kind contributions, except that no such costs or contributions may be derived from funds from any other Federal program.

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

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

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

"(6) ANNUAL REPORTS.—The Administrator shall submit an annual report to the Committee on Small Business of the Senate and the Committee on Science and the Committee on Small Business of the House of Representatives regarding—

"(A) the number and amount of awards provided and cooperative agreements entered into under the FAST program during the preceding year;

"(B) a list of recipients under this subsection, including their location and the activities being performed with the awards made or under the cooperative agreements entered into; and

"(C) the Mentoring Networks and the mentoring database, as provided for under section 34, including—

"(i) the status of the inclusion of mentoring information in the database required by subsection (k); and

"(ii) the status of the implementation and description of the usage of the Mentoring Networks.

"(7) PROGRAM LEVELS.—

"(A) IN GENERAL.—There is authorized to be appropriated to carry out the FAST program, including Mentoring Networks, under this subsection and section 34, $15,000,000 for each of fiscal years 2011 through 2016.

"(B) MENTORING DATABASE.—Of the total amount made available under subparagraph (A) for fiscal years 2011 through 2016, a reasonable amount, not to exceed a total of $500,000, may be used by the Administration to carry out section 34(d).

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

(b) TECHNICAL AND CONFORMING AMENDMENTS.—The Small Business Act (15 U.S.C. 631 et seq.) is amended—

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

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

(3) in section 9(k)(1)(D) (15 U.S.C. 638(k)(1)(D)), by striking "section 35(d)" and inserting "section 34(d)";

(4) in section 34 (15 U.S.C. 657e), as so redesignated—

(A) in subsection (c)(1), by striking "section 34(c)(1)(E)(ii)" and inserting "section 9(s)(3)(A)(v)(II)";

(B) by striking "section 34" each place it appears and inserting "section 9(s)"; and

(C) by adding at the end the following:

"(e) DEFINITIONS.—In this section, the following definitions apply:

"(1) BUSINESS ADVICE AND COUNSELING.—The term 'business advice and counseling' means providing advice and assistance on matters described in subsection (c)(2)(B) to small business concerns to guide them through the SBIR and STTR program

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

''(2) FAST PROGRAM.—The term 'FAST program' means the Federal and State Technology Partnership Program established under section 9(s).

''(3) MENTOR.—The term 'mentor' means an individual described in subsection (c)(2).

''(4) MENTORING NETWORK.—The term 'Mentoring Network' means an association, organization, coalition, or other entity (including an individual) that meets the requirements of subsection (c).

''(5) RECIPIENT.—The term 'recipient' means a person that receives an award or becomes party to a cooperative agreement under this section.

''(6) SBIR PROGRAM.—The term 'SBIR program' has the same meaning as in section 9(e)(4).

''(7) STATE.—The term 'State' means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

''(8) STTR PROGRAM.—The term 'STTR program' has the same meaning as in section 9(e)(6).'';

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

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

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

SEC. 202. SBIR–STEM WORKFORCE DEVELOPMENT GRANT PILOT PROGRAM.

(a) PILOT PROGRAM ESTABLISHED.—From amounts made available to carry out this section, the Administrator shall establish a SBIR–STEM Workforce Development Grant Pilot Program to encourage the business community to provide workforce development opportunities for college students, in the fields of science, technology, engineering, and math (in this section referred to as ''STEM college students''), particularly those that are socially and economically disadvantaged individuals, from rural areas, or from areas with high unemployment, as determined by the Administrator, by providing a SBIR bonus grant.

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

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

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

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section—

(1) $1,000,000 for fiscal year 2012;

(2) $1,000,000 for fiscal year 2013;

(3) $1,000,000 for fiscal year 2014;

(4) $1,000,000 for fiscal year 2015; and

(5) $1,000,000 for fiscal year 2016.

SEC. 203. TECHNICAL ASSISTANCE FOR AWARDEES.

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

(1) in paragraph (1)—

(A) by inserting ''or STTR program'' after ''SBIR program''; and

(B) by striking ''SBIR projects'' and inserting ''SBIR or STTR projects'';

(2) in paragraph (2), by striking ''3 years'' and inserting ''5 years''; and

(3) in paragraph (3)—

(A) in subparagraph (A)—

(i) by inserting ''or STTR'' after ''SBIR''; and

(ii) by striking ''$4,000'' and inserting ''$5,000'';

(B) by striking subparagraph (B) and inserting the following:

''(B) PHASE II.—A Federal agency described in paragraph (1) may—

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

''(ii) authorize the recipient of a Phase II SBIR or STTR award to purchase the services described in paragraph (1), in an amount equal to not more than $5,000 per year, which shall be in addition

to the amount of the recipient's award.''; and

(C) by adding at the end the following:

''(C) FLEXIBILITY.—In carrying out subparagraphs (A) and (B), each Federal agency shall provide the allowable amounts to a recipient that meets the eligibility requirements under the applicable subparagraph, if the recipient requests to seek technical assistance from an individual or entity other than the vendor selected under paragraph (2) by the Federal agency.

''(D) LIMITATION.—A Federal agency may not—

''(i) use the amounts authorized under subparagraph (A) or (B) unless the vendor selected under paragraph (2) provides the technical assistance to the recipient; or

''(ii) enter a contract with a vendor under paragraph (2) under which the amount provided for technical assistance is based on total number of Phase I or Phase II awards.''.

SEC. 204. COMMERCIALIZATION READINESS PROGRAM AT DEPARTMENT OF DEFENSE.

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

(1) in the subsection heading, by striking ''PILOT'' and inserting ''READINESS'';

(2) by striking ''Pilot'' each place that term appears and inserting ''Readiness'';

(3) in paragraph (1)—

(A) by inserting ''or Small Business Technology Transfer Program'' after ''Small Business Innovation Research Program''; and

(B) by adding at the end the following: ''The authority to create and administer a Commercialization Readiness Program under this subsection may not be construed to eliminate or replace any other SBIR program or STTR program that enhances the insertion or transition of SBIR or STTR technologies, including any such program in effect on the date of enactment of the National Defense Authorization Act for Fiscal Year 2006 (Public Law 109–163; 119 Stat. 3136).'';

(4) in paragraph (2), by inserting ''or Small Business Technology Transfer Program'' after ''Small Business Innovation Research Program'';

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

(6) by inserting after paragraph (4) the following:

"(5) INSERTION INCENTIVES.—For any contract with a value of not less than $100,000,000, the Secretary of Defense is authorized to—

"(A) establish goals for the transition of Phase III technologies in subcontracting plans; and

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

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

"(A) set a goal to increase the number of Phase II SBIR contracts and the number of Phase II STTR contracts awarded by that Secretary that lead to technology transition into programs of record or fielded systems;

"(B) use incentives in effect on the date of enactment of the SBIR/STTR Reauthorization Act of 2011, or create new incentives, to encourage agency program managers and prime

contractors to meet the goal under subparagraph (A); and

"(C) include in the annual report to Congress the percentage of contracts described in subparagraph (A) awarded by that Secretary, and information on the ongoing status of projects funded through the Commercialization Readiness Program and efforts to transition these technologies into programs of record or fielded systems.".

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

SEC. 205. COMMERCIALIZATION READINESS PILOT PROGRAM FOR CIVILIAN AGENCIES.

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

"(ff) PILOT PROGRAM.—

"(1) AUTHORIZATION.—The head of each covered Federal agency may allocate not more than 10 percent of the funds allocated to the SBIR program and the STTR program of the covered Federal agency—

"(A) for awards for technology development, testing, and evaluation of SBIR and STTR Phase II technologies; or

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

"(2) APPLICATION BY FEDERAL AGENCY.—

"(A) IN GENERAL.—A covered Federal agency may not establish a pilot program unless the covered Federal agency makes a written application to the Administrator, not later than 90 days before to the first day of the fiscal year in which the pilot program is to be established, that describes a compelling reason that additional investment in SBIR or STTR technologies is necessary, including unusually high regulatory, systems integration, or other costs relating to development or manufacturing of identifiable, highly promising small business technologies or a class of such technologies expected to substantially advance the mission of the agency.

"(B) DETERMINATION.—The Administrator shall—

"(i) make a determination regarding an application submitted under subparagraph (A) not later than 30 days before the first day of the fiscal year for which the application is submitted;

"(ii) publish the determination in the Federal Register; and

"(iii) make a copy of the determination and any related materials available to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives.

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

"(4) REGISTRATION.—Any applicant that receives an award under a pilot program shall register with the Administrator in a registry that is available to the public.

"(5) REPORT.—The head of each covered Federal agency shall include in the annual report of the covered Federal agency to the Administrator an

analysis of the various activities considered for inclusion in the pilot program of the covered Federal agency and a statement of the reasons why each activity considered was included or not included, as the case may be.

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

"(7) DEFINITIONS.—In this subsection—

"(A) the term 'covered Federal agency'—

"(i) means a Federal agency participating in the SBIR program or the STTR program; and

"(ii) does not include the Department of Defense; and

"(B) the term 'pilot program' means the program established under paragraph (1).".

SEC. 206. ACCELERATING CURES.

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

"SEC. 43. SMALL BUSINESS INNOVATION RESEARCH PROGRAM.

"(a) NIH CURES PILOT.—

"(1) ESTABLISHMENT.—An independent advisory board shall be established at the National Academy of Sciences (in this section referred to as the 'advisory board') to conduct periodic evaluations of the SBIR program (as that term is defined in section 9) of each of the National Institutes of Health (referred to in this section as the 'NIH') institutes and centers for the purpose of improving the management of the SBIR program through data-driven assessment.

"(2) MEMBERSHIP.—

"(A) IN GENERAL.—The advisory board shall consist of—

"(i) the Director of the NIH;

"(ii) the Director of the SBIR program of the NIH;

"(iii) senior NIH agency managers, selected by the Director of NIH;

"(iv) industry experts, selected by the Council of the National Academy of Sciences in consultation with the Associate Administrator for Technology of the Administration and the Director of the Office of Science and Technology Policy; and

"(v) owners or operators of small business concerns that have received an award under the SBIR program of the NIH, selected by the Associate Administrator for Technology of the Administration.

"(B) NUMBER OF MEMBERS.—The total number of members selected under clauses (iii), (iv), and (v) of subparagraph (A) shall not exceed 10.

"(C) EQUAL REPRESENTATION.—The total number of members of the advisory board selected under clauses (i), (ii), (iii), and (iv) of subparagraph (A) shall be equal to the number of members of the advisory board selected under subparagraph (A)(v).

"(b) ADDRESSING DATA GAPS.—In order to enhance the evidence-base guiding SBIR program decisions and changes, the Director of the SBIR program of the NIH shall address the gaps and deficiencies in the data collection concerns identified in the 2007 report of the National Academies of Science entitled 'An Assessment of the Small Business Innovation Research Program at the NIH'.

"(c) PILOT PROGRAM.—

"(1) IN GENERAL.—The Director of the SBIR program of the NIH may initiate a pilot program, under a formal mechanism for designing, implementing, and evaluating pilot programs, to spur innovation and to test new strategies that may enhance the development of cures and therapies.

"(2) CONSIDERATIONS.—The Director of the SBIR program of the NIH may consider conducting a pilot program to include individuals with successful SBIR program experience in study sections, hiring individuals with small business development experience for staff positions, separating the commercial and scientific review processes, and examining the impact of the trend toward larger awards on the overall program.

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

"(e) SBIR GRANTS AND CONTRACTS.—

"(1) IN GENERAL.—In awarding grants and contracts under the SBIR program of the NIH each SBIR program manager shall emphasize applications that identify products, processes, technologies,

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

"(2) EXAMINATION OF COMMERCIALIZATION AND OTHER METRICS.—The advisory board shall evaluate the implementation of the requirement under paragraph (1) by examining increased commercialization and other metrics, to be determined and collected by the SBIR program of the NIH.

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

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

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

(1) by striking section 43, as added by subsection (a); and

(2) by redesignating sections 44 and 45 as sections 43 and 44, respectively.

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

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

"(gg) REQUIREMENTS RELATING TO FEDERAL AGENCY ENGAGEMENT WITH CERTAIN PHASE I SBIR AND STTR AWARDEES.—

"(1) DEFINITION.—In this subsection, the term 'covered awardee' means a small business concern that—

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

"(B) has not received a Phase II award—

"(i) under the SBIR program or STTR program, as the case may be, of the Federal agency described in subparagraph (A); or

"(ii) relating to a Phase I award described in subparagraph (A) under the SBIR program or the STTR program of another Federal agency.

"(2) PERFORMANCE MEASURES.—The head of each Federal agency that participates in the SBIR program or the STTR program shall develop performance measures for any covered awardee relating to commercializing research or research and development activities under the SBIR program or the STTR program of the Federal agency.".

SEC. 208. CLARIFYING THE DEFINITION OF "PHASE III".

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

(1) in paragraph (4)(C), in the matter preceding clause (i), by inserting "for work that derives from, extends, or completes efforts made under prior funding agreements under the SBIR program" after "phase";

(2) in paragraph (6)(C), in the matter preceding clause (i), by inserting "for work that derives from, extends, or completes efforts made under prior funding agreements under the STTR program" after "phase";

(3) in paragraph (8), by striking ''and'' at the end;

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

(5) by adding at the end the following:

''(10) the term 'commercialization' means—

''(A) the process of developing products, processes, technologies, or services; and

''(B) the production and delivery of products, processes, technologies, or services for sale (whether by the originating party or by others) to or use by the Federal Government or commercial markets;''.

(b) TECHNICAL AND CONFORMING AMENDMENTS.—The Small Business Act (15 U.S.C. 631 et seq.) is amended—

(1) in section 9 (15 U.S.C. 638)—

(A) in subsection (e)—

(i) in paragraph (4)(C)(ii), by striking ''scientific review criteria'' and inserting ''merit-based selection procedures'';

(ii) in paragraph (9), by striking ''the second or the third phase'' and inserting ''Phase II or Phase III''; and

(iii) by adding at the end the following:

"(11) the term 'Phase I' means—

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

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

"(12) the term 'Phase II' means—

"(A) with respect to the SBIR program, the second phase described in paragraph (4)(B); and

"(B) with respect to the STTR program, the second phase described in paragraph (6)(B); and

"(13) the term 'Phase III' means—

"(A) with respect to the SBIR program, the third phase described in paragraph (4)(C); and

"(B) with respect to the STTR program, the third phase described in paragraph (6)(C).";

(B) in subsection (j)—

(i) in paragraph (1)(B), by striking "phase two" and inserting "Phase II";

(ii) in paragraph (2)—

(I) in subparagraph (B)—

(aa) by striking ''the third phase'' each place it appears and inserting ''Phase III''; and

(bb) by striking ''the second phase'' and inserting ''Phase II'';

(II) in subparagraph (D)—

(aa) by striking ''the first phase'' and inserting ''Phase I''; and

(bb) by striking ''the second phase'' and inserting ''Phase II'';

(III) in subparagraph (F), by striking ''the third phase'' and inserting ''Phase III'';

(IV) in subparagraph (G)—

(aa) by striking ''the first phase'' and inserting ''Phase I''; and

(bb) by striking ''the second phase'' and inserting ''Phase II''; and

(V) in subparagraph (H)—

(aa) by striking ''the first phase'' and inserting ''Phase I'';

(bb) by striking ''second phase'' each place it appears and inserting ''Phase II''; and

(cc) by striking ''third phase'' and inserting ''Phase III''; and

(iii) in paragraph (3)—

(I) in subparagraph (A)—

(aa) by striking ''the first phase (as described in subsection (e)(4)(A))'' and inserting ''Phase I'';

(bb) by striking ''the second phase (as described in subsection (e)(4)(B))'' and inserting ''Phase II''; and

(cc) by striking ''the third phase (as described in subsection (e)(4)(C))'' and inserting ''Phase III''; and

(II) in subparagraph (B), by striking ''second phase'' and inserting ''Phase II'';

(C) in subsection (k)—

(i) by striking ''first phase'' each place it appears and inserting ''Phase I''; and

(ii) by striking ''second phase'' each place it appears and inserting ''Phase II'';

(D) in subsection (l)(2)—

(i) by striking ''the first phase'' and inserting ''Phase I''; and

(ii) by striking ''the second phase'' and inserting ''Phase II'';

(E) in subsection (o)(13)—

(i) in subparagraph (B), by striking ''second phase'' and inserting ''Phase II''; and

(ii) in subparagraph (C), by striking ''third phase'' and inserting ''Phase III'';

(F) in subsection (p)—

(i) in paragraph (2)(B)—

(I) in clause (vi)—

(aa) by striking ''the second phase'' and inserting ''Phase II''; and

(bb) by striking ''the third phase'' and inserting ''Phase III''; and

(II) in clause (ix)—

(aa) by striking ''the first phase'' and inserting ''Phase I''; and

(bb) by striking ''the second phase'' and inserting ''Phase II''; and

(ii) in paragraph (3)—

(I) by striking ''the first phase (as described in subsection (e)(6)(A))'' and inserting ''Phase I'';

(II) by striking ''the second phase (as described in subsection (e)(6)(B))'' and inserting ''Phase II''; and

(III) by striking ''the third phase (as described in subsection (e)(6)(A))'' and inserting ''Phase III'';

(G) in subsection (q)(3)—

(i) in subparagraph (A)—

(I) in the subparagraph heading, by striking ''FIRST PHASE'' and inserting ''PHASE I''; and

(II) by striking ''first phase'' and inserting ''Phase I''; and

(ii) in subparagraph (B)—

(I) in the subparagraph heading, by striking ''SECOND PHASE'' and inserting ''PHASE II''; and

(II) by striking ''second phase'' and inserting ''Phase II'';

(H) in subsection (r)—

(i) in the subsection heading, by striking ''THIRD PHASE'' and inserting ''PHASE III'';

(ii) in paragraph (1)—

(I) in the first sentence—

(aa) by striking ''for the second phase'' and inserting ''for Phase II'';

(bb) by striking ''third phase'' and inserting ''Phase III''; and

(cc) by striking ''second phase period'' and inserting ''Phase II period''; and

(II) in the second sentence—

(aa) by striking ''second phase'' and inserting ''Phase II''; and

(bb) by striking ''third phase'' and inserting ''Phase III''; and

(iii) in paragraph (2), by striking ''third phase'' and inserting ''Phase III''; and

(I) in subsection (u)(2)(B), by striking ''the first phase'' and inserting ''Phase I''; and

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

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

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

(1) in subsection (g)(4)—

(A) by inserting ''(A)'' after ''(4)'';

(B) by adding ''and'' after the semicolon at the end; and

(C) by adding at the end the following:

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

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

''(ii) if the Administrator authorizes an extension for a solicitation, not later than 180 days after the date on which the solicitation closes;''; and

(2) in subsection (o)(4)—

(A) by inserting ''(A)'' after ''(4)'';

(B) by adding ''and'' after the semicolon at the end; and

(C) by adding at the end the following:

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

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

''(ii) if the Administrator authorizes an extension for a solicitation, not later than 180 days after the date on which the solicitation closes;''.

(b) NIH PEER REVIEW PROCESS.—

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

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

(2) TECHNICAL AND CONFORMING AMENDMENTS.—Section 105 of the National Institutes of Health Reform Act of 2006 (42 U.S.C. 284n) is amended—

(A) in subsection (a)(3)—

(i) by striking "A grant" and inserting "Except as provided in section 9(hh) of the Small Business Act (15 U.S.C. 638(hh)), a grant"; and

(ii) by striking "section 402(k)" and all that follows through "Act)" and inserting "section 402(l) of such Act"; and

(B) in subsection (b)(5)—

(i) by striking "A grant" and inserting "Except as provided in section 9(hh) of

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

(ii) by striking ''section 402(k)'' and all that follows through ''Act)'' and inserting ''section 402(l) of such Act''.

TITLE III—OVERSIGHT AND EVALUATION

SEC. 301. STREAMLINING ANNUAL EVALUATION REQUIREMENTS.

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

(1) in paragraph (7)—

(A) by striking ''STTR programs, including the data'' and inserting the following: ''STTR programs, including—

''(A) the data'';

(B) by striking ''(g)(10), (o)(9), and (o)(15), the number'' and all that follows through ''under each of the SBIR and STTR programs, and a description'' and inserting the following: ''(g)(8) and (o)(9); and

''(B) the number of proposals received from, and the number and total amount of awards to, HUBZone small business concerns

and firms with venture capital investment (including those majority-owned by multiple venture capital operating companies) under each of the SBIR and STTR programs;

"(C) a description of the extent to which each Federal agency is increasing outreach and awards to firms owned and controlled by women and social or economically disadvantaged individuals under each of the SBIR and STTR programs;

"(D) general information about the implementation of, and compliance with the allocation of funds required under, subsection (cc) for firms owned in majority part by venture capital operating companies and participating in the SBIR program;

"(E) a detailed description of appeals of Phase III awards and notices of noncompliance with the SBIR Policy Directive and the STTR Policy Directive filed by the Administrator with Federal agencies; and

"(F) a description"; and

(2) by inserting after paragraph (7) the following:

"(8) to coordinate the implementation of electronic databases at each of the Federal agencies participating in the SBIR program or the STTR program, including the technical ability of the participating agencies to electronically share data;".

SEC. 302. DATA COLLECTION FROM AGENCIES FOR SBIR.

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

(1) by striking paragraph (10);

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

(3) by inserting after paragraph (7) the following:

"(8) collect annually, and maintain in a common format in accordance with the simplified reporting requirements under subsection (v), such information from awardees as is necessary to assess the SBIR program, including information necessary to maintain the database described in subsection (k), including—

"(A) whether an awardee—

"(i) has venture capital or is majority-owned by multiple venture capital operating companies, and, if so—

"(I) the amount of venture capital that the awardee has received as of the date of the award; and

"(II) the amount of additional capital that the awardee has invested in the SBIR technology;

"(ii) has an investor that—

"(I) is an individual who is not a citizen of the United States or a lawful permanent resident of the United States, and if so, the name of any such individual; or

"(II) is a person that is not an individual and is not organized under the laws of a State or the United States, and if so the name of any such person;

"(iii) is owned by a woman or has a woman as a principal investigator;

"(iv) is owned by a socially or economically disadvantaged individual or has a socially or economically disadvantaged individual as a principal investigator;

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

fect on the day before the date of enactment of the SBIR/STTR Reauthorization Act of 2011, or the outreach program under subsection (s);

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

"(vii) is located in a State described in subsection (u)(3); and

"(B) a justification statement from the agency, if an awardee receives an award in an amount that is more than the award guidelines under this section;".

SEC. 303. DATA COLLECTION FROM AGENCIES FOR STTR.

Section 9(o) of the Small Business Act (15 U.S.C. 638(o)) is amended by striking paragraph (9) and inserting the following:

"(9) collect annually, and maintain in a common format in accordance with the simplified reporting requirements under subsection (v), such information from applicants and awardees as is necessary to assess the STTR program outputs and outcomes, in-

cluding information necessary to maintain the database described in subsection (k), including—

"(A) whether an applicant or awardee—

"(i) has venture capital or is majority-owned by multiple venture capital operating companies, and, if so—

"(I) the amount of venture capital that the applicant or awardee has received as of the date of the application or award, as applicable; and

"(II) the amount of additional capital that the applicant or awardee has invested in the SBIR technology;

"(ii) has an investor that—

"(I) is an individual who is not a citizen of the United States or a lawful permanent resident of the United States, and if so, the name of any such individual; or

"(II) is a person that is not an individual and is not organized under the laws of a State or the United States, and if so the name of any such person;

"(iii) is owned by a woman or has a woman as a principal investigator;

"(iv) is owned by a socially or economically disadvantaged individual or has a socially or economically disadvantaged individual as a principal investigator;

"(v) received assistance under the FAST program under section 34 or the outreach program under subsection (s);

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

"(vii) is located in a State in which the total value of contracts awarded to small business concerns under all STTR programs is less than the total value of contracts awarded to small business concerns in a majority of other States, as determined by the Administrator in biennial fiscal years, beginning with fiscal year 2008, based on the most recent statistics compiled by the Administrator; and

"(B) if an awardee receives an award in an amount that is more than the award guidelines under this section, a statement from the agency that justifies the award amount;".

SEC. 304. PUBLIC DATABASE.

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

(1) in subparagraph (D), by striking "and" at the end;

(2) in subparagraph (E), by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following:

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

"(i) has venture capital and, if so, whether the small business concern is registered as majority-owned by multiple venture capital operating companies as required under subsection (cc)(4);

"(ii) is owned by a woman or has a woman as a principal investigator;

"(iii) is owned by a socially or economically disadvantaged individual or has

a socially or economically disadvantaged individual as a principal investigator;

"(iv) received assistance under the FAST program under section 34, as in effect on the day before the date of enactment of the SBIR/STTR Reauthorization Act of 2011, or the outreach program under subsection (s); or

"(v) is owned by a faculty member or a student of an institution of higher education, as that term is defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001).".

SEC. 305. GOVERNMENT DATABASE.

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

(1) in paragraph (2)—

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

(B) by striking subparagraph (C);

(C) by redesignating subparagraphs (A) and (B) as subparagraphs (B) and (C), respectively;

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

''(A) contains, for each small business concern that applies for, submits a proposal for, or receives an award under Phase I or Phase II of the SBIR program or the STTR program—

''(i) the name, size, and location, and an identifying number assigned by the Administration of the small business concern;

''(ii) an abstract of the project;

''(iii) the specific aims of the project;

''(iv) the number of employees of the small business concern;

''(v) the names of key individuals that will carry out the project;

''(vi) the percentage of effort each individual described in clause (iv) will contribute to the project;

''(vii) whether the small business concern is majority-owned by multiple venture capital operating companies; and

"(viii) the Federal agency to which the application is made, and contact information for the person or office within the Federal agency that is responsible for reviewing applications and making awards under the SBIR program or the STTR program;";

(E) by redesignating subparagraphs (D), and (E) as subparagraphs (E) and (F), respectively;

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

"(D) includes, for each awardee—

"(i) the name, size, location, and any identifying number assigned to the awardee by the Administrator;

"(ii) whether the awardee has venture capital, and, if so—

"(I) the amount of venture capital as of the date of the award;

"(II) the percentage of ownership of the awardee held by a venture capital operating company, including whether the awardee is majority-

owned by multiple venture capital operating companies; and

"(III) the amount of additional capital that the awardee has invested in the SBIR technology, which information shall be collected on an annual basis;

"(iii) the names and locations of any affiliates of the awardee;

"(iv) the number of employees of the awardee;

"(v) the number of employees of the affiliates of the awardee; and

"(vi) the names of, and the percentage of ownership of the awardee held by—

"(I) any individual who is not a citizen of the United States or a lawful permanent resident of the United States; or

"(II) any person that is not an individual and is not organized under the laws of a State or the United States;";

(G) in subparagraph (E), as so redesignated, by striking "and" at the end;

(H) in subparagraph (F), as so redesignated, by striking the period at the end and inserting "; and"; and

(I) by adding at the end the following:

"(G) includes a timely and accurate list of any individual or small business concern that has participated in the SBIR program or STTR program that has committed fraud, waste, or abuse relating to the SBIR program or STTR program."; and

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

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

SEC. 306. ACCURACY IN FUNDING BASE CALCULATIONS.

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

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

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

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

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

(C) assess whether it would be more consistent and effective to base the amount of the allocations under the SBIR program and the STTR program on a percentage of the research and development budget of a Federal agency, rather than the extramural budget of the Federal agency; and

(D) determine the portion of the extramural research or research and development

budget of a Federal agency that each Federal agency spends for administrative purposes relating to the SBIR program or STTR program, and for what specific purposes, including the portion, if any, of such budget the Federal agency spends for salaries and expenses, travel to visit applicants, outreach events, marketing, and technical assistance; and

(2) submit a report to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives regarding the audit conducted under paragraph (1), including the assessments required under subparagraphs (B) and (C), and the determination made under subparagraph (D) of paragraph (1).

(b) DEFINITION OF APPLICABLE PERIOD.—In this section, the term ''applicable period'' means—

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

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

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

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

SEC. 307. CONTINUED EVALUATION BY THE NATIONAL ACADEMY OF SCIENCES.

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

''(e) EXTENSIONS AND ENHANCEMENTS OF AUTHORITY.—

''(1) IN GENERAL.—Not later than 6 months after the date of enactment of the SBIR/STTR Reauthorization Act of 2011, the head of each agency described in subsection (a), in consultation with the Small Business Administration, shall cooperatively enter into an agreement with the National Academy of Sciences for the National Research Council to, not later than 4 years after the date of enactment of the SBIR/STTR Reauthorization Act of 2011, and every 4 years thereafter—

''(A) continue the most recent study under this section relating to—

"(i) the issues described in subparagraphs (A), (B), (C), and (E) of subsection (a)(1); and

"(ii) the effectiveness of the government and public databases described in section 9(k) of the Small Business Act (15 U.S.C. 638(k)) in reducing vulnerabilities of the SBIR program and the STTR program to fraud, waste, and abuse, particularly with respect to Federal agencies funding duplicative proposals and business concerns falsifying information in proposals;

"(B) make recommendations with respect to the issues described in subparagraph (A)(ii) and subparagraphs (A), (D), and (E) of subsection (a)(2).

"(2) CONSULTATION.—An agreement under paragraph (1) shall require the National Research Council to ensure there is participation by and consultation with the small business community, the Administration, and other interested parties as described in subsection (b).

"(3) REPORTING.—An agreement under paragraph (1) shall require that not later than 4 years

after the date of enactment of the SBIR/STTR Reauthorization Act of 2011, and every 4 years thereafter, the National Research Council shall submit to the head of the agency entering into the agreement, the Committee on Small Business and Entrepreneurship of the Senate, and the Committee on Small Business of the House of Representatives a report regarding the study conducted under paragraph (1) and containing the recommendations described in paragraph (1).''.

SEC. 308. TECHNOLOGY INSERTION REPORTING REQUIREMENTS.

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

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

''(1) the name of the agency or component of the agency or the non-Federal source of capital making the Phase III award;

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

"(3) the dollar amount of the Phase III award.".

SEC. 309. INTELLECTUAL PROPERTY PROTECTIONS.

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

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

(2) the laws and policy directives intended to clarify the scope of data rights, including in prototypes and mentor-protégé relationships and agreements with Federal laboratories, are sufficient to protect SBIR awardees; and

(3) there is an effective grievance tracking process for SBIR awardees who have grievances against a Federal agency regarding data rights and a process for resolving those grievances.

(b) REPORT.—Not later than 18 months after the date of enactment of this Act, the Comptroller General shall submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives a report regarding the study conducted under subsection (a).

SEC. 310. OBTAINING CONSENT FROM SBIR AND STTR APPLICANTS TO RELEASE CONTACT INFORMATION TO ECONOMIC DEVELOPMENT ORGANIZATIONS.

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

"(jj) CONSENT TO RELEASE CONTACT INFORMATION TO ORGANIZATIONS.—

"(1) ENABLING CONCERN TO GIVE CONSENT.—Each Federal agency required by this section to conduct an SBIR program or an STTR program shall enable a small business concern that is an SBIR applicant or an STTR applicant to indicate to the Federal agency whether the Federal agency has the consent of the concern to—

"(A) identify the concern to appropriate local and State-level economic development organizations as an SBIR applicant or an STTR applicant; and

"(B) release the contact information of the concern to such organizations.

"(2) RULES.—The Administrator shall establish rules to implement this subsection. The rules shall include a requirement that a Federal agency include in the SBIR and STTR application a provi-

sion through which the applicant can indicate consent for purposes of paragraph (1).''.

SEC. 311. PILOT TO ALLOW FUNDING FOR ADMINISTRATIVE, OVERSIGHT, AND CONTRACT PROCESSING COSTS.

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

''(kk) ASSISTANCE FOR ADMINISTRATIVE, OVERSIGHT, AND CONTRACT PROCESSING COSTS.—

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

''(A) the administration of the SBIR program or the STTR program of the Federal agency;

''(B) the provision of outreach and technical assistance relating to the SBIR program or STTR program of the Federal agency, including technical assistance site visits and personnel interviews;

"(C) the implementation of commercialization and outreach initiatives that were not in effect on the date of enactment of this subsection;

"(D) carrying out the program under subsection (y);

"(E) activities relating to oversight and congressional reporting, including the waste, fraud, and abuse prevention activities described in section 313(a)(1)(B)(ii) of the SBIR/STTR Reauthorization Act of 2011;

"(F) targeted reviews of recipients of awards under the SBIR program or STTR program of the Federal agency that the head of the Federal agency determines are at high risk for fraud, waste, or abuse, to ensure compliance with requirements of the SBIR program or STTR program, respectively;

"(G) the implementation of oversight and quality control measures, including verification of reports and invoices and cost reviews;

"(H) carrying out subsection (cc);

"(I) carrying out subsection (ff);

"(J) contract processing costs relating to the SBIR program or STTR program of the Federal agency; and

"(K) funding for additional personnel and assistance with application reviews.

"(2) PERFORMANCE CRITERIA.—A Federal agency may not use funds as authorized under paragraph (1) until after the effective date of performance criteria, which the Administrator shall establish, to measure any benefits of using funds as authorized under paragraph (1) and to assess continuation of the authority under paragraph (1).

"(3) RULES.—Not later than 180 days after the date of enactment of this subsection, the Administrator shall issue rules to carry out this subsection.".

(b) TECHNICAL AND CONFORMING AMENDMENTS.—

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

(A) in subsection (f)(2)(A), as so designated by section 103(2) of this Act, by striking "shall not" and all that follows through "make available for the purpose" and inserting "shall not make available for the purpose"; and

(B) in subsection (y), as amended by section 204—

(i) by striking paragraph (4);

(ii) by redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively.

(2) TRANSITIONAL RULE.—Notwithstanding the amendments made by paragraph (1), subsection (f)(2)(A) and (y)(4) of section 9 of the Small Business Act (15 U.S.C. 638), as in effect on the day before the date of enactment of this Act, shall continue to apply to each Federal agency until the effective date of the performance criteria established by the Administrator under subsection (kk)(2) of section 9 of the Small Business Act, as added by subsection (a).

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

(A) in subsection (f)(2)(A), by striking ''shall not make available for the purpose'' and inserting the following: ''shall not—

''(i) use any of its SBIR budget established pursuant to paragraph (1) for the purpose of funding administrative costs of

the program, including costs associated with salaries and expenses; or

"(ii) make available for the purpose"; and

(B) in subsection (y)—

(i) by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively; and

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

"(4) FUNDING.—

"(A) IN GENERAL.—The Secretary of Defense and each Secretary of a military department may use not more than an amount equal to 1 percent of the funds available to the Department of Defense or the military department pursuant to the Small Business Innovation Research Program for payment of expenses incurred to administer the Commercialization Pilot Program under this subsection.

"(B) LIMITATIONS.—The funds described in subparagraph (A)—

"(i) shall not be subject to the limitations on the use of funds in subsection (f)(2); and

"(ii) shall not be used to make Phase III awards.".

SEC. 312. GAO STUDY WITH RESPECT TO VENTURE CAPITAL OPERATING COMPANY INVOLVEMENT.

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

(1) conduct a study of the impact of requirements relating to venture capital operating company involvement under section 9(cc) of the Small Business Act, as added by section 108 of this Act; and

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

SEC. 313. REDUCING VULNERABILITY OF SBIR AND STTR PROGRAMS TO FRAUD, WASTE, AND ABUSE.

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

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

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

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

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

(ii) a requirement that the Inspectors General of each Federal agency that participates in the SBIR program or the STTR program cooperate to—

(I) establish fraud detection indicators;

(II) review regulations and operating procedures of the Federal agencies;

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

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

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

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

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

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

(iv) a requirement that each Federal agency that participates in the SBIR program or STTR program include the telephone number of the hotline established under paragraph (2)—

(I) on the website of the Federal agency; and

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

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

(A) HOTLINE ESTABLISHED.—The Administrator shall establish a telephone hotline that allows individuals to report fraud, waste, and abuse in the SBIR program or STTR program.

(B) PUBLICATION.—The Administrator shall include the telephone number for the hotline established under subparagraph (A) on the website of the Administration.

(b) STUDY AND REPORT.—

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

(A) conduct a study that evaluates—

(i) the implementation by each Federal agency that participates in the SBIR program or the STTR program of the amendments to the SBIR Policy Directive and the STTR Policy Directive made pursuant to subsection (a);

(ii) the effectiveness of the management information system of each Federal agency that participates in the SBIR program or STTR program in identifying duplicative SBIR and STTR projects;

(iii) the effectiveness of the risk management strategies of each Federal agency that participates in the SBIR program or STTR program in identifying areas of the

SBIR program or the STTR program that are at high risk for fraud;

(iv) technological tools that may be used to detect patterns of behavior that may indicate fraud by applicants to the SBIR program or the STTR program;

(v) the success of each Federal agency that participates in the SBIR program or STTR program in reducing fraud, waste, and abuse in the SBIR program or the STTR program of the Federal agency; and

(vi) the extent to which the Inspector General of each Federal agency that participates in the SBIR program or STTR program effectively conducts investigations of individuals alleged to have submitted false claims or violated Federal law relating to fraud, conflicts of interest, bribery, gratuity, or other misconduct; and

(B) submit to the Committee on Small Business and Entrepreneurship of the Senate, the Committee on Small Business of the House of Representatives, and the head of each Federal agency that participates in the SBIR program or STTR program a report on the results

of the study conducted under subparagraph (A).

SEC. 314. INTERAGENCY POLICY COMMITTEE.

(a) ESTABLISHMENT.—The Director of the Office of Science and Technology Policy (in this section referred to as the ''Director''), in conjunction with the Administrator, shall establish an Interagency SBIR/STTR Policy Committee (in this section referred to as the ''Committee'') comprised of 1 representative from each Federal agency with an SBIR program or an STTR program and 1 representative of the Office of Management and Budget.

(b) COCHAIRPERSONS.—The Director and the Administrator shall serve as cochairpersons of the Committee.

(c) DUTIES.—The Committee shall review, and make policy recommendations on ways to improve the effectiveness and efficiency of, the SBIR program and the STTR program, including —

(1) reviewing the effectiveness of the public and government databases described in section 9(k) of the Small Business Act (15 U.S.C. 638(k));

(2) identifying—

(A) best practices for commercialization assistance by Federal agencies that have signifi-

cant potential to be employed by other Federal agencies; and

(B) proposals by Federal agencies for initiatives to address challenges for small business concerns in obtaining funding after a Phase II award ends and before commercialization; and

(3) developing and incorporating a standard evaluation framework to enable systematic assessment of the SBIR program and STTR program, including through improved tracking of awards and outcomes and development of performance measures for the SBIR program and STTR program of each Federal agency.

(d) REPORTS.—The Committee shall submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Science and Technology and the Committee on Small Business of the House of Representatives—

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

(2) a report on the review by and recommendations of the Committee under subsection (c)(2) not

later than 18 months after the date of enactment of this Act; and

(3) a report on the review by and recommendations of the Committee under subsection (c)(3) not later than 2 years after the date of enactment of this Act.

TITLE IV—POLICY DIRECTIVES

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

(a) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Administrator shall promulgate amendments to the SBIR Policy Directive and the STTR Policy Directive to conform such directives to this Act and the amendments made by this Act.

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

TITLE V—OTHER PROVISIONS

SEC. 501. RESEARCH TOPICS AND PROGRAM DIVERSIFICATION.

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

(1) in paragraph (3)—

(A) in the matter preceding subparagraph (A), by striking ''broad research topics and to topics that further 1 or more critical technologies'' and inserting ''applications to the Federal agency for support of projects relating to nanotechnology, rare diseases, security, energy, transportation, or improving the security and quality of the water supply of the United States, and the efficiency of water delivery systems and usage patterns in the United States (including the territories of the United States) through the use of technology (to the extent that the projects relate to the mission of the Federal agency), broad research topics, and topics that further 1 or more critical technologies or research priorities'';

(B) in subparagraph (A), by striking ''or'' at the end; and

(C) by adding at the end the following:

''(C) the National Academy of Sciences, in the final report issued by the 'America's Energy Future: Technology Opportunities, Risks, and Tradeoffs' project, and in any subsequent re-

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

"(D) the National Institutes of Health, in the annual report on the rare diseases research activities of the National Institutes of Health for fiscal year 2005, and in any subsequent report by the National Institutes of Health on rare diseases research activities;

"(E) the National Academy of Sciences, in the final report issued by the 'Transit Research and Development: Federal Role in the National Program' project and the report entitled 'Transportation Research, Development and Technology Strategic Plan (2006–2010)' issued by the Research and Innovative Technology Administration of the Department of Transportation, and in any subsequent report issued by the National Academy of Sciences or the Department of Transportation on transportation and infrastructure; or

"(F) the national nanotechnology strategic plan required under section 2(c)(4) of the 21st Century Nanotechnology Research and Development Act (15 U.S.C. 7501(c)(4)) and in any report issued by the National Science and Tech-

nology Council Committee on Technology that focuses on areas of nanotechnology identified in such plan;''; and

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

''(13) encourage applications under the SBIR program (to the extent that the projects relate to the mission of the Federal agency)—

''(A) from small business concerns in geographic areas underrepresented in the SBIR program or located in rural areas (as defined in section 1393(a)(2) of the Internal Revenue Code of 1986);

''(B) small business concerns owned and controlled by women;

''(C) small business concerns owned and controlled by veterans;

''(D) small business concerns owned and controlled by Native Americans; and

''(E) small business concerns located in a geographic area with an unemployment rates that exceed the national unemployment rate, based on the most recently available monthly publications of the Bureau of Labor Statistics of the Department of Labor.''.

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

(1) in paragraph (3)—

(A) in the matter preceding subparagraph (A), by striking ''broad research topics and to topics that further 1 or more critical technologies'' and inserting ''applications to the Federal agency for support of projects relating to nanotechnology, security, energy, rare diseases, transportation, or improving the security and quality of the water supply of the United States (to the extent that the projects relate to the mission of the Federal agency), broad research topics, and topics that further 1 or more critical technologies or research priorities'';

(B) in subparagraph (A), by striking ''or'' at the end; and

(C) by adding at the end the following:

''(C) the National Academy of Sciences, in the final report issued by the 'America's Energy Future: Technology Opportunities, Risks, and Tradeoffs' project, and in any subsequent report by the National Academy of Sciences on sustainability, energy, or alternative fuels;

"(D) the National Institutes of Health, in the annual report on the rare diseases research activities of the National Institutes of Health for fiscal year 2005, and in any subsequent report by the National Institutes of Health on rare diseases research activities;

"(E) the National Academy of Sciences, in the final report issued by the 'Transit Research and Development: Federal Role in the National Program' project and the report entitled 'Transportation Research, Development and Technology Strategic Plan (2006–2010)' issued by the Research and Innovative Technology Administration of the Department of Transportation, and in any subsequent report issued by the National Academy of Sciences or the Department of Transportation on transportation and infrastructure; or

"(F) the national nanotechnology strategic plan required under section 2(c)(4) of the 21st Century Nanotechnology Research and Development Act (15 U.S.C. 7501(c)(4)) and in any report issued by the National Science and Technology Council Committee on Technology that

focuses on areas of nanotechnology identified in such plan;'';

(2) in paragraph (15), by striking ''and'' at the end;

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

(4) by adding at the end the following:

''(17) encourage applications under the STTR program (to the extent that the projects relate to the mission of the Federal agency)—

''(A) from small business concerns in geographic areas underrepresented in the STTR program or located in rural areas (as defined in section 1393(a)(2) of the Internal Revenue Code of 1986);

''(B) small business concerns owned and controlled by women;

''(C) small business concerns owned and controlled by veterans;

''(D) small business concerns owned and controlled by Native Americans; and

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

publications of the Bureau of Labor Statistics of the Department of Labor.''.

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

(1) by striking paragraph (2); and

(2) by redesignating paragraph (3) as paragraph (2).

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

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

''(ll) ANNUAL REPORT ON SBIR AND STTR PROGRAM GOALS.—

''(1) DEVELOPMENT OF METRICS.—The head of each Federal agency required to participate in the SBIR program or the STTR program shall develop metrics to evaluate the effectiveness, and the benefit to the people of the United States, of the SBIR program and the STTR program of the Federal agency that—

''(A) are science-based and statistically driven;

''(B) reflect the mission of the Federal agency; and

"(C) include factors relating to the economic impact of the programs.

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

"(A) the SBIR program and the STTR program of the Federal agency; and

"(B) the benefits to the people of the United States of the SBIR program and the STTR program of the Federal agency.

"(3) REPORT.—

"(A) IN GENERAL.—The head of each Federal agency described in paragraph (1) shall submit to the appropriate committees of Congress and the Administrator an annual report describing in detail the results of an evaluation conducted under paragraph (2).

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

"(C) DEFINITION.—In this paragraph, the term 'appropriate committees of Congress' means—

"(i) the Committee on Small Business and Entrepreneurship of the Senate; and

"(ii) the Committee on Small Business and the Committee on Science and Technology of the House of Representatives.".

SEC. 503. COMPETITIVE SELECTION PROCEDURES FOR SBIR AND STTR PROGRAMS.

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

"(mm) COMPETITIVE SELECTION PROCEDURES FOR SBIR AND STTR PROGRAMS.—All funds awarded, appropriated, or otherwise made available in accordance with subsection (f) or (n) must be awarded pursuant to competitive and merit-based selection procedures.".