

MARKUP OF H.R. 1425—CREATING JOBS  
THROUGH SMALL BUSINESS INNOVATION ACT  
OF 2011

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BEFORE THE  
COMMITTEE ON SMALL BUSINESS  
UNITED STATES  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

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## **MARKUP OF H.R. 1425—CREATING JOBS THROUGH SMALL BUSINESS INNOVATION ACT OF 2011**

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**WEDNESDAY, MAY 11, 2011**

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON SMALL BUSINESS,  
*Washington, DC.*

The Committee met, pursuant to call, at 1 p.m., in room 2360, Rayburn House Office Building. Hon. Sam Graves (chairman of the Committee) presiding.

Present: Representatives Graves, Bartlett, Chabot, King, Coffman, Tipton, Herrera Beutler, West, Ellmers, Walsh, Landry, Barletta, Hanna, Velázquez, Schrader, Critz, Altmire, Clarke, Chu, Cicilline, Richmond, Peters, Owens.

Chairman GRAVES. Good afternoon. We will go ahead and get started. We are going to have a series of votes at 1:30 or somewhere thereabouts. But I will call this Small Business Committee meeting to order.

And today we are going to mark up H.R. 1425, the Creating Jobs Through Small Business Innovation Act of 2011. And this legislation, which is introduced by a good friend of mine and member of this Committee, Ms. Ellmers from North Carolina, reauthorizes and modernizes small business innovative research and small business technology transfer programs. These two initiatives play pivotal roles in the development of new technology while giving federal agencies innovative ways to solve operational problems. Additionally, these programs have helped thousands of small businesses produce innovation, commercialize their products, and create many more jobs.

Independent studies and congressional testimony have indicated the great success of these programs but there are several areas in which they can be improved. And the legislation we have before us today goes a long way towards modernizing and improving these small business initiatives. Our legislative goal is to strengthen these programs to ensure efficient use of taxpayer dollars that helps create jobs by supporting the science with the greatest chances of commercialization. Moreover, the bill does not cost anything but rather sets aside two and a half percent of existing federal research dollars for small businesses to compete for.

Among other things, the H.R. 1425 would reauthorize the SBIR and STTR programs for three years, increase phase one and phase two award sizes for both programs, and allow for greater participa-

tion of small companies in the programs, regardless of their financial structure and enhance data collection for the programs.

I am pleased to be an original cosponsor to this legislation which has broad bipartisan support for the members on the Committee, as well as the House Science, Space, and Technology Committee. And I commend Ms. Ellmers, Mr. Richmond, Mr. Altmire, and Mr. West for all of their hard work on this bill. And I strongly urge my colleagues to support the bill and I now recognize the ranking member for opening remarks.

Ms. VELÁZQUEZ. Thank you, Mr. Chairman.

I think all of us agree that the SBIR program is important to Americas continued economic leadership in the world. Every year, SBIR funds thousands of projects and helps over 1,000 new companies get off the ground. Those startups develop innovative new products, make advances in technology, and most importantly, create new jobs.

We have tried repeatedly to reauthorize the SBIR initiative for the long term but the Senate has failed to act. I strongly support seeing this program updated, but we need to do so the right way in a manner that benefits small businesses. Unfortunately, I am concerned that the process used to develop the current bill has not resulted in the best legislative product possible. There was never a full committee hearing on this bill which could have yielded important insights on how to improve the legislation. We have also sidestepped a subcommittee markup of the legislation, another opportunity to refine and strengthen the bill.

I find it regrettable that in our first legislative venture, Mr. Chairman, the Committee has abandoned regular order. That process generally results in poor legislation and that is reflected in the measure before us. As we work to reauthorize SBIR, small businesses need to be our first and foremost concern. However, in several instances this bill put the interests of bureaucrats ahead of entrepreneurs by allowing federal agencies to take SBIR grant money to cover administrative costs. Enabling agencies to siphon off as much as 13 percent of SBIR grant money will deprive small firms of more than \$250 million in research funding every year. Those dollars should not be used as a sludge fund for federal bureaucrats. They should be fueling medical breakthroughs, promoting development of new energy sources, sparking the innovation of new products, and supporting the creation of small business jobs.

I am not only concerned about how this provision will impact SBIR, but the precedent they will set. Are we going to start drawing funds away from other small business programs in order to pay for the administration? Do not we want the funds Congress authorizes for small business assistance to actually go to small businesses?

In promoting the bill, I have heard repeated that there is no cost associated with this bill. In fact, the Chairman just made reference to that in his opening statement. Only in Washington would you take a quarter billion dollars out of the hands of small businesses and claim there is no cost. Just as this legislation will reduce funding available for small businesses, it will also create regulatory holders and paperwork burdens for entrepreneurs wishing to participate in the SBIR. If we want the SBIR and STTR programs to

be successful, we should be encouraging participation, not making it harder for firms to get involved.

The bill also continues discriminating between businesses based on their financing model. This is a practice by SBA that shuts out of the program some of the most promising companies. I was under the impression that this was to be the free market Congress. It is, therefore, confusing and disappointing that we are considering legislation which allows such anti-market practices to continue.

Mr. Chairman, the SBIR and STTR programs are important tools in helping rebuild our economy for the long term. After all, when entrepreneurs develop new products or make scientific advances, they not only create jobs here in the United States but they also help position our nation in the global economy for the long term. Unfortunately, the bill before us will weaken these programs and mean less opportunities for America's entrepreneurs. It is my hope that during today's markup we can correct some of these deficiencies in this legislation before it is considered by the House. And I yield back.

Chairman GRAVES. Are there any other members that wish to be recognized for statement on H.R. 1425? Ms. Ellmers.

Ms. ELLMERS. Yes, I would like to make an opening statement. Thank you, Mr. Chairman.

Chairman GRAVES. Recognized for five minutes.

Ms. ELLMERS. Our bill improves data collection that will allow better metrics. This is the epitome of the free enterprise system.

As chairman of the Subcommittee on Healthcare and Technology, I believe it is vital that we expedite reauthorization of SBIR so that small businesses across the country can continue to compete for the contracts that will springboard ideas, create jobs, and spur economic growth. It is important to note that our bill has strong bipartisan support from both committees of jurisdiction. As for specifics, our bill allows for greater participation among small businesses with significant private capital support. We believe the program should focus on the best ideas and not a company's financial structure. Our bill increases both phase one and phase two award levels, which have not been raised since 1982. Our bill allows Congress to better determine how the program is working and provide more engaged oversight. Our bill requires a congressional reauthorization after three years, which allows Congress to make changes necessary to a fast-moving scientific research and development community. Our bill requires agencies to complete the review process for applicants within 90 days or 180 days if the agency is granted an extension by the SBA. This is necessary to give small businesses some degree of certainty as to when they can expect to determine the award.

Since being created in 1982, the SBIR program has provided federal research and development grants to countries' best innovators, small businesses. It has provided more than 60,000 patents, and for the past decade about one-fourth of the most important technological innovations in this nation. And most importantly, it does not cost anything. The program simply requires the federal agencies to slice out a small percentage within their overall budget for small firms to compete for research and development. SBIR has been successful because it is based on a rigorous three-phase proc-

ess that allocates contracts according to commercial promise. SBIR is a fully competitive program imitated by countries around the world and praised by every independent third party evaluation it has received, including the U.S. Government Accountability office and the National Academy of Engineering. Not only do great products and services develop from this program, so do quality American jobs.

With the SBIR program set to expire on May 31st of this year, I look forward to working diligently with my colleagues to ensure passage of this bill. I yield back.

Chairman GRAVES. Thank you, Ms. Ellmers.

Any other member wish to be heard on the bill? Overall bill? Seeing none, the Committee now moves to consider H.R. 1425. The Clerk will read the title of the document.

The CLERK. Creating Jobs Through Small Business Innovation Act of 2011.

Chairman GRAVES. I would ask unanimous consent that the bill be considered as read and opened for amendment in its entirety. Does any member seek recognition for the purpose of offering an amendment?

Now, having said that we have got a couple of members, Mr. Critz, Mr. West, Mr. Tipton, who have Armed Services Committee markups. So we are going to try to accommodate. Okay. And so we are going to try to accommodate you all first and get those out of the way. So I am going to recognize Mr. West for his amendment first.

Mr. WEST. Thank you, Mr. Chairman.

I would like to offer an amendment for this bill, H.R. 1425.

Chairman GRAVES. The Clerk will report the amendment.

The CLERK. Amendment to the Committee print offered by Mr. West of Florida. By striking the Committee on Armed Services and the Committee on Small Business of the House of Representatives and inserting the Committee on Armed Services, the Committee on Small Business, and the Committee on—

Chairman GRAVES. I would ask unanimous consent that the amendment be read or considered as read. And if there is no objection, so ordered. We will try to do that—

Ms. VELÁQUEZ. Mr. Chairman.

Chairman GRAVES. Yes.

Ms. VELÁQUEZ. Can we have a copy of the amendment, please?

Chairman GRAVES. Do we have an amendment? Copy of the amendment to be passed out? It should be in the book. There it is. Make sure everybody has it. It should be in as best order as we can.

Okay, Mr. West, you are recognized for five minutes.

Mr. WEST. Absolutely. One of the meetings that I had just last week was with a friend of mine who is now the head of the director of the Army Rapid Equipping Force. And one of the things that he is really concerned about having is more collaboration, more cooperation between the Rapid Equipment Force, the Department of Defense, U.S. Army, with our small businesses as far as innovative technology that they can bring immediate things to the table for our war fighters so that they do not have to get tied up in the procurement process. And so a part of that, what we are looking at



with this amendment is to require an annual DOD report on the commercialization readiness program and requires for DOD to share information about their efforts to include SBIR technology and companies in DOD Programs.

Additionally, the base bill directs the DOD to establish goals for SBIR technology inclusion in the prime and subcontractor relationship. Now, the amendment also holds that prime contractors will be held harmless against those goals if they can certify that no suitable SBIR technology is available to include in any of their such programs.

And with that being said I yield back, Mr. Chairman.

Chairman GRAVES. Does any other gentleman wish to be heard on the gentleman from Florida's amendment? Seeing none I thank the gentleman for his amendment. I support it because it does enhance opportunities for commercialization in the Defense Department, which is one of the primary points of the SBIR program. Having said that, all those in favor, please say aye.

[Chorus of ayes.]

Chairman GRAVES. All opposed, no?

The opinion of the chair is the ayes have it. The amendment is adopted.

I will next recognize Mr. Critz for his first amendment. And I think you have four. Can you tell us which one?

Mr. CRITZ. Well, it is the number on the sheet, Number 12.

Chairman GRAVES. I recognize Mr. Critz for Number 12.

Mr. CRITZ. Sorry. It is Number 12, Critz.

Chairman GRAVES. Oh, good. Will the Clerk please read the amendment?

The CLERK. Amendment to the Committee print offered by Mr. Critz of Pennsylvania. Preference for hydraulic fracture and research. Section 9 of the Small Business Act.

Chairman GRAVES. I would ask unanimous consent that the amendment be accepted as read. Any objections?

Seeing none, I will turn to Mr. Critz for an explanation of the amendment.

Mr. CRITZ. Thank you, Mr. Chairman. And thank you, ranking member, for allowing those of us in Armed Services to go quickly. So in the essence of time I will be very brief.

In Western Pennsylvania, actually, and all over Pennsylvania, we have discovered the Marcellus Shale gas plate and one of the ways that they release the gas from the shale is through a process called hydraulic fracturing. And as the co-chairman of the Marcellus Shale gas caucus, the fracturing process and the frac water has become an issue of contention within our state and within many states. And this amendment is just to encourage agencies that have SBIRs to use or create an SBIR related to reducing the environmental impact with respect to water quality of hydraulic fracturing during natural gas exploration activities so that we can move the technology forward and take care of our energy needs in this country.

And I yield back.

Chairman GRAVES. Thank you, Mr. Critz.

Do any other members wish to be heard on the amendment? Seeing none I think it is an okay amendment. We are willing to accept it. And with that, all those in favor, say aye.

[Chorus of ayes.]

Chairman GRAVES. All those opposed say no.

The amendment is passed and duly adopted.

Next, we are going to go ahead while we are passing our Mr. Tipton's amendment. So I am going to turn to Mr. Critz again for his second amendment. Tell us which one it is.

Mr. CRITZ. It is Number 13.

Chairman GRAVES. Critz Number 13. Will the Clerk please read the title?

The CLERK. Amendment to the Committee print offered by Mr. Critz of Pennsylvania. Preference for acid mine drainage research. Section 9—

Chairman GRAVES. I ask unanimous consent that the amendment be considered as read. Seeing no objections I now turn to Mr. Critz for—you have five minutes for explanation.

Mr. CRITZ. And again, thank you for this opportunity. One thing that we have really in all of Pennsylvania is that the legacy issues of coal mining is a product called acid mine drainage that is still impacting our streams and rivers. And it is something we have been working to address for many, many years, but never at a scientific level where agencies would be able to award SBIR grants to improve the technology or to discover new technologies to address this issue.

So again, this amendment, just like the previous, encourages agencies to make SBIR research awards, to give preference for proposals related to reducing the environmental impact with respect to water quality of acid mine drainage.

And I yield back.

Chairman GRAVES. Thank you.

Mr. MULVANEY. Can the gentleman yield for a question?

Chairman GRAVES. Yeah, does any other member wish to be heard on the amendment?

Mr. Mulvaney.

Mr. CRITZ. I yield. Go ahead.

Mr. MULVANEY. You can mention on both of these, these encourage the agencies to give priority. The language actually says "shall give priority." And I am just wondering how you anticipate giving priority to both of these types of things and are we setting up a situation where these two specific areas—fracturing and acid research—are going to move to the top of the line at every agency? Is there other language for other studies that also give them priority? Are we getting ready to make these two things the top priority?

Mr. CRITZ. Just as in all SBIR programs, this is a merit-based application. So I guess the language is stronger than the actual intent, is that it is just a merit-based opportunity that allows and directs them to look at acid mine drainage and fracking as issues that need to be addressed and we encourage them then to look into that. But it is still all merit-based.

Mr. MULVANEY. Does the gentleman yield?

Mr. CRITZ. Absolutely.

Mr. MULVANEY. And I recognize that. I support that. I guess my concern is the language says that it shall give priority to applications. And I am just wondering if we are unintentionally displacing other applications. That was my issue.

Mr. CRITZ. No, and it is all still merit-based. It does nothing to change that criteria.

Chairman GRAVES. Does any other member wish to be heard on the amendment? Seeing none, all in favor, say aye.

[Chorus of ayes.]

Chairman GRAVES. All those opposed, no.

[Chorus of noes.]

Chairman GRAVES. The ayes have it. The amendment is adopted.

I will next move to Mr. Tipton. Yeah, let us go ahead and get some of Tipton's out of the way. Mr. Tipton——

Mr. TIPTON. Mr. Chairman, I do not have another committee meeting. If you want to go in regular order, I would be happy to go ahead.

Chairman GRAVES. I appreciate that. I thought that you did. So let us go ahead and get the rest of Mr. Critz's and just get them done since you have a markup problem.

Your next amendment is——

Mr. CRITZ. It is Number 14, Critz.

Chairman GRAVES. Will the Clerk please read the title?

The CLERK. Amendment to the Committee print offered by Mr. Critz of Pennsylvania. Preference for clean coal technology research. Section 9 of the Small Business——

Chairman GRAVES. I would ask unanimous consent that the amendment be read.

Seeing no opposition I would recognize Mr. Critz for five minutes.

Mr. CRITZ. Thank you, Mr. Chairman.

As with the previous two amendments, this is just encouraging the federal agencies with SBIR programs to, excuse me, to make SBIR research awards and give preference to proposals regarding clean coal technology. As gas prices soar, one of the areas that foreign countries and powers that be have gone to a gasification, a coal gasification and it is an area where obviously western Pennsylvania where I hail from is very rich with coal but it is all across Pennsylvania and all across the country. That this could be an area where the more we do with turning coal into alternate forms of fuel would be taking us off the dole from the Middle Eastern oil reserves. And this is just asking SBIR to look at these programs to see if we cannot move this technology forward.

And I yield back.

Chairman GRAVES. Does any other member wish to seek recognition?

Mr. MULVANEY. The gentleman yields for questions.

Chairman GRAVES. Mr. Mulvaney.

Mr. MULVANEY. Absolutely. Mr. Critz, and I am sorry to beat the dead horse but this one actually goes a little bit further. The closing to your amendment says—it adds additional language now. It says, “in a manner that increases the number of award recipients conducting research.” And I think we really are moving beyond what I think you intended here. And if this were to pass, I think that each agency would actually be required to start approving

more of these programs for clean coal research. And I am as big a fan of clean coal research as you are. We generate a great deal of energy with coal in my state but I think we are moving beyond the pale now as opposed to just sort of drawing attention to noteworthy programs and actually requiring the agencies to give more money in these areas. And for that reason I——

Ms. VELÁZQUEZ. Will the gentleman yield?

Mr. MULVANEY. It is not my time but I would be happy to yield. Yes, absolutely.

Ms. VELÁZQUEZ. But to ask the gentleman a question. Where do you—did you see in the language that it requires? It says, “an SBIR solicitation that requests research.”

Mr. MULVANEY. I am sorry. Maybe I am looking at the wrong one.

Chairman GRAVES. Just for clarification, we are on Critz Number 14.

Mr. MULVANEY. Mine is not numbered. It proposes to amend page 87 after line 6 with a new QQ.

Ms. VELÁZQUEZ. Yeah.

Mr. MULVANEY. In the last sentence of that it says—well, it reads in its entirety, “in making awards under this section, a federal agency shall give priority to applications,” which is the language we have seen in the previous two amendments.

Ms. VELÁZQUEZ. That is not the amendment.

Mr. MULVANEY. Is it not? Am I on the wrong amendment?

Ms. VELÁZQUEZ. No, it says, “not later than one year after the date of enactment of this act, each appropriate federal agency with an SBIR program shall develop an issue independently or jointly, an SBIR solicitation that requests research proposals.” It does not require.

Mr. MULVANEY. Again, the one I am looking at says 14 across the top.

Mr. CRITZ. And I think what happened was that in order to keep these amendments germane, we had to change the language to encourage, not to require, that way because it would have had to have left this Committee to go to Financial Services for their input. So that is what the language has been. The one you are looking at is the original and we have actually softened the language.

Chairman GRAVES. I am going to regain the time and ask the Counsel to——

CHIEF COUNSEL. We do not have a copy of the latest version of Mr. Critz’s amendment. So until we get that latest version of that amendment, we cannot examine what the amendment is because the version that we have is as the Clerk said.

Ms. VELÁZQUEZ. The chairman has it.

Chairman GRAVES. Would the gentleman withdraw the amendment for the time being until we—we will move to your next one—until we clear this up so that everybody has a copy of the amendment. And I would encourage all the members. We got some amendments at the very end to please get your amendments in earlier so we can have them in the markup book so everybody has them in order and has them—has the right amendment in front of them because this creates a serious problem. And if we do not have

the amendment in front of us then we cannot move on. So if you will withdraw that——

Mr. CRITZ. I will withdraw Number 14.

Chairman GRAVES. All right. Now we——

Ms. VELÁZQUEZ. For the time being.

Chairman GRAVES. For the time being.

Mr. CRITZ. Until it can be researched by counsel. Absolutely.

Chairman GRAVES. So let us get the amendment out there and in the meantime, go ahead and offer your last amendment, which is Critz Number 15.

Do we have the latest copy of that one?

Ms. VELÁZQUEZ. Yes. That one was——

Mr. CRITZ. I believe so. This has been sort of a scramble these last couple of days. I think we got notice, what, after we went on recess so we are catching up as quickly as we can.

Chairman GRAVES. You are recognized to offer the amendment. Go ahead. We will ask the Clerk to read it.

The CLERK. Amendment to the Committee print offered by Mr. Critz of Pennsylvania. Clean coal technology. Section 9 of the Small Business Act.

Chairman GRAVES. I want to ask unanimous consent that the amendment be read. If there are no objections, Mr. Critz, you have five minutes to explain the amendment. And this is Critz Number 15.

Mr. CRITZ. Thank you, Mr. Chairman. This amendment is more substantial than the previous one that was withdrawn. This actually would establish an SBA pilot program to commercialize clean coal technologies and those related to coal gasification that are developed in the SBIR program. Often, promising research languishes in the SBIR program and fails to reach the market. This program would fill that void for clean coal technologies.

I yield back.

Chairman GRAVES. Does any other member wish to be heard on the amendment? Ms. ELLMERS.

Ms. ELLMERS. Yes, I have a question if the gentleman would yield.

Chairman GRAVES. It is your time.

Ms. ELLMERS. I notice that it requires five percent, which is an increased amount of money over and above what is being allocated through all the other agencies.

Mr. CRITZ. I am sorry. It takes—it does not increase the amount that is in the Act. It takes five percent to promote clean coal technologies—excuse me, of the commercialization fund. And it caps it at five. It is not more than five percent.

Ms. ELLMERS. It caps it, which is again twice as much as the others, any recommended of 2.5 percent. Is that——

Mr. CRITZ. No, no, no. The SBIR program has 2.5 percent that it pulls out of funds to fund itself but this is from the commercialization account within the SBIR program.

Ms. ELLMERS. Thank you.

Chairman GRAVES. Mr. King.

Mr. KING. Thank you, Mr. Chairman.

I move to strike the last word. In reading the summary that we have it says five percent. Listening half to the exchange that has

taken place and reading through the amendment which does not make a reference to five percent, did I miss a response to that or are we going forward with another amendment that does not represent the language that is being used as it is presented? And I would ask the gentleman if he would yield to that question. Or I would yield to the gentleman for a response to that question. Mr. Critz, can you give me a sense of the origin of the five percent number?

Mr. CRITZ. Are you asking because the language you have in front of you does not reference five percent?

Mr. KING. That is correct. And I would yield to the gentleman for a response to that. I look at a summary here and I listen to the presentation, the discussion about five percent cap and I read through the amendment, which is Critz 15 and I am beginning to wonder is the language of this amendment the language that we are discussing here? Or would the gentleman, if he has trouble responding to that, would he be willing then to withdraw it and come with something that has some clarity?

Mr. CRITZ. I think what happened was we had been discussing the five percent which here I am defending it. But actually in the final language there is no amount determined. Initially, we had been talking about five percent. Here again though to keep this amendment germane we had to take anything out that would require other Committee jurisdiction. And therefore, we again softened the language just to create this program, to create this pilot program so that coal—

Mr. KING. Okay. Reclaiming my time then, then I can surmise that the summary was written before some of the amendments were drafted in the final form that was delivered to the Committee and therein is the disagreement or the misunderstanding that we have. And what I have not heard from the gentleman is say a justification or a rationalization on why we should be advancing the clean coal technology through small business. Does the market provide that? Do not we have the EPA that is providing plenty of incentives? How does this add extra incentive or what would be the justification for tax dollars being invested in this endeavor? And I yield to the gentleman.

Mr. CRITZ. Well, there is a lot of research going on that is for coal gasification for clean coal technologies. And what this would do would be provide a program where that research then gets built upon and then commercialized so that we can get that technology to market.

Mr. KING. But it is the gentleman's—reclaiming my time—it is then the gentleman's position that the markets and the EPA regulation will not drive this research without an SBA program to help supplement that. Is that an appropriate conclusion? And I would yield to the gentleman.

Mr. CRITZ. Well, I think the way we need to frame this is that we need to get off of foreign oil. And coal gasification technology is something that we need to push. And here is a program, SBIR, that could help move us along those lines and that is what we are trying to do here.

Mr. KING. Reclaiming my time. And I thank the gentleman. I will not make the argument but neither will I support the amendment.

Thank you, and I yield back.

Ms. VELÁZQUEZ. Mr. Chairman.

Chairman GRAVES. Ms. Velázquez.

Ms. VELÁZQUEZ. I just would like to add what the gentleman's amendment tried to do is to promote clean technology in the area of coal. EPA does not provide funding, nor does it grant money for research so that we can come up with the next clean technology in the area of coal. So what we are trying to do here is how can we provide grants for any small business innovator who can come up with clean technology in the area of coal at a time when we are facing this energy crisis. And how can we help that small business innovator bring that technology to commercialization. EPA, in fact, we are having a hearing on regulations impacting small businesses from EPA. So EPA deals with regulation. It does not provide funding. It does not provide any resources for any small business innovator to come up with new technologies.

Chairman GRAVES. Does any other member wish to be heard on the amendment? Mr. West.

Mr. WEST. Thank you, Mr. Chairman.

I think that we all agree with the concept of pursuing the clean coal technology and the use of the SBIR to incentivize that pursuit through small businesses. I think that right now there is just a little bit of confusion with the language that is here in this amendment. My recommendation would be to withdraw this amendment and rewrite it as soon as possible to be presented back to the Committee.

Thank you, and I yield back.

Chairman GRAVES. Does any other member wish to be heard on the amendment?

Mr. RICHMOND. Mr. Chairman, I would. And at least I know that there has been one explanation and then what we have in hand. In looking at the very short amendment, I would just encourage that what it does is simply say that if there is some new technology created under SBIR, that we help them get to market. And I think that what we are talking about in our fight to be energy independent is that we need to hurry up and get things to market as quickly as possible. So this is truly an addition to help get speed to market. So I do not want us to get caught up in different versions and just really focus on what the amendment does. And it simply says that if there is some research related to clean coal, including the gasification of coal, that the SBIR help get them to market.

And I think that is important when we look at our long-term energy policy and all of those things. These things take years and years and years which we do not have so that we can become independent and not rely on people who may be adverse to us to supply us with our energy needs. So I would just urge us to take a look at the amendment and support the amendment.

And I yield back.

Chairman GRAVES. Does any other member wish to be heard on the amendment?

Ms. ELLMERS. Yes, Mr. Chairman. I would like to echo, and I agree with my colleague there but I do believe that there is a discrepancy in the language which we have already acknowledged and I think at this time, in the time sensitive nature, let us just withdraw it at this point and then move forward on the correct language.

Chairman GRAVES. Does any other member wish to be heard on the amendment?

Mr. CRITZ. Absolutely. We will withdraw it and make sure that the most up-to-date language is given to counsel and we can address this in the future.

Chairman GRAVES. And I have one question, too. This actually—while the other amendments you have offered so far do not create actual programs, this one creates a pilot program. Is that correct?

Mr. CRITZ. That is correct.

Chairman GRAVES. So we will accept the withdrawal. You have two amendments sitting out there that we are waiting on language, and I am going to encourage members again, when you bring language in at the last minute and change it at the last minute, we are going to get into these problems. We need to have the language here earlier so we can get it in everybody's books so we are looking at the same language. We are now down—

Ms. VELÁZQUEZ. Mr. Chairman.

Chairman GRAVES. Yes.

Ms. VELÁZQUEZ. Will you yield?

Chairman GRAVES. Yes.

Ms. VELÁZQUEZ. That is why it would be appropriate to request that we do not notice a markup, a full committee markup on the day that we are on our way back home. We came back here yesterday.

Chairman GRAVES. We have seven minutes left in the vote so we are going to adjourn and then we will come back and be on regular order. So I encourage members to come back.

The hearing is in recess until we are finished with this series of votes.

[Recess.]

Chairman GRAVES. I think we have all the amendments now corrected and all the amendments where they need to be. But when you bring in amendments and then you change the language at the last minute and we need them, and I would also tell the members, too, work off the piles in front of you rather than what you may have—your staff may have put together last night because those are the latest versions of the amendments, are the piles in front of us.

We have two members that still have conflicts with other markups. We have to dispose of Mr. Critz's amendments and we have Mr. Owens, who also has—is that correct, Mr. Owens? You have—okay. So we will go ahead. And you have one amendment? Three amendments?

Mr. OWENS. I have three.

Chairman GRAVES. All right. We will go ahead and try to burn through yours so that we can get you to your other markup. Like I say, I am trying to accommodate everybody but if this keeps get-



ting us all messed up then we are going to go in regular order. But I recognize you for your first amendment.

Mr. OWENS. Thank you, Mr. Chairman.

My first amendment is Number 30 on the sheet. That amendment—

Chairman GRAVES. Hang on just a second. It is Owens Amendment Number 30. Clerk, please read the—

The CLERK. Amendment to Committee print offered by Mr. Owens of New York. Increased partnerships—

Chairman GRAVES. I ask unanimous consent that the reading be disposed of and we just move forward. Is that okay? If we have no objections, then I will turn to you, Mr. Owens, on Number 30.

Mr. OWENS. Thank you.

This amendment authorizes or directs that each agency establish a procedure by which SBIR awardees and prime contractors can essentially get together and facilitate moving the awardee to the third phase in SBIR, which is really the critical phase where commercialization takes place. And there is the additional request that business incubators be established, which is a common tool in economic development and many small businesses use these types of facilities, which include such things as shared office space, office services, so that this can be done at an economic basis and move the process along to the commercialization of the particular product which is being developed.

I yield back.

Chairman GRAVES. Thank you, Mr. OWENS.

Does any other member wish to be heard on the amendment? This is Owens Number 30.

Seeing none, I do thank the gentleman for his amendment and I do support it. Partnerships between the SBIR awardees and larger enterprises should create greater use of technology that is developed under this program. So having said that, the question is on the Amendment Number 30 by Mr. Owens of New York. All those in favor, say aye.

[Chorus of ayes.]

Chairman GRAVES. All opposed, no. The ayes have it.

Mr. Owens.

Mr. OWENS. The next amendment I have, Mr. Chairman, is Number 31.

Chairman GRAVES. Thirty-one. Clerk, please read the title.

The CLERK. Amendment to Committee print offered by Mr. Owens of New York. Express authority to fast track phase two awards for promising phase one research. Section 9 of the Small Business Act as amended by this act is further—

Chairman GRAVES. That is not 31. We are working on Owens 31.

The CLERK. Sorry. Enhancing veteran participation in SBIR. Section 9 of the Small Business Act as amended by this act is further amended by adding at the end following—

Chairman GRAVES. There is unanimous consent that the title be read or as read. If I see no objections, we will move forward. Mr. Owens, is that the correct amendment, Number 31?

Mr. OWENS. It is.

Chairman GRAVES. You are recognized for five minutes.

Mr. OWENS. Thank you. The purpose of this amendment is to create a preference for veterans in the process of their security SBIR and STTR awards. And it is for those entities that are owned and controlled by a veteran. The purpose further is to allow for the receipt of phase one awards up to \$300,000 and phase two awards to \$2,250,000 under the SBIR program. Again, the purpose of this amendment primarily is to create a preference for veterans.

I yield back.

Chairman GRAVES. Thank you, Mr. Owens.

Any other members wish to be heard? Mr. Mulvaney.

Mr. MULVANEY. Does the gentleman yield?

Mr. OWENS. Yes.

Mr. MULVANEY. I am looking at the language in subsection 1(a) and I see where—I assume these are the—the dollar figures have been raised to \$300,000 and \$2.25 million. Is that correct?

Mr. OWENS. That is correct.

Mr. MULVANEY. The language that follows that that reads with such amounts able to be exceeded if the federal agency making the awards notifies the administrative of such success. Is that currently in the bill or is that just added in your amendment?

Mr. OWENS. I believe it is just added in my amendment.

Mr. MULVANEY. Well, I mean, okay. I mean, really what we are doing is we are taking away any caps at all. Are we not? I mean, if essentially you can blow through these caps by simply notifying somebody that you have blown through the caps, then there are no caps.

Mr. OWENS. Well, it does not necessary change, however, the amount of money that is available. All it does is allow the agency to grant a larger amount of money to a veteran controlled entity.

Mr. MULVANEY. And I recognize that and I would support that up to the limits that you have stated, the \$300,000, the \$2.25 million, but really what you are saying is there is no limit on an award to a veteran-owned business because the agency making the reward simply has to—or the award, simply has to notify the administration that it is giving \$10 million and it has the authority to do that. And I think that goes perhaps beyond the intend of the original amendment.

Mr. OWENS. Will the gentleman find the amendment acceptable if we struck after exceeded?

Mr. MULVANEY. Yes, sir. Or actually after the words under an SBIR program. And I am not familiar with the way the chairman handles amendments on the floor in this Committee so I would reserve my—

Chairman GRAVES. If the gentleman wishes to withdraw it and if you want to work on it and try to work on it, I actually—we can amend it. Or he can amend it if you want.

Ms. VELÁZQUEZ. Mr. Chair. Yes.

Mr. MULVANEY. I yield to the ranking member.

Ms. VELÁZQUEZ. Well, I would like to see that he could offer a perfecting amendment to the amendment.

Chairman GRAVES. Again, if you are willing to take amendments on the floor verbally, I would be more than happy to propose that we simply strike everything after under an SBIR program. There

is a comma there. Inserting a period. That leaves the preferences or the additional caps at 302.25 but removes this extra language.

Mr. OWENS. That is acceptable.

Chairman GRAVES. Did you get that, counsel?

CHIEF COUNSEL. Yes.

Chairman GRAVES. Any other member wish to be heard on the amendment to the amendment?

Seeing none, the question is on the perfecting amendment by the gentleman, Mr. Mulvaney, to the amendment, Mr. Owens, which is Number 31. All those in favor, say aye.

[Chorus of ayes.]

Chairman GRAVES. Opposed? It appears the ayes have it. The ayes do have it. Does anyone else wish to be heard on the amendment?

Mr. Owens.

Mr. OWENS. Thank you. The next I have is Number——

Chairman GRAVES. We are not finished yet.

Mr. OWENS. Oops, sorry.

Chairman GRAVES. I appreciate that, Mr. Owens. And I do appreciate your amendment. That being said, I personally do not believe that dividing up government contracting programs among certain specific groups of individuals is constructive and it tends to pit one group of small businesses against another rather than expanding opportunities for small business. It also adds additional layers. So I am going to oppose the amendment.

Having said that, the question is on the amendment, Mr. Owens, Number 31. All those in favor, say aye.

[Chorus of ayes.]

Chairman GRAVES. All opposed, no. No.

The noes appear to have it.

Ms. VELÁZQUEZ. Record a vote.

Chairman GRAVES. The noes appear to have it.

Ms. VELÁZQUEZ. Record a vote.

Chairman GRAVES. The gentlelady has asked for a recorded vote. A recorded vote is requested on the question of agreeing to the amendment offered by Mr. Owens, Number 31. Is there a second?

Mr. SCHRADER. Second.

Chairman GRAVES. There is a sufficient second. A recorded vote is ordered pursuant to Committee Rule Number 10 for the proceedings and the amendment will be postponed and we are going to roll the votes as best we can to accommodate other members because we have a lot of things going on today and I do not want members having to run back and forth between other hearings.

Now, Mr. Owens, you have another amendment.

Mr. OWENS. I do.

Chairman GRAVES. This one is Number 29, correct?

Mr. OWENS. Correct.

Chairman GRAVES. Will the Clerk read the——

The CLERK. Express authority to fast track phase two awards for promising phase one research. Section——

Chairman GRAVES. I ask unanimous consent that the title be read. Anyone opposing? Seeing none, Mr. Owens, you have five minutes on Amendment Number 29.

Mr. OWENS. Thank you, Mr. Chairman.

The purpose of this amendment is, in fact, as stated in the caption, to fast track phase two awards for promising phase one research. It simply allows the administrator to create a fast track program which I think is very helpful in these circumstances as it allows for the further development of the product and moves it on to commercialization at a more rapid pace.

I yield back.

Chairman GRAVES. Does any other member wish to be heard on the amendment?

Ms. VELÁZQUEZ. Yield, Mr. Chairman.

Chairman GRAVES. Ranking member.

Ms. VELÁZQUEZ. I applaud the gentlemen's intent to make this bill better in the sense that one of the major challenges for many small businesses is the long funding gap between the end of phase one and the beginning of phase two. So it is often difficult for companies to hold a team together through this funding gap. Small companies have a substantial burn rate and speed which projects are funded impact this rate so they need the money at a faster rate. Research has shown that this mechanism can result in greater expected sales for the company and greater employment growth. So I will ask for my colleagues to support Mr. Owens' amendment.

Mr. OWENS. I yield back.

Chairman GRAVES. I thank the gentleman for his amendment. I support it because it is going to reduce bureaucratic red tape facing some of these small innovative companies, so I would urge my colleagues to do the same. That being said, the question is on the amendment by Mr. Owens, Number 29. All those in favor, say aye.

[Chorus of ayes.]

Chairman GRAVES. All those opposed? The ayes appear to have it. The ayes do have it. The amendment is adopted.

Mr. OWENS. Mr. Chairman, thank you very much for assisting me today.

Chairman GRAVES. Absolutely.

Now, I believe we have another conflict. Ms. Chu—

Ms. CHU. Yes.

Chairman GRAVES [continuing]. Requested if she—both of you have a conflict? Resolve it right away. Who wants to go first? How many amendments do you have, Ms. Chu?

Ms. CHU. I have three.

Chairman GRAVES. Three. How many do you have? Three? Ladies first.

Ms. CHU. Mr. Chair—

Chairman GRAVES. What amendment is it?

Ms. CHU. I have an amendment at the desk. It is No. 27.

Chairman GRAVES. Number 27. Clerk, please read the Amendment Number 27 by Ms. Chu.

The CLERK. Page 31, line 16, insert after policy committee the following.

Chairman GRAVES. I would ask unanimous consent that the title be read. Seeing no objections we will move forward. Ms. Chu, you have five minutes. Explain your amendment, Number 27.

Ms. CHU. Mr. Chair, I am offering an amendment that will make sure small businesses are at the table when SBIR and STTR programs are affected. As written in H.R. 1425, an interagency policy

committee will be formed to make policy recommendations on ways to improve program effectiveness and efficiency. The findings will be reported to both the house and Senate and the committee will be responsible for assessing award sizes and criteria for flexibility, recommend best practices for other agencies, and develop a standard evaluation framework. However, small business does not have to be a part of this important committee.

My amendment would require that members of the small business community be part of the interagency policy committee. As members of Congress, we know that we learn about policies and programs when constituents walk through our doors and tell us how these programs are working. Small business should be part of these conversations at the interagency policy committee since they know firsthand how any changes to SBIR and STTR will impact them. Small businesses can pinpoint what practices have worked best for them and their colleagues and could be replicated at other agencies. They would be the first ones to identify any needs or gaps in services that may not be seen from the perspective of the federal agency.

And lastly, having small businesses that are in the forefront of their fields can encourage the SBIR programs to stay on top of the changing industry dynamics and tailor the program accordingly. If we are truly invested in making SBIR and STTR programs run efficiently and effectively, we should include small business community members, the interagency policy committee.

I urge the members of the Committee to support my amendment.

Chairman GRAVES. Does any other member wish to be heard on the amendment?

Ms. ELLMERS. Yes, I would like to speak. As it is laid out in SBIR, there is actually oversight in the fact that it is a three-year program to be looked at from that perspective. And I am afraid if we add another committee, interagency policy committee, that that is just adding another layer of bureaucracy which will stand in the way of small business innovation. And I would recommend a no vote on this amendment.

Ms. VELÁZQUEZ. Will the gentlelady yield?

Ms. ELLMERS. Yes.

Ms. VELÁZQUEZ. This is not creating a new program. It is not creating a new layer. This is making sure that we empower those most impacted by any policy changes on the SBIR program. It will require small business participation in the interagency policy committee that is in existence. So we are allowing for small businesses to have representation at the interagency policy committee. We will lend and allow for small businesses to have a voice in this policy committee that is already in existence.

Thank you for yielding.

Chairman GRAVES. Does any other member wish to be heard?

I thank the gentlelady for the amendment. And I do believe that small businesses should have a voice on their interagency policy committee's discussion and that the committee should actively seek out that information. I believe this particular committee should be comprised of only federal agency employees, and therefore, placing small businesses on the policy committee will necessitate the use of cumbersome procedures set forth in the Federal Advisory Com-

mittee Act. At this point I oppose this amendment, but if the gentlelady would withdraw it I would be happy to work with you and we can come up with a compromise and be able to, as the bill moves forward toward the floor, hopefully come up with something that we can help you with. If not, we can move forward. I would be happy to work with you.

Ms. CHU. Okay. Then I withdraw and I appreciate the offer to work together as it goes to the floor.

Chairman GRAVES. Absolutely. You have the next amendment. Which one?

Ms. CHU. Mr. Chair, I have an amendment at the desk. It is Amendment Number 26. That is for minority institutions amendment.

Chairman GRAVES. Will the Clerk please read amendment 26, Ms. Chu.

The CLERK. Page 26, after line 8, insert the following and redesignate subsequent paragraphs.

Chairman GRAVES. I ask unanimous consent that the bill be considered as read. Any objections? If there are no objections, Ms. Chu, you have five minutes on amendment 26. You are recognized.

Ms. CHU. I am offering an amendment with Congresswoman Yvette Clarke from New York that would address one of the concerns that David—Dr. David Audretsch from Indiana University brought up at our SBIR hearing last month. In his testimony, he noted that one of the goals of the SBIR program is to increase the participation of minorities and disadvantaged people in the process of technological innovation. Dr. Audretsch cites that minority participation has decreased over time in the SBIR program. Minority-owned firms fell to below 10 percent for the first time in 2004, and this trend has subsequently continued.

My amendment would address the problem by providing funding from the three percent allocation from the DOD commercialization pilot program for grants to be made available to minority institutions in order to increase the number of applications submitted by minority-owned small businesses. It would allow minority institutions, such as American-Native, American-Pacific Islander-serving institutions, historically black colleges and universities, Hispanic-serving institutions, and tribal colleges and universities to partner with nonprofit organizations that have experienced developing relationships between industry, minority institutions, and other entities for the purpose of increasing the number of SBIR and STTR program applications by minority-owned small businesses.

Increasing applications from minority-owned businesses is not just a lofty goal. It is essential to the short- and long-term health of our country. Minority firms currently provide nearly five million people with steady jobs but have the potential to create 16.1 million jobs leading to stronger communities and bolstering America's economy. The U.S. Census Bureau projects that by 2040 the minority community will represent 54 percent of the total U.S. population, indicating that over the next 40 years the growth of America's workforce will primarily come from minorities.

Minority-owned firms have the potential to contribute significantly to our long-term economic progress and stability. A critical way to ensure their success is to support their participation in the

SBIR program. This amendment would finally put resources toward the goal of increasing the participation of minorities in the SBIR program.

I urge the other members of the Committee to support my amendment. And Mr. Chairman, I would like to yield the balance of my time to my colleague from New York, Representative Yvette Clarke.

Ms. CLARKE. I would like to thank my colleague, Judy Chu, for yielding time.

In the best of circumstances, minority-owned small businesses find themselves at a disadvantage with regards to the access to capital and grants. As we emerge from the recent economic downturn, it is imperative that all small businesses are active participants to ensure that our current economic momentum continues. What this common sense amendment seeks to do is to ensure that we do not waste potential grant dollars by shrinking the available pool as well as foster an environment of inclusion and active participation by minority-owned small businesses.

I urge my colleagues to join Congresswoman Chu and myself and support this amendment. And I yield back your time, Ms. Chu. Thank you, Mr. Chairman.

Chairman GRAVES. I thank the gentlelady for her amendment. Unfortunately, I do oppose this amendment as it changes Section 202, which is the Commercialization Readiness program at the Department of Defense.

The Committee on Armed Services, Department of Defense, and I all support the program because it does enhance what is in my view the core mission of the SBIR program, which is commercialization of research. And there are other mechanisms, such as Section 310, administrative cost to increase outreach, without undermining this viable program at the Department of Defense. So I would urge my colleagues a no vote.

Does anybody else wish to be heard on the amendment?

Ms. VELÁZQUEZ. Yes, Mr. Chairman.

You know, the face of small businesses in America is changing. It is more minorities. It is more women. And we need to make sure that we provide the resources to give an opportunity for minority businesses to thrive in this country. And if we as a nation want to get our economy to be competitive, we must provide ways for minority businesses in this case to work with minority institutions to be able to have the same opportunity as other businesses.

The facts are that for minority-owned businesses, from 2000 to 2005, there was no increase in the number of grants awarded to these businesses, yet the number of overall awards sharply increased during the same time period. Empirical evidence points to a high involvement of universities in SBIR-funded projects. Thus, minority institutions are the logical place for outreach to minorities that are likely to participate in the program.

I support this amendment and I ask my colleagues to do the same. Thank you, Mr. Chairman.

Chairman GRAVES. The question is on the amendment by Ms. Chu, Number 26. All those in favor, say aye.

[Chorus of ayes.]

Chairman GRAVES. All those opposed, no.

[Chorus of noes.]

Chairman GRAVES. The noes appear to have it.

Ms. VELÁZQUEZ. We ask for a recorded vote.

Chairman GRAVES. A recorded vote has been requested. The question, all those agreeing to the amendment offered by Ms. Chu, Number 26, is there a second? There it is. A recorded vote is ordered pursuant to Committee Rule 10 for the proceedings and the amendment will be postponed.

Ms. Chu, you have one more?

Ms. CHU. Yes.

Chairman GRAVES. Is it 25?

Ms. CHU. Yes, my last amendment is —

Chairman GRAVES. Number 25.

Ms. CHU [continuing]. Number 25, increase funding SBIR programs.

Chairman GRAVES. Clerk, please read the title.

The CLERK. Page 4, line 6, strike \$150,000 and insert \$225,000.

Chairman GRAVES. I ask unanimous consent the amendment be considered as read. If there are no objections, so ordered.

Ms. Chu, you have five minutes on amendment Number 25.

Ms. CHU. Mr. Chair, my amendment would further address the needs of high tech but high cost small businesses by increasing the cap on SBIR funding. Some small businesses that are forging new pathways in industries such as energy and technology require more resources to remain on the cutting edge of their field. The type of work they do is so new and costly that these companies need to invest more into the research and development in order to successfully bring to fruition their ideas. The money invested in these projects would bring a huge return in the form of a lasting positive impact on the world.

KOTURA is a small business in my district in California that seeks to advance technology and energy-saving applications. Their products provide dramatic size reductions and performance enhancements for applications like optical communications, high speed internet LANS, high performance computing and optic space sensing. Recently, they emerged as a leader in silicone photonics, which is a cutting edge technology that integrates optical functions into microprocessing chips. Through their work they will be able to lower the costs of communication systems and microprocessing infrastructure. In other words, silicone photonics has the potential to produce increases in natural energy efficiency and KOTURA is working hard to get us there.

H.R. 1425 is written with set guideline amounts for phase one and phase two at \$150,000 and one million. While this is an improvement to the outdated award system, it is not enough for companies like Katura who have been successful at getting SBIR awards to keep pushing the envelope on all of their technologies. My amendment would increase these amounts to \$225,000 and \$2 million, respectively. This is a bigger increase, but we must be bold in order to compete with other countries.

I also want to point out for those that may have reservations about a higher award that this change only increases the maximum award cap and the agencies have the discretion to award amounts within those limits and could very well fund awards less



than the cap. I do not want these increased guidelines to translate into less overall SBIR awards, so to offset these increased guidelines my amendment also raises SBIR allocation by 0.5 percent incrementally over five years and the STTR allocation by 0.2 percent over two years. These are moderate and much needed increases to the program.

In order to truly reap the benefits of such innovations, we need to ensure that a broader set of small businesses are sufficiently funded to take on the research and development needed to push these energy and technology industries to the next level and into the commercialization stage.

I urge the other members of the Committee to support my amendment.

Chairman GRAVES. Does any other member wish to be heard on the amendment?

Ms. ELLMERS. Mr. —

Chairman GRAVES. Ms. Ellmers.

Ms. ELLMERS. Mr. Chairman, to the point, and I believe Ms. Chu pointed out that there is already discretion that is built into the bill as it is written as to whether or not a larger amount can be awarded. And therefore, I do not support this because it is already there, basically. And it is on a competitive basis. It is built in and I see no further need, especially since there is also the oversight that is put in place over that three year period.

Chairman GRAVES. Does anyone else wish to be heard on the amendment? Seeing none, I thank the gentlelady for her amendment.

I do oppose this amendment because I believe the bill itself strikes the appropriate levels between keeping up with the cost of doing business and ensuring a diverse number of awardees. So I would urge my colleagues to please vote no.

The question is on Ms. Chu's amendment Number 25. All those in favor, say aye.

[Chorus of ayes.]

Chairman GRAVES. All those opposed, no.

[Chorus of noes.]

Chairman GRAVES. The noes appear to have it.

The Clerk. Yes.

Chairman GRAVES. The noes do have it. The amendment is not adopted.

Ms. CHU. I ask for a recorded vote.

Chairman GRAVES. We have already—you need to ask—if you are going to ask for a recorded vote, ask for it before when I—before I announce what the outcome is. We can take a recorded vote.

A recorded vote has been requested on the question of agreeing to the amendment offered by Ms. Chu, Number 25. Is there a second?

Ms. VELÁZQUEZ. Seconded.

Chairman GRAVES. There being a sufficient second, a recorded vote is ordered pursuant to Committee Rule 10 for the proceedings and the amendment will be postponed.

Mr. Cicilline, you have a conflict?

Mr. CICILLINE. Yes, Mr. Chairman.

Chairman GRAVES. Which amendment do you have?

Mr. CICILLINE. Amendment Number 10.

Chairman GRAVES. Amendment Number 10. Clerk, please read Mr. Cicilline's amendment.

The CLERK. Add at the end the following: report on enhancement of manufacturing activities.

Chairman GRAVES. I ask unanimous consent that the amendment be considered as read. Without objection, Mr. Cicilline.

Mr. CICILLINE. Thank you, Mr. Chairman.

This amendment would add a new section to the bill, report on enhance of manufacturing activities, and really recognizes the importance of small business manufacturing and innovation and would require any agency winning more than \$50 million in SBIR/STTR grants to submit to Congress a description of efforts that they have undertaken by that respective agency to enhance manufacturing. And it would provide us with information to ensure that the underlying goals and objectives of SBIR and STTR to increase the participation of small firms and federal research and prepare those small businesses to transition that research into commercialized products and services and particularly as it relates to manufacturing efforts. And so it really will give us some good information.

If you use that cutoff point of \$50 million, it will apply to the Departments of Defense, Energy, Health and Human Services, NIH, and NASA, and NSF. I urge my colleagues to support the amendment. It does not provide any additional cost obviously but just lots of good information.

Chairman GRAVES. Does any other member wish to be heard on the amendment? Seeing none, I thank the gentleman for his amendment.

I do support this amendment. I support what the gentleman is trying to do with it. Having said that, the question is on the amendment Number 10 by Mr. Cicilline. All those in favor, say aye.

[Chorus of ayes.]

Chairman GRAVES. All those opposed, no. The ayes appear to have it. The ayes do have it. The amendment is adopted.

Now, your next two amendments are fresh to us. Is that correct?

Mr. CICILLINE. Yes. The next amendment I have, Mr. Chairman, is—

Chairman GRAVES. Have they been passed out?

Mr. CICILLINE. Yes. It is entitled for grants to the states.

Chairman GRAVES. What number?

Mr. CICILLINE. It is Number 9. Number 9.

The Clerk. Page 26, after line 8, insert the following and redesignate subsequent paragraphs accordingly.

Chairman GRAVES. I would ask unanimous consent that the amendment be considered as read. If there are no objections, Mr. Cicilline, you have five minutes. I encourage you to get your amendments out earlier if you have them.

Mr. CICILLINE. Thank you, Mr. Chairman. This amendment that I am offering, which is supported by Congressman Richmond as well, would amend H.R. 1425 to in effect reinstate the Federal and State Technology partnership program. This program provides grants to states that in turn provide outreach to encourage increased participation in the SBIR program. Rural outreach, low in-

come areas and outreach to states with low program participation are emphasized. I have heard about this from lots of folks and this program has worked successfully. It was established in 2001, the FAST program. This reinstates that program which was very effective in doing research to be sure that small businesses can easily access the SBIR and STTR programs.

I yield the balance of my time to Mr. Richmond.

Mr. RICHMOND. Thank you to my colleague, Mr. Cicilline.

I would just like to add that the FAST program would help provide underrepresented businesses with workshops and training programs throughout Louisiana with the focus on traditionally underserved areas, including rural areas and underrepresented entrepreneurs. It also would allow an opportunity for universities to promote partnerships between small companies and universities which would allow more leveraging in the federal dollars that we use. And I think one of the things that we should always do as government is to make sure that we are leveraging our resources and our dollars as much as we possibly can so that we get the largest return on our investment which at the end of the day is ultimately the taxpayer dollars. And we want to make sure that we get the most bang in our buck. And I think that this amendment absolutely does that. So I would just urge my colleagues to support it.

And I yield back.

Chairman GRAVES. Does any other member wish to be heard on the amendment? Seeing none, I have to oppose the amendment, Mr. Cicilline.

I just got it but as near as I can tell it is duplicative. That is one of the reasons why it was not addressed in the bill so I have to oppose it. Having said that, the question is on the amendment by Mr. Cicilline. Is this Number 9?

Mr. CICILLINE. Yes, Mr. Chairman.

Chairman GRAVES. All those in favor, say aye.

[Chorus of ayes.]

Chairman GRAVES. All those opposed, no.

[Chorus of noes.]

Chairman GRAVES. The noes appear to have it. The noes do have it.

Mr. CICILLINE. Yeah, I am sorry, we would ask for a recorded vote, Mr. Chairman.

Chairman GRAVES. A recorded vote is requested on the question of agreeing to the amendment offered by Mr. Cicilline, Number 9. Is there a second? There being a sufficient second, a recorded vote is ordered pursuant to Committee Rule 10 for the proceedings and the amendment will be postponed.

Mr. Cicilline, next. This is another new amendment?

Mr. CICILLINE. The final amendment is cosponsored by Congressman Clarke.

Chairman GRAVES. Is this Number 11?

Ms. CLARKE. Amendment Number 11, Mr. Chairman.

Chairman GRAVES. Clerk, please read the amendment.

The CLERK. Page 87, after line 6, insert the following and conform the table of contents accordingly. Section 505.

Chairman GRAVES. I ask unanimous consent that the amendment be considered as read. If there are no objections, we will proceed.

Ms. Clarke, five minutes.

Ms. CLARKE. Thank you, Mr. Chairman.

One of the most important objectives of the SBIR program is to increase the participation of women, veterans, and minorities in research and development efforts. This amendment is supported by Representatives Cicilline, Chu, Clarke, and Richmond.

As SBA data confirms, the share of awards to women and minority-owned firms has remained almost flat over the 13 year period between 1992 and 2005. We must ensure that every effort is made to reach out, familiarize, and engage these communities in the SBIR program. Authorization for the SBA program to fund outreach efforts expired in 2005. This amendment would require that the required agencies that participate in the commercialization pilot programs use part of their 10 percent allocation to provide outreach and support to the businesses that have been underrepresented in the SBIR/STTR program. For example, women, service, disabled veterans, minorities, Native Americans, and underrepresented geographic areas.

Where there is momentum, we want to make sure we maintain the momentum. Authorization for the SBA program to fund outreach efforts, as I have stated before, expired in 2005. An amendment offered by Representative Luján in the Science committee markup created a new section in the bill that requires federal agencies to encourage applications by small businesses in underrepresented geographic areas and areas with high unemployment and among those small businesses owned by women, veterans, and minorities. However, we must be more proactive in this effort. This amendment specifically requires that agencies participating in the commercialization pilot utilize a portion of their allocation for outreach.

And I yield back, Mr. Chairman.

Chairman GRAVES. Does any other member seek to be heard on the amendment?

Ms. ELLMERS. Yes, Mr. Chairman.

I would just like to comment and say that again, the whole purpose for the SBIR is to decrease the amount of bureaucracy that it takes to help our community businesses, our small businesses, and helping them in research and technology. And I believe that this amendment would just add another layer of bureaucracy. Thank you.

Ms. CLARKE. Mr. Chairman, this amendment simply is utilizing what you have already put into code, which is the 10 percent allocation. We are talking about businesses just like any other business. We are not talking about establishing another division within the program to implement this. So I think that the gentlelady is misinformed.

Chairman GRAVES. Does any other member wish to be heard on the amendment? Having said that, I do oppose the amendment.

You know, we are trying to clean up a lot of these duplicative programs and direct money directly to those businesses. And any one of those groups can use the SBDCs or any other program that

is out there just like any other business. And so I would oppose this.

The question is on the amendment by Ms. Clarke, Number 9. All those in favor, say aye.

[Chorus of ayes.]

Chairman GRAVES. Is it Number 11? Sorry. Confused.

The question, we are going to do it again, the question is on the amendment Number 11 by Ms. Clarke. All those in favor, say aye.

[Chorus of ayes.]

Chairman GRAVES. All those opposed, no.

[Chorus of noes.]

Chairman GRAVES. The noes appear to have it.

Ms. CLARKE. Mr. Chairman.

Chairman GRAVES. Yes.

Ms. CLARKE. I would like to request a recorded vote.

Chairman GRAVES. A recorded vote is requested on agreeing to the question offered by Ms. Clarke on amendment Number 11. There being a second? There is. A recorded vote is ordered pursuant to Committee Rule 10 for the proceedings and the amendment will be postponed.

Okay. That dispenses with Mr. Cicilline. We are going to clean up what is left of—Mr. Critz, you have to get to your other markup. Do you have your amendments now in order? And what we have left is Number 14 and Number 15.

Mr. CRITZ. Fourteen and 15. Correct.

Chairman GRAVES. Are you going to take up 14 first? Are you going to do 14 first?

Mr. CRITZ. Fourteen first, yes. Yes, Mr. Chairman.

Chairman GRAVES. Okay. Mr. Critz, you are recognized for 14. Will the Clerk please read the title?

The CLERK. Page 87, after line 6, insert the following and conform the table—

Chairman GRAVES. I ask unanimous consent that the amendment be considered as read. Seeing no objections, it is ordered. Mr. Critz, you have five minutes on your amendment Number 14.

Mr. CRITZ. Number 14. Thank you, Mr. Chairman, for this opportunity. And amendment Number 14 just adds a line so that small businesses that are working and trying to develop clean coal technology would be able to apply and competitively win SBIRs. That is all this does and I urge support of this amendment.

Chairman GRAVES. Does any other member wish to be heard on Critz Number 14? Seeing none, I do support this amendment Number 14. I agree with what the gentleman is trying to do. Having said that the question is on Critz Number 14. All those in favor, say aye.

[Chorus of ayes]

Chairman GRAVES. All those opposed, no.

[Chorus of noes.]

Chairman GRAVES. The ayes appear to have it. The ayes do have it. The amendment is adopted.

Now, Mr. Critz, Number 15. Will the Clerk please read the title?

The CLERK. Page 87, after line 6, insert the following and conform the table of contents accordingly. Section 505, clean coal technology. Section 9—

Chairman GRAVES. I would ask unanimous consent that the amendment be considered as read. Seeing no objection, Mr. Critz, you have five minutes on amendment Number 15.

Mr. CRITZ. Thank you, Mr. Chairman.

In this time when we are looking for alternate fuel sources, it is key in my area but it is key across this country that coal powered electricity generation accounts for about 50 percent of electricity generation across this country. And there is an obvious move to eliminate coal production by different agencies within the federal government. And what this amendment would do would allow programs, businesses that are developing the clean coal technology, including turning coal into gas, would have the support of the SBA, if they win a program or win funding through SBIR, would have support to then commercialize that technology so that we could move to a clear burning coal and then also to keep coal as one of our prime suppliers of electricity in this country.

And I yield back.

Chairman GRAVES. Does any other member wish to be heard on the Critz amendment Number 15? Seeing none, I do oppose this amendment. It creates another program exactly like what we already have in the Department of Energy. Having said that, the question is on the Critz amendment Number 15. All those in favor, say aye.

[Chorus of ayes.]

Chairman GRAVES. All those opposed, no.

[Chorus of noes.]

Chairman GRAVES. The nos appear to have it.

Mr. CRITZ. Mr. Chairman, I ask for a recorded vote.

Chairman GRAVES. A recorded vote has been requested on the question to agreeing to the amendment of Mr. Critz, Number 15. Is there a sufficient second? There is a sufficient second. A recorded vote is ordered pursuant to Committee Rule 10 for the proceedings and this amendment shall be postponed.

Mr. Tipton, you are up. You have three amendments, I believe. Which one is first?

Mr. TIPTON. Thank you, Mr. Chairman.

Tipton Amendment Number 7.

Chairman GRAVES. Tipton Amendment Number 7. Clerk, please read the title.

The CLERK. Add at the end of the bill the following and conform the table of contents accordingly. Publication—

Chairman GRAVES. I would ask unanimous consent that the amendment be considered as read without objection.

Mr. TIPTON. Thank you, Mr. Chairman.

This amendment does—

Chairman GRAVES. You have five minutes.

Mr. TIPTON [continuing]. Thank you. Streamlines the process in terms of processing for people applying for small business loans. Currently, we have multiplicity of websites and navigating through that. This will streamline that process and have one website for applicants and participants. Right now we have, again, a multiplicity of agency sites to find those opportunities. I feel this amendment will help level the playing field. It is my understanding that the majority of awards and multiple awards go to only about seven per-

cent of applicants. As a consequence, since you have applicants who have gotten good at funding—at applying for these funds and awards, and thus they receive most of the awards. This amendment seeks to give all small businesses and applicants the same opportunity as those government contractors and I would ask for support of this amendment.

And I yield back the balance of my time.

Chairman GRAVES. Does any other member wish to be heard on the amendment? Seeing none, I do support the amendment. The question is on Mr. Tipton amendment Number 7. All in favor, say aye.

[Chorus of ayes.]

Chairman GRAVES. All those opposed, no. The ayes appear to have it. The ayes do have it. The amendment is adopted.

Mr. Tipton, amendment Number 8.

Mr. TIPTON. Thank you, Mr. Chairman.

Chairman GRAVES. Clerk, please read the title.

The CLERK. Page 42, line 22, strike shall, insert may.

Chairman GRAVES. I would ask unanimous consent that the amendment be considered as read. Without objection, seeing none, Mr. Tipton, you are up.

Mr. TIPTON. Thank you, Mr. Chairman.

The purpose of this is just to eliminate a mandate. Obviously, a big difference between the words shall and may. This seems to be far more sensible given all of our economic concerns right now. So I would ask for support of this amendment. And I yield back.

Chairman GRAVES. Does any other member wish to be heard on the amendment? Seeing none, I do agree there is a big difference between shall and may. The question is on Mr. Tipton, Amendment Number 8. All those in favor, say aye.

[Chorus of ayes]

Chairman GRAVES. All those opposed, no. The ayes appear to have it. The ayes do have it. The amendment is adopted.

Mr. Tipton, Number 9. Will the Clerk please read the title?

The CLERK. Page 87, after line 6, insert the following and conform the table of contents accordingly.

Chairman GRAVES. I would ask unanimous consent the amendment be considered as read. If there are no objections, seeing none, Mr. Tipton, five minutes.

Mr. TIPTON. Thank you, Mr. Chairman. This is just a little bit of a clean-up in an incentive amendment. When we visited with many of our constituents who have utilized the programs, many have complained about the lag time between notification of the award and receiving the actual funding. This does not define a particular time but certainly gives incentive to increase—to make notification as quick as possible. I ask for support of this amendment. Yield back.

Chairman GRAVES. Does any other member wish to be heard on the amendment? Seeing none, I do support the gentleman's amendment. Having said that, the question is on amendment, Mr. Tipton, Number 9. All those in favor, say aye.

[Chorus of ayes.]

Chairman GRAVES. All those opposed, no. The ayes appear to have it. The ayes do have it. The amendment is adopted.

I will move to Mr. Schrader. You have how many?

Mr. SCHRADER. Two.

Chairman GRAVES. Two amendments?

Mr. SCHRADER. Yes, sir.

Chairman GRAVES. Which one are you bringing up first?

Mr. SCHRADER. Let us do the first one, which is Amendment Number 15.

Chairman GRAVES. Schrader Amendment Number 15. Clerk, please read the title.

The CLERK. Page 83, beginning on line 11, strike the head of each federal agency.

Chairman GRAVES. I would ask unanimous consent that the amendment be considered as read. Seeing no objections, Mr. Schrader. Five minutes on Amendment Number 15.

Mr. SCHRADER. Yeah, this is a pretty simple amendment. Just ask that the SBA use outcome-based performance metrics to evaluate the effectiveness of the SBIR program. This will give us a more current view of the program, increase our ability to study its efficiency while we review it, and oftentimes agencies are using output or input measures and we really want to see outcomes. And there have been a lot of problems in a lot of programs as testified before this Committee, both in the last Congress and this Congress. So I think it will help us get a better handle on things.

I yield back.

Chairman GRAVES. Does any other member wish to be heard on the amendment?

Ms. VELÁZQUEZ. Mr. Chairman.

Chairman GRAVES. Ranking member.

Ms. VELÁZQUEZ. I support this amendment. I believe it is an improvement to the bill. As we know, in a GAO study it was found that each agency had a separate way of soliciting, awarding, and evaluating the awards, resulting in the need for SBA to design a baseline evaluation. Each agency runs its own program according to the different nature of the research and funds. However, there are still similar factors. For example, factors similar to all agencies and levels of sales and developmental funding, licensing arrangements, completing marketing efforts, and job creation. And I believe that this is a straightforward amendment that will bring more transparency to the legislation that is before us.

Chairman GRAVES. Any other members wish to be heard on the amendment? Seeing none, I am afraid I cannot support the amendment by Mr. Schrader, Number 15. Having said that, the question is on the amendment, Mr. Schrader, Number 15. All those in favor, say aye.

[Chorus of ayes.]

Chairman GRAVES. All those opposed, no.

[Chorus of noes.]

Chairman GRAVES. The noes appear to have it.

Mr. SCHRADER. Recorded vote.

Chairman GRAVES. A recorded vote has been requested. Second?

Ms. VELÁZQUEZ. Mr. Chairman, may I ask a question? Do you know that the GAO report recommended a standardized metric system and this is exactly what this amendment is doing? And so



if we want to rule out abuse and fraud, this is a way to do it. It is quite simple.

I yield back.

Chairman GRAVES. There being a sufficient second, a recorded vote is ordered pursuant to Committee Rule 10 for the proceedings and the amendment are postponed.

Mr. Schrader, you have——

Mr. SCHRADER. Number 17, sir.

Chairman GRAVES. Number 17. Clerk, please read the——

The CLERK. Page 87, after line 6, insert the following and conform the table of contents accordingly. Inspector general report.

Chairman GRAVES. I would ask unanimous consent that the amendment be considered as read. Seeing no objections, Mr. Schrader.

Mr. SCHRADER. Thank you, Mr. Chairman. This amendment is pretty straight forward also. We must ensure that concrete steps are taken to combat waste, fraud, and abuse. We have seen the negative implications in this committee, most notably in the HUBZone program. So fraud, if it is committed, our scarce dollars become lost, Americans lose faith in our American government and the programs. This amendment promotes transparency to monitor efforts to combat fraud while also reporting on how much we are spending and recovering from those efforts. I believe that we have to do a cost benefit analysis to really understand what is going on out there. I believe this is a very sensible amendment and would urge my colleagues to adopt it.

I yield back.

Chairman GRAVES. Does any other member wish to be heard? Ranking member.

Ms. VELÁZQUEZ. Yes, Mr. Chairman.

Mr. Chairman, we like to issue press releases talking about how we are committed to protect taxpayers' money. And this is exactly what this amendment does. There has been various documented instances of fraud, waste, and abuse in the SBIR program. For example, a recent NASA investigation revealed that in 2008 alone, the Agency had paid out an estimated \$2.7 million in unallowable and unsupported costs. Under the program businesses are not allowed to receive grants for the same projects from different agencies, yet there are numerous accounts of duplicative funding. Again, specifically, the IG NASA found that there was \$28.8 million in potential instances of duplicate awards and duplicate deliverables. There have been no convictions of those businesses who have engaged in fraudulent practices. So I ask my colleagues to support Mr. Schrader's amendment.

Chairman GRAVES. Do any other members wish to be heard on the amendment? Seeing none, I want to thank the gentleman for his amendment. I do support the provision. It is going to ensure funds in this program are used for their designated purposes. I would urge my colleagues to do the same.

The question is on Mr. Schrader, Amendment Number 17. All those in favor, say aye.

[Chorus of ayes.]

Chairman GRAVES. All those opposed, no. The ayes appear to have it. The ayes do have it. The amendment is adopted.

Ranking member, do you want to go ahead and take yours?

Ms. VELÁZQUEZ. Yes.

Mr. Chairman, I have an amendment at the desk and it is Number 1.

Chairman GRAVES. Clerk, please read the title, Velázquez Amendment Number 1.

The CLERK. Beginning on page 69, line 3, strike section 310 and—

Chairman GRAVES. I ask unanimous consent—

Ms. VELÁZQUEZ. Consent that the amendment be considered as read.

Chairman GRAVES. Without objection.

Ms. VELÁZQUEZ. Mr. Chairman, as we work to strengthen the SBIR program, our focus should be helping small business innovators, not addressing the concerns of government bureaucrats. For that reason, it makes no sense to open the door to agencies using SBIR funding to cover the program's administrative costs. I find it particularly confusing that we would allow agencies to draw from SBIR funding, yet this funding will in no way reduce the deficit. In other words, agencies will be shortchanging small businesses in the SBIR programs to fund other priorities. That was never the intent of the program.

In these financially tight times, there is only so much funding available for programs like SBIR. Given the limits on this funding, it should be our goal to ensure that all of the funding goes toward developing the next lifesaving medicine, renewable energies, or weapons for our troops in the field. The federal dollars that this bill would allow to be diverted is not an insignificant amount. In fiscal year 2009, over \$2.5 billion was awarded to small firms through SBIR. Taking three percent of these funds away will deprive small companies of \$75 million in funding. In terms of the number of businesses affected, this will amount to losing 500 phase one grant awards or 75 phase two awards.

Mr. Chairman, we never know when one of these SBIR grants is going to hit pay dirt and result in an enormous scientific advancement, but we do know that reducing the number of awards lower the chances of a technological breakthrough. This amendment is straightforward. It simply ensures that small business innovation research funds go toward small business, not to federal agencies' overhead. And I urge my colleagues to vote yes.

Chairman GRAVES. Does any other member wish to be heard on the amendment?

Mr. SCHRADER. I have a question, Mr. Chair.

Chairman GRAVES. Mr. Schrader.

Mr. SCHRADER. Just a point of information, if I may. I mean, these awards have been done before without any administrative overhead being taken out. I guess I do not understand why we are attempting to do that now. So I just had a question. Does anyone—counsel or somebody have an answer, if I may?

Chief Counsel. Right now the money is taken out from the appropriated funds that go to the agency, which may include actually taking out the funds from the monies dedicated to the SBIR research portion of it. It is essentially up to the discretion of the agency where they extract those funds from.

Mr. SCHRADER. Thank you. So I guess I support the amendment. It makes sense to me. They have got a research budget that they have to administer in any case. We are just making sure that a certain portion of that budget is dedicated to SBIR. So it is no increased task from what they are already doing. So I share the concern about setting aside more of the previous SBIR money, which is a small portion of their overall research budget.

Thank you, Mr. Chairman.

Chairman GRAVES. Does any other member wish to be heard on the amendment?

I thank the gentlelady for her amendment. I do oppose it. In its recommendation for improving the SBIR program, the National Research Council did suggest finding a way to help agencies pay for administrative costs of running the programs. As opposed to authorizing additional funding, I believe that setting aside a small portion of SBIR dollars for that purpose is prudent. But I urge my colleagues to vote no.

Ms. VELÁZQUEZ. Will you yield?

Chairman GRAVES. Yes, I will.

Ms. VELÁZQUEZ. So my question, Mr. Chairman, is who do you trust? Giving the money to small businesses or giving the money to bureaucrats in an agency? For more than 20 years that this program has been in existence, funds have not been allowed to be used for administrative costs. Agencies have incorporated these costs into their overall budget. So giving money to administrative costs, giving money to pay for salaries of bureaucrats in the agency does not create jobs. And so we have to make a decision here. What do we want? To put the resources into the hands of those who are the innovators, will come up with the products, that will take it into commercialization to create the jobs that we need in order to expand our economy. You know, it is really nice to go out there and criticize bureaucrats in Washington but then come around and then give them money from small businesses. As a result of this economic crisis and the lending that we saw, you know, small businesses are still out there struggling, waiting to access affordable capital. And here we are again taking—robbing from Paul to pay Peter and taking money away that should go. And that is the intent of the law. For 20 years that has been the case. We never, never, and that is not the mission or the intent of the legislation as it has been. So I ask for my colleagues to support this legislation. This amendment.

Chairman GRAVES. The question is on the Velázquez Amendment Number 1. All those in favor, say aye.

[Chorus of ayes.]

Chairman GRAVES. All those opposed, no.

[Chorus of noes.]

Chairman GRAVES. The nos appear to have it. The nos do have it.

Ms. VELÁZQUEZ. I ask for a recorded vote, Mr. Chairman.

Chairman GRAVES. A recorded vote has been requested on the question of agreeing to the Amendment Number 1 offered by Ms. Velázquez. Is there a second? There it is. Recorded vote is ordered, pursuant to Committee Rule 10 for the proceedings on the amendment shall be postponed.

Next amendment is number?

Ms. VELÁZQUEZ. Thirteen.

Chairman GRAVES. Number 13? Where is it? Clerk, please read the title number 13.

The CLERK. Page 87, after line 6 insert the following and conform the table of contents accordingly.

Chairman GRAVES. I would ask unanimous consent that the amendment be considered as read without objection. There being no objection—

Ms. VELÁZQUEZ. Mr. Chairman, SBIR award can be an important source of job creation for the local community. When a firm receives a grant to do research, it can have important economic multiplier effect. Those firms doing the research often need to bring on more employees. When awards are spread across the country and among entrepreneurs, this impact is even greater.

Unfortunately, the SBIR programs have become highly concentrated in a few large companies. For instance, one company which testified before this committee this year has nearly 400 awards for more than 150 million over its life in the SBIR program.

This places—this one company, by itself, above 23 states including Missouri, Montana, Delaware, and Rhode Island, and Iowa. In fact, this company by itself has won more in SBIR funds than Idaho, Mississippi, Wyoming, and North Dakota combined.

In 2009 alone, it won 39 awards for \$60 million. This is more awards than the total won by nine states and territories. It is also more than the state of Missouri, who got \$14 million. Tennessee, \$30 million. Louisiana, \$3 million. South Carolina, \$11 million, won by themselves.

This problem is not confined to just one company. There are many examples of such concentration. This is occurring because a few enterprising individuals have become experts at one thing, winning SBIR awards. This is inconsistent with the program's intent, which was created to spur research and development with the potential for commercialization. Not become a main source of revenue for multi-national contract research firms.

To address this problem and create more opportunity for the type of small businesses Congress had in mind when it created the program, my amendment will establish limits on how many awards a small business could win in a given year.

This limit will be set at a value equal to half of the median awards won by the states, roughly the 25 percentile. In practical terms, this will mean that a company could not win more than 25 awards worth more than \$9.2 million during this fiscal year.

This level is still quite high, but reasonable given that it will be the first limit imposed on program awards. For comparison, 22 states by themselves have received less than this limit, including Tennessee, Louisiana, and Kansas.

It is clear that we need to start somewhere and begin to create more opportunity for entrepreneurs seeking to produce next generation technologies. Simply awarding millions of awards to the same research conglomerates year after year makes little sense and does not further the mission of the SBIR and STTR program.

For this reason, I urge my colleagues to vote yes on this amendment. And I give back the balance of my time.

Chairman GRAVES. Does any other member wish to be heard on the amendment? Ms. Ellmers.

Ms. ELLMERS. Yes, Mr. Chairman. I would just like to say that the SBIR plan that we are putting into place is there at that good entrepreneurial free market competitive place. I think just the language that Ranking Member has cited with limitations and essentially caps really just goes against everything that the SBIR is putting forward.

So I would recommend a no vote on this.

Ms. VELÁZQUEZ. Didn't you put caps on venture capital in the legislation?

Ms. ELLMERS. Businesses who already have venture capital backing are still open to receive funding.

Ms. VELÁZQUEZ. You put a cap in the legislation.

Ms. ELLMERS. It is still the competitive nature of this program. Without limitation. In technology, innovation, research, and development we need to be able to extend that.

Chairman GRAVES. Do any other members wish to be heard? I thank the gentle lady for her amendment. I do support it, I do believe it is going to broaden the number of small businesses that receive rewards. And I hope it rewards those businesses that commercialize their research.

Having said that, the question is on the Velázquez Amendment number 13. All those in favor say aye.

[Chorus of ayes.]

All those opposed, no.

[Chorus of noes.]

The ayes appear to have it. The ayes do have it. The amendment is adopted. Next amendment is number—what?

Ms. VELÁZQUEZ. Number 3.

Chairman GRAVES. Number 3. Clerk, please read the title of Velázquez Amendment Number 3.

The CLERK. Beginning on page 25, line 8 strike session—

Ms. VELÁZQUEZ. The anonymous consent of the amendment reconsiders, right?

Chairman GRAVES. Without objection, so ordered. Ms. Velázquez.

Ms. VELÁZQUEZ. Thank you, Mr. Chairman. Mr. Chairman, every year it becomes more expensive to not only develop a new product but successfully bring it to market.

According to the National Science Foundation, for the last two decades the amount spent on research and development of medicines has more than tripled from \$5.5 billion to \$17 billion. Industry groups in the pharmaceutical industry suggest the numbers are even higher, citing a six-fold increase in research costs.

Rising costs for developing products are not limited to the pharmaceutical industry. Developing new protection products has become 40 percent more expensive in recent years.

As business looks to more products from the drawing board to the marketplace, they need flexibility in determining what works best for them. The bill we are considering places an emphasis on helping companies commercialize their products, and rightly so. After all, the purpose of the SBIR program is the development of new goods and services that have value for the government or in the marketplace.

Unfortunately, rather than empowering small businesses to successfully commercialize their products, this bill will put the government in charge of determining exactly what businesses need to bring their product to market.

It will seem to me that our goal should be giving firms tools they need, not telling them what will work best for them. Small firms that have developed these products know which ingredients are needed for commercialization. The ingredients may be product testing, market imperfection of the manufacturing process, evaluation of the technology, or a mix of all these elements.

The point is that small firms should decide which of these tools are most important to them and necessary for their success. Again, it is not up to a bureaucrat in any of the 11 federal agencies to decide what is the best route to bring that product into market. They are not businesses, they do not come from the private sector, they do not have the expertise. Small businesses should be given the flexibility to decide what is the best route that they need to take in order to bring those products to market.

The amendment I am offering will provide firms with vouchers they could use for this technical assistance. And rather than a federal agency dictating what they think is best, the entrepreneurs evaluate their own needs and decide how to go forward.

Chairman GRAVES. Does any other member wish to be heard on the amendment? Seeing none, I thank the gentle lady for her amendment. I do oppose it. There appears to be insufficient oversight of the proposed program and there does not seem to be any restriction on how the vouchers could be used. So I would urge my colleagues to vote no on this Amendment Number 3.

The question is on Ms. Velázquez of New York. Amendment number 3. All those in favor say aye.

[Chorus of ayes.]

All those opposed, no.

[Chorus of noes.]

The noes appear to have it.

Ms. VELÁZQUEZ. I ask for a recorded vote.

Chairman GRAVES. Recorded vote has been requested. Is there a second? There is a second. A recorded vote is ordered, pursuant to Committee Rule Number 10 for the proceedings on the amendment shall be postponed.

You have one last one.

Ms. VELÁZQUEZ. Yes. Amendment Number 12.

Chairman GRAVES. Clerk, please read that.

The CLERK. Page 87, after line 6. Insert the following.

Ms. VELÁZQUEZ. I ask unanimous consent that the amendment be considered?

Chairman GRAVES. Without objection.

Ms. VELÁZQUEZ. Mr. Chairman, this amendment is about getting spending under control and ensuring taxpayers receive the best value for their dollar. As we all know, over the years a number of pilot programs have crept up at the agency. And the ASBA has continued seeking funding for them.

As just one example, in its current budget submission the agency has requested funding for initiatives like the Small Loan Advantage Program, Community Advantage, Impact Investing, early-

stage innovation fund, regional clusters, the Distant Learning Portal, and emerging lenders program.

The last three of these programs alone cost \$50 million more than we have spent on the Women's Business Development Center that we authorized, that has been tested, and that is working. None of these programs—none of these pilot programs has been authorized by Congress, nor have they been tested.

If we are serious about reducing the deficit and ruling out inefficiency, these unauthorized programs are the best place to start. The fact is, we live in tight fiscal times and must ensure that resources dedicated to ASBA are spent wisely.

One problem with the proliferation of pilot programs has been that once launched, they never go away. Instead, they draw resources away from other services at the agency. I ask my colleagues to support this amendment.

Chairman GRAVES. Does any other member wish to be heard on the amendment?

Mr. SCHRADER. Yes, Mr. Chairman.

Chairman GRAVES. Mr. Schrader.

Mr. SCHRADER. I would like to support the Ranking Member's effort here. I think we all know that a lot of programs in government get started and they just go on in perpetuity. And I would like to think this committee is—well, as members of Congress like to re-evaluate their effectiveness or their appropriateness, given changing economic times. So I really think this is a great way to save some money. I yield back.

Chairman GRAVES. Does any other member wish to be heard on the amendment? Seeing none, this is one area that the gentle lady and I completely agree, when it comes to these pilot programs. And I would continue to work with her on legislation to try to restrict the ASBA's ability to create these programs.

So I would urge my colleagues to support the amendment. The question is on the Velázquez Amendment Number 12. All those in favor say aye.

[Chorus of ayes.]

All those opposed, No.

The ayes appear to have it. The ayes do have it. The amendment is adopted.

Mr. King.

Mr. KING. Yes, thank you, Mr. Chairman. I have an amendment at the desk designated as the King Amendment.

Chairman GRAVES. King Amendment. Clerk, please read the title.

The CLERK. Beginning on page 86, line 9. Strike section 504.

Chairman GRAVES. Ask unanimous consent that the amendment be considered as read. Seeing no objections, considered as read. Mr. King, you have five minutes. It is being passed out right now.

Mr. KING. Yes, thank you, Mr. Chairman. I recognize this has been a long markup and I appreciate your attention and that of the members of the committee. And I will keep this brief for that reason.

This amendment strikes a new section that was put into the bill in the Science Committee. And this new section currently requires federal agencies to encourage applicants under the SBIR and the

STTR by small business concerns that are set by these priorities, located under represented geographical areas, owned by women, owned by veterans, owned by minorities, and located within areas with high unemployment.

And I have long made the case in this committee and in other committees that, you know, free enterprise is going to thrive if it is required to compete. And I just believe that this is an unnecessary section that has been introduced in the science committee. And it sets up a build-in preference, which I oppose. And as I say, it is unnecessary and I would urge the adoption of this amendment.

And I yield back the balance of my time.

Chairman GRAVES. Does any other member wish to be heard on the amendment?

Ms. VELÁZQUEZ. Mr. Chairman.

Chairman GRAVES. Ranking Member.

Ms. VELÁZQUEZ. I would like to be heard on this amendment.

You know, this is so ill-advised. At a time—people want to negate the trends that are happening in America.

You know, we want to be able to help this economy and our nation to be competitive globally. And so, what the language says here is, “federal agencies should encourage applications under the SBIR.” It does not establish any preference.

And so I will ask my colleagues to oppose this ill-advised amendment.

Chairman GRAVES. That is all right. Mr. Richmond.

Mr. RICHMOND. Mr. Chairman, I was just going to really pose the question back that, is there a preference of something I am missing? Because as I read it, it says, “federal agencies shall encourage applications.” And I think that in areas where you see a lack of applications, then it would be advisable to go out and encourage them to submit. They have to go through the same competitive process to win an award, but I think that this fosters more competition and it just encourages more people to participate. And I think that is something that we have consistently done in this country, is to identify areas where there are shortages based on a number of areas.

And maybe the gentleman will care to expand, but as I see it, it is just something encouraging more people to participate just like we do in a number of other areas.

So, I will yield at that point, Mr. Chairman.

Chairman GRAVES. Any other members wish to be heard?

Seeing none, I do support the gentleman’s amendment. The question is on the King Amendment Number 1.

All those in favor say aye.

[Chorus of ayes.]

All those opposed, No.

[Chorus of noes.]

The ayes appear to have it.

Ms. VELÁZQUEZ. We ask for a recorded vote.

Chairman GRAVES. A recorded vote has been requested. On the question of Mr. King Amendment Number 1. Is there a second? There being a sufficient second, a recorded vote is ordered, pursuant to Committee Rule 10 for the proceedings on the amendment will be postponed.



Are there any other amendments at this time? Seeing none, the question now occurs—I will read the list. And just for clarification, we have one, two, three, four, five, six, seven. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 amendments.

Ms. VELÁZQUEZ. Mr. Chairman.

Chairman GRAVES. Yes.

Ms. VELÁZQUEZ. I have a question. We told the members—you told the members that the votes will be rolled. And can we just recess and send a note to the members that we are about to vote on this legislation?

They are in other committees marking up legislation.

Chairman GRAVES. And we can—I do not have a problem just recessing here for about five minutes. But get them in here. Well, just get them in here just as quick as you can.

Committee will stay in recess for five minutes.

[Recess.]

Chairman GRAVES. Same thing. And that is both sides. I think I showed that today. That the minority side had a lot of amendments out there, and we are trying to accommodate that. So we are going to try to do this as open as we can. And we have several—1, 2, 3, 4, 5, 6, 7, 8, 9, 10 recorded votes that we are going to dispense with at this point.

So, the question now occurs on agreeing to the amendment offered by—and we are going to start with Ms. Velázquez, the Ranking Member. The question now occurs on agreeing to the amendment offered by Ms. VELÁZQUEZ Number 1, on which a recorded vote was ordered.

The Clerk shall call the roll.

The CLERK. Mr. Graves.

Chairman GRAVES. No.

The CLERK. Mr. Bartlett.

Mr. BARTLETT. No.

The CLERK. Mr. Chabot.

Mr. CHABOT. No.

The CLERK. Mr. King.

Mr. KING. No.

The CLERK. Mr. Coffman.

Mr. COFFMAN.

[No response]

The CLERK. Mr. Mulvaney.

Mr. MULVANEY. No.

The CLERK. Mr. Tipton.

Mr. TIPTON. No.

The CLERK. Mr. Fleischmann.

Mr. FLEISCHMANN.

[No response.]

The CLERK. Ms. Herrera Beutler.

Ms. HERRERA BEUTLER.

[No response.]

The CLERK. Mr. West.

Mr. WEST.

[No response.]

The CLERK. Ms. Ellmers.

Ms. ELLMERS. No.

The CLERK. Mr. Walsh.  
 Mr. WALSH. No.  
 The CLERK. Mr. Landry.  
 Mr. LANDRY. No.  
 The CLERK. Mr. Barletta.  
 Mr. BARLETTA. No.  
 The CLERK. Mr. Hanna.  
 Mr. HANNA. No.  
 The CLERK. Ms. Velázquez.  
 Ms. VELÁZQUEZ. Aye.  
 The CLERK. Mr. Schrader.  
 Mr. SCHRADER. Yes.  
 The CLERK. Mr. Critz.  
 Mr. CRITZ. Aye.  
 The CLERK. Mr. Altmire.  
 Mr. ALTMIRE. Aye.  
 The CLERK. Ms. Clarke.  
 Ms. CLARKE. Aye.  
 The CLERK. Ms. Chu.  
 Ms. CHU. Aye.  
 The CLERK. Mr. Cicilline.  
 Mr. CICILLINE. Aye.  
 The CLERK. Mr. Richmond.  
 Mr. RICHMOND. Aye.  
 The CLERK. Mr. Peters.  
 Mr. PETERS.  
 [No response.]  
 The CLERK. Mr. Keating.  
 Mr. KEATING.  
 [No response.]  
 The CLERK. Mr. Owens.  
 Mr. OWENS.  
 [No response.]  
 The CLERK. 13 noes, 8 ayes. The noes have it.

Chairman GRAVES. The vote is 13 ayes—13 noes, 8 ayes. The amendment is not agreed to.

The next amendment, the question is on Velázquez Number 13. In which a recorded vote was ordered. Will The Clerk please call the role.

The CLERK. Velázquez Amendment Number 3.

Chairman Graves. Is in Number 3? It is Number 3.

The CLERK. Mr. Graves.

Chairman GRAVES. Let us make sure that we know where everybody is. This is on Velázquez Amendment Number 3, which a recorded vote was ordered. Clerk.

The CLERK. Mr. Graves.

Chairman GRAVES. No.

The CLERK. Mr. Bartlett.

Mr. BARTLETT. No.

The CLERK. Mr. Chabot.

Mr. CHABOT. No.

The CLERK. Mr. King.

Mr. KING. No.

The CLERK. Mr. Coffman.

Mr. COFFMAN. No.  
 The CLERK. Mr. Mulvaney.  
 Mr. MULVANEY. No.  
 The CLERK. Mr. Tipton.  
 Mr. TIPTON. No.  
 The CLERK. Mr. Fleischmann.  
 Mr. FLEISCHMANN.  
 [No response.]  
 The CLERK. Ms. Herrera Beutler.  
 Ms. HERRERA BEUTLER.  
 [No response.]  
 The CLERK. Mr. West.  
 Mr. WEST. No.  
 The CLERK. Ms. Ellmers.  
 Ms. ELLMERS. No.  
 The CLERK. Mr. Walsh.  
 Mr. WALSH. No.  
 The CLERK. Mr. Landry.  
 Mr. LANDRY. No.  
 The CLERK. Mr. Barletta.  
 Mr. BARLETTA. No.  
 The CLERK. Mr. Hanna.  
 Mr. HANNA. No.  
 The CLERK. Ms. Velázquez.  
 Ms. VELÁZQUEZ. Aye.  
 The CLERK. Mr. Schrader.  
 Mr. SCHRADER. Yes.  
 The CLERK. Mr. Critz.  
 Mr. CRITZ. Aye.  
 The CLERK. Mr. Altmire.  
 Mr. ALTMIRE. Aye.  
 The CLERK. Ms. Clarke.  
 Ms. CLARKE. Aye.  
 The CLERK. Ms. Chu.  
 Ms. CHU. Aye.  
 The CLERK. Mr. Cicilline.  
 Mr. CICILLINE. Aye.  
 The CLERK. Mr. Richmond.  
 Mr. RICHMOND. Aye.  
 The CLERK. Mr. Peters.  
 Mr. PETERS. Aye.  
 The CLERK. Mr. Keating.  
 Mr. KEATING. Aye.  
 The CLERK. Mr. Owens.  
 Mr. OWENS. Aye.  
 Chairman GRAVES. Are there any other members that wish to vote? What is the total?  
 The CLERK. 13 noes, 10 ayes.  
 Chairman GRAVES. The vote is 13 noes, 10 ayes. The amendment is not agreed to.  
 The question now occurs on agreeing to the amendment offered by Mr. King of Iowa, on which a recorded vote was ordered. Clerk, please call the roll.  
 The CLERK. Mr. Graves.

Chairman GRAVES. Yes.  
 The CLERK. Mr. Bartlett.  
 Mr. BARTLETT. Yes.  
 The CLERK. Mr. Chabot.  
 Mr. CHABOT. Aye.  
 The CLERK. Mr. King.  
 Mr. KING. Aye.  
 The CLERK. Mr. Coffman.  
 Mr. COFFMAN. Aye.  
 The CLERK. Mr. Mulvaney.  
 Mr. MULVANEY. Aye.  
 The CLERK. Mr. Tipton.  
 Mr. TIPTON. Aye.  
 The CLERK. Mr. Fleischmann.  
 Mr. FLEISCHMANN.  
 [No response.]  
 The CLERK. Ms. Herrera Beutler.  
 Ms. HERRERA BEUTLER. No.  
 The CLERK. Mr. West.  
 Mr. WEST. Yes.  
 The CLERK. Ms. Ellmers.  
 Ms. ELLMERS. Yes.  
 The CLERK. Mr. Walsh.  
 Mr. WALSH. Yes.  
 The CLERK. Mr. Landry.  
 Mr. LANDRY. Yes.  
 The CLERK. Mr. Barletta.  
 Mr. BARLETTA. Yes.  
 The CLERK. Mr. Hanna.  
 Mr. HANNA. No.  
 The CLERK. Ms. Velázquez.  
 Ms. VELÁZQUEZ. No.  
 The CLERK. Mr. Schrader.  
 Mr. SCHRADER. No.  
 The CLERK. Mr. Critz.  
 Mr. CRITZ. No.  
 The CLERK. Mr. Altmire.  
 Mr. ALTMIRE. No.  
 The CLERK. Ms. Clarke.  
 Ms. CLARKE. No.  
 The CLERK. Ms. Chu.  
 Ms. CHU. No.  
 The CLERK. Mr. Cicilline.  
 Mr. CICILLINE. No.  
 The CLERK. Mr. Richmond.  
 Mr. RICHMOND. No.  
 The CLERK. Mr. Peters.  
 Mr. PETERS. No.  
 The CLERK. Mr. Keating.  
 Mr. KEATING.  
 [No response.]  
 The CLERK. Mr. Owens.  
 Mr. OWENS. No.  
 The CLERK. 12 ayes, 10 noes.

Chairman GRAVES. What was the noes?  
 The CLERK. The noes, 10. And 12. Wait—12 ayes.  
 Chairman GRAVES. Do you need to recount?  
 The CLERK. Hold on. 9, 10.  
 Chairman GRAVES. Verify the roll.  
 The CLERK. Okay, recalling the roll.  
 Chairman GRAVES. Call the roll.  
 The CLERK. Mr. Graves.  
 Chairman GRAVES. Aye.  
 The CLERK. Mr. Bartlett.  
 Mr. BARLETT. Aye.  
 The CLERK. Mr. Chabot.  
 Mr. CHABOT. Aye.  
 The CLERK. Mr. King.  
 Mr. KING. Aye.  
 The CLERK. Mr. Coffman.  
 Mr. COFFMAN. Aye.  
 The CLERK. Mr. Mulvaney.  
 Mr. MULVANEY. Aye.  
 The CLERK. Mr. Tipton.  
 Mr. TIPTON. Aye.  
 The CLERK. Mr. Fleischmann.  
 Mr. FLEISCHMANN.  
 [No response.]  
 The CLERK. Ms. Herrera Beutler.  
 Ms. HERRERA BEUTLER.  
 [No response.]  
 The CLERK. Mr. West.  
 Mr. WEST. Yes.  
 The CLERK. Ms. Ellmers.  
 Ms. ELLMERS. Yes.  
 The CLERK. Mr. Walsh.  
 Mr. WALSH. Yes.  
 The CLERK. Mr. Landry.  
 Mr. LANDRY. Yes.  
 The CLERK. Mr. Barletta.  
 Mr. BARLETTA. Yes.  
 The CLERK. Mr. Hanna.  
 Mr. HANNA. No.  
 The CLERK. Ms. Velázquez.  
 Ms. VELÁZQUEZ. No.  
 The CLERK. Mr. Schrader.  
 Mr. SCHRADER. No.  
 The CLERK. Mr. Critz.  
 Mr. CRITZ. No.  
 The CLERK. Mr. Altmire.  
 Mr. ALTMIRE. No.  
 The CLERK. Ms. Clarke.  
 Ms. CLARKE. No.  
 The CLERK. Ms. Chu.  
 Ms. CHU. No.  
 The CLERK. Mr. Cicilline.  
 Mr. CICILLINE. No.  
 The CLERK. Mr. Richmond.

Mr. RICHMOND. No.  
 The CLERK. Mr. Peters.  
 Mr. PETERS. No.  
 The CLERK. Mr. Keating.  
 Mr. KEATING.  
 [No response.]  
 The CLERK. Mr. Owens.  
 Mr. OWENS. No.  
 Chairman GRAVES. Does any other member wish to vote? Ms. Herrera Beutler?  
 Ms. HERRERA BEUTLER. Yes.  
 Chairman GRAVES. Ms. Herrera Beutler votes aye.  
 The CLERK. 13 ayes, 11 noes.  
 Chairman GRAVES. A vote of 13 ayes, 11 noes. The amendment is agreed to.  
 Next is the question that occurs in agreeing to the amendment offered by Mr. Owens. It is Amendment Number 31 by Mr. Owens, which a recorded vote was ordered. Clerk, please call the roll.  
 The CLERK. Mr. Graves.  
 Chairman GRAVES. No.  
 The CLERK. Mr. Bartlett.  
 Mr. BARTLETT. No.  
 The CLERK. Mr. Chabot.  
 Mr. CHABOT. No.  
 The CLERK. Mr. King.  
 Mr. KING. Pass.  
 The CLERK. Present, not voting. Mr. Coffman.  
 Mr. COFFMAN. Pass.  
 The CLERK. Mr. Mulvaney.  
 Mr. MULVANEY. No.  
 The CLERK. Mr. Tipton.  
 Mr. TIPTON. No.  
 The CLERK. Mr. Fleischmann.  
 Mr. FLEISCHMANN.  
 [No response.]  
 The CLERK. Ms. Herrera Beutler.  
 Ms. HERRERA BEUTLER. No.  
 The CLERK. Mr. West.  
 Mr. WEST. Yes.  
 The CLERK. Ms. Ellmers.  
 Ms. ELLMERS. No.  
 The CLERK. Mr. Walsh.  
 Mr. WALSH. Yes.  
 The CLERK. Mr. Landry.  
 Mr. LANDRY. No.  
 The CLERK. Mr. Barletta.  
 Mr. BARLETTA. No.  
 The CLERK. Mr. Hanna.  
 Mr. HANNA. No.  
 The CLERK. Ms. Velázquez.  
 Ms. VELÁZQUEZ. Yes.  
 The CLERK. Mr. Schrader.  
 Mr. SCHRADER. Yes.  
 The CLERK. Mr. Critz.

Mr. CRITZ. Yes.  
 The CLERK. Mr. Altmire.  
 Mr. ALTMIRE. Yes.  
 The CLERK. Ms. Clarke.  
 Ms. CLARKE. Yes.  
 The CLERK. Ms. Chu.  
 Ms. CHU. Yes.  
 The CLERK. Mr. Cicilline.  
 Mr. CICILLINE. Aye.  
 The CLERK. Mr. Richmond.  
 Mr. RICHMOND. Aye.  
 The CLERK. Mr. Peters.  
 Mr. PETERS. Yes.  
 The CLERK. Mr. Keating.  
 Mr. KEATING.  
 [No response.]  
 The CLERK. Mr. Owens.  
 Mr. OWENS. Yes.  
 Chairman GRAVES. Does any other member wish to be heard.  
 Mr. KING. Mr. Chairman?  
 Chairman GRAVES. Mr. King.  
 Mr. KING. I change my vote to no.  
 Chairman GRAVES. Mr. King votes No. Mr. Coffman. Mr. Coff-  
 man votes no.  
 The CLERK. 12 ayes, 12 noes.  
 Chairman GRAVES. I voted 12 ayes, 12 noes. The amendment  
 fails. The amendment is not agreed to.  
 The question now occurs on agreeing to the amendment offered  
 by Ms. Chu. It is Amendment Number 26, which a recorded vote  
 was ordered. The Clerk shall call the roll.  
 The CLERK. Mr. Graves.  
 Chairman GRAVES. No.  
 The CLERK. Mr. Bartlett.  
 Mr. BARTLETT. No.  
 The CLERK. Mr. Chabot.  
 Mr. CHABOT. No.  
 The CLERK. Mr. King.  
 Mr. KING. No.  
 The CLERK. Mr. Coffman.  
 Mr. COFFMAN. No.  
 The CLERK. Mr. Mulvaney.  
 Mr. MULVANEY. No.  
 The CLERK. Mr. Tipton.  
 Mr. TIPTON. No.  
 The CLERK. Mr. Fleischmann.  
 Mr. FLEISCHMANN.  
 [No response.]  
 The CLERK. Ms. Herrera Beutler.  
 Ms. HERRERA BEUTLER. No.  
 The CLERK. Mr. West.  
 Mr. WEST. No.  
 The CLERK. Ms. Ellmers.  
 Ms. ELLMERS. No.  
 The CLERK. Mr. Walsh.

Mr. WALSH. No.  
The CLERK. Mr. Landry.  
Mr. LANDRY. No.  
The CLERK. Mr. Barletta.  
Mr. BARLETTA. No.  
The CLERK. Mr. Hanna.  
Mr. HANNA. No.  
The CLERK. Ms. Velázquez.  
Ms. VELÁZQUEZ. Yes.  
The CLERK. Mr. Schrader.  
Mr. SCHRADER. Yes.  
The CLERK. Mr. Critz.  
Mr. CRITZ. Yes.  
The CLERK. Mr. Altmire.  
Mr. ALTMIRE. Yes.  
The CLERK. Ms. Clarke.  
Ms. CLARKE. Yes.  
The CLERK. Ms. Chu.  
Ms. CHU. Yes.  
The CLERK. Mr. Cicilline.  
Mr. CICILLINE. Yes.  
The CLERK. Mr. Richmond.  
Mr. RICHMOND. Yes.  
The CLERK. Mr. Peters.  
Mr. PETERS. Yes.  
The CLERK. Mr. Keating.  
Mr. KEATING.  
[No response.]  
The CLERK. Mr. Owens.  
Mr. OWENS. Yes.  
The CLERK. 10 ayes, 14 noes.  
Chairman GRAVES. By a vote of 10 ayes, 14 noes, the amendment is not agreed to.  
The next question now is on Ms. Chu's Amendment Number 25. On which a recorded vote was ordered. The Clerk, please call the roll.  
The CLERK. Mr. Graves.  
Chairman GRAVES. No.  
The CLERK. Mr. Bartlett.  
Mr. BARTLETT. No.  
The CLERK. Mr. Chabot.  
Mr. CHABOT. No.  
The CLERK. Mr. King.  
Mr. KING. No.  
The CLERK. Mr. Coffman.  
Mr. COFFMAN. No.  
The CLERK. Mr. Mulvaney.  
Mr. MULVANEY. No.  
The CLERK. Mr. Tipton.  
Mr. TIPTON. No.  
The CLERK. Mr. Fleischmann.  
Mr. FLEISCHMANN.  
[No response.]  
The CLERK. Ms. Herrera Beutler.



Ms. HERRERA BEUTLER. No.

The CLERK. Mr. West.

Mr. WEST. No.

The CLERK. Ms. Ellmers.

Ms. ELLMERS. No.

The CLERK. Mr. Walsh.

Mr. WALSH. No.

The CLERK. Mr. Landry.

Mr. LANDRY. No.

The CLERK. Mr. Barletta.

Mr. BARLETTA. No.

The CLERK. Mr. Hanna.

Mr. HANNA. No.

The CLERK. Ms. Velázquez.

Ms. VELÁZQUEZ. Yes.

The CLERK. Mr. Schrader.

Mr. SCHRADER. No.

The CLERK. Mr. Critz.

Mr. CRITZ. Yes.

The CLERK. Mr. Altmire.

Mr. ALTMIRE. Yes.

The CLERK. Ms. Clarke.

Ms. CLARKE. Yes.

The CLERK. Ms. Chu.

Ms. CHU. Yes.

The CLERK. Mr. Cicilline.

Mr. CICILLINE. Aye.

The CLERK. Mr. Richmond.

Mr. RICHMOND. Yes.

The CLERK. Mr. Peters.

Mr. PETERS. Yes.

The CLERK. Mr. Keating.

Mr. KEATING.

[No response.]

The CLERK. Mr. Owens.

Mr. OWENS. Yes.

The CLERK. 9 ayes, 15 noes.

Chairman GRAVES. By a vote of 9 ayes, 15 noes, the amendment is not agreed to.

The question now occurs on the amendment offered by Mr. Cicilline. Amendment Number 9, which a recorded vote was ordered. Clerk, please call the roll.

The CLERK. Mr. Graves.

Chairman GRAVES. No.

The CLERK. Mr. Bartlett.

Mr. BARTLETT. No.

The CLERK. Mr. Chabot.

Mr. CHABOT. No.

The CLERK. Mr. King.

Mr. KING. No.

The CLERK. Mr. Coffman.

Mr. COFFMAN. No.

The CLERK. Mr. Mulvaney.

Mr. MULVANEY. No.

The CLERK. Mr. Tipton.  
 Mr. TIPTON. No.  
 The CLERK. Mr. Fleischmann.  
 Mr. FLEISCHMANN.  
 [No response.]  
 The CLERK. Ms. Herrera Beutler.  
 Ms. HERRERA BEUTLER. No.  
 The CLERK. Mr. West.  
 Mr. WEST. No.  
 The CLERK. Ms. Ellmers.  
 Ms. ELLMERS. No.  
 The CLERK. Mr. Walsh.  
 Mr. WALSH. No.  
 The CLERK. Mr. Landry.  
 Mr. LANDRY. No.  
 The CLERK. Mr. Barletta.  
 Mr. BARLETTA. No.  
 The CLERK. Mr. Hanna.  
 Mr. HANNA. No.  
 The CLERK. Ms. Velázquez.  
 Ms. VELÁZQUEZ. Yes.  
 The CLERK. Mr. Schrader.  
 Mr. SCHRADER. No.  
 The CLERK. Mr. Critz.  
 Mr. CRITZ. Yes.  
 The CLERK. Mr. Altmire.  
 Mr. ALTMIRE. Yes.  
 The CLERK. Ms. Clarke.  
 Ms. CLARKE. Aye.  
 The CLERK. Ms. Chu.  
 Ms. CHU. Yes.  
 The CLERK. Mr. Cicilline.  
 Mr. CICILLINE. Aye.  
 The CLERK. Mr. Richmond.  
 Mr. RICHMOND. Yes.  
 The CLERK. Mr. Peters.  
 Mr. PETERS. Yes.  
 The CLERK. Mr. Keating.  
 Mr. KEATING.  
 [No response.]  
 The CLERK. Mr. Owens.  
 Mr. OWENS. Yes.  
 The CLERK. 9 ayes, 15 noes.

Chairman GRAVES. By a vote of 9 ayes, 15 noes, Cicilline Amendment Number 9 is not agreed to.

The next question now occurs on Mr. Cicilline Amendment Number 11, on which a recorded vote was ordered. The Clerk, call the roll.

The CLERK. Mr. Graves.  
 Chairman GRAVES. No.  
 The CLERK. Mr. Bartlett.  
 Mr. BARTLETT. No.  
 The CLERK. Mr. Chabot.  
 Mr. CHABOT. No.

The CLERK. Mr. King.  
 Mr. KING. No.  
 The CLERK. Mr. Coffman.  
 Mr. COFFMAN. No.  
 The CLERK. Mr. Mulvaney.  
 Mr. MULVANEY. No.  
 The CLERK. Mr. Tipton.  
 Mr. TIPTON. No.  
 The CLERK. Mr. Fleischmann.  
 Mr. FLEISCHMANN.  
 [No response.]  
 The CLERK. Ms. Herrera Beutler.  
 Ms. HERRERA BEUTLER. No.  
 The CLERK. Mr. West.  
 Mr. WEST. No.  
 The CLERK. Ms. Ellmers.  
 Ms. ELLMERS. No.  
 The CLERK. Mr. Walsh.  
 Mr. WALSH. No.  
 The CLERK. Mr. Landry.  
 Mr. LANDRY. No.  
 The CLERK. Mr. Barletta.  
 Mr. BARLETTA. No.  
 The CLERK. Mr. Hanna.  
 Mr. HANNA. No.  
 The CLERK. Ms. Velázquez.  
 Ms. VELÁZQUEZ. Yes.  
 The CLERK. Mr. Schrader.  
 Mr. SCHRADER. Yes.  
 The CLERK. Mr. Critz.  
 Mr. CRITZ. Yes.  
 The CLERK. Mr. Altmire.  
 Mr. ALTMIRE. Yes.  
 The CLERK. Ms. Clarke.  
 Ms. CLARKE. Yes.  
 The CLERK. Ms. Chu.  
 Ms. CHU. Yes.  
 The CLERK. Mr. Cicilline.  
 Mr. CICILLINE. Yes.  
 The CLERK. Mr. Richmond.  
 Mr. RICHMOND. Yes.  
 The CLERK. Mr. Peters.  
 Mr. PETERS. Yes.  
 The CLERK. Mr. Keating.  
 Mr. KEATING.  
 [No response.]  
 The CLERK. Mr. Owens.  
 Mr. OWENS. Yes.  
 The CLERK. 10 ayes, 14 noes.

Chairman GRAVES. By a vote of 10 ayes, 14 noes, the amendment—Mr. Cicilline Number 11 is not agreed to.

The question now occurs on agreeing to the amendment, Mr. Critz Number 15. By which a recorded vote was ordered. Clerk, please call the roll.

The CLERK. Mr. Graves.  
 Chairman GRAVES. No.  
 The CLERK. Mr. Bartlett.  
 Mr. BARTLETT. No.  
 The CLERK. Mr. Chabot.  
 Mr. CHABOT. No.  
 The CLERK. Mr. King.  
 Mr. KING. No.  
 The CLERK. Mr. Coffman.  
 Mr. COFFMAN. No.  
 The CLERK. Mr. Mulvaney.  
 Mr. MULVANEY. No.  
 The CLERK. Mr. Tipton.  
 Mr. TIPTON. No.  
 The CLERK. Mr. Fleischmann.  
 Mr. FLEISCHMANN.  
 [No response]  
 The CLERK. Ms. Herrera Beutler.  
 Ms. HERRERA BEUTLER. No.  
 The CLERK. Mr. West.  
 Mr. WEST. No.  
 The CLERK. Ms. Ellmers.  
 Ms. ELLMERS. No.  
 The CLERK. Mr. Walsh.  
 Mr. WALSH. No.  
 The CLERK. Mr. Landry.  
 Mr. LANDRY. No.  
 The CLERK. Mr. Barletta.  
 Mr. BARLETTA. Yes.  
 The CLERK. Mr. Hanna.  
 Mr. HANNA. No.  
 The CLERK. Ms. Velázquez.  
 Ms. VELÁZQUEZ. Yes.  
 The CLERK. Mr. Schrader.  
 Mr. SCHRADER. No.  
 The CLERK. Mr. Critz.  
 Mr. CRITZ. Yes.  
 The CLERK. Mr. Altmire.  
 Mr. ALTMIRE. Yes.  
 The CLERK. Ms. Clarke.  
 Ms. CLARKE. Yes.  
 The CLERK. Ms. Chu.  
 Ms. CHU. Yes.  
 The CLERK. Mr. Cicilline.  
 Mr. CICILLINE. Yes.  
 The CLERK. Mr. Richmond.  
 Mr. RICHMOND. Yes.  
 The CLERK. Mr. Peters.  
 Mr. PETERS. No.  
 The CLERK. Mr. Keating.  
 Mr. KEATING.  
 [No response.]  
 The CLERK. Mr. Owens.  
 Mr. OWENS. Yes.

The CLERK. 9 ayes, 15 noes.

Chairman GRAVES. By a vote of 9 ayes, 15 noes, Critz Amendment Number 15 is not agreed to.

Last amendment. The question now occurs on agreeing to the amendment offered by Mr. Schrader. Amendment Number 15, in which a recorded vote was ordered. Clerk, please call the roll.

The CLERK. Mr. Graves.

Chairman GRAVES. No.

The CLERK. Mr. Bartlett.

Mr. BARTLETT. No.

The CLERK. Mr. Chabot.

Mr. CHABOT. No.

The CLERK. Mr. King.

Mr. KING. No.

The CLERK. Mr. Coffman.

Mr. COFFMAN. No.

The CLERK. Mr. Mulvaney.

Mr. MULVANEY. No.

The CLERK. Mr. Tipton.

Mr. TIPTON. No.

The CLERK. Mr. Fleischmann.

Mr. FLEISCHMANN.

[No response.]

The CLERK. Ms. Herrera Beutler.

Ms. HERRERA BEUTLER. No.

The CLERK. Mr. West.

Mr. WEST. No.

The CLERK. Ms. Ellmers.

Ms. ELLMERS. No.

The CLERK. Mr. Walsh.

Mr. WALSH. No.

The CLERK. Mr. Landry.

Mr. LANDRY. No.

The CLERK. Mr. Barletta.

Mr. BARLETTA. No.

The CLERK. Mr. Hanna.

Mr. HANNA. No.

The CLERK. Ms. Velázquez.

Ms. VELÁZQUEZ. Yes.

The CLERK. Mr. Schrader.

Mr. SCHRADER. Yes.

The CLERK. Mr. Critz.

Mr. CRITZ. Yes.

The CLERK. Mr. Altmire.

Mr. ALTMIRE. Yes.

The CLERK. Ms. Clarke.

Ms. CLARKE. Yes.

The CLERK. Ms. Chu.

Ms. CHU. Yes.

The CLERK. Mr. Cicilline.

Mr. CICILLINE. Yes.

The CLERK. Mr. Richmond.

Mr. RICHMOND. Yes.

The CLERK. Mr. Peters.

Mr. PETERS. Yes.

The CLERK. Mr. Keating.

Mr. KEATING.

[No response]

The CLERK. Mr. Owens.

Mr. OWENS. Yes.

The CLERK. 10 ayes, 14 noes.

Chairman GRAVES. By a vote of 10 ayes, 14 noes, the amendment by Mr. Schrader is not agreed to.

There being no other amendments, I ask unanimous consent that the committee print, as amended, be adopted as an amendment in the nature of a substitute to H.R. 1425.

Being no objections, I now move that the committee report H.R. 1425 to the House with the recommendation that the bill, as amended, do pass.

All in favor, say aye. [Chorus of ayes.]

All opposed, No.

[Chorus of noes.]

Chairman GRAVES. In the opinion of the chair, the ayes have it. Motion is agreed to.

I'd ask unanimous consent that the chair of the committee be authorized to correct section numbers, punctuation, cross-references, and to make other technical and conforming corrections necessary to accurately reflect the action of the committee in the amended bill.

Seeing no objection—

Ms. VELÁZQUEZ. Mr. Chairman? I want to provide notice that the Democrats will be filing dissenting views in conjunction with the bill.

Chairman GRAVES. Without objection. Anything else? Anybody have anything else to say? No? No one asked for it.

Ms. VELÁZQUEZ. I just missed that—

Chairman GRAVES. That is all right. Nothing else? With that, the markup is adjourned.

[Whereupon, at 5:14 p.m., the subcommittee was adjourned.]

#### AMENDMENT TO COMMITTEE PRINT

#### OFFERED BY MS. CHU OF CALIFORNIA

Page 4, line 6, strike "\$150,000" and insert "\$225,000".

Page 4, line 8, strike "\$1,000,000" and insert "\$2,000,000".

Page 4, line 13, strike "\$150,000" and insert "\$225,000".

Page 4, line 15, strike "\$1,000,000" and insert "\$2,000,000".

Add, at the end of the bill, the following:

#### SEC. 505. ADJUSTMENTS TO REQUIRED EXPENDITURE AMOUNTS.

(a) SBIR PROGRAMS.—Section 9(f) of the Small Business Act (15 U.S.C. 638(f)), as amended by this Act, is further amended—

(1) in paragraph (2)(C), by striking "2.5 percent" and inserting "the lesser of 3 percent and any percentage specified in paragraph (4) for that fiscal year";

(2) by adding at the end the following:

“(4) PERCENTAGE ADJUSTMENTS.—The percentage specified in this paragraph shall be equal to—

“(A) for fiscal year 2012, 2.6 percent;

“(B) for fiscal year 2013, 2.7 percent

“(C) for fiscal year 2014, 2.8 percent; and

“(D) for fiscal year 2015, 2.9 percent.”.

(b) STTR PROGRAMS.—Section 9(n) of the Small Business Act (15 U.S.C. 638(n)), as amended by this Act, is further amended—

(1) in paragraph (1)(B)(ii) by striking “0.3 percent” and inserting “the lesser of 0.5 percent and any percentage specified in paragraph (4) for that fiscal year”; and

(2) by adding at the end the following:

“(4) PERCENTAGE ADJUSTMENTS.—The percentage specified in this paragraph shall be equal to—

“(A) for fiscal year 2012, 0.3 percent; and

“(B) for fiscals years 2013 and 2014, 0.4 percent.”.

(c) APPLICATION.—The amendments made by this section shall apply to fiscal years beginning with fiscal year 2012.

#### AMENDMENT TO COMMITTEE PRINT

#### OFFERED BY MS. CHU OF CALIFORNIA

Page 26, after line 8, insert the following and redesignate subsequent paragraphs accordingly:

(5) in paragraph (4), by inserting after “under this subsection” the following: “and to establish and carry out a minority institution program described in subsection (qq)”.

Page 28, line 12, strike “(A) for awards” and insert the following: “(A)(I) for awards”.

Page 28, line 16, strike “(B) to support” and insert the following: “(ii) to support”.

Page 28, line 19, strike the period at the end and insert the following “; and”.

Page 28, after line 19, insert the following:

“(B) to establish and carry out a minority institution program described in subsection (qq).”.

Add at the end of the bill the following:

#### **SEC. 505. MINORITY INSTITUTION PROGRAM.**

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

“(qq) MINORITY INSTITUTION PROGRAM.—

“(1) PROGRAM DESCRIBED.—A minority institution program described in this subsection is a program to make grants to minority institutions that partner with nonprofit organizations that have experience developing relationships between industry, minority institutions, and other entities, for the purpose of increasing the number of SBIR and STTR program applications by minority-owned small businesses.

“(2) APPLICATION.—To be eligible to receive a grant under paragraph (1), a minority institution shall submit an application to the head of the Federal agency carrying out the pro-

gram at such time, in such manner, and containing such information and assurances as the head may require.

“(3) MATCHING REQUIREMENT.—As a condition of a grant under paragraph (1), the head of the Federal agency carrying out the program shall require that a minority institution provide a matching amount from a source other than the Federal Government that is equal to the amount of the grant.

“(4) MINORITY INSTITUTION DEFINED.—In this subsection, the term ‘minority institution’ has the meaning given that term in section 365(3) of the Higher Education Act of 1965 (20 U.S.C. 1067k(3)) and shall include Asian American Native American Pacific Islander Serving Institutions, Historically Black Colleges and Universities, Hispanic Serving Institutions, and Tribal Colleges and Universities.”.

#### AMENDMENT TO COMMITTEE PRINT

##### OFFERED BY MR. CICILLINE OF RHODE ISLAND

Page 26, after line 8, insert the following and redesignate subsequent paragraphs accordingly:

(5) in paragraph (4), by inserting after “under this subsection” the following: “and to establish and carry out an outreach program described in subsection (qq)”.

Page 28, line 12, strike “(A) for awards” and insert the following: “(A)(i) for awards”.

Page 28, line 16, strike “(B) to support” and insert the following: “(ii) to support”.

Page 28, line 19, strike the period at the end and insert the following “; and”.

Page 28, after line 19, insert the following:

“(B) to establish and carry out an outreach program described in subsection (qq).”.

Add, at the end of the bill, the following:

#### **SEC. 505. OUTREACH PROGRAM.**

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

“(qq) OUTREACH PROGRAM.—

“(1) An outreach program described in this subsection is a program that provides grants to States for the purpose of 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—

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

“(B) to establish or operate a mentoring program to provide business advice and counseling that will assist small business concerns that have been identified by 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;

“(C) to create or participate in a training program for individuals providing SBIR or STTR outreach and assistance at the State and local levels; and

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

“(2) The Administrator shall ensure that the outreach program described in this subsection receives funds in accordance with subsections (y)(4) and (hh)(1)(B).”.

#### AMENDMENT TO COMMITTEE PRINT

OFFERED BY MR. CICILLINE OF RHODE ISLAND

Add at the end the following:

#### **SEC. 505. REPORT ON ENHANCEMENT OF MANUFACTURING ACTIVITIES.**

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

“(qq) **REPORT ON ENHANCEMENT OF MANUFACTURING ACTIVITIES.**—Not later than October 1, 2011, and annually thereafter, the head of each Federal agency that makes more than \$50,000,000 in awards under the SBIR and STTR programs of the agency combined shall submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business and the Committee on Science, Space, and Technology of the House of Representatives a report that includes—

“(1) a description of efforts undertaken by the head of the Federal agency to enhance manufacturing activities;

“(2) a comprehensive description of the actions undertaken each year by the head of the Federal agency in carrying out the SBIR or STTR program of the agency in support of Executive Order 13329 (69 Fed. Reg. 38; relating to encouraging innovation in manufacturing);

“(3) an assessment of the effectiveness of the actions described in paragraph (2) at enhancing the research and development of manufacturing technologies and processes; and

“(4) recommendations that the program managers of the SBIR or STTR program of the agency consider appropriate for additional actions to increase the effectiveness of enhancing manufacturing activities.”.

#### AMENDMENT TO COMMITTEE PRINT

OFFERED BY MS. CHU OF CALIFORNIA

Page 31, line 16, insert after “Policy Committee.” the following: “The Interagency SBIR/STTR Policy Committee shall include representatives from small business concerns among its members.”.

AMENDMENT TO THE COMMITTEE PRINT OFFERED BY MR. CICILLINE OF RHODE ISLAND, FOR HIMSELF AND MS. CHU OF CALIFORNIA, MR. RICHMOND OF LOUISIANA, AND MS. CLARKE OF NEW YORK

Page 87, after line 6, insert the following (and conform the table of contents accordingly):

**SEC. 505. OUTREACH PROGRAM.**

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

“(qq) OUTREACH PROGRAM.—

“(1) IN GENERAL.—An outreach program described in this paragraph is a program that provides outreach and technical assistance to technology-based small business concerns owned and operated by a minority, woman, or veteran, including initiatives—

“(A) to increase the participation of such businesses in the programs under this section; and

“(B) to create training programs for such businesses when seeking to participate in the programs under this section.

“(2) FUNDING.—Applicable Federal agencies shall carry out an outreach program described in paragraph (1) each fiscal year using 2 percent of the 10 percent of funds allocated for commercialization activities under subsections (y)(4) and (hh)(1), and the allocation for activities under those subsections may not be increased as a result of funds being made available for such an outreach program.”.

AMENDMENT TO THE COMMITTEE PRINT OFFERED BY MR. CRITZ OF PENNSYLVANIA

Page 87, after line 6, insert the following (and conform the table of contents accordingly):

**SEC. 505. PREFERENCE FOR HYDRAULIC FRACTURING RESEARCH.**

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

“(qq) HYDRAULIC FRACTURING RESEARCH PREFERENCE.—In making awards under this section, a Federal agency shall give priority to applications in a manner that increases the number of SBIR and STTR award recipients conducting research related to reducing the environmental impact, including with respect to water quality, of the use of hydraulic fracturing during natural gas exploration activities.”.

AMENDMENT TO THE COMMITTEE PRINT OFFERED BY MR. CRITZ OF PENNSYLVANIA

Page 87, after line 6, insert the following (and conform the table of contents accordingly):

**SEC. 505. PREFERENCE FOR ACID MINE DRAINAGE RESEARCH.**

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

“(qq) ACID MINE DRAINAGE RESEARCH PREFERENCE.—In making awards under this section, a Federal agency shall give priority to

applications in a manner that increases the number of SBIR and STTR award recipients conducting research related to reducing the environmental impact, including with respect to water quality, of acid mine drainage.”.

AMENDMENT TO THE COMMITTEE PRINT OFFERED BY MR. CRITZ OF  
PENNSYLVANIA

Page 87, after line 6, insert the following (and conform the table of contents accordingly):

**SEC. 505. PREFERENCE FOR CLEAN COAL TECHNOLOGY RESEARCH.**

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

“(qq) CLEAN COAL TECHNOLOGY RESEARCH PREFERENCE.—In making awards under this section, a Federal agency shall give priority to applications in a manner that increases the number of SBIR and STTR award recipients conducting research with respect to clean coal technology, including the gasification of coal.”.

AMENDMENT TO THE COMMITTEE PRINT OFFERED BY MR. CRITZ OF  
PENNSYLVANIA

Page 87, after line 6, insert the following (and conform the table of contents accordingly):

**SEC. 505. CLEAN COAL TECHNOLOGY.**

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

“(qq) CLEAN COAL TECHNOLOGY COMMERCIALIZATION PILOT PROGRAM.—The Administrator of the Small Business Administration shall establish a program to assist the commercialization of technologies—

“(1) related to clean coal, including the gasification of coal;  
and

“(2) that were developed under the SBIR program.”.

AMENDMENT TO COMMITTEE PRINT OFFERED BY MR. KING OF IOWA

Beginning on page 86, line 9, strike section 504.

AMENDMENT TO COMMITTEE PRINT OFFERED BY MR. OWENS OF  
NEW YORK

Add at the end of the bill the following:

**SEC. 505. EXPRESS AUTHORITY TO “FAST-TRACK” PHASE TWO AWARDS FOR PROMISING PHASE ONE RESEARCH.**

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

“(qq) AUTHORITY TO ‘FAST-TRACK’ PHASE TWO AWARDS FOR PROMISING PHASE ONE RESEARCH.—To address the delay between an award for the first phase of an SBIR program and the application for and extension of an award for the second phase of such program, each Federal agency with an SBIR program may develop ‘fast-track’ programs to eliminate such delay by issuing second phase SBIR awards as soon as practicable, including in appropriate cases simultaneously with the issuance of the first phase SBIR

award. The Administrator shall encourage the development of such 'fast-track' programs.”.

AMENDMENT TO COMMITTEE PRINT OFFERED BY MR. OWENS OF  
NEW YORK

Add at the end of the bill the following:

**SEC. 505. INCREASED PARTNERSHIPS BETWEEN SBIR AWARDEES AND  
PRIME CONTRACTORS, VENTURE CAPITAL INVESTMENT  
COMPANIES, AND LARGER BUSINESSES.**

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

“(qq) INCREASED PARTNERSHIPS.—

“(1) IN GENERAL.—Each agency required by this section to conduct an SBIR program shall establish initiatives by which the agency encourages partnerships between SBIR awardees and prime contractors, venture capital investment companies, business incubators, and larger businesses, for the purpose of facilitating the progress of the SBIR awardees to the third phase.

“(2) DEFINITION.—In this subsection, the term ‘business incubator’ means an entity that provides coordinated and specialized services to entrepreneurial businesses which meet selected criteria during the businesses’ startup phases, including providing services such as shared office space and office services, access to equipment, access to telecommunications and technology services, flexible leases, specialized management assistance, access to financing, mentoring and training services, or other coordinated business or technical support services designed to provide business development assistance to entrepreneurial businesses during these businesses’ startup phases.”.

AMENDMENT TO COMMITTEE PRINT OFFERED BY MR. OWENS OF  
NEW YORK

Add, at the end of the bill, the following:

**SEC. 505. ENHANCING VETERAN PARTICIPATION IN SBIR.**

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

“(qq) ENHANCING VETERAN PARTICIPATION IN SBIR.—

“(1) SPECIAL RULES FOR AWARDS.—Notwithstanding any other provision of this section, a small business concern owned and controlled by veterans may—

“(A) receive a Phase I award in the amount of \$300,000 under an SBIR program and a Phase II award in the amount of \$2,250,000 under an SBIR program, with such amounts able to be exceeded if the Federal agency making the award notifies the Administrator of such excess; and

“(B) receive a Phase II award under an SBIR program with respect to a project without having received a Phase I award with respect to such project.

“(2) VETERAN PREFERENCE.—In making awards under this section, Federal agencies shall give priority to applications so as to increase the number of SBIR and STTR award recipients

that are small business concerns owned and controlled by veterans.”.

AMENDMENT TO COMMITTEE PRINT OFFERED BY MR. SCHRADER OF OREGON

Page 83, beginning on line 11, strike “The head of each Federal agency” through “or the STTR program” on line 13, and insert the following: “The Administrator”.

Page 83, line 11, insert “OUTCOME-BASED PERFORMANCE” before “METRICS”.

Page 83, line 14, insert “a single set of uniform outcome-based performance” before “metrics”.

Page 83, beginning on line 15, strike “of the SBIR program” through “the Federal agency” on line 16 and insert “the SBIR programs and STTR programs of participating Federal agencies”.

Page 83, beginning on line 21, strike subparagraph (B) and redesignate succeeding subparagraphs accordingly.

Page 83, line 23, strike the period at the end and insert “; and”.

Page 83, after line 23, insert the following:

“(C) include factors relating to commercialization such as the number of projects for which Phase III awards were made, percentage of SBIR projects successfully integrated into a program of record, and the amount of Federal dollars received by SBIR projects through non-SBIR Federal contracts.”.

Page 83, beginning on line 24, strike “head of each Federal agency described in paragraph (1)” and insert “Administrator”.

Page 84, line 1, insert “outcome-based performance” before “metrics”.

Page 84, line 3, strike “program” and insert “programs”.

Page 84, line 4, strike “program” and insert “programs”.

Page 84, line 4, strike “the Federal agency” and insert “participating Federal agencies”.

Page 84, line 6, strike “program” and insert “programs”.

Page 84, line 7, strike “program” and insert “programs”.

Page 84, line 7, strike “the Federal agency” and insert “participating Federal agencies”.

Page 84, beginning on line 9, strike “head of each Federal agency described in paragraph (1)” and insert “Administrator”.

Page 84, line 12, strike “and the Administrator”.

Page 84, beginning on line 16, strike “head of each Federal agency described in paragraph (1)” and insert “Administrator”.

AMENDMENT TO THE COMMITTEE PRINT OFFERED BY MR. SCHRADER OF OREGON

Page 87, after line 6, insert the following (and conform the table of contents accordingly):

**SEC. 505. INSPECTOR GENERAL REPORTS.**

Not later than October 1 of each year, the Inspector General of each Federal agency that participates in the SBIR program or STTR program shall submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business and the Committee on Science, Space, and Technology of the House of Representatives a report describing—

- (1) the number of cases referred to the Inspector General in the preceding year that related to fraud, waste, or abuse with respect to the SBIR program or STTR program;
- (2) the actions taken in each case described in paragraph (1) if fraud, waste, or abuse was determined to have occurred;
- (3) if no action was taken in a case described in paragraph (1) and fraud, waste, or abuse was determined to have occurred, the justification for action not being taken; and
- (4) an accounting of the funds used to address fraud, waste, and abuse, including a description of personnel and resources funded and funds that were recovered or saved.

AMENDMENT TO COMMITTEE PRINT OFFERED BY MR. TIPTON OF  
COLORADO

Add, at the end of the bill, the following (and conform the table of contents accordingly):

**SEC. 505. PUBLICATION OF CERTAIN INFORMATION.**

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

“(qq) PUBLICATION OF CERTAIN INFORMATION.—In order to increase the number of small businesses concerns receiving awards under the SBIR or STTR programs of participating agencies, and to simplify the application process for such awards, the Administrator shall establish and maintain a public Internet website on which the Administrator shall publish such information relating to notice of and application for awards under the SBIR program and STTR program of each participating Federal agency as the Administrator determines appropriate.”.

AMENDMENT TO THE COMMITTEE PRINT OFFERED BY MR. TIPTON OF  
COLORADO

Page 42, line 22, strike “shall” and insert “may”.

AMENDMENT TO THE COMMITTEE PRINT OFFERED BY MR. TIPTON OF  
COLORADO

Page 87, after line 6, insert the following (and conform the table of contents accordingly):

**SEC. 505. TIMING.**

Federal agencies participating in the SBIR program or STTR program shall, to the extent possible, attempt to shorten the amount of time between the provision of notice of an award under the SBIR program or STTR program and the subsequent release of funding with respect to the award.

AMENDMENT TO THE COMMITTEE PRINT OFFERED BY MS.  
VELÁZQUEZ OF NEW YORK

Beginning on page 69, line 3, strike section 310, and redesignate succeeding sections accordingly.

AMENDMENT TO THE COMMITTEE PRINT OFFERED BY MS.  
VELÁZQUEZ OF NEW YORK

Beginning on page 25, line 8, strike sections 202 and 203, and insert the following, redesignating succeeding sections accordingly:

**SEC. 202 VOUCHER PROGRAM.**

Section 9 of the Small Business Act (15 U.S.C. 638), as amended by this Act, is further amended by adding at the end the following: “(hh) PILOT PROGRAM.—The Administrator shall establish a voucher program under which small business concerns may apply for vouchers for technology development, testing, evaluation, and commercialization assistance for SBIR and STTR technologies from the head of each Federal agency participating in the SBIR program or the STTR program. The head of each such Federal agency may allocate not more than 10 percent of the funds allocated to the SBIR program and the STTR program of the Federal agency for such vouchers.”.

AMENDMENT TO THE COMMITTEE PRINT OFFERED BY MS.  
VELÁZQUEZ OF NEW YORK

Page 87, after line 6, insert the following (and conform the table of contents accordingly):

**SEC. 505. ENSURING EQUITY IN SBIR AND STTR AWARDS TO INDIVIDUAL COMPANIES.**

Section 9 of the Small Business Act (15 U.S.C. 638), as amended by this Act, is further amended by adding at the end the following: “(qq) ENSURING EQUITY IN SBIR AND STTR AWARDS TO INDIVIDUAL COMPANIES.—A small business concern, including affiliates of the small business concern, may not receive an SBIR or STTR award in a fiscal year if, at the time the award is made—

“(1) the small business concern has received an aggregate dollar amount of such awards in such fiscal year that exceeds 50 percent of the aggregate dollar amount of such awards received, in the preceding fiscal year, by the median State with respect to such aggregate amount; or

“(2) the small business concern has received an aggregate number of such awards in such fiscal year that exceeds 50 percent of the aggregate number of such awards received, in the preceding fiscal year, by the median State with respect to such aggregate number.”.

AMENDMENT TO THE COMMITTEE PRINT OFFERED BY MS.  
VELÁZQUEZ OF NEW YORK

Page 87, after line 6, insert the following (and conform the table of contents accordingly):

**SEC. 505. LIMITATION ON PILOT PROGRAMS.**

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

“(qq) LIMITATION ON PILOT PROGRAMS.—

“(1) IN GENERAL.—The Administrator of the Small Business Administration may only carry out a covered pilot program if in accordance with paragraphs (2) and (3).

“(2) EXISTING PILOT PROGRAMS.—With respect to a covered pilot program in operation on the date of enactment of this subsection, such program may only be carried out during the 3-year period beginning on such date of enactment.

“(3) NEW PILOT PROGRAMS.—With respect to a covered pilot program established after the date of enactment of this subsection, such program—

“(A) may only be carried out during the 3-year period beginning on the date on which such program is established; and

“(B) may not continue or be based on, in any manner, a previously established covered pilot program.

“(4) COVERED PILOT PROGRAM DEFINED.—In this subsection, the term ‘covered pilot program’ means any initiative, project, innovation or other activity—

“(A) relating to an SBIR or STTR program; and

“(B) not specifically authorized by law.”.

AMENDMENT TO THE COMMITTEE PRINT OFFERED BY MR. WEST OF  
FLORIDA

Page 26, strike line 9 and insert the following:

(5) in paragraph (5)—

(A) by striking “the Committee on Armed Services and the Committee on Small Business of the House of Representatives” and inserting “the Committee on Armed Services, the Committee on Small Business, and the Committee on Science, Space, and Technology of the House of Representatives”; and

(B) by striking “shall include” and inserting “shall include, in addition to the information described in paragraph (6)(C)”;

(6) by redesignating paragraph (5) as paragraph (7);

(7) by striking paragraph (6); and

Page 26, line 10, strike “(6)” and insert “(8)”.

Page 26, line 17, strike “and”.

Page 26, line 22, strike “projects.” and insert “projects; and”.

Page 26, after line 22, insert the following:

“(C) take action to ensure that, if a prime contractor on such a contract, after consultation with the Secretary, certifies that an appropriate Phase III technology is not available to be incorporated into a project of the prime contractor, such project shall be excluded from any determination of whether goals under subparagraph (A) have been met.

Page 27, strike lines 12 through 19 and insert the following:



“(C) include in the annual report under paragraph (7)—  
 “(i) the percentage of Phase II SBIR and STTR contracts awarded by the Secretary that led to technology transition into programs of record or fielded systems;  
 “(ii) information on the status of each project that received funding through the Commercialization Readiness Program and efforts to transition those projects into programs of record or fielded systems; and  
 “(iii) a description of each incentive that has been used by the Secretary under subparagraph (B) and the effectiveness of that incentive with respect to meeting the goal under subparagraph (A).”.

Page 72, strike lines 5 through 7 and insert the following:

(ii) by redesignating paragraphs (5), (6), and (7) as paragraphs (4), (5), and (6), respectively.

Page 73, strike lines 8 through 10 and insert the following:

(i) by redesignating paragraphs (4), (5), and (6) as paragraphs (5), (6), and (7), respectively; and

## COMMITTEE PRINT

### SECTION 1. SHORT TITLE.

This Act may be cited as the “Creating Jobs Through Small Business Innovation 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. SBIR and STTR award levels.
- Sec. 103. Agency and program flexibility.
- Sec. 104. Elimination of Phase II invitations.
- Sec. 105. Phase flexibility.
- Sec. 106. Participation by firms with substantial investment from multiple venture capital operating companies, hedge funds, or private equity firms in a portion of the SBIR program.
- Sec. 107. Ensuring that innovative small businesses with substantial investment from venture capital operating companies, hedge funds, or private equity firms are able to participate in the SBIR and STTR programs.
- Sec. 108. SBIR and STTR special acquisition preference.
- Sec. 109. Collaborating with Federal laboratories and research and development centers.
- Sec. 110. Notice requirement.
- Sec. 111. Additional SBIR and STTR Awards.

### TITLE II—OUTREACH AND COMMERCIALIZATION INITIATIVES

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

## TITLE III—OVERSIGHT AND EVALUATION

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

## TITLE IV—POLICY DIRECTIVES

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

## TITLE V—OTHER PROVISIONS

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

**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 “2014”; 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 “2014”; and
- (3) by striking clause (ii).

**SEC. 102. 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), as amended by this Act, is further 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, hedge fund, or private equity firm investment and, if so, whether the recipient is majority-owned by multiple venture capital operating companies, hedge funds, or private equity firms.

“(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. 103. AGENCY AND PROGRAM FLEXIBILITY.**

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

“(bb) **SUBSEQUENT PHASE II AWARDS.**—

“(1) AGENCY FLEXIBILITY.—A small business concern that received a Phase I 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 a Phase I 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).”.

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

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 Phase II, 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 Phase II, that will further develop proposals that”.

#### **SEC. 105. PHASE FLEXIBILITY.**

Section 9 of the Small Business Act (15 U.S.C. 638), as amended by this Act, is further amended by adding at the end the following: “(cc) PHASE I REQUIRED.—Under this section, a Federal agency shall provide to a small business concern an award under Phase II of an SBIR program with respect to a project only if such agency finds that the small business concern has been provided an award under Phase I of an SBIR program with respect to such project or has completed the determinations described in subsection (e)(4)(A) with respect to such project despite not having been provided a Phase I award.”.

#### **SEC. 106. PARTICIPATION BY FIRMS WITH SUBSTANTIAL INVESTMENT FROM MULTIPLE VENTURE CAPITAL OPERATING COMPANIES, HEDGE FUNDS, OR PRIVATE EQUITY FIRMS IN A PORTION OF THE SBIR PROGRAM.**

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

“(dd) PARTICIPATION OF SMALL BUSINESS CONCERNS MAJORITY-OWNED BY VENTURE CAPITAL OPERATING COMPANIES, HEDGE FUNDS, OR PRIVATE EQUITY FIRMS IN THE SBIR PROGRAM.—

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

Space, and Technology 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, the Administrator of the National Aeronautics and Space Administration, and the Director of the National Science Foundation may award not more than 45 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, hedge funds, or private equity firms 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 35 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, hedge funds, or private equity firms 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 determination by the head of a Federal agency that explains how the use of the authority under paragraph (1) will—

“(A) induce additional venture capital, hedge fund, or private equity firm 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, hedge funds, or private equity firms 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, hedge funds, or private equity firms.

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

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

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

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

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

“(i) a covered small business concern is eligible to receive the award, without regard to whether the covered small business concern meets the requirements for receiving an award under the SBIR program for a small business concern that is majority-owned by multiple venture capital operating companies, hedge funds, or private equity firms, if the covered small business concern meets all other requirements for such an award; and

“(ii) the head of the Federal agency shall transfer an amount equal to any amount awarded to a covered small business concern under the solicitation 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 90 days after the date on which the Federal agency makes the award.

“(7) EVALUATION CRITERIA.—A Federal agency may not use investment of venture capital or investment from hedge funds

or private equity firms 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).

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

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

**SEC. 107. ENSURING THAT INNOVATIVE SMALL BUSINESSES WITH SUBSTANTIAL INVESTMENT FROM VENTURE CAPITAL OPERATING COMPANIES, HEDGE FUNDS, OR PRIVATE EQUITY FIRMS ARE ABLE TO PARTICIPATE IN THE SBIR AND STTR PROGRAMS.**

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

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

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

“(2) In determining whether a small business concern is independently owned and operated under section 3(a)(1) or meets the small business size standards instituted under section 3(a)(2), the Administrator shall not consider a business concern to be affiliated with a venture capital operating company, hedge fund, or private equity firm (or with any other business that the venture capital operating company, hedge fund, or private equity firm has financed) if—

“(A) the venture capital operating company, hedge fund, or private equity firm does not own 50 percent or more of the business concern; and

“(B) employees of the venture capital operating company, hedge fund, or private equity firm do not constitute a majority of the board of directors of the business concern.

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

“(A) it is owned in majority part by one or more natural persons or venture capital operating companies, hedge funds, or private equity firms;

“(B) there is no single venture capital operating company, hedge fund, or private equity firm that owns 50 percent or more of the business concern; and

“(C) there is no single venture capital operating company, hedge fund, or private equity firm the employees of which constitute a majority of the board of directors of the business concern.

“(4) If a venture capital operating company, hedge fund, or private equity firm controlled by a business with more than 500 employees (in this paragraph referred to as a ‘VCOC, hedge fund, or private equity firm under large business control’) has an ownership interest in a small business concern that is owned in majority part by venture capital operating companies, hedge funds, or private equity firms, the small business concern is eligible to receive an award under the SBIR or STTR program only if—

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

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

**SEC. 108. 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. 109. 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 further amended by adding at the end the following:

“(ff) 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 Technology 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.

“(4) ADVANCE PAYMENT.—If a small business concern receiving an award under this section enters 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, the Federal laboratory or federally funded research and development center may not require advance payment from the small business concern in an amount greater than the amount necessary to pay for 30 days of such activities.”.

#### **SEC. 110. 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 “; and”; 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.”.

(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”; 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. 111. ADDITIONAL SBIR AND STTR AWARDS.**

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

“(gg) ADDITIONAL SBIR AND STTR AWARDS.—

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

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

“(2) PREVENTING DUPLICATIVE AWARDS.—The head of a Federal agency shall verify that any activity to be performed with respect to a project with a Phase I or Phase II SBIR or STTR award has not been funded under the SBIR program or STTR program of another Federal agency.”.

## **TITLE II—OUTREACH AND COMMERCIALIZATION INITIATIVES**

### **SEC. 201. 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 as-

sistance is based on total number of Phase I or Phase II awards.”.

**SEC. 202. 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 Creating Jobs Through Small Business Innovation 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. 203. 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 further amended by adding at the end the following:

“(hh) **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, evaluation, and commercialization assistance for SBIR and STTR Phase II technologies; or

“(B) to support the progress of research, research and development, and commercialization 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 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 and the Committee on Science, Space, and Technology 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) **AWARD CRITERIA OR CONSIDERATION.**—When making an award under this section, the head of a covered Federal agency

shall give consideration to whether the technology to be supported by the award is likely to be manufactured in the United States.

“(6) 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.

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

“(8) 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. 204. INTERAGENCY POLICY COMMITTEE.**

(a) ESTABLISHMENT.—The Director of the Office of Science and Technology Policy shall establish an Interagency SBIR/STTR Policy Committee.

(b) DUTIES.—The Interagency SBIR/STTR Policy Committee shall review the following issues and make policy recommendations on ways to improve program effectiveness and efficiency:

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

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

(3) Commercialization assistance best practices of Federal agencies with significant potential to be employed by other agencies, and the appropriate steps to achieve that leverage, as well as proposals for new initiatives to address funding gaps that business concerns face after Phase II but before commercialization.

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

(c) REPORTS.—The Interagency SBIR/STTR Policy Committee shall transmit to the Committee on Science, Space, and Technology and the Committee on Small Business of the House of Representatives and to the Committee on Small Business and Entrepreneurship of the Senate—

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

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

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

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

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

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

(1) in subsection (e)—

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

(B) in paragraph (9), by striking “the second or the third phase” and inserting “Phase II or Phase III”; and

(C) 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).”;

(2) in subsection (j)—

- (A) in paragraph (1)(B), by striking “phase two” and inserting “Phase II”;
- (B) in paragraph (2)—
  - (i) in subparagraph (B)—
    - (I) by striking “the third phase” each place it appears and inserting “Phase III”; and
    - (II) by striking “the second phase” and inserting “Phase II”;
  - (ii) in subparagraph (D)—
    - (I) by striking “the first phase” and inserting “Phase I”; and
    - (II) 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)—
    - (I) by striking “the first phase” and inserting “Phase I”; and
    - (II) by striking “the second phase” and inserting “Phase II”; and
  - (v) in subparagraph (H)—
    - (I) by striking “the first phase” and inserting “Phase I”;
    - (II) by striking “second phase” each place it appears and inserting “Phase II”; and
    - (III) by striking “third phase” and inserting “Phase III”; and
- (C) in paragraph (3)—
  - (i) in subparagraph (A)—
    - (I) by striking “the first phase (as described in subsection (e)(4)(A))” and inserting “Phase I”;
    - (II) by striking “the second phase (as described in subsection (e)(4)(B))” and inserting “Phase II”; and
    - (III) 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”;
- (3) in subsection (k)—
  - (A) by striking “first phase” each place it appears and inserting “Phase I”; and
  - (B) by striking “second phase” each place it appears and inserting “Phase II”;
- (4) in subsection (l)(2)—
  - (A) by striking “the first phase” and inserting “Phase I”; and
  - (B) by striking “the second phase” and inserting “Phase II”;
- (5) in subsection (o)(13)—
  - (A) in subparagraph (B), by striking “second phase” and inserting “Phase II”; and
  - (B) in subparagraph (C), by striking “third phase” and inserting “Phase III”;

- (6) in subsection (p)—
  - (A) in paragraph (2)(B)—
    - (i) in clause (vi)—
      - (I) by striking “the second phase” and inserting “Phase II”; and
      - (II) by striking “the third phase” and inserting “Phase III”; and
    - (ii) in clause (ix)—
      - (I) by striking “the first phase” and inserting “Phase I”; and
      - (II) by striking “the second phase” and inserting “Phase II”; and
  - (B) 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)(C))” and inserting “Phase III”;
- (7) in subsection (q)(3)(A)—
  - (A) in the subparagraph heading, by striking “FIRST PHASE” and inserting “PHASE I”; and
  - (B) by striking “first phase” and inserting “Phase I”;
- (8) in subsection (r)—
  - (A) in the subsection heading, by striking “THIRD PHASE” and inserting “PHASE III”;
  - (B) in paragraph (1)—
    - (i) in the first sentence—
      - (I) by striking “for the second phase” and inserting “for Phase II”;
      - (II) by striking “third phase” and inserting “Phase III”; and
      - (III) by striking “second phase period” and inserting “Phase II period”; and
    - (ii) in the second sentence—
      - (I) by striking “second phase” and inserting “Phase II”; and
      - (II) by striking “third phase” and inserting “Phase III”; and
    - (C) in paragraph (2), by striking “third phase” and inserting “Phase III”; and
  - (9) in subsection (u)(2)(B), by striking “the first phase” and inserting “Phase I”.

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

- (a) IN GENERAL.—Section 9 of the Small Business Act (15 U.S.C. 638), as amended by this Act, is further 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.—Section 9 of the Small Business Act (15 U.S.C. 638), as amended by this Act, is further amended by adding at the end the following:
  - “(ii) NIH PEER REVIEW PROCESS.—Notwithstanding subsections (g)(4)(B) and (o)(4)(B), 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 only 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).
  - “(jj) NSF PEER REVIEW PROCESS.—Notwithstanding subsections (g)(4)(B) and (o)(4)(B), the Director of the National Science Foundation may make an award under the SBIR program or the STTR program of the National Science Foundation only if the application for the award has undergone the National Science Foundation’s technical and scientific peer review process and met all other applicable peer review procedures and guidelines pursuant to the National Science Foundation Act of 1950 (42 U.S.C. 1861, et seq.) and other applicable Federal law.”.

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

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

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

“(1) IN GENERAL.—The Director of the National Institutes of Health shall use \$10,000,000 of the funds allocated under subsection (n)(1) for a Proof of Concept Partnership pilot program to accelerate the creation of small businesses and the commercialization of research innovations from qualifying institutions. To implement this program, the Director shall award, through a competitive, merit-based process, grants to qualifying institutions. These grants shall only be used to administer Proof of Concept Partnership awards in conformity with this subsection.

“(2) DEFINITIONS.—In this subsection—

“(A) the term ‘Director’ means the Director of the National Institutes of Health;

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

“(C) the terms ‘qualifying institution’ and ‘institution’ mean a university or other research institution that participates in the National Institutes of Health’s STTR program.

“(3) PROOF OF CONCEPT PARTNERSHIPS.—

“(A) IN GENERAL.—A Proof of Concept Partnership shall be set up by a qualifying institution to award grants to individual researchers. These grants should provide researchers with the initial investment and the resources to support the proof of concept work and commercialization mentoring needed to translate promising research projects and technologies into a viable company. This work may include technical validations, market research, clarifying intellectual property rights position and strategy and investigating commercial or business opportunities.

“(B) AWARD GUIDELINES.—The administrator of a Proof of Concept Partnership program shall award grants in accordance with the following guidelines:

“(i) The Proof of Concept Partnership shall use a market-focused project management oversight process, including—

“(I) a rigorous, diverse review board comprised of local experts in translational and proof of concept research, including industry, start-up, venture capital, technical, financial, and business experts and university technology transfer officials;

“(II) technology validation milestones focused on market feasibility;

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

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

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

“(C) EDUCATIONAL RESOURCES AND GUIDANCE.—The administrator of a Proof of Concept Partnership program shall make educational resources and guidance available to researchers attempting to commercialize their innovations.

“(4) AWARDS.—

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

“(B) AWARD CRITERIA.—In determining which qualifying institutions receive pilot program grants, the Director shall consider, in addition to any other criteria the Director determines necessary, the extent to which qualifying institutions—

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

“(ii) have demonstrated a commitment to local and regional economic development;

“(iii) are located in diverse geographies and are of diverse sizes;

“(iv) can assemble project management boards comprised of industry, start-up, venture capital, technical, financial, and business experts;

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

“(vi) demonstrate a plan for sustainability beyond the duration of the funding award.

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

“(A) for basic research, but to evaluate the commercial potential of existing discoveries, including—

“(i) proof of concept research or prototype development; and

“(ii) activities that contribute to determining a project’s commercialization path, to include technical validations, market research, clarifying intellectual property rights, and investigating commercial and business opportunities; or

“(B) to fund the acquisition of research equipment or supplies unrelated to commercialization activities.

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

“(A) a detailed description of the institutional and proposal selection process;

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

“(C) a detailed description of the pilot program, including incentives and activities undertaken by review board experts;

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

“(E) an analysis of the program’s effectiveness with supporting data.

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

## **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)) 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);

“(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, hedge fund, or private equity firm investment (including those majority-owned by multiple venture capital operating companies, hedge funds, or private equity firms) 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 (dd) for firms owned in majority part by venture capital operating companies, hedge funds, or private equity firms 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

(C) by striking “and” at the end;

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

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

“(9) 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)), as amended by this Act, is further 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, hedge fund, or private equity firm investment or is majority-owned by multiple

venture capital operating companies, hedge funds, or private equity firms, and, if so—

“(I) the amount of venture capital, hedge fund, or private equity firm investment 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) 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

“(vi) 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)), as amended by this Act, is further 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, including information necessary to maintain the database described in subsection (k), including—

“(A) whether an applicant or awardee—

“(i) has venture capital, hedge fund, or private equity firm investment or is majority-owned by multiple venture capital operating companies, hedge funds, or private equity firms, and, if so—

“(I) the amount of venture capital, hedge fund, or private equity firm investment 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) 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

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

“(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; or

“(iv) is owned by a faculty member or a student of an institution of higher education, as that term is de-

fined 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 Creating Jobs Through Small Business Innovation 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 and titles of the key individuals that will carry out the project, the position each key individual holds in the small business concern, and contact information for each key individual;

“(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, hedge funds, or private equity firms; 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, hedge fund, or private equity firm investment, and, if so—

“(I) the amount of venture capital, hedge fund, or private equity firm investment as of the date of the award;

“(II) the percentage of ownership of the awardee held by a venture capital operating company, hedge fund, or private equity firm, including whether the awardee is majority-owned by multiple venture capital operating companies, hedge funds, or private equity firms; 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 been—

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

“(ii) found civilly liable for a fraud-related violation involving funding received under 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; and

(C) 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 and the Committee on Science, Space, and Technology of the House of Representatives regarding the audit conducted under paragraph (1), including the assessments required under subparagraph (B), and the determination made under subparagraph (C) 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 Creating Jobs Through Small Business Innovation 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 Creating Jobs Through Small Business Innovation Act of 2011, and every 4 years thereafter—

“(A) continue the most recent study under this section relating to the issues described in subparagraphs (A), (B), (C), and (E) of subsection (a)(1);

“(B) conduct a comprehensive study of how the STTR program has stimulated technological innovation and technology transfer, including—

“(i) a review of the collaborations created between small businesses and research institutions, including an evaluation of the effectiveness of the program in stimulating new collaborations and any obstacles that may prevent or inhibit the creation of such collaborations;

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

“(iii) an evaluation of the program’s success at commercializing technologies compared with other Federal technology transfer programs and the SBIR program;

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

“(v) an analysis of how Federal agencies are using small businesses that have completed Phase II under the STTR program to fulfill their procurement needs; and

“(vi) an analysis of whether the existing STTR allocation has impacted the effectiveness of the program in achieving its goals;

“(C) make recommendations with respect to the issues described in subparagraph (A), (D), and (E) of subsection (a)(2) and subparagraph (B) of this paragraph; and

“(D) estimate, to the extent practicable, the number of jobs created by the SBIR program or STTR program of the agency.

“(2) CONSULTATION.—An agreement under paragraph (1) shall require the National Research Council to ensure that 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—

“(A) not later than 4 years after the date of enactment of the Creating Jobs Through Small Business Innovation 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 and the Committee on Science, Space, and Technology of the House of Representatives, a report regarding the study conducted under paragraph (1) and containing the recommendations described in paragraph (1); and

“(B) not later than 2 years after the date of enactment of the Creating Jobs Through Small Business Innovation Act of 2011, 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 and the Committee on Science, Space, and Technology of the House of Representatives, a report of preliminary findings and recommendations regarding the study conducted under paragraph (1)(B).”.

**SEC. 308. TECHNOLOGY INSERTION REPORTING REQUIREMENTS.**

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

“(11) 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. 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 further amended by adding at the end the following:

“(mm) 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 provision through which the applicant can indicate consent for purposes of paragraph (1).”.

**SEC. 310. 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 further amended by adding at the end the following:

“(nn) 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 waste, fraud, and abuse prevention activities;

“(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 (dd);

“(I) carrying out subsection (hh);

“(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.

“(4) COORDINATION WITH IG.—Each Federal agency shall coordinate the activities funded under subparagraph (E), (F), or (G) of paragraph (1) with their respective Inspectors General, when appropriate, and each Federal agency that allocates more than \$50,000,000 to the SBIR program of the Federal agency for a fiscal year may share such funding with its Inspector General when the Inspector General performs such activities.”.

(b) TECHNICAL AND CONFORMING AMENDMENTS.—

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

(A) in subsection (f)(2), 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)—

(i) by striking paragraph (4); and

(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) 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 (nn)(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), by striking “shall not make available for the purpose” and inserting the following: “shall not—

“(A) 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

“(B) 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. 311. GAO STUDY WITH RESPECT TO VENTURE CAPITAL OPERATING COMPANY, HEDGE FUND, AND PRIVATE EQUITY FIRM INVOLVEMENT.**

Not later than 2 years after the date of enactment of this Act, and every 2 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, hedge fund, and private equity firm involvement under section 9 of the Small Business Act; and

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

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

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

(1) **AMENDMENTS REQUIRED FOR FRAUD, WASTE, AND ABUSE PREVENTION.**—Not later than 90 days after the date of enact-

ment 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.

(2) CONTENT OF AMENDMENTS.—The amendments required under paragraph (1) shall include—

(A) definitions or descriptions of fraud, waste, and abuse;  
(B) guidelines for the monitoring and oversight of applicants to and recipients of awards under the SBIR program or the STTR program;

(C) a requirement that each Federal agency that participates in the SBIR program or STTR program include information concerning the method established by the Inspector General of the Federal agency to report fraud, waste, and abuse (including any telephone hotline or Web-based platform)—

(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; and

(D) a requirement that each applicant for and small business concern that receives funding under the SBIR program or the STTR program shall certify whether the applicant or small business concern is in compliance with the laws relating to the SBIR program and the STTR program and the conduct guidelines established under the SBIR Policy Directive and the STTR Policy Directive.

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

(4) CERTIFICATION.—The certification developed under paragraph (3) may—

(A) cover the lifecycle of the award to require certifications at the application, funding, reporting, and closeout phases of every SBIR and STTR award;

(B) require the small business concern to certify compliance with the “principal investigator primary employment” requirement, the “small business concern” definition requirement, and the “performance of work” requirements as set forth in the Directive applicable to the award;

(C) require the small business concern to disclose whether it has applied for, plans to apply for, or received an SBIR or STTR award for the same or overlapping work, and require the concern to certify that the award that it is applying for or obtaining funding for is not the same or overlapping with work it has performed, or will perform, in connection with any other SBIR or STTR award that the concern has applied for or received from any other agency except as fully disclosed to all funding agencies; and

(D) require that the small business concern certify that it will or did perform the work on the award at its facilities with its employees, unless otherwise indicated.

(5) INSPECTORS GENERAL.—The Inspector General of each Federal agency that participates in the SBIR program or STTR program shall cooperate to prevent fraud, waste, and abuse in the SBIR program and the STTR program by—

- (A) establishing fraud detection indicators;
- (B) reviewing regulations and operating procedures of the Federal agency;
- (C) coordinating information sharing between Federal agencies, to the extent otherwise permitted under Federal law; and
- (D) improving the education and training of, and outreach to—
  - (i) administrators of the SBIR program and the STTR program of the Federal agency;
  - (ii) applicants to the SBIR program or the STTR program; and
  - (iii) recipients of awards under the SBIR program or the STTR program.

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

(1) conduct a study that evaluates—

(A) 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);

(B) 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;

(C) 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;

(D) 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;

(E) 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

(F) the extent to which the Inspector General of each Federal agency that participates in the SBIR and STTR program effectively conducts investigations, audits, inspections, and outreach relating to the SBIR and STTR programs of the Federal agency; and

(2) submit to the Committee on Small Business and Entrepreneurship of the Senate, the Committee on Small Business and the Committee on Science, Space, and Technology of the House of Representatives, and the head of each Federal agency that participates in the SBIR program or STTR program a re-

port on the results of the study conducted under subparagraph (A).

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

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

(1) in the subsection heading, by striking “SIMPLIFIED REPORTING REQUIREMENTS” and inserting “REDUCING PAPERWORK AND COMPLIANCE BURDEN”;

(2) by striking “The Administrator” and inserting the following:

“(1) STANDARDIZATION OF REPORTING REQUIREMENTS.—The Administrator”; and

(3) by adding at the end the following:

“(2) SIMPLIFICATION OF APPLICATION AND AWARD PROCESS.—Not later than one year after the date of enactment of this paragraph, and after a period of public comment, the Administrator shall issue regulations or guidelines, taking into consideration the unique needs of each Federal agency, to ensure that each Federal agency required to carry out an SBIR program or STTR program simplifies and standardizes the program proposal, selection, contracting, compliance, and audit procedures for the SBIR program or STTR program of the Federal agency (including procedures relating to overhead rates for applicants and documentation requirements) to reduce the paperwork and regulatory compliance burden on small business concerns applying to and participating in the SBIR program or STTR program.”.

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

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

(1) conduct a study of 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;

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

(3) submit to the head of each agency described in section 108(a) of the Small Business Reauthorization Act of 2000 (15 U.S.C. 638 note), the Committee on Small Business and Entrepreneurship of the Senate, and the Committee on Small Business and the Committee on Science, Space, and Technology of the House of Representatives a report regarding the study conducted under paragraph (1) and containing the recommendations described in paragraph (2).



## 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. 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 further amended by adding at the end the following:

“(oo) 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, Space, and Technology of the House of Representatives.”.

**SEC. 502. 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 further amended by adding at the end the following:

“(pp) 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.”.

**SEC. 503. LOAN RESTRICTIONS.**

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

(b) **FAILURE TO PROMULGATE.**—If the Administrator fails to promulgate a rule in the time period required under subsection (a), the holder of a note, bond, debenture, other evidence of indebtedness, or preferred stock shall be considered to be affiliated with the debtor or issuer of the preferred stock until such time as the Administrator promulgates the rule required under subsection (a).

**SEC. 504. PROGRAM DIVERSIFICATION.**

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

- (1) small business concerns in geographic areas underrepresented in the SBIR and STTR programs or located in rural areas (as defined in section 1393(a)(2) of the Internal Revenue Code of 1986);
- (2) small business concerns owned and controlled by women;
- (3) small business concerns owned and controlled by veterans;
- (4) small business concerns owned and controlled by minorities;
- (5) small business concerns owned and controlled by people with disabilities; and
- (6) small business concerns located in a geographic area 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.