

**Small Business Administration
Office of Investment and Innovation**

Small Business Technology Transfer (STTR) Program

Policy Directive

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SMALL BUSINESS TECHNOLOGY TRANSFER (STTR) PROGRAM
POLICY DIRECTIVE

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1. Purpose

(a) Section 9(p) of the Small Business Act (Act) requires that the Small Business Administration (SBA) issue an STTR Program Policy Directive for the general conduct of the STTR Program within the Federal Government.

(b) This Policy Directive fulfills SBA's statutory obligation to provide guidance to the participating Federal agencies for the general operation of the STTR Program. Additional or modified instructions may be issued by the SBA as a result of public comment or experience. With this directive, SBA fulfills the statutory requirement to simplify and standardize the program proposal, selection, contracting, compliance, and audit procedures for the STTR program to the extent practicable, while allowing the STTR agencies flexibility in the operation of their individual STTR Program. Wherever possible, SBA has attempted to reduce the paperwork and regulatory compliance burden on SBCs applying to and participating in the STTR program, while still meeting the statutory reporting and data collection requirements.

(c) The statutory purpose of the STTR Program is to stimulate a partnership of ideas and technologies between innovative small business concerns (SBCs) and Research Institutions through Federally-funded research or research and development (R/R&D). By providing awards to SBCs for cooperative R/R&D efforts with Research Institutions, the STTR Program assists the small business and research communities by commercializing innovative technologies.

(d) Federal agencies participating in the STTR Program (STTR agencies) are obligated to follow the guidance provided by this Policy Directive. Each agency is required to review its rules, policies, and guidance on the STTR Program to ensure consistency with this Policy Directive and to make any necessary changes in accordance with each agency's normal procedures. This is consistent with the statutory authority provided to the SBA concerning the STTR Program.

2. Summary of Statutory Provisions

(a) The Small Business Technology Transfer Program is codified at §9 of the Small Business Act, 15 U.S.C. §638. The STTR Program is authorized until September 30, 2017, or as otherwise provided in law subsequent to that date.

(b) Each Federal agency with an extramural budget for R/R&D in excess of \$1,000,000,000 must participate in the STTR Program and reserve the following minimum percentages of their extramural R/R&D budgets for awards to small business concerns for R/R&D:

- (1) not less than 0.3% of such budget in each of fiscal years 2004 through 2011;
- (2) not less than 0.35% of such budget in fiscal years 2012 and 2013;
- (3) not less than 0.40% of such budget in fiscal years 2014 and 2015; and
- (4) not less than 0.45% of such budget in fiscal year 2016 and each fiscal year after.

A Federal agency may exceed these minimum percentages.

(c) In general, each STTR agency must make these awards for R/R&D through the following uniform, three-phase process:

- (1) Phase I awards to determine, insofar as possible, the scientific and technical merit and feasibility of ideas that appear to have commercial potential.
- (2) Phase II awards to further develop work from Phase I that meets particular program needs and

exhibits potential for commercial application.

(3) Phase III awards where commercial applications of STTR-funded R/R&D are funded by non-Federal sources of capital; or where products, services or further research intended for use by the Federal Government are funded by follow-on non-STTR Federal Funding Agreements.

(d) STTR agencies must report to SBA on the calculation of the agency's extramural budget within four months of enactment of each agency's annual Appropriations Act.

(e) The Act explains that agencies are authorized and directed to cooperate with SBA in order to carry out and accomplish the purpose of the STTR Program. As a result, each STTR agency shall provide information to SBA in order for SBA to monitor and analyze each agency's STTR Program and to report these findings annually to the Senate Committee on Small Business and Entrepreneurship and to the House Committees on Science and Small Business. For more information on the agency's reporting requirements, including the frequency for specific reporting requirements, see §10 of the Policy Directive.

(f) SBA establishes databases to collect and maintain, in a common format, information that is necessary to assist SBCs and assess the STTR Program.

(g) SBA implements the Federal and State Technology (FAST) Partnership Program to strengthen the technological competitiveness of SBCs, to the extent that FAST is authorized by law.

(h) The competition requirements of the Armed Services Procurement Act of 1947 (10 U.S.C. 2302 et seq.) and the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 3101 et seq.) must be read in conjunction with the procurement notice publication requirements of §8(e) of the Small Business Act (15 U.S.C. §637(e)). The following notice publication requirements of §8(e) of the Small Business Act apply to STTR agencies using contracts as an STTR funding agreement:

(1) Any Federal executive agency intending to solicit a proposal to award a Phase I contract for property or services valued above \$25,000 must transmit a notice of the impending solicitation to the Government wide point of entry (GPE) for access by interested sources. See FAR 5.201. The GPE, located at [https:// www.fbo.gov](https://www.fbo.gov), is the single point where Government business opportunities greater than \$25,000, including synopses of proposed contract actions, solicitations, and associated information, can be accessed electronically by the public. In addition, an agency may not issue its solicitation for at least 15 days from the date of the publication of the GPE. The agency may not establish a deadline for submission of proposals in response to a solicitation earlier than 30 days after the date on which the solicitation was issued.

(2) The contracting officer must generally make available through the GPE those solicitations synopsized through the GPE, including specifications and other pertinent information determined necessary by the contracting officer. See FAR 5.102.

(3) Any executive agency awarding a contract for property or services valued at more than \$25,000 must submit a synopsis of the award through the GPE if a subcontract is likely to result from such contract. See FAR 5.301.

(4) The following are exemptions from the notice publication requirements:

(i) In the case of agencies intending to solicit Phase I proposals for contracts in excess of \$25,000, the head of the agency may exempt a particular solicitation from the notice publication requirements if that official makes a written determination, after consulting with the Administrator of the Office of Federal Procurement Policy and the SBA Administrator, that it is inappropriate or unreasonable to publish a notice before issuing a solicitation.

- (ii) The STTR Phase II award process.
- (iii) The STTR Phase III award process.

3. Definitions

- (a) Act. The Small Business Act (15 U.S.C. 631 et seq.), as amended.
- (b) Applicant. The organizational entity that qualifies as an SBC at all pertinent times and that submits a contract proposal or a grant application for a funding agreement under the STTR Program.
- (c) Affiliate. This term has the same meaning as set forth in 13 CFR part 121—Small Business Size Regulations, §121.103, What is affiliation? (available at <http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr;sid=03878acee7c064a02cac0d870e00ef43;rgn=div6;view=text;node=13%3A1.0.1.1.17.1;idno=13;cc=ecfr>). Further information about SBA’s affiliation rules and a guide on affiliation is available at www.SBIR.gov and www.SBA.gov/size.
- (d) Alaska Native-Serving Institution (ANSI). As defined by 20 U.S.C. 1059d, it is an institution of higher education that is an eligible institution that at the time of application, has an enrollment of undergraduate students that is at least 20 percent Alaska Native students;
- (e) Awardee. The organizational entity that receives an STTR Phase I, Phase II, or Phase III award.
- (f) Commercialization. The process of developing products, processes, technologies, or services and the production and delivery (whether by the originating party or others) of the products, processes, technologies, or services for sale to or use by the Federal government or commercial markets.
- (g) Cooperative Agreement. A financial assistance mechanism used when substantial Federal programmatic involvement with the awardee during performance is anticipated by the issuing agency. The Cooperative Agreement contains the responsibilities and respective obligations of the parties.
- (h) Essentially Equivalent Work. Work that is substantially the same research, which is proposed for funding in more than one contract proposal or grant application submitted to the same Federal agency or submitted to two or more different Federal agencies for review and funding consideration; work where a specific research objective and the research design for accomplishing the objective are the same or closely related to another proposal or award, regardless of the funding source.
- (i) Extramural Budget. The sum of the total obligations for R/R&D minus amounts obligated for R/R&D activities by employees of a Federal agency in or through Government-owned, Government-operated facilities. For the Agency for International Development, the “extramural budget” must not include amounts obligated solely for general institutional support of international research centers or for grants to foreign countries. For the Department of Energy, the “extramural budget” must not include amounts obligated for atomic energy defense programs solely for weapons activities or for naval reactor programs. (Also see §7(i) of this Policy Directive for additional exemptions related to national security.)
- (j) Feasibility. The practical extent to which a project can be performed successfully.
- (k) Federal Agency. An executive agency as defined in 5 U.S.C. § 105, and a military department as defined in 5 U.S.C. 102 (Department of the Army, Department of the Navy, Department of the Air Force), except that it does not include any agency within the Intelligence Community as defined in Executive Order 12333, §3.4(f), or its successor orders.
- (l) Federal Laboratory. As defined in 15 U.S.C. § 3703, means any laboratory, any federally funded

research and development center, or any center established under 15 U.S.C. §§ 3705 & 3707 that is owned, leased, or otherwise used by a Federal agency and funded by the Federal Government, whether operated by the Government or by a contractor.

(m) Funding Agreement. Any contract, grant, or cooperative agreement entered into between any Federal agency and any SBC for the performance of experimental, developmental, or research work, including products or services, funded in whole or in part by the Federal Government.

(n) Funding Agreement Officer. A contracting officer, a grants officer, or a cooperative agreement officer.

(o) Grant. A financial assistance mechanism providing money, property, or both to an eligible entity to carry out an approved project or activity. A grant is used whenever the Federal agency anticipates no substantial programmatic involvement with the awardee during performance.

(p) Hispanic-Serving Institutions (HSI). Pursuant to 20 U.S.C. 1101 (5), a non-profit institution that has at least 25% Hispanic full-time equivalent (FTE) enrollment, and of the Hispanic student enrollment at least 50% are low income.

(q) Historically Black College or University (HBCU). Pursuant to 20 U.S.C. 1061 (2), a black college or university that was established prior to 1964, whose principle mission was, and is, the education of Black Americans, and that is accredited by a nationally recognized agency or association determined by the Secretary of Education to be a reliable authority as to the quality of training offered or is, according to such an agency or association is making reasonable progress toward accreditation, with certain exceptions noted in statute.

(r) Innovation. Something new or improved, having marketable potential, including: (1) development of new technologies; (2) refinement of existing technologies; or (3) development of new applications for existing technologies.

(s) Intellectual Property. The separate and distinct types of intangible property that are referred to collectively as “intellectual property,” including but not limited to: (1) patents; (2) trademarks; (3) copyrights; (4) trade secrets; (5) STTR technical data (as defined in this section); (6) ideas; (7) designs; (8) know-how; (9) business; (10) technical and research methods; (11) other types of intangible business assets; (12) and all types of intangible assets either proposed or generated by an SBC as a result of its participation in the STTR Program.

(t) Key Individual. The principal investigator/project manager and any other person named as a “key” employee in a proposal submitted in response to a program solicitation.

(u) Joint Venture. See 13 C.F.R. §121.103(h).

(v) Native Hawaiian-Serving Institutions (NHSI). Pursuant to 20 U.S.C. 1059(d) is an institution of higher education which is an eligible institution under 20 U.S.C. 1058(b) at the time of application, and has an enrollment of undergraduate students that is at least 10 percent Native Hawaiian students.

(w) Principal Investigator/Project Manager. The one individual designated by the applicant to provide the scientific and technical direction to a project supported by the funding agreement.

(x) Program Solicitation. A formal solicitation for proposals issued by a Federal agency that notifies the small business community of its R/R&D needs and interests in broad and selected areas, as appropriate to the agency, and requests proposals from SBCs in response to these needs and interests. Announcements in the Federal Register or the GPE are not considered an STTR Program solicitation.

(y) Prototype. A model of something to be further developed, which includes designs, protocols, questionnaires, software, and devices.

- (z) Research or Research and Development (R/R&D). Any activity that is:
- (1) A systematic, intensive study directed toward greater knowledge or understanding of the subject studied;
 - (2) A systematic study directed specifically toward applying new knowledge to meet a recognized need; or
 - (3) A systematic application of knowledge toward the production of useful materials, devices, and systems or methods, including design, development, and improvement of prototypes and new processes to meet specific requirements.
- (aa) Research Institution. One that has a place of business located in the United States, which operates primarily within the United States or which makes a significant contribution to the U.S. economy through payment of taxes or use of American products, materials or labor, and is:
- (1) A non-profit institution as defined in section 4(5) of the Stevenson-Wydler Technology Innovation Act of 1980 (that is, an organization that is owned and operated exclusively for scientific or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual) and includes non-profit medical and surgical hospitals; or
 - (2) A Federally-funded R&D center as identified by the National Science Foundation in accordance with the Government-wide Federal Acquisition Regulation issued in accordance with section 35(c)(1) of the Office of Federal Procurement Policy Act (or any successor regulation thereto).
- (bb) Small Business Concern. A concern that meets the requirements set forth in 13 C.F.R. §121.702 (available at <http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr;sid=03878acee7c064a02cac0d870e00ef43;rgn=div8;view=text;node=13%3A1.0.1.1.17.1.273.45;idno=13;cc=ecfr>).
- (cc) Socially and Economically Disadvantaged SBC (SDB). See 13 CFR part 124, Subpart B.
- (dd) Socially and Economically Disadvantaged Individual. See 13 C.F.R. §§124.103 & 121.104.
- (ee) STTR Participants. Business concerns that have received STTR awards or that have submitted STTR proposals/applications.
- (ff) STTR Technical Data. All data generated during the performance of an STTR award.
- (gg) STTR Technical Data Rights. The rights an STTR awardee obtains in data generated during the performance of any STTR Phase I, Phase II, or Phase III award that an awardee delivers to the Government during or upon completion of a Federally-funded project, and to which the Government receives a license.
- (hh) Subcontract. Any agreement, other than one involving an employer employee relationship, entered into by an awardee of a funding agreement calling for supplies or services for the performance of the original funding agreement.
- (ii) Tribal-Serving Institution (TSI). Those institutions defined under section 532 of the Equity in Educational Land-Grants Status Act of 1994 (7 U.S.C. 301 note), any other institution that qualified for funding under the Tribally Controlled Community College Assistance Act of 1978, (25 U.S.C. 1801 et. seq.) which is also known as tribally controlled colleges or universities and the Navajo Community College Assistance Act of 1978, Pub. L. 95-471, Title II (25 U.S.C. 640a note).
- (jj) United States. Means the 50 states, the territories and possessions of the Federal Government, the Commonwealth of Puerto Rico, the District of Columbia, the Republic of the Marshall Islands, the

Federated States of Micronesia, and the Republic of Palau.

(kk) Women-Owned SBC (WOSB). An SBC that is at least 51% owned by one or more women, or in the case of any publicly owned business, at least 51% of the stock is owned by women, and women control the management and daily business operations.

4. Competitively Phased Structure of the Program

The STTR Program is a phased process, uniform throughout the Federal Government, of soliciting proposals and awarding funding agreements for R/R&D, production, services, or any combination, to meet stated agency needs or missions. Agencies must issue STTR awards pursuant to competitive and merit-based selection procedures. Agencies may not use investment of venture capital or investment from hedge funds or private equity firms as a criterion for an STTR award. Although matching funds are not required for Phase I or Phase II awards, agencies may require a small business to have matching funds for certain special awards (e.g., to reduce the gap between a Phase II and Phase III award). In order to stimulate and foster scientific and technological innovation, including increasing commercialization of Federal R/R&D, the program must follow a uniform competitive process of the following three phases, unless an exception applies:

(a) Phase I. Phase I involves a solicitation of contract proposals or grant applications to conduct feasibility-related experimental or theoretical R/R&D related to described agency requirements. These requirements, as defined by agency topics contained in a solicitation, may be general or narrow in scope, depending on the needs of the agency. The object of this phase is to determine the scientific and technical merit and feasibility of the proposed effort and the quality of performance of the SBC with a relatively small agency investment before consideration of further Federal support in Phase II.

(1) Several different proposed solutions to a given problem may be funded.

(2) Proposals will be evaluated on a competitive basis. Agency criteria used to evaluate STTR proposals must give consideration to the scientific and technical merit and feasibility of the proposal along with its potential for commercialization. Considerations may also include program balance with respect to market or technological risk or critical agency requirements.

(3) Agency benchmarks for progress towards commercialization. Each agency must determine whether an applicant for a Phase I award that has won multiple prior STTR awards meets the agency's benchmark requirements for progress towards commercialization before making a new Phase I award to that applicant. For the purpose of this requirement, applicants are assessed using their prior Phase I and Phase II SBIR and STTR awards across all agencies.

(i) Agencies must apply two benchmark rates addressing an applicant's progress towards commercialization – the Phase II Transition Rate Benchmark and the Commercialization Rate Benchmark.

(A) The Phase II Transition Rate Benchmark sets the minimum required number of Phase II awards the applicant must have received for a given number of Phase I awards received during the specified period. This Transition Rate Benchmark applies only to Phase I applicants that have received more than 20 Phase I awards over the time period used by the agency for the benchmark determination.

(B) The agency Commercialization Rate Benchmark sets the minimum Phase III commercialization results that a Phase I applicant must have realized from its prior Phase II awards in order to be eligible to receive a new Phase I award from that agency. This

benchmark requirement applies only to Phase I applicants that have received more than 15 Phase II awards over the time period used by the agency for the benchmark determination.

(ii) Consequence. If an awardee fails to meet either of the benchmarks, that awardee is not eligible for an STTR Phase I award (and any Phase II award issued pursuant to paragraph (b)(1)(ii) below) for a period of one year from the time of the determination.

(iii) Timing of the determination and consequence period. The SBIR/STTR awardee Phase II transition rates and commercialization rates are calculated using the data in SBA's TechNet database. For the purpose of these benchmark requirements, awardee firms are assessed once a year, on June 1st, using their prior SBIR and STTR awards across all agencies. SBA makes this tabulation of awardee transition rates and commercialization rates available to the agencies. Each SBIR/STTR agency uses this tabulation to determine which companies do not meet that agency's benchmark rates and are therefore ineligible to receive new Phase I awards from that agency during the one-year period beginning on June 1st and ending on May 31st. SBA notifies these ineligible firms of the determination and the one year restriction on Phase I awards. Agencies must notify SBA of any applications denied because of the failure to meet the benchmarks.

(iv) Phase II Transition Rate Benchmark. Each agency must establish an SBA-approved Phase II Transition Rate Benchmark and applicable time period. The benchmark rates and time periods are posted at www.sbir.gov. Agencies must seek approval for any subsequent changes from SBA.

(A) The agency Phase II Transition Rate Benchmark establishes the number of Phase II awards a small business concern must have received for a given number of Phase I awards received over the past 5, 10 or 15 fiscal years, excluding the most recently completed fiscal year. Each agency selects both the rate to be applied and the length of time that the agency will use to evaluate whether a small business concern has met the Transition Rate Benchmark. The time period over which Phase I awards are counted excludes the most recently completed fiscal year. The time period over which Phase II awards are counted includes the most recently completed fiscal year and excludes the first year of the time period evaluated for Phase I awards.

Example 1: On August 1, 2014, an SBC submits a Phase I application to an agency using a Transition Rate Benchmark of 0.25 and a 5-year time period. The June 1, 2014 TechNet Company Registry tabulation shows that the SBC received 24 Phase I awards during FY08-FY12. Since this SBC has received 20 or more Phase I awards during the 5-year period, the SBC is required to meet the Transition Rate Benchmark. The SBC received 8 Phase II awards in FY09-FY13 and therefore has a 5-year Phase II transition rate of 8/24 or 0.33 (# of Phase II awards in FY09-FY13 / # of Phase I awards in FY08-FY12). Because the SBC meets or exceeds the agency Transition Rate Benchmark, it is considered for award through the usual proposal evaluation process.

Example 2: On September 1, 2014, an SBC is interested in applying for a Phase I award, knows it has received a number of Phase I awards in recent years, but is unsure if it is meeting the required Phase II transition rate. The company official logs onto the Company Registry at SBIR.gov to check its status and sees a flag saying it did not meet the required benchmark transition rate of 0.25 on June 1, 2014 and is therefore ineligible for a Phase I award through May 31, 2015. The company checks

its records and sees that it received 30 Phase I awards during FY08-FY12 and 6 Phase II awards during FY09-FY13. Its transition rate is therefore 6/30 or 0.20 which is under the required rate of 0.25. The SBC does not apply for a new Phase I award through May 31, 2015 because it knows its application would be rejected.

Example 3: On September 1, 2014, an SBC official interested in applying for a Phase I award logs onto the Company Registry at SBIR.gov and sees the flag saying it did not meet the required benchmark transition rate of 0.25 on June 1, 2014 and is not eligible for a Phase I award through May 31, 2015. However, when the company checks its own records, it sees that it received 8 Phase II awards during FY09-FY13, not the 6 awards showing on the website. Its transition rate is therefore 8/30 or 0.26 which is above the required rate of 0.25. The company official therefore goes to SBIR.gov, clicks on the “Dispute Transition Rate” button, and enters the information about the discrepancy. SBA uses the information provided by the company and, working with the relevant agencies, identifies that two Phase II awards from FY09 had been inadvertently omitted. SBA updates and corrects the database and informs the firm that it is indeed eligible to receive Phase I awards.

- (B) An SBC that has received more than 20 phase I awards in the relevant time period can view its Phase II transition rate on the Company Registry page at SBIR.gov. Generally, the award data used to calculate an SBC’s transition rate will be complete by the end of March each year. An SBC may view its SBIR/STTR award information on the Company Registry at any time. If an awardee believes its Phase II transition rate is calculated using incomplete award information, the awardee may dispute the rate using the link provided on the Company Registry, provide the additional award information, and request a reconsideration of its transition rate. Requests for reconsideration of a firm’s transition rate received by SBA from April 1st through April 30th of each year will be considered for the June 1st transition rate assessment.
- (C) Agencies must set the Phase II Transition Rate Benchmark as appropriate for their programs and industry sectors. When setting the Transition Rate Benchmark, agencies should consider that Phase I is designed and intended to explore high-risk, early-stage research ideas and, as a result, not all Phase I awards are expected to result in a Phase II award.
- (v) Commercialization Rate Benchmark. By October 1, 2013, each agency will establish an SBA-approved Commercialization Rate Benchmark that establishes the level of Phase III commercialization results an SBC must have received from work it performed under prior Phase II awards, over the prior 5, 10 or 15 fiscal years, excluding the most recently completed two fiscal years. Agencies may define this benchmark:
- (A) in financial terms, such as by using the ratio of the dollar value of revenues and additional investment resulting from prior Phase II awards relative to the dollar value of the Phase II awards received over the time period;
 - (B) in terms of the share of Phase II awards received over the time period that have resulted in the introduction of a product to market; or
 - (C) by other means such as using a commercialization scoring system that rates awardees on their past commercialization success.
- (vi) Agencies must submit their Transition Rate Benchmark, Commercialization Rate Benchmark, and time periods to SBA for approval. SBA will publish the benchmarks and

time periods, seek public comment, and maintain a table of the current requirements on www.sbir.gov. The benchmarks and time periods become effective when SBA posts the approved measures on www.sbir.gov. Agencies must submit any changes to the benchmarks or time periods to SBA for prior approval.

(vii) SBA maintains a system that records all Phase I, Phase II and Government Phase III awards, and other commercialization information; and calculates the Phase II transition rates for all Phase I awardees and the commercialization rates for all Phase II awardees.

(viii) If an applicant fails to meet an agency's benchmark, its name will appear on the list of companies made available to the agencies on June 1 of each year. An agency may not make a Phase I award to an applicant that does not meet the agency's benchmark.

(ix) If an awardee believes its determination was made in error, it may provide SBA with the pertinent award information and request a re-assessment. To do so, awardees may use the link on the Company Registry at www.sbir.gov.

(4) Agencies may require the submission of a Phase II proposal as a deliverable item under Phase I.

(b) Phase II.

(1) The object of Phase II is to continue the R/R&D effort from the completed Phase I. Unless the exception set forth in paragraph (i) below applies, only STTR Phase I awardees are eligible to participate in Phase II.

(i) A Federal agency may issue an STTR Phase II award to an SBIR Phase I awardee to further develop the work performed under the SBIR Phase I award. The agency must base its decision upon the results of work performed under the Phase I award and the scientific and technical merit, and commercial potential of the Phase II proposal. The SBIR Phase I awardee must meet the eligibility and program requirements of the STTR Program in order to receive the STTR Phase II award.

(2) Funding must be based upon the results of work performed under a Phase I award and the scientific and technical merit, feasibility and commercial potential of the Phase II proposal. Phase II awards may not necessarily complete the total research and development that may be required to satisfy commercial or Federal needs beyond the STTR Program. The Phase II funding agreement with the awardee may, at the discretion of the awarding agency, establish the procedures applicable to Phase III agreements. The Government is not obligated to fund any specific Phase II proposal.

(3) The STTR Phase II award decision process requires, among other things, consideration of a proposal's commercial potential. Commercial potential includes the potential to transition the technology to private sector applications, Government applications, or Government contractor applications. Commercial potential in a Phase II proposal may be evidenced by:

- (i) the SBC's record of successfully commercializing STTR or other research;
- (ii) the existence of Phase II funding commitments from private sector or other non-STTR funding sources;
- (iii) the existence of Phase III, follow-on commitments for the subject of the research; and
- (iv) other indicators of commercial potential of the idea.

(4) Agencies may not use an invitation, pre-screening, or pre-selection process for eligibility for

Phase II. Agencies must note in each solicitation that all Phase I awardees may apply for a Phase II award and provide guidance on the procedure for doing so.

(5) A Phase II awardee may receive one additional, sequential Phase II award to continue the work of an initial Phase II award. The additional, sequential Phase II award has the same guideline amounts and limits as an initial Phase II award.

(6) Agencies may offer special STTR awards, such as Phase IIB awards, that supplement or extend Phase II awards. For example, some agencies administer Phase IIB awards that differ from the base Phase II in that they require third party matching of the SBIR funds. Each such supplemental award must be linked to a base Phase II award (the initial Phase II or the second, sequential Phase II award). Any STTR funds used for such special or supplementary awards are aggregated with the amount of the base Phase II to determine the size of that Phase II award. Therefore, while there is no limit on the number of such special/supplementary awards, there is a limit on the total amount of STTR funds that can be administered through them -- the amounts of these awards count towards the size of the initial Phase II or the sequential Phase II, each of which has a guideline amount of \$1 million and a limit of \$1.5 million. (Note that Phase IIB awards under the NIH STTR program are administered as second, sequential Phase II awards, not supplemental awards. As such, they are base Phase II awards and subject to the Phase II guideline amounts and limits of \$1 million and \$1.5 million).

(7) An STTR Phase II award may be issued by a Federal agency other than the one that made the Phase I award. Prior to award, the head of the Federal agency that awarded the Phase I and the head of the Federal Agency that plans to issue the Phase II award, or designee, must issue a written determination that the topics of the awards are the same. Both agencies must submit the report to the SBA. The same process applies to a second, subsequent Phase II award that follows an initial Phase II award from a different agency.

(8) Agencies may issue Phase II awards for testing and evaluation of products, services, or technologies for use in technical or weapons systems.

(c) Phase III. STTR Phase III refers to work that derives from, extends, or completes an effort made under prior STTR funding agreements, but is funded by sources other than the STTR Program. Phase III work is typically oriented towards commercialization of STTR research or technology.

(1) Each of the following types of activity constitutes STTR Phase III work:

(i) commercial application (including testing and evaluation of products, services or technologies for use in technical or weapons systems) of STTR-funded R/R&D financed by non-Federal sources of capital (Note: The guidance in this Policy Directive regarding STTR Phase III pertains to the non-STTR federally-funded work described in (ii) and (iii) below. It does not address private agreements an STTR firm may make in the commercialization of its technology, except for a subcontract to a Federal contract that may be a Phase III);

(ii) STTR-derived products or services intended for use by the Federal Government, funded by non-STTR sources of Federal funding;

(iii) continuation of R/R&D that has been competitively selected using peer review or merit-based selection procedures, funded by non-STTR Federal funding sources.

(2) A Phase III award is, by its nature, an STTR award, has STTR status, and must be accorded STTR data rights. If an STTR awardee receives a funding agreement (whether competed, sole sourced or a subcontract) for work that derives from, extends, or completes efforts made under prior STTR funding agreements, then the funding agreement for the new work must have all

STTR Phase III status and data rights.

(3) The competition for STTR Phase I and Phase II awards satisfies any competition requirement of the Armed Services Procurement Act, the Federal Property and Administrative Services Act, and the Competition in Contracting Act. Therefore, an agency that wishes to fund an STTR Phase III project is not required to conduct another competition in order to satisfy those statutory provisions. As a result, in conducting actions relative to a Phase III STTR award, it is sufficient to state for purposes of a Justification and Approval pursuant to FAR 6.302-5, that the project is an STTR Phase III award that is derived from, extends, or completes efforts performed under prior STTR funding agreements and is authorized under 10 U.S.C. 2304(b)(2) or 41 U.S.C. 3303(b).

(4) Phase III work may be for products, production, services, R/R&D, or any combination thereof.

(5) There is no limit on the number, duration, type, or dollar value of Phase III awards made to a business concern. There is no limit on the time that may elapse between a Phase I or Phase II award and Phase III award, or between a Phase III award and any subsequent Phase III award. A Federal agency may enter into a Phase III STTR agreement at any time with a Phase II awardee. Similarly, a Federal agency may enter into a Phase III STTR agreement at any time with a Phase I awardee. A subcontract to a Federally-funded prime contract may be a Phase III award.

(6) The small business size limits for Phase I and Phase II awards do not apply to Phase III awards.

(7) To the greatest extent practicable, agencies or their Government-owned, contractor-operated facilities, Federally-funded research and development centers, or Government prime contractors that pursue R/R&D or production developed under the STTR Program, shall issue Phase III awards relating to technology, including sole source awards, to the STTR awardee that developed the technology. Agencies shall document how they provided this preference to the STTR awardee that developed the technology. In fact, the Act requires that SBA report all instances in which an agency pursues research, development, or production of a technology developed by an STTR awardee, with a business concern or entity other than the one that developed the STTR technology. (See §4(c)(8) immediately below for agency notification to SBA prior to award of such a funding agreement and §10(h)(4) regarding agency reporting of the issuance of such award.) SBA will report such instances, including those discovered independently by SBA, to Congress.

(8) Agencies, their Government-owned, contractor-operated facilities, or Federally-funded research and development centers, that intend to pursue R/R&D, production, services or any combination thereof of a technology developed under an STTR award, with an entity other than that STTR awardee, must notify SBA in writing prior to such an award. This notification must include, at a minimum:

(i) The reasons why the follow-on funding agreement with the STTR awardee is not practicable;

(ii) the identity of the entity with which the agency intends to make an award to perform research, development, or production; and

(iii) a description of the type of funding award under which the research, development, or production will be obtained. SBA may appeal an agency decision to pursue Phase III work with a business concern other than the STTR awardee that developed the technology to the

head of the contracting activity. If SBA decides to appeal the decision, it must file a notice of intent to appeal with the funding agreement officer no later than 5 business days after receiving the agency's notice of intent to make award. Upon receipt of SBA's notice of intent to appeal, the funding agreement officer must suspend further action on the acquisition until the head of the contracting activity issues a written decision on the appeal. The funding agreement officer may proceed with award if he or she determines in writing that the award must be made to protect the public interest. The funding agreement officer must include a statement of the facts justifying that determination and provide a copy of its determination to SBA. Within 30 days of receiving SBA's appeal, the head of the contracting activity must render a written decision setting forth the basis of his or her determination. During this period, the agency should consult with SBA and review any case-specific information SBA believes to be pertinent.

5. Program Solicitation Process

(a) At least annually, each agency must issue a program solicitation that sets forth a substantial number of R/R&D topics and subtopic areas consistent with stated agency needs or missions. Agencies may decide to issue joint solicitations. Both the list of topics and the description of the topics and subtopics must be sufficiently comprehensive to provide a wide range of opportunities for SBCs to participate in the agency R&D programs. Topics and subtopics must emphasize the need for proposals with advanced concepts to meet specific agency R/R&D needs. Each topic and subtopic must describe the needs in sufficient detail to assist in providing on-target responses, but cannot involve detailed specifications to prescribed solutions of the problems.

(b) The Act requires issuance of STTR Phase I Program solicitations in accordance with a Master Schedule coordinated between SBA and the STTR agency. The SBA office responsible for coordination is: Office of Technology, U.S. Small Business Administration, 409 Third Street, SW, Washington, DC 20416. Phone: (202) 205-6450. Fax: (202) 205-7754. E-mail: technology@sba.gov. Internet site: www.SBIR.gov.

(c) For maximum participation by interested SBCs, it is important that the planning, scheduling and coordination of agency program solicitation release dates be completed as early as practicable to coincide with the commencement of the fiscal year on October 1. Bunching of agency program solicitation release and closing dates may prohibit SBCs from preparation and timely submission of proposals for more than one STTR project. SBA's coordination of agency schedules minimizes the bunching of proposed release and closing dates. STTR agencies may elect to publish multiple program solicitations within a given fiscal year to facilitate in-house agency proposal review and evaluation scheduling.

(d) SBA will post an electronic Master Schedule of release dates of program solicitations with links to Internet web sites of agency solicitations. For more information see §10(g).

(e) Simplified, Standardized, and Timely STTR Program Solicitations

(1) The Act requires “simplified, standardized and timely STTR solicitations” and for STTR agencies to use a “uniform process” minimizing the regulatory burden for SBCs. Therefore, the instructions in Appendix I to this Policy Directive purposely depart from normal Government solicitation format and requirements.

(2) Agencies must provide SBA's Office of Technology with an electronic version of each solicitation and any modifications no later than 5 days after the date of release of the solicitation or modification to the public. Agencies that issue program solicitations in electronic format only

must provide the Internet site at which the program solicitation may be accessed no later than the date of posting at that site of the program solicitation.

(3) SBA does not intend that the STTR Program solicitation replace or be used as a substitute for unsolicited proposals for R/R&D awards to SBCs. In addition, the STTR Program solicitation procedures do not prohibit other agency R/R&D actions with SBCs that are carried on in accordance with applicable statutory or regulatory authorizations.

6. Eligibility and Application (Proposal) Requirements

(a) Eligibility Requirements:

(1) To receive STTR funds, each awardee of a STTR Phase I or Phase II award must qualify as an SBC at the time of award and at any other time set forth in SBA's regulations at 13 C.F.R. §§121.701- 121.705. Each Phase I and Phase II awardee must submit a certification stating that it meets the size, ownership and other requirements of the STTR Program at the time of award, and at any other time set forth in SBA's regulations at 13 C.F.R. §§ 121.701-705.

(2) For both Phase I and Phase II, not less than 40 percent of the R/R&D work must be performed by the SBC, and not less than 30 percent of the R/R&D work must be performed by the single, partnering Research Institution. An agency can measure this research or analytical effort using the total contract dollars or labor hours, and must explain to the small business in the solicitation how it will be measured.

(3) For both Phase I and Phase II, the primary employment of the principal investigator must be with the SBC or the research institution at the time of award and during the conduct of the proposed project. Primary employment means that more than one-half of the principal investigator's time is spent in the employ of the SBC or the research institution. This precludes full-time employment with another organization aside from the SBC or the research institution. An SBC may replace the principal investigator on an STTR Phase I or Phase II award, subject to approval in writing by the funding agreement officer. For purposes of the STTR Program, personnel obtained through a Professional Employer Organization or other similar personnel leasing company may be considered employees of the awardee. This is consistent with SBA's size regulations, 13 CFR 121.106—Small Business Size Regulations.

(4) For both Phase I and Phase II, the R/R&D work must be performed in the United States. However, based on a rare and unique circumstance, agencies may approve a particular portion of the R/R&D work to be performed or obtained in a country outside of the United States, for example, if a supply or material or other item or project requirement is not available in the United States. The funding agreement officer must approve each such specific condition in writing.

(5) An STTR awardee may include, and STTR work may be performed by, those identified via a "novated" or "successor in interest" or similarly-revised funding agreement, or those that have reorganized with the same key staff, regardless of whether they have been assigned a different tax identification number. Agencies may require the original awardee to relinquish its rights and interests in an SBIR project in favor of another applicant as a condition for that applicant's eligibility to participate in the SBIR Program for that project.

(b) Proposal (Application) Requirements.

(1) Registration and Certifications for Proposal and Award.

(i) Each applicant must register in SBA's Company Registry Database (see Appendix IV) and submit a .pdf document of the registration with its application if the agency is otherwise

unable to obtain this information via Tech-Net. The agency will notify the applicants in the STTR solicitation as to whether it must submit a .pdf document with the application.

(ii) Agencies may request the STTR applicant to submit a certification at the time of submission of the application or offer, which requires the applicant to state that it intends to meet the size, ownership and other requirements of the STTR Program at the time of award of the funding agreement, if recommended for award. See Appendix I for the required text of the certification.

(2) Commercialization Plan. A succinct commercialization plan must be included with each proposal for an STTR Phase II award moving toward commercialization. Elements of a commercialization plan will include the following, as applicable:

(i) Company information: Focused objectives/core competencies; specialization area(s); products with significant sales; and history of previous Federal and non-Federal funding, regulatory experience, and subsequent commercialization.

(ii) Customer and Competition: Clear description of key technology objectives, current competition, and advantages compared to competing products or services; description of hurdles to acceptance of the innovation.

(iii) Market: Milestones, target dates, analyses of market size, and estimated market share after first year sales and after 5 years; explanation of plan to obtain market share.

(iv) Intellectual Property: Patent status, technology lead, trade secrets or other demonstration of a plan to achieve sufficient protection to realize the commercialization stage and attain at least a temporal competitive advantage.

(v) Financing: Plans for securing necessary funding in Phase III.

(vi) Assistance and mentoring: Plans for securing needed technical or business assistance through mentoring, partnering, or through arrangements with state assistance programs, SBDCs, Federally-funded research laboratories, Manufacturing Extension Partnership centers, or other assistance providers.

(3) Data Collection: Each Phase I and II applicant will be required to provide information in www.SBIR.gov (see Appendix IV) as well as the other information required by Appendices V-VI to the agency or www.SBIR.gov. Each SBC applying for a Phase II award is required to update the appropriate information in the database for any of its prior Phase II awards (see Appendix VI).

7. STTR Funding Process

Because the Act requires a “simplified, standardized funding process,” specific attention must be given to the following areas of STTR Program administration:

(a) Timely Receipt of Proposals. Program solicitations must establish proposal submission dates for Phase I and may establish proposal submission dates for Phase II. However, agencies may also negotiate mutually acceptable Phase II proposal submission dates with individual Phase I awardees.

(b) Review of STTR Proposals. SBA encourages STTR agencies to use their routine review processes for STTR proposals whether internal or external evaluation is used. A more limited review process may be used for Phase I due to the larger number of proposals anticipated. Where appropriate, “peer” reviews external to the agency are authorized by the Act. SBA cautions STTR agencies that all review procedures must be designed to minimize any possible conflict of interest as

it pertains to applicant proprietary data. The standardized STTR solicitation advises potential applicants that proposals may be subject to an established external review process and that the applicant may include company designated proprietary information in its proposal.

(c) Selection of Awardees.

(1) Time period for decision on proposals.

(i) The National Institutes of Health (NIH) and the National Science Foundation (NSF) must issue a notice to an applicant for each proposal submitted stating whether it was recommended or not for an award no more than one year after the closing date of the solicitation. NIH and NSF agencies should also issue the award no more than 15 months after the closing date of the solicitation. Pursuant to paragraph (iii) below, NIH and NSF are encouraged to reduce these timeframes.

(ii) All other agencies must issue a notice to an applicant for each proposal submitted stating whether it was recommended or not for an award no more than 90 calendar days after the closing date of the solicitation. Agencies should issue the award no more than 180 calendar days after the closing date of the solicitation.

(iii) Agencies are encouraged to develop programs or measures to reduce the time periods between the close of an STTR Phase I solicitation/receipt of a Phase II application and notification to the applicant as well as issuance of the STTR Phase I and Phase II awards. As appropriate, agencies should adopt accelerated proposal, evaluation, and selection procedures designed to address the gap in funding these competitive awards to meet or reduce the timeframes set forth above. With respect to Phase II awards, SBA recognizes that Phase II arrangements between the agency and applicant may require more detailed negotiation to establish terms acceptable to both parties; however, agencies must not sacrifice the R/R&D momentum created under Phase I by engaging in unnecessarily protracted Phase II proceedings.

(iv) Request for Waiver.

(A) If the agency determines that it requires additional time between the solicitation closing date and notification of recommendation for award, it must submit a written request for an extension to SBA. The written request must specify the number of additional calendar days needed to issue the notice for a specific applicant and the reasons for the extension. If an agency believes it will not meet the timeframes for an entire solicitation, the request for an extension must state how many awards will not meet the statutory timeframes, as well as the number of additional calendar days needed to issue the notice and the reasons for the extension. The written request must be submitted to the SBA at least 10 business days prior to when the agency must issue its notice to the applicant. Agencies must send their written request to: Office of Technology, U.S. Small Business Administration, 409 Third Street, SW, Washington, DC 20416. Phone: (202) 205-6450. Fax: (202) 205-7754. E-mail: technology@sba.gov.

(B) SBA will respond to the request for an extension within 5 business days, as practicable. SBA may authorize an agency to issue the notice up to 90 calendar days after the timeframes set forth in paragraphs (c)(1)(i) and (ii).

(C) Even if SBA grants an extension of time, the STTR agency is required to develop programs or measures to reduce the timeframe between the close of an SBIR Phase I solicitation/receipt of a Phase II application and notification to the applicant as well as the

time to the issuance of the Phase I and Phase II awards as set forth in paragraph (c)(1)(3) above.

(D) If an STTR agency does not receive an extension of time, it may still proceed with the award to the small business.

(2) Standardized solicitation.

(i) The standardized STTR Program solicitation must advise Phase I applicants that additional information may be requested by the awarding agency to evidence applicant responsibility for project completion and advise applicants of the proposal evaluation criteria for Phase I and Phase II.

(ii) The STTR agency will provide information to each Phase I awardee considered for a Phase II award regarding Phase II proposal submissions, reviews, and selections.

(d) Essentially Equivalent Work. STTR participants often submit duplicate or similar proposals to more than one soliciting agency when the announcement or solicitation appears to involve similar topics or requirements. However, “essentially equivalent work” must not be funded in the STTR or other Federal programs, unless an exception to this rule applies. Agencies must verify with the applicant that this is the case by requiring them to certify at the time of award and during the lifecycle of the award that they do not have essentially equivalent work funded by another Federal agency.

(e) Management of the STTR Project. The SBC, and not the single, partnering Research Institution, is to provide satisfactory evidence that it will exercise management direction and control of the performance of the STTR funding agreement. Regardless of the proportion of the work or funding allocated to each of the performers under the funding agreement, the SBC is to be the primary party with overall responsibility for performance of the project. All agreements between the SBC and the Research Institution cooperating in the STTR funding agreement, or any business plans reflecting agreements and responsibilities between the parties during performance of STTR Phase I or Phase II funding agreement, or for the commercialization of the resulting technology, should reflect the controlling position of the SBC.

(f) Cost Sharing. Cost sharing can serve the mutual interests of the STTR agencies and certain STTR awardees by assuring the efficient use of available resources. However, cost sharing on STTR projects is not required, although it may be encouraged. Therefore, cost sharing cannot be an evaluation factor in the review of proposals. The standardized STTR Program solicitation (Appendix I) will provide information to prospective STTR applicants concerning cost sharing.

(g) Payment Schedules and Cost Principles.

(1) STTR awardees may be paid under an applicable, authorized progress payment procedure or in accordance with a negotiated/definitive price and payment schedule. Advance payments are optional and may be made under appropriate law. In all cases, agencies must make payment to recipients under STTR funding agreements in full, subject to audit, on or before the last day of the 12-month period beginning on the date of completion of the funding agreement requirements.

(2) All STTR funding agreements must use, as appropriate, current cost principles and procedures authorized for use by the STTR agencies. At the time of award, agencies must inform each STTR awardee, to the extent possible, of the applicable Federal regulations and procedures that refer to the costs that, generally, are allowable under funding agreements.

(3) Agencies must, to the extent possible, attempt to shorten the amount of time between the notice of an award under the STTR Program and the subsequent release of funding with respect

to the award.

(h) Funding Agreement Types and Fee or Profit. Statutory requirements for uniformity and standardization require consistency in application of STTR Program provisions among STTR agencies. However, consistency must allow for flexibility by the various agencies in missions and needs as well as the wide variance in funds required to be devoted to STTR Programs in the agencies. The following instructions meet all of these requirements:

(1) Funding Agreement. The type of funding agreement (contract, grant, or cooperative agreement) is determined by the awarding agency, but must be consistent with 31 U.S.C. 6301-6308. Contracting agencies may issue STTR awards as fixed price contracts (including firm fixed price, fixed price incentive or fixed price level of effort contracts) or cost type contracts, consistent with the Federal Acquisition Regulations and agency supplemental acquisition regulations. In some cases, small businesses seek progress payments, which may be appropriate under fixed-price R&D contracts and are a form of contract financing for firm-fixed-price contracts. However, for certain agencies, in order to qualify for progress payments or an incentive type contract, the small business's accounting system would have to be audited, which can delay award, unless the contractor has an already approved accounting system. Therefore STTR agencies should consider using partial payments methods or on a deliverable item basis or consider other available options to work with the STTR awardee.

(2) Fee or Profit. Except as expressly excluded or limited by statute, awarding agencies must provide for a reasonable fee or profit on STTR funding agreements, consistent with normal profit margins provided to profit-making firms for R/R&D work.

(i) Periods of Performance and Extensions.

(1) In keeping with the legislative intent to make a large number of relatively small awards, modification of funding agreements to increase the dollar amount should be kept to a minimum, except for options in original Phase I or II awards.

(2) Phase I. Period of performance normally should not exceed 1 year. However, agencies may provide a longer performance period where appropriate for a particular project.

(3) Phase II. Period of performance under Phase II is a subject of negotiation between the awardee and the issuing agency. The duration of Phase II normally should not exceed 2 years. However, agencies may provide a longer performance period where appropriate for a particular project.

(j) Dollar Value of Awards.

(1) Generally, a Phase I award (including modifications) may not exceed \$150,000 and a Phase II award (including modifications) may not exceed \$1,000,000. Agencies may issue an award that exceeds the award guideline amounts by no more than 50%.

(2) SBA will adjust these amounts every year for inflation and will post these inflation adjustments at the end of the fiscal year or soon after on www.SBIR.gov. The adjusted guidelines are effective for all solicitations issued on or after the date of the adjustment and may be used by agencies to amend the solicitation and other program literature. Agencies have the discretion to issue awards for less than the guidelines.

(3) There is no dollar limit associated with Phase III STTR awards.

(4) Agencies may request a waiver to exceed the award guideline amounts established in paragraph (j)(1) by more than 50% for a specific topic.

(5) Agencies must submit this request for a waiver to SBA prior to release of the solicitation, contract award, or modification to the award for the topic. The request for a waiver must explain and provide evidence that the limitations on award size will interfere with the ability of the agency to fulfill its research mission through the STTR Program; that the agency will minimize, to the maximum extent practicable, the number of awards that exceed the guidelines by more than 50% for the topic; and that research costs for the topic area differ significantly from those in other areas. After review of the agency's justification, SBA may grant the waiver for the agency to exceed the award guidelines by more than 50% for a specific topic. SBA will issue a decision on the request within 10 business days. The waiver will be in effect for one fiscal year.

(6) Agencies must maintain information on all awards exceeding the guidelines set forth in paragraph (j)(1), including the amount of the award, a justification for exceeding the guidelines for each award, the identity and location of the awardee, whether the awardee has received any venture capital, hedge fund, or private equity firm investment.

(7) The award guidelines do not prevent an agency from funding STTR projects from other (non-STTR) agency funds. Non-STTR funds used on STTR efforts do not count toward the award guidelines set forth in (i)(1).

(j) National Security Exemption. The Act provides for exemptions related to the simplified standardized funding process “* * * if national security or intelligence functions clearly would be jeopardized.” This exemption should not be interpreted as a blanket exemption or a prohibition of STTR participation for acquisitions relating to national security or intelligence functions, except as specifically defined under §9(e)(2) of the Act, 15 U.S.C. §638(e)(2). Agency technology managers directing R/R&D projects under the STTR Program, where the project subject matter may be affected by this exemption, must first make a determination on which, if any, of the standardized proceedings clearly place national security and intelligence functions in jeopardy, and then proceed with an acceptable modified process to complete the STTR action. SBA's STTR Program monitoring activities, except where prohibited by security considerations, must include a review of nonconforming STTR actions justified under this public law provision.

8. Terms of Agreement Under STTR Awards

(a) Proprietary Information Contained in Proposals. The standardized STTR Program solicitation will include provisions requiring the confidential treatment of any proprietary information to the extent permitted by law. The solicitation will require that all proprietary information be identified clearly and marked with a prescribed legend. Agencies may elect to require SBCs to limit proprietary information to that essential to the proposal and to have such information submitted on a separate page or pages keyed to the text. The Government, except for proposal review purposes, protects all proprietary information, regardless of type, submitted in a contract proposal or grant application for a funding agreement under the STTR Program, from disclosure.

(b) Rights in Data Developed Under STTR Funding Agreement. The Act provides for “retention by an SBC of the rights to data generated by the concern in the performance of an STTR award.”

(1) Each agency must refrain from disclosing STTR technical data outside the Government (except reviewers) and especially to competitors of the SBC, or from using the information to produce future technical procurement specifications that could harm the SBC that discovered and developed the innovation.

(2) STTR agencies must protect from disclosure and non-governmental use all STTR technical data developed from work performed under an STTR funding agreement for a period of not less

than four years from delivery of the last deliverable under that agreement (either Phase I, Phase II, or Federally-funded STTR Phase III) unless, subject to paragraph (b)(3) of this section, the agency obtains permission to disclose such STTR technical data from the awardee or STTR applicant. Agencies are released from obligation to protect STTR data upon expiration of the protection period except that any such data that is also protected and referenced under a subsequent STTR award must remain protected through the protection period of that subsequent STTR award. For example, if a Phase III award is issued within or after the Phase II data rights protection period and the Phase III award refers to and protects data developed and protected under the Phase II award, then that data must continue to be protected through the Phase III protection period. Agencies have discretion to adopt a protection period longer than four years. The Government retains a royalty-free license for Government use of any technical data delivered under an STTR award, whether patented or not. This section does not apply to program evaluation.

(3) STTR technical data rights apply to all STTR awards, including subcontracts to such awards, that fall within the statutory definition of Phase I, II, or III of the STTR Program, as described in §4 of this Policy Directive. The scope and extent of the STTR technical data rights applicable to Federally-funded Phase III awards is identical to the STTR data rights applicable to Phases I and II STTR awards. The data rights protection period lapses only:

- (i) Upon expiration of the protection period applicable to the STTR award; or
- (ii) by agreement between the awardee and the agency.

(4) Agencies must insert the provisions of (b)(1), (2), and (3) immediately above as STTR data rights clauses into all STTR Phase I, Phase II, and Phase III awards. These data rights clauses are non-negotiable and must not be the subject of negotiations pertaining to an STTR Phase III award, or diminished or removed during award administration. An agency must not, in any way, make issuance of an STTR Phase III award conditional on data rights. If the STTR awardee wishes to transfer its STTR data rights to the awarding agency or to a third party, it must do so in writing under a separate agreement. A decision by the awardee to relinquish, transfer, or modify in any way its STTR data rights must be made without pressure or coercion by the agency or any other party. Following issuance of an STTR Phase III award, the awardee may enter into an agreement with the awarding agency to transfer or modify the data rights contained in that STTR Phase III award. Such a bilateral data rights agreement must be entered into only after the STTR Phase III award, which includes the appropriate STTR data rights clause, has been signed. SBA will report to the Congress any attempt or action by an agency to condition an STTR award on data rights, to exclude the appropriate data rights clause from the award, or to diminish such rights.

(c) Allocation of Rights.

(1) An SBC, before receiving an STTR award, must negotiate a written agreement between the SBC and the single, partnering Research Institution, allocating intellectual property rights and rights, if any, to carry out follow-on research, development, or commercialization. The SBC must submit this agreement to the awarding agency with the proposal. The SBC must certify in all proposals that the agreement is satisfactory to the SBC.

(2) The awarding agency may accept an existing agreement between the two parties if the SBC certifies its satisfaction with the agreement, and such agreement does not conflict with the interests of the Government. SBA will provide a model agreement that must be adopted by the agencies and used as guidance by the SBC in the development of an agreement with the Research

Institution. The model agreement will direct the parties to, at a minimum:

(i) State specifically the degree of responsibility, and ownership of any product, process, or other invention or innovation resulting from the cooperative research. The degree of responsibility shall include responsibility for expenses and liability, and the degree of ownership shall also include the specific rights to revenues and profits.

(ii) State which party may obtain United States or foreign patents or otherwise protect any inventions resulting from the cooperative research.

(iii) State which party has the right to any continuation of research, including non-STTR follow-on awards.

(3) The Government will not normally be a party to any agreement between the SBC and the Research Institution. Nothing in the agreement is to conflict with any provisions setting forth the respective rights of the United States and the SBC with respect to intellectual property rights and with respect to any right to carry out follow-on research.

(d) Title Transfer Agency-Provided Property. Under the Act, the Government may transfer title to property, provided by the STTR agency to the awardee or acquired by the awardee for the purpose of fulfilling the contract, where such transfer would be more cost effective than recovery of the property.

(e) Continued Use of Government Equipment. Agencies must allow an STTR awardee participating in the third phase of the STTR Program continued use, as a directed bailment, of any property transferred by the agency to the Phase II awardee or acquired by the awardee for the purpose of fulfilling the contract. The Phase II awardee may use the property for a period of not less than 2 years, beginning on the initial date of the concern's participation in the third phase of the STTR Program.

(f) Grant Authority. The Act does not, in and of itself, convey grant authority. Each agency must secure grant authority in accordance with its normal procedures.

(g) Conflicts of Interest. SBA cautions STTR agencies that awards made to SBCs owned by or employing current or previous Federal Government employees may create conflicts of interest in violation of FAR Part 3 and the Ethics in Government Act of 1978, as amended. Each STTR agency should refer to the standards of conduct review procedures currently in effect for its agency to ensure that such conflicts of interest do not arise.

(h) American-Made Equipment and Products. Congress intends that the awardee of a funding agreement under the STTR Program should, when purchasing any equipment or a product with funds provided through the funding agreement, purchase only American-made equipment and products, to the extent possible, in keeping with the overall purposes of this program. Each STTR agency must provide to each awardee a notice of this requirement.

(i) Certifications After Award and During Funding Agreement Lifecycle.

(1) A Phase I funding agreement must state that the awardee shall submit a new certification as to whether it is in compliance with specific STTR Program requirements at the time of final payment or disbursement.

(2) A Phase II funding agreement must state that the awardee shall submit a new certification as to whether it is in compliance with specific STTR Program requirements prior to receiving more than 50% of the total award amount and prior to final payment or disbursement.

(3) Agencies may also require additional certifications at other points in time during the life cycle

of the funding agreement, such as at the time of each payment or disbursement.

(j) Updating SBIR.gov. Agencies must require each Phase II awardee to update the appropriate information on the award in the Commercialization Database upon completion of the last deliverable under the funding agreement. In addition, the awardee is requested to voluntarily update the appropriate information on that award in the database annually thereafter for a minimum period of 5 years.

9. Responsibilities of STTR Agencies and Departments

(a) General Responsibilities. The Act requires each agency participating in the STTR Program to:

(1) Unilaterally determine the categories of projects to be included in its STTR Program, giving consideration to maintaining a portfolio balance between exploratory projects of high technological risk and those with greater likelihood of success. Further, to the extent permitted by law, and in a manner consistent with the mission of that agency and the purpose of the STTR program, each Federal agency must:

(i) give priority in the STTR program to manufacturing-related research and development in accordance with Executive Order 13329. In addition, agencies must develop an Action Plan for implementing Executive Order 13329, which identifies activities used to give priority in the STTR program to manufacturing-related research and development. These activities should include the provision of information on the Executive Order on the agency's STTR program website.

(ii) give priority to small business concerns that participate in or conduct energy efficiency or renewable energy system research and development projects.

(iii) give consideration to topics that further one or more critical technologies as identified by the National Critical Technologies panel (or its successor) in reports required under 42 U.S.C. 6683, or the Secretary of Defense in accordance with 10 U.S.C. 2522.

(2) Release STTR solicitations in accordance with the SBA master schedule.

(3) Unilaterally receive and evaluate proposals resulting from program solicitations, select awardees, issue funding agreements, and inform each awardee under such agreement, to the extent possible, of the expenses of the awardee that will be allowable under the funding agreement.

(4) Require a succinct commercialization plan with each proposal submitted for a Phase II award.

(5) Collect and maintain information from applicants and awardees and provide it to SBA to develop and maintain the database, as identified in §11(e) of this Policy Directive.

(6) Administer its own STTR funding agreements or delegate such administration to another agency.

(7) Include provisions in each STTR funding agreement setting forth the respective rights of the United States and the awardee with respect to intellectual property rights and with respect to any right to carry out follow-on research.

(8) Ensure that the rights in data developed under each Federally-funded STTR Phase I, Phase II, and Phase III award are protected properly.

(9) Make payments to awardees of STTR funding agreements on the basis of progress toward or completion of the funding agreement requirements and in all cases make payment to awardees

under such agreements in full, subject to audit, on or before the last day of the 12-month period beginning on the date of completion of such requirements.

(10) Provide an annual report on the STTR Program to SBA, as well as other information concerning the STTR Program. See §10 of this Policy Directive for further information on the agency's reporting requirements, including the frequency for specific reporting requirements.

(11) Include in its annual performance plan required by 31 U.S.C. 1115(a) and (b) a section on its STTR Program, and submit such section to the Senate Committee on Small Business and Entrepreneurship and to the House Committees on Science, Space and Technology and Small Business.

(12) Establish the agency's benchmarks for progress towards commercialization. See §4(a)(3) of the directive for further information.

(13) Adopt the model agreement to be developed by SBA for use in the STTR Program that allocates between SBCs and Research Institutions intellectual property rights and rights, if any, to carry out follow-on research, development, or commercialization.

(14) Develop, in consultation with the Office of Federal Procurement Policy and the Office of Government Ethics, procedures to ensure that Federally-funded research and development centers that participate in STTR agreements:

- (i) Are free from organizational conflicts of interests relative to the STTR Program;
- (ii) Do not use privileged information gained through work performed for an STTR agency or private access to STTR agency personnel in the development of an STTR proposal; and
- (iii) Use outside peer review as appropriate.

(15) Implement an outreach program to Research Institutions and SBCs for the purpose of enhancing its STTR Program, in conjunction with any such outreach done for purposes of the Small Business Innovation Research (SBIR) Program.

(b) Discretionary technical assistance to STTR awardees.

(1) Agencies may enter into agreements with vendors to provide technical assistance to STTR awardees, which may include access to a network of scientists and engineers engaged in a wide range of technologies or access to technical and business literature available through on-line data bases. Each agency may select a vendor for a term not to exceed 5 years. The vendor must be selected using competitive and merit-based criteria.

- (i) The purpose of this technical assistance is to assist STTR awardees in:
 - (A) making better technical decisions on STTR projects;
 - (B) solving technical problems that arise during STTR projects;
 - (C) minimizing technical risks associated with STTR projects; and
 - (D) commercializing the STTR product or process.

(ii) An agency may not enter into a contract with the vendor if the contract amount provided for technical assistance is based upon the total number of Phase I or Phase II awards but may enter into a contract with the vendor based upon the total amount of awards for which assistance is provided.

(2) Each agency may provide up to \$5,000 of STTR funds for the technical assistance described

above in (c)(1) per year for each Phase I award and each Phase II award. The amount will be in addition to the award and will count as part of the agency's STTR funding, unless the agency funds the technical assistance using non-STTR funds. The agency may not use STTR funds for technical assistance unless the vendor provides the services to the STTR awardee.

(3) An STTR applicant may acquire the technical assistance services set forth in (c)(1)(i) above itself and not through the vendor selected by the Federal agency. The applicant must request this authority from the Federal agency and demonstrate in its STTR application that the individual or entity selected can provide the specific technical services needed. If the awardee demonstrates this requirement sufficiently, the agency shall permit the awardee to acquire such technical assistance itself, in an amount up to \$5,000, as an allowable cost of the STTR award. The per year amount will be in addition to the award and will count as part of the agency's STTR funding, unless the agency funds the technical assistance using non-STTR funds.

(c) Agencies must publish the information relating to timelines for awards of Phase I and Phase II funding agreements and performance start dates of the funding agreements in the agency's Annual Report (See §10(a) of the directive). Agencies will report this information to SBA for posting on www.SBIR.gov.

(d) Interagency actions.

(1) Joint funding. An STTR project may be financed by more than one Federal agency. Joint funding is not required but can be an effective arrangement for some projects.

(2) Phase II awards. An STTR Phase II award may be issued by a Federal agency other than the one that made the Phase I award. Prior to award, the head of the Federal agency for the Phase I and Phase II awards, or designee, must issue a written determination that the topics of the awards are the same. Both agencies must submit the report to the SBA.

(3) Participation by WOSBs and SDBs in the STTR Program. In order to meet statutory requirements for greater inclusion, SBA and the Federal participating agencies must conduct outreach efforts to find and place innovative WOSBs and SDBs in the STTR Program. These SBCs will be required to compete for STTR awards on the same basis as all other SBCs. However, STTR agencies are encouraged to work independently and cooperatively with SBA to develop methods to encourage qualified WOSBs and SDBs to participate in the STTR Program.

(e) Limitation on use of funds.

(1) Each STTR agency must expend the required minimum percent of its extramural budget on awards to SBCs. Agencies may not make available for the purpose of meeting the minimum percent an amount of its extramural budget for basic research that exceeds the minimum percent. Funding agreements with SBCs for R/R&D that result from competitive or single source selections other than an STTR Program must not be considered to meet any portion of the required minimum percent.

(2) An agency must not use any of its STTR budget for the purpose of funding administrative costs of the program, including costs associated with program operations, employee salaries, and other associated expenses.

(3) Pilot to Allow for Funding of Administrative, Oversight, and Contract Processing Costs. Beginning on October 1, 2012 and ending on September 30, 2015, and upon establishment by SBA of the agency-specific performance criteria, SBA shall allow an SBIR Federal agency to use no more than 3% of its SBIR budget for one or more specific activities, which may be prioritized by the federal SBIR/STTR Interagency Policy Committee. The purpose of this pilot program is

to assist with the substantial expansion in commercialization activities, prevention of fraud/waste/abuse, expansion of reporting requirements by agencies and other agency activities required for the SBIR and STTR Programs. Funding under this pilot is not intended to and must not replace current agency administrative funding in support of STTR activities. Rather, funding under this pilot program is intended to supplement such funds.

(i) A Federal agency may use this money to fund the following specific activities:

(A) SBIR and/or STTR program administration, which includes:

(I) internal oversight and quality control, such as verification of reports and invoices and cost reviews, and waste/fraud/abuse prevention (including targeted reviews of SBIR or STTR awardees that an agency determines are at risk for waste/fraud/abuse);

(II) contract processing costs relating to the SBIR or STTR program of that agency, which includes supplementing the current workforce to assist solely with SBIR or STTR funding agreements;

(III) funding of additional personnel to work solely on the STTR Program of that agency, which includes assistance with application reviews; and

(IV) funding for simplified and standardized program proposal, selection, contracting, compliance, and audit procedures for the STTR program, including the reduction of paperwork and data collection.

(B) STTR or SBIR Program-related outreach and related technical assistance initiatives not in effect prior to commencement of this pilot, except significant expansion or improvement of these initiatives, including:

(I) technical assistance site visits;

(II) personnel interviews; and

(III) national conferences.

(C) Commercialization initiatives not in effect prior to commencement of this pilot, except significant expansion or improvement of these initiatives.

(D) For DoD and the military departments, carrying out the Commercialization Readiness Program set forth in 12(b) of this directive, with emphasis on supporting new initiatives that address barriers in bringing STTR technologies to the marketplace, including intellectual property issues, sales cycle access issues, accelerated technology development issues, and other issues.

(ii) Agencies must use this money to attempt to increase participation by SDBs and WOSBs in the STTR Program, and small businesses in states with a historically low level of SBIR awards. The agency may submit a written request to SBA to waive this requirement. The request must explain why the waiver is necessary, demonstrate a sufficient need for the waiver, and explain that the outreach objectives of the agency are being met and that there has been increased participation by small businesses in states with a historically low level of SBIR awards.

(iii) SBA will establish performance criteria each fiscal year by which use of these funds will be evaluated for that fiscal year. The performance criteria will be metrics that measure the performance areas required by statute against the goals set by the agencies in their work plans. The performance criteria will be based upon the work plans submitted by each agency

for a given fiscal year and will be agency-specific. SBA will work with the STTR agencies in creating a simplified template for agencies to use when making their work plans.

(iv) Each agency must submit its work plan to SBA at least 30 calendar days prior to the start of each fiscal year for which the pilot program is in operation. Agency work plans must include the following: a prioritized list of initiatives to be supported; the estimated amounts to be spent on each initiative or the estimated percentage of administrative funds to be allocated to each initiative; milestones for implementing the; the expected results to be achieved; and the assessment metrics for each initiative. The work plan must identify initiatives that are above and beyond current practice and which enhance the agency's STTR program.

(v) SBA will evaluate the work plan and provide initial comments within 15 calendar days of receipt of the plan. SBA's objective in evaluating the work plan is to ensure that overall, it provides for improvements to the STTR Program of that particular agency. If SBA does not provide initial comments within 30 calendar days of receipt of the plan, the work plan is deemed approved. If SBA does provide initial comments within 30 calendar days, agencies must amend or supplement their work plan and resubmit to SBA. Once SBA establishes the agency-specific performance criteria to measure the benefits of the use of these funds under the work plan, the agency may begin using the STTR funds for the purposes set forth in the work plan. Agencies can adjust their work plans and spending throughout the fiscal year as needed, but must notify SBA of material changes in the plan.

(vi) Agencies must coordinate any activities in the work plan that relate to fraud, waste, and abuse prevention, targeted reviews of awardees, and implementation of oversight control and quality control measures (including verification of reports and invoices and cost reviews) with the agency's Office of Inspector General (OIG). If the agency allocates more than \$50,000,000 to its STTR Program for a fiscal year, the agency may share this funding with its OIG when the OIG performs the activities.

(vii) Agencies shall report to the Administrator on use of funds under this authority as part of the SBIR/STTR Annual Report. See §10 generally and § 10(i).

(4) An agency must not issue an STTR funding agreement that includes a provision for subcontracting any portion of that agreement back to the issuing agency, to any other Federal Government agency, or to other units of the Federal Government, except as provided in paragraph (f)(5) of the STTR Policy Directive. SBA may issue a case-by-case waiver to this provision after review of an agency's written justification that includes the following information:

(i) An explanation of why the STTR research project requires the use of the Federal facility or personnel, including data that verifies the absence of non-Federal facilities or personnel capable of supporting the research effort.

(ii) Why the Agency will not and cannot fund the use of the Federal facility or personnel for the STTR project with non-STTR money.

(iii) The concurrence of the SBC's chief business official to use the federal facility or personnel.

(5) An agency may issue an STTR funding agreement to a small business concern that intends to enter into an agreement with a Federal laboratory to perform portions of the award or has entered into a cooperative research and development agreement (see 15 U.S.C. § 3710a(d)) with a Federal laboratory, only if there is compliance with the following.

(i) The agency may not require the small business concern enter into an agreement with any Federal laboratory to perform any portion of an STTR award, as a condition for an STTR award.

(ii) The agency may not issue an STTR award or approve an agreement between an STTR awardee and a Federal laboratory, if the small business concern will not meet the minimum performance of work requirements set forth in §6(a)(4) of this directive.

(iii) The agency may not issue an STTR award or approve an agreement between an STTR awardee and a Federal laboratory that violates any STTR requirement set forth in statute or the STTR Policy Directive, including any STTR data rights protections.

(iv) The agency and Federal laboratory may not require any STTR awardee that has an agreement with a Federal laboratory to perform portions of the activities under the STTR award to provide advance payment to the Federal laboratory in an amount greater than the amount necessary to pay for 30 days of such activities.

(6) No agency, at its own discretion, may unilaterally cease participation in the STTR Program. R/R&D agency budgets may cause fluctuations and trends that must be reviewed in light of STTR Program purposes. An agency may be considered by SBA for a phased withdrawal from participation in the STTR Program over a period of time sufficient in duration to minimize any adverse impact on SBCs. However, the SBA decision concerning such a withdrawal will be made on a case-by-case basis and will depend on significant changes to extramural R/R&D 3-year forecasts as found in the annual Budget of the United States Government and National Science Foundation breakdowns of total R/R&D obligations as published in the Federal Funds for Research and Development. Any withdrawal of an STTR agency from the STTR Program will be accomplished in a standardized and orderly manner in compliance with these statutorily mandated procedures.

(7) Federal agencies not otherwise required to participate in the STTR Program may participate on a voluntary basis. Federal agencies seeking to participate in the STTR Program must first submit their written requests to SBA. Voluntary participation requires the written approval of SBA.

(f) Preventing Fraud, Waste, and Abuse.

(1) Agencies shall evaluate risks of fraud, waste, and abuse in each application, monitor and administer STTR awards, and create and implement policies and procedures to prevent fraud, waste and abuse in the STTR Program. To capitalize on OIG expertise in this area, agencies must consult with their OIG when creating such policies and procedures. Fraud includes any false representation about a material fact or any intentional deception designed to deprive the United States unlawfully of something of value or to secure from the United States a benefit, privilege, allowance, or consideration to which an individual or business is not entitled. Waste includes extravagant, careless, or needless expenditure of Government funds, or the consumption of Government property, that results from deficient practices, systems, controls, or decisions. Abuse includes any intentional or improper use of Government resources, such as misuse of rank, position, or authority or resources. Examples of fraud, waste, and abuse relating to the STTR Program include, but are not limited to:

(i) misrepresentations or material, factual omissions to obtain, or otherwise receive funding under, an STTR award;

- (ii) misrepresentations of the use of funds expended, work done, results achieved, or compliance with program requirements under an STTR award;
- (iii) misuse or conversion of STTR award funds, including any use of award funds while not in full compliance with STTR Program requirements, or failure to pay taxes due on misused or converted STTR award funds;
- (iv) fabrication, falsification, or plagiarism in applying for, carrying out, or reporting results from an STTR award;
- (v) failure to comply with applicable federal costs principles governing an award;
- (vi) extravagant, careless, or needless spending;
- (vii) self-dealing, such as making a sub-award to an entity in which the PI has a financial interest;
- (viii) acceptance by agency personnel of bribes or gifts in exchange for grant or contract awards or other conflicts of interest that prevents the Government from getting the best value; and
- (ix) lack of monitoring, or follow-up if questions arise, by agency personnel to ensure that awardee meets all required eligibility requirements, provides all required certifications, performs in accordance with the terms and conditions of the award, and performs all work proposed in the application.

(2) At a minimum, agencies must:

- (i) Require certifications from the STTR awardee at the time of award, as well as after award and during the funding agreement lifecycle (see §8(h) and Appendix I for more information);
- (ii) Include on their respective STTR webpage and in each solicitation, information explaining how an individual can report fraud, waste and abuse as provided by the agency's OIG (e.g., include the fraud hotline number or web-based reporting method for the agency's OIG);
- (iii) Designate at least one individual in the agency to, at a minimum, serve as the liaison for the STTR Program, the OIG and the agency's Suspension and Debarment Official (SDO) and ensure that inquiries regarding fraud, waste and abuse are referred to the OIG and, if applicable, the SDO.
- (iv) Include on their respective STTR webpage information concerning successful prosecutions of fraud, waste and abuse in the SBIR or STTR programs.
- (v) Establish a written policy requiring all personnel involved with the STTR Program to notify the OIG if anyone suspects fraud, waste, and/or abuse and ensure the policy is communicated to all STTR personnel.
- (vi) Create or ensure there is an adequate system to enforce accountability (through suspension and debarment, fraud referrals or other efforts to deter wrongdoing and promote integrity) by developing separate standardized templates for a referral made to the OIG for fraud, waste, and abuse or the SDO for other matters, and a process for tracking such referrals.
- (vii) Ensure compliance with the eligibility requirements of the program and the terms of the STTR funding agreement.

(viii) Work with the agency's OIG with regard to its efforts to establish fraud detection indicators, coordinate the sharing of information between Federal agencies, and improve education and training to STTR Program officials, applicants and awardees;

(ix) Develop policies and procedures to avoid funding essentially equivalent work already funded by another agency, which could include: searching Tech-Net prior to award for the applicant (if a joint venture, search for each party to the joint venture), key individuals of the applicant, and similar abstracts; using plagiarism or other software; checking the SBC's certification prior to award and funding and documenting the funding agreement file that such certification evidenced the SBC has not already received funding for essentially equivalent work; reviewing other agency's policies and procedures for best practices; and reviewing other R&D programs for policies and procedures and best practices related to this issue; and

(x) Consider enhanced reporting requirements during the funding agreement.

(g) Interagency Policy Committee. The Director of the Office of Science and Technology Policy (OSTP) will establish an Interagency SBIR/STTR Policy Committee, which will include representatives from Federal agencies with an SBIR or an STTR program and the SBA. The Interagency SBIR/STTR Policy Committee shall review the following issues (but may review additional issues) and make policy recommendations on ways to improve program effectiveness and efficiency:

(1) The SBIR.gov databases described in §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) The need for 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; and

(5) Outreach and technical assistance activities that increase the participation of small businesses underrepresented in the SBIR and STTR programs, including the identification and sharing of best practices and the leveraging of resources in support of such activities across agencies.

(h) National Academy of Science Report. The National Academy of Sciences (NAS) will conduct a study and issue reports on the SBIR and STTR programs.

(1) Prior to and during the period of study, and to ensure that the concerns of small business are appropriately considered, NAS shall consult with and consider the views of SBA's Office of Investment and Innovation and the Office of Advocacy and other interested parties, including entities, organizations, and individuals actively engaged in enhancing or developing the technological capabilities of small business concerns.

(2) The head of each agency with a budget of more than \$50,000,000 for its SBIR Program for fiscal year 1999 shall, in consultation with SBA, and not later than 6 months after December 31, 2011, cooperatively enter into an agreement with NAS regarding the content and performance of the study. SBA and the agencies will work with the Interagency Policy Committee in determining the parameters of the study, including the specific areas of focus and priorities for

the broad topics required by statute. The agreement with NAS must set forth these parameters, specific areas of focus and priorities, and comprehensively address the scope and content of the work to be performed. This agreement must also require the NAS to ensure there is participation by and consultation with, the small business community, the SBA, and other interested parties as described in paragraph (1).

(3) NAS shall transmit to SBA, heads of agencies entering into an agreement under this section, the Committee on Science, Space and Technology, the Committee on Small Business of the House of Representatives, and to the Committee on Small Business of the Senate a copy of the report, which includes the results and recommendations, not later than 4 years after December 31, 2011, and every subsequent four years.

10. Agency and STTR Applicant/Awardee Reporting Requirements

(a) General. The Small Business Act requires agencies to collect meaningful information from SBCs and to ensure that reporting requirements are streamlined to minimize the burden on small businesses.

(1) SBA is required to collect data from agencies and report to the Congress information regarding applications by and awards to SBCs by each Federal agency participating in the STTR program. STTR agencies and SBA will report data using standardized templates that are provided, maintained, and updated by SBA.

(2) The Act requires a “simplified, standardized and timely annual report” from each Federal agency participating in the STTR program (see §3 for the definition of Federal agency), which is submitted to SBA. In addition, agencies are required to report certain items periodically throughout the year to SBA. Agencies may identify certain information, such as award data information, by the various components of each agency. SBA will collect reports electronically, to the extent possible. The reports will be uploaded to databases attached to Tech-Net – located at www.SBIR.gov. If the databases attached to Tech-Net are unavailable, then the report must be emailed to technology@sba.gov.

(3) To meet these requirements, the STTR program has the following key principles:

- (i) Make updating data available electronically;
- (ii) Centralize and share certain data through secure interfaces to which only authorized government personnel have access;
- (iii) Have small business enter the data only once, if possible; and
- (iv) Provide standardized procedures.

(b) Summary of STTR Databases.

(1) The Act requires that SBA coordinate the implementation of electronic databases at the STTR agencies, including the technical ability of the agencies to share the data. In addition, the Act requires the reporting of various data elements, which are clustered together in the following subsections:

- (i) Solicitations Database (to include the Master Schedule); and
- (ii) Tech-Net, which includes the following databases:
 - (A) Company Registry Database;

- (B) Application Information Database;
- (C) Award Information Database;
- (D) Commercialization Database;
- (E) Annual Report Database; and
- (F) Other Reporting Requirements Database.

(2) The subsections below describe the data reporting requirements, including reporting mechanisms, the frequency of data collection and reporting, and whether this information is shared publicly or is protected and only available to authorized personnel. The table below summarizes the data collection requirements for each database; however, there may be some divergences at the individual data field level. Refer to Appendices III-IX for the detailed reporting requirements at the data field level. SBA notes that not all of the information will be collected starting with fiscal year 2012. Rather, beginning in fiscal year 2012, SBA will begin a phased implementation of this data collection.

| <i>Database</i> | <i>Reporting Mechanism</i> | <i>Collection/Reporting Frequency</i> | <i>Public/Government</i> |
|--------------------------------|--|--|--------------------------|
| Solicitations | Agency XML or manual upload to http://SBIR.gov | Within 5 business days of solicitation open date | Public |
| Company Registry | SBC reports data to Tech-Net. Agency receives .pdf from company | Register or reconfirm at time of application | Government only |
| Application Information | Agency provides XML or manual upload to Tech-Net | Quarterly | Government only |
| Award Information | XML or manual upload to Tech-Net | Quarterly | Public |
| Commercialization | Agencies + companies report to Tech-Net | Agencies update in real time SBC updates prior to subsequent award application and voluntarily thereafter | Government only |
| Annual Report | Agency XML or manual upload to Tech-Net | Annually | Public |
| Other Reports | As set forth in the directive | As set forth in the directive | Public |

(3) STTR awardees will have user names and passwords assigned in order to access their respective awards information in the system. Award and commercialization data maintained in the database can be changed only by the awardee, SBA, or the awarding SBIR /STTR Federal agency.

(c) Master Schedule & the Solicitations Database.

(1) SBA will post an electronic Master Schedule of release dates of program solicitations with links to Internet web sites of agency solicitations on www.SBIR.gov.

(i) On or before August 1, each agency representative must notify SBA in writing or by e-mail of its proposed program solicitation release and proposal due dates for the next fiscal year. SBA and the agency representatives will coordinate the resolution of any conflicting agency solicitation dates by the second week of August. In all cases, SBA will make final decisions. Agencies must notify SBA in writing of any subsequent changes in the solicitation release and close dates.

(ii) For those agencies that use both general topic and more specific subtopic designations in their STTR solicitations, the topic data should accurately describe the research solicited.

(iii) Agencies must post on their Internet web sites the following information regarding each program solicitation:

(A) list of topics upon which R/R&D proposals will be sought;

(B) Agency address, phone number, or email address from which STTR Program solicitations can be requested or obtained, especially through electronic means;

(C) names, addresses, and phone numbers of agency contact points where STTR-related inquiries may be directed;

(D) release date(s) of program solicitation(s);

(E) closing date(s) for receipt of proposals; and

(F) estimated number and average dollar amounts of Phase I awards to be made under the solicitation.

(2) SBA will manage a searchable public database that contains all solicitation and topic information from all SBIR/STTR agencies. Agencies are required to update the Solicitations Database, hosted on Tech-Net (available at www.SBIR.gov), within 5 business days of a solicitation's open date for applications and/or submissions for SBCs. Refer to Appendix III: Solicitations Database for detailed reporting requirements. The main data requirements include:

(i) type of solicitation – SBIR/STTR;

(ii) Phase – I or II;

(iii) topic description;

(iv) sub-topic description;

(v) website for further information; and

(vi) applicable contact information per topic or sub-topic, where applicable and allowed by law.

(d) Company Registry Database.

(1) SBA will maintain and manage a company registry to track ownership and affiliation requirements for all companies applying to the STTR Program.

(2) Each SBC applying for a Phase I or Phase II award must register on Tech-Net prior to submitting an application. The SBC will report and/or update ownership information to SBA

prior to each STTR application submission. The SBC will also be able to view all of the ownership and affiliation requirements of the program on the registry site.

(3) Data collected in the Company Registry Database will not to be shared publicly. Refer to Appendix IV for details on specific data shared publicly.

(4) The SBC will save its information from the registration in a .pdf document and will append this document to the application submitted to a given agency unless the STTR agencies have a system in place where the information can be transmitted automatically from SBA's database.

(5) Refer to Appendix IV for detailed reporting requirements. The main data requirements include:

(i) basic identifying information for the SBC;

(ii) the number of employees for the SBC;

(iii) whether the SBC has venture capital, hedge fund or private equity firm investment and if so, include the percentage of ownership of the awardee held by the VCOC, hedge fund or private equity firm;

(iv) information on the affiliates of the SBC, including:

(A) the names of all affiliates of the SBC; and

(B) the number of employees of the affiliates;

(e) Application Information Database.

(1) SBA will manage an Application Information Database containing data from applications to the STTR program across agencies.

(2) Each agency must upload application data to the Application Database at Tech-Net at least quarterly.

(3) The data in the applicant database is only viewable to authorized government officials and not shared publicly.

(4) Refer to Appendix V for detailed reporting requirements. The main data requirements for each Phase I and Phase II application include:

(i) name, size, and location of the applicant, and the identifying number assigned;

(ii) name, location, responsible officer, and type for the Research Institution in the proposal;

(iii) an abstract and specific aims of the project;

(iv) name, title, contact information, and position in the small business of each key individual that will carry out the project;

(v) percentage of effort each key individual identified will contribute to the project; and

(vi) Federal agency to which the application is made and contact information for the person responsible for reviewing applications and making awards under the program.

(5) The Applicant Information Database connects and cross-checks information with the Company Registry and government personnel can see connected data.

(f) Award Information Database.

(1) SBA will manage a database to collect information from the agencies on awards made within

the STTR program across agencies.

(2) Each agency must update the Award Information Database quarterly, if not more frequently.

(3) Most of the data available on the Award Information Database is viewable and searchable by the public on Tech-Net.

(4) Refer to Appendix VI for detailed reporting requirements. The main data requirements for each Phase I and Phase II award include:

(i) information similar to the Application Information Database – if not already collected;

(ii) name, size, location and the identifying number assigned to the small business concern;

(iii) name, location, responsible officer, and type for the Research Institution in the proposal;

(iv) an abstract and specific aims of the project;

(v) the name, title, contact information, and position in the small business of each key individual that will carry out the project;

(vi) the percentage of effort each key individual identified will contribute to the project;

(vii) the Federal agency making the award;

(viii) award amount;

(ix) principal investigator identifying information – including name, email address, and demographic information;

(x) more detailed information on location of company;

(xi) whether the SBC or the Research Institution initiated their collaboration on each assisted STTR project;

(xii) whether the SBC or the Research Institution originated any technology relating to the assisted STTR project;

(xiii) the length of time it took to negotiate any licensing agreement between the SBC and the Research Institution under each assisted STTR project;

(xiv) whether the awardee:

(A) has venture capital, hedge fund or private equity firm investment and if so, the amount of such investment received by SBC as of date of award and amount of additional capital awardee has invested in STTR technology;

(B) is a WOSB or has a woman as a principal investigator;

(C) is an SDB or has a socially and economically disadvantaged individual as a principal investigator;

(D) is owned by a faculty member or a student of an institution of higher education as defined in 20 U.S.C. § 1001); and

(E) has received the award as a result of the Commercialization Program – Pilot Program for Civilian Agencies set forth in §12(c) of the directive.

(xv) an identification of any business concern or subsidiary established for the commercial application of a product or service for which an SBIR or STTR award is made.

(5) The Award Information Database connects and cross-checks information with the Company

Registry and Application Information Database, and government personnel can see connected data.

(g) Commercialization Database.

(1) The Commercialization Database will store information reported by awardees on the commercial activity resulting from their past STTR awards.

(2) SBA and STTR agencies will have two options to collect this information from SBCs. First, SBA may collect commercialization data directly from awardees into a central commercialization database. Alternatively, agencies may collect commercialization data from awardees, and then upload the data to the central commercialization database for real-time availability for SBA and other STTR agencies. The central commercialization database may be maintained by SBA or another Federal agency, as long as there is an interagency agreement addressing the database and stating, at a minimum, that all data in the database will be available in real-time to authorized Government personnel.

(3) STTR awardees are required to update this information on their prior Phase II awards in the Commercialization Database when submitting an application for an STTR Phase II award and upon completion of the last deliverable for that award.

(4) Commercialization data at the company level will not be shared publicly. Aggregated data that maintains the confidentiality of companies may be reported in compliance with the statute.

(5) Refer to Appendix VII for detailed reporting requirements. The main data requirements include for every Phase II award:

(i) any business concern or subsidiary established for the commercial application of a product or service for which an STTR award is made;

(ii) total revenue resulting from the sale of new products or services, or licensing agreements resulting from the research conducted under each Phase II award;

(iii) additional investment received from any source, other than Phase I or Phase II awards, to further the research and development conducted under each Phase II award; and

(iv) how the proceeds from commercialization, marketing or sale of technology resulting from each STTR project were allocated (by percentage) between the SBC and the Research Institution;

(v) any narrative information that a Phase II awardee voluntarily submits to further describe the commercialization efforts of its awards and related research;

(6) The SBC may apportion sales or additional investment information relating to more than one Phase II award among those awards, if it notes the apportionment for each award. Companies are requested to update their records in this database on a voluntary basis for at least 5 years following the completion of award.

(7) Awardees will update their information and add project commercialization and sales data using their user names and passwords. SBA and STTR agencies will coordinate data collection to ensure that small businesses will not need to report the same data more than once.

(8) Note that the Award Information and Commercialization Databases will contain the data necessary for agencies to determine whether an applicant meets the agency's benchmarks for progress towards commercialization.

(h) Annual Report.

(1) Agencies must submit their report to SBA on an annual basis and will report for the period ending September 30 of each fiscal year. The report is due to SBA by March 15 of each year. For example, the report for FY 2012 (October 1, 2011—September 30, 2012) must be submitted to SBA by March 15, 2013.

(2) SBA will provide a template for the Annual Report via Tech-Net to agencies to populate with the required information. SBA reserves the right to add further detail to the annual report data and performance metrics via the template beyond the information provided below and the appropriate appendix.

(3) After agencies submit the annual report to SBA, SBA will also calculate the required data, if the supporting data for that calculation has already been submitted to SBA (e.g., total STTR dollars obligated, the percentage of extramural budget allocated to STTR, number of awards exceeding the statutory thresholds). SBA will work with the agencies to resolve any data inconsistencies.

(4) The report must include the following:

(i) Agency total fiscal year, extramural R/R&D total obligations as reported to the National Science Foundation pursuant to the annual Budget of the United States Government.

(ii) STTR Program total fiscal year dollars derived by applying the statutory per centum to the agency's extramural R/R&D total obligations.

(iii) STTR Program fiscal year dollars obligated through STTR Program funding agreements for Phase I and Phase II.

(iv) STTR Program fiscal year dollars obligated and number of awards through STTR Program funding for Phase I and Phase II further analyzed by type of Research Institution.

(v) Number of topics and subtopics contained in each program solicitation.

(vi) Number of proposals received by the agency for each topic and subtopic in each program solicitation.

(vii) For all applicants and awardees in the applicable fiscal year – where applicable, the name and address, solicitation topic and subtopic, solicitation number, project title, total dollar amount of funding agreement, and applicable demographic information. The agency is not required to re-submit applicant and award information in the annual report that it has already reported to SBA through Tech-Net as required under Appendices IV, V, and VI.

(viii) Justification for the award of any funding agreement exceeding the award guidelines set forth in §7(h) of this directive, the amount of each award exceeding the guidelines, the identity and location of the awardee, whether the awardee has received any venture capital, hedge fund, or private equity firm investment.

(ix) Justification for awards made under a topic or subtopic where the agency received only one proposal. Agencies must also provide the awardee's name and address, the topic or subtopic, and the dollar amount of award. Awardee information must be collected quarterly – in any case, but updated in the agency's annual reports.

(x) An accounting of Phase I awards made to SBCs that have received more than 15 Phase II awards from all agencies in the preceding 5 fiscal years. Each agency must report: name of awardee; Phase I funding agreement number and date of award; Phase I topic or subtopic title; amount and date of previous Phase II funding; and commercialization status for each prior Phase II award.

(xi) All instances in which an agency pursued R/R&D, services, production, or any combination thereof of a technology developed under an STTR award with an entity other than that STTR awardee. See §9(a)(12) for minimum reporting requirements.

(xii) The number and dollar value of each STTR and non-STTR award (includes grants, contracts and cooperative agreements as well as any award issued under the Commercialization Program) over \$10,000 and compare the number and amount of SBIR awards with awards to other than SBCs.

(xiii) Information relating to the pilot to allow for funding of administrative, oversight, and contract processing costs, including the money spent on each activity and any other information required in the approved work plan to measure the benefits of using these funds for the specific activities – especially, as it pertains to the goals outlined in the work plan. See § 9(e)(3) concerning the Pilot to Allow for Funding of Administrative, Oversight, and Contract Processing Costs.

(xiv) An analysis of the various activities considered for inclusion in the Commercialization Program – Pilot Program for Civilian Agencies set forth in §12(c) of the directive and a statement of the reasons why each activity considered was included or not included.

(xv) A description and the extent to which the agency is increasing outreach and awards to SDBs and WOSBs.

(xvi) A detailed description of any appeals filed on Phase III awards pursuant to §4(c)(8) of the directive and notices of noncompliance with the policy directive filed by SBA.

(xvii) Information relating to each Phase III award made by that agency either as a prime or subcontract, including the name of the business receiving the Phase III award, the dollar amount, and the awarding agency or prime contractor.

(xviii) An accounting of funds, initiatives, and outcomes under the commercialization programs set forth in §12(b) & (c) of this directive.

(xix) By October 13, 2013, and then subsequently in each annual report, information relating to the agency's enhancement of manufacturing activities, if the agency awards more than \$50,000,000 under the SBIR and STTR Programs combined in a fiscal year. The report must include:

(A) a description of efforts undertaken by the agency to enhance U.S. manufacturing activities;

(B) a comprehensive description of the actions undertaken each year by the agency in carrying out the SBIR or STTR Programs to support Executive Order 13329 (relating to manufacturing);

(C) an assessment of the effectiveness of the actions taken at enhancing the R&D of U.S. manufacturing technologies and processes;

(D) a description of efforts by vendors selected to provide discretionary technical assistance to help SBIR and STTR business concerns manufacture in the U.S.; and

(E) recommendations from the agency's SBIR and STTR program managers of additional actions to increase manufacturing activities in the U.S.

(5) Before the end of each fiscal year, each agency must submit a report to SBA on those SBCs that submitted an application and were found to not meet the agency's benchmarks with respect

to progress towards commercialization. This report must include the name and employer identification number of the SBC, the closing date of the solicitation to which it proposed, and the agency that issued the solicitation.

(6) The annual report also includes the performance metrics information set forth in the next section, Performance Metrics and Standards.

(i) Performance Areas, Metrics and Goals.

(1) As part of the agency's work plans, which are submitted pursuant to §9(e) of the directive, SBA will set performance criteria. The performance criteria will measure each agency's accomplishments in meeting certain performance areas against the agency's goals. The Small Business Act establishes broad performance areas for the program, including commercialization, streamlining, outreach, etc. The metrics used to measure the agency's accomplishments in these performance areas will be set with input from the STTR agency. Agencies must report their progress on the performance criteria at the end of the fiscal year as part of their annual report.

(2) The metrics and performance areas will evolve over time and can be found at www.SBIR.gov. Examples of performance areas and metrics can be found at Appendix IX.

(j) Other Reporting Requirements.

(1) SBA will set forth a list of reports that agencies are required by statute to submit, in a table format, which will be available at www.SBIR.gov.

(2) The system will include a list of any individual or small business concern that has received an STTR award and that has been convicted of a fraud-related crime involving STTR funds or found civilly liable for a fraud-related violation involving STTR funds of which SBA has been made aware.

(3) Agencies must submit to SBA's Administrator, not later than 4 months after the date of enactment of its annual Appropriations Act, a report describing the methodology used for calculating the amount of its extramural budget. The report must also include an itemization of each research program excluded from the calculation of its extramural budget and a brief explanation of why it is excluded.

(4) Agencies must provide notice to SBA of any case or controversy before any Federal judicial or administrative tribunal concerning the STTR Program of the Federal agency. This does not include agency level protests of awards unless and until the protest is before a Federal court or administrative body. The agency must provide notice to SBA within 15 business days of the agency's written notification of the case or controversy.

(5) Agencies must provide notice of all instances in which an agency pursued research, development, production, or any such combination of a technology developed by an SBC using an award made under the STTR Program of that agency, where the agency determined that it was not practicable to enter into a follow-on non-STTR Program funding agreement with that concern. The agency must provide notice to SBA within 15 business days of the agency's award. The report must include, at a minimum:

(i) the reasons why the follow-on funding agreement with the concern was not practicable;

(ii) the identity of the entity with which the agency contracted to perform the research, development, or production; and

(iii) a description of the type of funding agreement under which the research, development, or production was obtained.

(6) Agencies must provide information supporting the agency's achievement of the Interagency Policy Committee's policy recommendations on ways to improve program effectiveness and efficiency. This includes qualitative and quantitative data as appropriate, which would measure the agency's progress. The agency must provide this information to SBA at the end of each fiscal year.

(7) Agencies must provide an annual report to SBA, Senate Committee on Small Business and Entrepreneurship, House Committee on Small Business, and the House Committee on Science, Space, and Technology on SBIR and STTR programs and the benefits of these programs to the United States. Prior to preparing the report, the agency shall develop metrics to evaluate the effectiveness and benefit to the United States of the SBIR and STTR programs. The metrics must be science-based and statistically driven, reflect the mission of the agency, and include factors relating to the economic impact of the programs. The report must describe in detail the agency's annual evaluation of the programs using these metrics. The final report must be posted online so it can be made available to the public.

(8) NIH, DoD and the Department of Education must provide the written determination to SBA anytime it issues a Phase II award to a small business concern that did not receive a Phase I award for that R/R&D. The determination must be submitted prior to award.

(9) SBA will compile data and report to Congress on the Federal and State Technology (FAST) Partnership Program, described in §12 of this Policy Directive. If required by the FAST grant, the grantees will report a comprehensive list of the companies that received assistance under FAST and if those companies received SBIR or STTR awards and any information regarding mentors and Mentoring Networks, as required in the Federal and State Technology (FAST) Partnership Program.

(k) Further Clarification on Availability of SBC Information

(1) Unless stated otherwise, the information contained in the Company Registry Database, the Application Information Database, and the Commercialization Database are solely available to authorized government officials, with the approval of SBA. This includes Congress, GAO, agencies participating in the SBIR and the STTR Programs, Office of Management and Budget, OSTP, Office of Federal Procurement Policy, and other authorized persons who are subject to a nondisclosure agreement with the Federal Government covering the use of the databases. These databases are used for the purposes of evaluating and determining eligibility for the STTR Program, in accordance with Policy Directives issued by SBA. Pursuant to 15 U.S.C. §638(k)(4), certain information provided to those databases are privileged and confidential and not subject to disclosure pursuant to 5 U.S.C. §552 (Government Organization and Employees); nor must it be considered to be publication for purposes of 35 U.S.C. §102 (a) or (b).

Most of the information in the Award Information and Annual Reports Databases will be available to the public. Any information that will identify the confidential business information of a given small business concern will not be disclosed to the public. Those databases are available at Tech-Net and offer a vast array of user-friendly capabilities that are accessible by the public at no charge. The Award Information Database allows for the online submission of SBIR/STTR awards data from all STTR agencies. It also allows any end-user to perform keyword searches and create formatted reports of SBIR/STTR awards information, and for potential research partners to view research and development efforts that are ongoing in the SBIR and the STTR Programs, increasing the investment opportunities of the SBIR/STTR SBCs in the high tech arena.

(1) Waivers.

(1) Agencies must request an extension for additional time between the solicitation closing date and notification of recommendation for award. SBA will respond to the request for an extension within 5 business days, as practicable. See § 7(c)(1) of the directive for further information.

(2) Agencies must request a waiver to exceed the award guidelines for Phase I and Phase II awards by more than 50% for a specific topic. See §7(i)(4) of the directive for further information.

(3) Agencies must request a waiver to not use its SBIR funds, as part of the pilot allowing for the use of such funds for certain STTR-related costs, to attempt to increase participation by SDBs and WOSBs in the STTR Program, and small businesses in states with a historically low level of SBIR awards. See §9(e)(3)(ii) of the directive for further information.

(4) Agencies must request a waiver to issue a funding agreement that includes a provision for subcontracting a portion of that agreement back to the issuing agency if there is no exception to this requirement in the directive. See §9(e)(4) of the directive for further information.

11. Responsibilities of SBA

(a) Policy.

(1) SBA will establish policy and procedures for the program by publishing and updating the STTR Policy Directive and promulgating regulations. Policy clarification of any part or provision of the directive or regulations may be provided by SBA.

(2) It is essential that STTR agencies do not promulgate any policy, rule, regulation, or interpretation that is inconsistent with the Act, this Policy Directive, or SBA's regulations relating to the STTR Program. SBA's monitoring activity will include review of policies, rules, regulations, interpretations, and procedures generated to facilitate intra- and interagency STTR Program implementation.

(3) Waivers providing limited exceptions to certain policies can be found at §10 of the directive.

(b) Outreach. SBA conducts outreach to achieve a number of objectives including:

(1) Educating the public about the STTR Program via conferences, seminars, and presentations;

(2) Highlighting the successes achieved in the program by publishing (via press releases and www.SBIR.gov) success stories, as well as hosting awards programs;

(3) Maintaining SBIR.gov, which is an online public information resource that provides comprehensive information regarding the STTR Program. This information includes: a listing of solicitation information on currently available STTR opportunities, award information on all Phase I and Phase II awards, summary annual award information for the whole program, and contact information for SBA and agency program managers.

(c) Collection and publication of program-wide data. SBA collects and maintains program-wide data within the Tech-Net data system. This data includes information on all Phase I and II awards from across all STTR agencies, as well as Fiscal Year Annual Report data. See §10 of the directive for further information about reporting and data collection requirements.

(d) Monitoring implementation of the program and annually reporting to Congress.

SBA is responsible for providing oversight and monitoring the implementation of the STTR Program

at the agency level. This monitoring includes:

(1) STTR Funding Allocations. The magnitude and source of each STTR agency's annual allocation reserved for STTR awards are critical to the success of the STTR Program. The Act defines the STTR effort (R/R&D), the source of the funds for financing the STTR Program (extramural budget), and the percentage of such funds to be reserved for the STTR Program. The Act requires that SBA monitor these annual allocations.

(2) STTR Program Solicitation and Award Status. The accomplishment of scheduled STTR events, such as STTR Program solicitation releases and the issuance of funding agreements is critical to meeting statutory mandates and to operating an effective, useful program. SBA monitors these and other operational features of the STTR Program and publishes information relating to notice of and application for awards under the STTR Program for each STTR agency at SBIR.Gov, or Tech-Net. SBA does not plan to monitor administration of the awards except in instances where SBA assistance is requested and is related to a specific STTR project or funding agreement.

(3) Follow-on Funding Commitments. SBA will monitor whether follow-on non-Federal funding commitments obtained by Phase II awardees for Phase III were considered in the evaluation of Phase II proposals as required by the Act.

(4) Fraud, Waste, and Abuse (FWA). SBA will ensure that each STTR agency has taken steps to maintain a FWA prevention system to minimize fraud, waste and abuse in the program.

(5) Performance Areas, Metrics, and Goals. SBA is responsible for defining performance areas consistent with statute (e.g., reducing timelines for award, simplification) against which agencies will set goals. SBA will work with the agencies to set metrics, in order to measure an agency's accomplishments of its goals against the defined performance areas. The purpose of these metrics and goals is to assist SBA in evaluating and reporting on the progress achieved by the agencies in improving the STTR Program. For further information on Performance Areas, Metrics and Goals see §10(i).

(e) Additional efforts to improve the performance of the program. SBA, in its continuing effort to improve the program, will make recommendations for improvement within the framework of the Program Managers' meetings. This may include recommending a "best practice" currently being utilized by an agency or business, or open discussion and feedback on a potential "best practice" for agency adoption. This may also involve program-wide initiatives.

(f) Other.

(1) Federal and State Technology Partnership (FAST) Program. SBA coordinates the FAST program. SBA develops the solicitation, reviews proposals, and oversees grant awards. FAST provides awardees with funding to assist in outreach, proposal preparation, and other technical assistance to developing innovation oriented SBCs.

(2) Critical Technologies. SBA will annually obtain available information on the current critical technologies from the National Critical Technologies panel (or its successor) and the Secretary of Defense and provide such information to the STTR agencies. SBA will request this information in June of each year. The data received will be submitted to each of the STTR agencies and will also be published in the September issue of the STTR Pre-Solicitation Announcement.

12. Supporting Programs and Initiatives

(a) Federal and State Technology Partnership Program. The purpose of the FAST Program is to

strengthen the technological competitiveness of SBCs in the United States. Congress found that programs that foster economic development among small high-technology firms vary widely among the States. Thus, the purpose of the FAST Program is to improve the participation of small technology firms in the innovation and commercialization of new technology, thereby ensuring that the United States remains on the cutting-edge of research and development in the highly competitive arena of science and technology. SBA administers the FAST Program. Additional and detailed information regarding this program is available at www.SBIR.gov.

(b) Commercialization Readiness Program - DoD

(1) General. The Secretary of Defense and the Secretary of each military department is authorized to create and administer a “Commercialization Readiness Program” to accelerate the transition of technologies, products, and services developed under the SBIR or STTR Program to Phase III, including the acquisition process. The authority to create this Commercialization Readiness Program does not eliminate or replace any other SBIR or STTR program that enhances the insertion or transition of SBIR or STTR technologies. This includes any program in effect as of December 31, 2011.

(2) Identification of research programs for accelerated transition to acquisition process. The Secretary of each military department must identify research programs of the STTR Program that have the potential for rapid transitioning to Phase III and into the acquisition process and certify in writing that the successful transition of the program to Phase III and into the acquisition process is expected to meet high priority military requirements of such military department.

(3) Limitation. The Secretary of Defense shall identify research programs of the STTR Program that have the potential for rapid transitioning to Phase III and into the acquisition process after receiving this certification from each military department.

(4) Funding.

(i) Beginning with FY 2013 and ending in FY 2015, the Secretary of Defense and each Secretary of a military department is authorized to use its SBIR funds for administration of this program in accordance with the procedures and policies set forth in section 9(e)(3) of this directive.

(ii) In addition, the Secretary of Defense and Secretary of each military department is authorized to use not more than an amount equal to 1% of its SBIR funds available to DoD or the military departments for payment of expenses incurred to administer the Commercialization Readiness Program. Such funds--

(A) shall not be subject to the limitations on the use of funds in 9(e)(2) or 9(e)(3) of this directive; and

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

(5) Contracts Valued at less than \$100,000,000. For any contract awarded by DoD valued at less than \$100,000,000, the Secretary of Defense may:

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

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

(6) The Secretary of Defense shall:

(i) set a goal to increase the number of STTR Phase II contracts that lead to technology

transition into programs of record of fielded systems;

(ii) use incentives in effect as of December 31, 2011 or create new incentives to encourage agency program managers and prime contractors to meet the goal set forth in paragraph (6)(i) above; and

(iii) submit the following to SBA, as part of the annual report:

(A) the number and percentage of Phase II STTR contracts awarded by DoD that led to technology transition into programs of record or fielded systems;

(B) information on the status of each project that received funding through the Commercialization Program and the efforts to transition these projects into programs of record or fielded systems; and

(C) a description of each incentive that has been used by DoD, the effectiveness of the incentive with respect to meeting DoD's goal to increase the number of STTR Phase II contracts that lead to technology transition into programs of record of fielded systems, and measures taken to ensure that such incentives do not act to shift the focus of STTR Phase II awards away from relatively high-risk innovation projects.

(c) Commercialization Readiness Pilot Program for Civilian Agencies.

(1) General. The Commercialization Readiness Pilot Program permits the head of any Federal agency participating in the SBIR Program (except DoD) to allocate not more than 10% of its funds allocated to the SBIR and the STTR Program--

(i) for follow-on awards to small businesses for technology development, testing, evaluation, and commercialization assistance for SBIR and STTR Phase II technologies; or

(ii) for awards to small businesses to support the progress of research, research and development, and commercialization conducted under the SBIR or STTR programs to Phase III.

(2) Application to SBA. Before establishing this pilot program, the agency must submit a written application to SBA not later than 90 days before the first day of the fiscal year in which the pilot program is to be established. The written application must set forth 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.

(3) SBA's Determination. SBA must make its determination regarding an application submitted under paragraph (2) above not later than 30 days before the first day of the fiscal year for which the application is submitted. SBA must also publish its determination in the Federal Register and 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.

(4) Maximum Amount of Award. The STTR agency may not make an award to a small business concern under this pilot program in excess of 3 times the dollar amounts generally established for Phase II awards under §7(i)(1) of this directive.

(5) Registration. Any small business concern that receives an award under this pilot program shall register with the SBA in the Company Registry Database.

(6) Award Criteria or Consideration. When making an award under this pilot program, the agency is required to consider whether the technology to be supported by the award is likely to be manufactured in the United States.

(7) Termination of Authority. The authority to establish a pilot program under this section expires on September 30, 2017, unless otherwise extended.

(d) Phase 0 Proof of Concept Partnership Pilot Program.

(1) General. The Director of the National Institutes of Health (NIH) may use \$5,000,000 of the funds allocated for the STTR Program set forth in §2(b) of this directive for a Proof of Concept Partnership Pilot Program to accelerate the creation of small businesses and the commercialization of research innovations from qualifying institutions. A qualifying institution is a university or other Research Institution that participates in the NIH's STTR program. The Director shall award, through a competitive, merit-based process, grants to qualifying institutions in order to implement this program. These grants shall only be used to administer Proof of Concept Partnership awards.

(2) Awards to Qualifying Institutions.

(i) The Director may make awards to a qualifying institution for up to \$1,000,000 per year for up to 3 years.

(ii) In determining which qualifying institutions will receive pilot program grants, the Director of NIH shall consider, in addition to any other criteria the Director determines necessary, the extent to which qualifying institutions--

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

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

(C) are located in diverse geographies and are of diverse sizes;

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

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

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

(3) Proof of Concept Partnerships. A qualifying institution selected by NIH shall establish a Proof of Concept Partnership with NIH 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.

(4) Award Guidelines for Small Businesses. 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--

- (A) 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;
 - (B) technology validation milestones focused on market feasibility;
 - (C) simple reporting effective at redirecting projects; and
 - (D) the willingness to reallocate funding from failing projects to those with more potential.
- (ii) The Proof of Concept Partnership shall not award more than \$100,000 towards an individual proposal.
- (5) 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.
- (6) Limitations.
- (i) The funds for the pilot program shall not be used for basic research or to fund the acquisition of research equipment or supplies unrelated to commercialization activities.
 - (ii) The funds for the pilot program can be used to evaluate the commercial potential of existing discoveries, including proof of concept research or prototype development; and 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.
- (7) Termination of Authority. The pilot program under this subsection shall terminate on September 30, 2017, unless otherwise extended.

Appendix I: Instructions for STTR Program Solicitation Preparation

- a. General. Section 9(p) of the Small Business Act (15 U.S.C. 638(p)) requires “. . . simplified, standardized and timely STTR solicitations” and for STTR agencies to utilize a “uniform process” minimizing the regulatory burden of participation. Therefore, the following instructions purposely depart from normal Government solicitation formats and requirements. STTR solicitations must be prepared and issued as program solicitations in accordance with the following instructions.
- b. Limitation in Size of Solicitation. In the interest of meeting the requirement for simplified and standardized solicitations, while also recognizing that the Internet has become the main vehicle for distribution, each agency should structure its entire STTR solicitation to produce the least number of pages (electronic and printed), consistent with the procurement/assistance standing operating procedures and statutory requirements of the participating Federal agencies.
- c. Format. STTR Program solicitations must be prepared in a simple, standardized, easy-to-read, and easy-to-understand format. It must include a cover sheet, a table of contents, and the following sections in the order listed.
 1. Program Description
 2. Certifications
 3. Proposal Preparation Instructions and Requirements
 4. Method of Selection and Evaluation Criteria
 5. Considerations

6. Submission of Proposals
7. Scientific and Technical Information Sources
8. Submission Forms and Certifications
9. Research Topics
- d. Cover Sheet.

The cover sheet of an STTR Program solicitation must clearly identify the solicitation as an STTR solicitation, identify the agency releasing the solicitation, specify date(s) on which contract proposals or grant applications (proposals) are due under the solicitation, and state the solicitation number or year.

Instructions for Preparation of STTR Program Solicitation

§§1 through 9

1. Program Description.

- (a) Summarize in narrative form the request for proposals and the objectives of the STTR Program.
- (b) Describe in narrative form the agency's STTR Program, including a description of the three phases. Note in your description whether the solicitation is for Phase I or Phase II proposals. Also note in each solicitation for Phase I that all awardees may apply for a Phase II award and provide guidance on the procedure for doing so.
- (c) Describe program eligibility:
- (d) List the name, address and telephone number of agency contacts for general information on the STTR Program solicitation.
- (e) Whenever terms are used that are unique to the STTR Program, a specific STTR solicitation or a portion of a solicitation, define them or refer them to a source for the definition. At a minimum, the definitions of "funding agreement," "R/R&D," "SBC," "STTR technical data," and "STTR technical data rights" must be included.
- (f) Include information explaining how an individual can report fraud, waste and abuse (e.g. include the fraud hotline for the agency's Office of Inspector General);

2. Certifications.

- (a) This section must include certifying forms required by legislation, regulation or standing operating procedures, to be submitted by the applicant to the contracting or granting agency. This would include certifying forms such as those for the protection of human and animal subjects.
- (b) This section must include any certifications required concerning size, ownership and other STTR Program requirements.
 - (i) The agency may request the STTR applicant to submit a certification at the time of submission of the application or offer. The certification may require the applicant to state that it intends to meet the size, ownership and other requirements of the STTR Program at the time of award of the funding agreement, if selected for award.
 - (ii) The agency must request the STTR applicant to submit a certification at the time of award and at any other time set forth in SBA's regulations at 13 C.F.R. §§121.701-121.705. The certification will require the applicant to state that it meets the size, ownership and other

requirements of the STTR Program at the time of award of the funding agreement.

(iii) The agency must request the STTR awardee to submit certifications during funding agreement life cycle. A Phase I funding agreement must state that the awardee shall submit a new certification as to whether it qualifies as a SBC and that it is in compliance with specific STTR Program requirements at the time of final payment or disbursement. A Phase II funding agreement must state that the awardee shall submit a new certification as to whether it qualifies as a SBC and that it is in compliance with specific STTR Program requirements prior to receiving more than 50% of the total award amount and prior to final payment or disbursement.

(iv) Agencies may require additional certifications at other points in time during the life cycle of the funding agreement, such as at the time of each payment or disbursement.

(c) The agency must use the following certification at the time of award and upon notification by SBA, must check www.SBIR.gov for updated certifications prepared by SBA:

STTR Funding Agreement Certification

All small businesses that are selected for award of an STTR funding agreement must complete this certification at the time of award and any other time set forth in the funding agreement that is prior to performance of work under this award. This includes checking all of the boxes and having an authorized officer of the awardee sign and date the certification each time it is requested.

Please read carefully the following certification statements. The Federal government relies on the information to determine whether the business is eligible for a Small Business Technology Transfer (STTR) Program award. A similar certification will be used to ensure continued compliance with specific program requirements during the life of the funding agreement. The definitions for the terms used in this certification are set forth in the Small Business Act, SBA regulations (13 C.F.R. Part 121), the STTR Policy Directive and also any statutory and regulatory provisions referenced in those authorities.

If the funding agreement officer believes that the business may not meet certain eligibility requirements at the time of award, they are required to file a size protest with the U.S. Small Business Administration (SBA), who will determine eligibility. At that time, SBA will request further clarification and supporting documentation in order to assist in the verification of any of the information provided as part of a protest. If the funding agreement officer believes, after award, that the business is not meeting certain funding agreement requirements, the agency may request further clarification and supporting documentation in order to assist in the verification of any of the information provided.

Even if correct information has been included in other materials submitted to the Federal government, any action taken with respect to this certification does not affect the Government's right to pursue criminal, civil or administrative remedies for incorrect or incomplete information given in the certification. Each person signing this certification may be prosecuted if they have provided false information.

The undersigned has reviewed, verified and certifies that (all boxes must be checked):

(1) The business concern meets the ownership and control requirements set forth in 13 C.F.R. §121.702.

Yes No

(2) If a corporation, all corporate documents (articles of incorporation and any amendments, articles of conversion, by-laws and amendments, shareholder meeting minutes showing director elections, shareholder meeting minutes showing officer elections, organizational meeting minutes, all issued stock certificates, stock ledger, buy-sell agreements, stock transfer agreements, voting agreements, and documents relating to stock options, including the right to convert non-voting stock or debentures into voting stock) evidence that it meets the ownership and control requirements set forth in 13 C.F.R. §121.702.

Yes No N/A Explain why N/A:

(3) If a partnership, the partnership agreement evidences that it meets the ownership and control requirements set forth in 13 C.F.R. §121.702.

Yes No N/A Explain why N/A: _____

(4) If a limited liability company, the articles of organization and any amendments, and operating agreement and amendments, evidence that it meets the ownership and control requirements set forth in 13 C.F.R. §121.702.

Yes No N/A Explain why N/A: _____

(5) The birth certificates, naturalization papers, or passports show that any individuals it relies upon to meet the eligibility requirements are U.S. citizens or permanent resident aliens in the United States.

Yes No N/A Explain why N/A: _____

(6) It has no more than 500 employees, including the employees of its affiliates.

Yes No

(7) SBA has not issued a size determination currently in effect finding that this business concern exceeds the 500 employee size standard.

Yes No

(8) During the performance of the award, the principal investigator will spend more than one half of his/her time as an employee of the awardee or has requested and received a written deviation from this requirement from the funding agreement officer.

Yes No Deviation approved in writing by funding agreement officer: _%

(9) All, essentially equivalent work, or a portion of the work proposed under this project (check the applicable line):

Has not been submitted for funding by another Federal agency.

Has been submitted for funding by another Federal agency **but has not** been funded under any other Federal grant, contract, subcontract or other transaction.

A portion has been funded by another grant, contract, or subcontract as described in detail in the proposal and approved in writing by the funding agreement officer.

(10) During the performance of award, it will perform the applicable percentage of work unless a deviation from this requirement is approved in writing by the funding agreement officer (check the applicable line and fill in if needed):

- STTR Phase I: at least forty percent (40%) of the research.
- STTR Phase II: at least forty percent (40%) of the research.
- Deviation approved in writing by the funding agreement officer: __%

(11) During performance of award, the research/research and development will be performed in the United States unless a deviation is approved in writing by the funding agreement officer.

- Yes No Waiver has been granted

(12) During performance of award, the research/research and development will be performed at my facilities with my employees, except as otherwise indicated in the STTR application and approved in the funding agreement.

- Yes No

(14) The small business concern has provided satisfactory evidence that it will exercise management direction and control of the performance of the STTR funding agreement.

- Yes No

It will notify the Federal agency immediately if all or a portion of the work authorized and funded under this award is subsequently funded by another Federal agency.

I understand that the information submitted may be given to Federal, State and local agencies for determining violations of law and other purposes.

I am an **officer** of the business concern authorized to represent it and sign this certification on its behalf. By signing this certification, I am representing on my own behalf, and on behalf of the business concern, that the information provided in this certification, the application, and all other information submitted in connection with this application, is true and correct as of the date of submission. I acknowledge that any intentional or negligent misrepresentation of the information contained in this certification may result in criminal, civil or administrative sanctions, including but not limited to: (1) fines, restitution and/or imprisonment under 18 U.S.C. §1001; (2) treble damages and civil penalties under the False Claims Act (31 U.S.C. §3729 et seq.); (3) double damages and civil penalties under the Program Fraud Civil Remedies Act (31 U.S.C. §3801 et seq.); (4) civil recovery of award funds, (5) suspension and/or debarment from all Federal procurement and nonprocurement transactions (FAR Subpart 9.4 or 2 C.F.R. part 180); and (6) other administrative penalties including termination of SBIR/STTR awards.

| | |
|---|----------------------|
| <i>Signature</i> | <i>Date</i> __/__/__ |
| <i>Print Name (First, Middle, Last)</i> | |
| <i>Title</i> | |
| <i>Business Name</i> | |

(d) The agency must use the following certification during the lifecycle of the funding agreement in accordance with subsection 8(h) of the directive and paragraph 2(b)(iv) of this Appendix and upon notification by SBA, must check www.SBIR.gov for updated certifications prepared by SBA:

STTR Funding Agreement Certification –Life Cycle Certification

All STTR Phase I and Phase II awardees must complete this certification at all times set forth in the funding agreement (see §8(h) of the STTR Policy Directive). This includes checking all of the boxes and having an authorized officer of the awardee sign and date the certification each time it is requested.

Please read carefully the following certification statements. The Federal government relies on the information to ensure compliance with specific program requirements during the life of the funding agreement. The definitions for the terms used in this certification are set forth in the Small Business Act, the STTR Policy Directive, and also any statutory and regulatory provisions referenced in those authorities.

If the funding agreement officer believes that the business is not meeting certain funding agreement requirements, the agency may request further clarification and supporting documentation in order to assist in the verification of any of the information provided.

Even if correct information has been included in other materials submitted to the Federal government, any action taken with respect to this certification does not affect the Government's right to pursue criminal, civil or administrative remedies for incorrect or incomplete information given in the certification. Each person signing this certification may be prosecuted if they have provided false information.

The undersigned has reviewed, verified and certifies that (all boxes must be checked):

(1) The principal investigator spent more than one half of his/her time as an employee of the awardee or the awardee has requested and received a written deviation from this requirement from the funding agreement officer.

Yes No Deviation approved in writing by funding agreement officer: _%

(2) All, essentially equivalent work, or a portion of the work performed under this project (check the applicable line):

Has not been submitted for funding by another Federal agency.

Has been submitted for funding by another Federal agency **but has not** been funded under any other Federal grant, contract, subcontract or other transaction.

A portion has been funded by another grant, contract, or subcontract as described in detail in the proposal and approved in writing by the funding agreement officer.

(3) Upon completion of the award it will have performed the applicable percentage of work, unless a deviation from this requirement is approved in writing by the funding agreement officer (check the applicable line and fill in if needed):

STTR Phase I: at least forty percent (40%) of the research.

STTR Phase II: at least forty percent (40%) of the research.

Deviation approved in writing by the funding agreement officer: __%

(4) The small business concern, and not the single, partnering Research Institution, is exercising management direction and control of the performance of the STTR funding agreement.

Yes No

(5) The work is completed and it has performed the applicable percentage of work, unless a deviation from this requirement is approved in writing by the funding agreement officer (check the applicable line and fill in if needed):

STTR Phase I: at least forty percent (40%) of the research.

STTR Phase II: at least forty percent (40%) of the research.

Deviation approved in writing by the funding agreement officer: __%

N/A because work is not completed

(6) The research/research and development is performed in the United States unless a deviation is approved in writing by the funding agreement officer.

Yes No Waiver has been granted

(7) The research/research and development is performed at my facilities with my employees, except as otherwise indicated in the STTR application and approved in the funding agreement.

Yes No

I will notify the Federal agency immediately if all or a portion of the work proposed is subsequently funded by another Federal agency.

I understand that the information submitted may be given to Federal, State and local agencies for determining violations of law and other purposes.

I am an officer of the business concern authorized to represent it and sign this certification on its behalf. By signing this certification, I am representing on my own behalf, and on behalf of the business concern, that the information provided in this certification, the application, and all other information submitted in connection with the award, is true and correct as of the date of submission. I acknowledge that any intentional or negligent misrepresentation of the information contained in this certification may result in criminal, civil or administrative sanctions, including but not limited to: (1) fines, restitution and/or imprisonment under 18 U.S.C. §1001; (2) treble damages and civil penalties under the False Claims Act (31 U.S.C. §3729 et seq.); (3) double damages and civil penalties under the Program Fraud Civil Remedies Act (31 U.S.C. §3801 et seq.); (4) civil recovery of award funds, (5) suspension and/or debarment from all Federal procurement and nonprocurement transactions (FAR Subpart 9.4 or 2 C.F.R. part 180); and (6) other administrative penalties including termination of SBIR/STTR awards.

| | |
|---|----------------------|
| <i>Signature</i> | <i>Date</i> __/__/__ |
| <i>Print Name (First, Middle, Last)</i> | |

| |
|----------------------|
| <i>Title</i> |
| <i>Business Name</i> |

3. Proposal Preparation Instructions and Requirements. The purpose of this section is to inform the applicant on what to include in the proposal and to set forth limits on what may be included. This section of the proposal should also provide guidance to assist applicants, particularly those that may not have previous Government experience, in improving the quality and acceptance of proposals.

(a) Limitations on Length of Proposal. Include at least the following information:

(1) STTR Phase I proposals must not exceed a total of 25 pages, including cover page, budget, and all enclosures or attachments, unless stated otherwise in the agency solicitation. Pages should be of standard size (8 ½ inches by 11 inches or 21.6 centimeters by 27.9 centimeters) and should conform to the standard formatting instructions. Margins should be 1 inch or 2.6 centimeters and type at least 10 point font.

(2) A notice that no additional attachments, appendices, or references beyond the 25-page limitation shall be considered in proposal evaluation (unless specifically solicited by an agency) and that proposals in excess of the page limitation shall not be considered for review or award.

(b) Proposal Cover Sheet. Every applicant is required to provide a copy of its registration information printed from the Company Registry unless the information can be transmitted automatically to STTR agencies. Each applicant must also include at least the following information on the first page of proposals.

(1) Agency and solicitation number or year.

(2) Topic Number or Letter.

(3) Subtopic Number or Letter.

(4) Topic Area.

(5) Project Title.

(6) Name and Complete Address of Firm.

(7) Disclosure permission (by statement or checkbox), such as follows, must be included at the discretion of the funding agency:

“Will you permit the Government to disclose the name, address, and telephone number of the corporate official of your concern, if your proposal does not result in an award, to appropriate local and State-level economic development organizations that may be interested in contacting you for further information? Yes_ No_”

(8) Signature of a company official of the proposing SBC and that individual's typed name, title, address, telephone number, and date of signature.

(9) Signature of Principal Investigator or Project Manager within the proposing SBC and that individual's typed name, title, address, telephone number, and date of signature.

(10) Legend for proprietary information as described in the “Considerations” section of this program solicitation if appropriate. It may also be noted by asterisks in the margins on proposal pages.

(c) Data Collection Requirement.

(1) Each Phase I and Phase II applicant is required to provide information for SBA's database (www.sbir.gov). The following are examples of the data to be entered by applicants into the database:

(i) Any business concern or subsidiary established for the commercial application of a product or service for which an STTR award is made.

(ii) Revenue from the sale of new products or services resulting from the research conducted under each Phase II award;

(iii) Additional investment from any source, other than Phase I or Phase II awards, to further the research and development conducted under each Phase II award.

(iv) Update the information in the database for any prior Phase II award received by the SBC. The SBC may apportion sales or additional investment information relating to more than one Phase II award among those awards, if it notes the apportionment for each award.

(2) Each Phase II awardee is required to update the appropriate information on the award in the database upon completion of the last deliverable under the funding agreement and is requested to voluntarily update the information in the database annually thereafter for a minimum period of 5 years.

(d) Abstract or Summary. Applicants will be required to include a one-page project summary of the proposed R/R&D including at least the following:

(1) Name and address of SBC.

(2) Name and title of principal investigator or project manager.

(3) Agency name, solicitation number, solicitation topic, and subtopic.

(4) Title of project.

(5) Technical abstract limited to two hundred words.

(6) Summary of the anticipated results and implications of the approach (both Phases I and II) and the potential commercial applications of the research.

(e) Technical Content. STTR Program solicitations must require as a minimum the following to be included in proposals submitted thereunder:

(1) Identification and Significance of the Problem or Opportunity. A clear statement of the specific technical problem or opportunity addressed.

(2) Phase I Technical Objectives. State the specific objectives of the Phase I research and development effort, including the technical questions it will try to answer to determine the feasibility of the proposed approach.

(3) Phase I Work Plan. Include a detailed description of the Phase I R/R&D plan. The plan should indicate what will be done, where it will be done, and how the R/R&D will be carried out. Phase I R/R&D should address the objectives and the questions cited in (e)(2) immediately above. The methods planned to achieve each objective or task should be discussed in detail.

(4) Related R/R&D. Describe significant R/R&D that is directly related to the proposal

including any conducted by the project manager/principal investigator or by the proposing SBC. Describe how it relates to the proposed effort, and any planned coordination with outside sources. The applicant must persuade reviewers of his or her awareness of key, recent R/R&D conducted by others in the specific topic area.

(5) Key Individuals and Bibliography of Directly Related Work. Identify key individuals involved in Phase I including their directly-related education, experience, and bibliographic information. Where vitae are extensive, summaries that focus on the most relevant experience or publications are desired and may be necessary to meet proposal size limitation.

(6) Relationship with Future R/R&D.

(i) State the anticipated results of the proposed approach if the project is successful (Phase I and II).

(ii) Discuss the significance of the Phase I effort in providing a foundation for the Phase II R/R&D effort.

(7) Facilities. A detailed description, availability and location of instrumentation and physical facilities proposed for Phase I should be provided.

(8) Consultants. Involvement of consultants in the planning and research stages of the project is permitted. If such involvement is intended, it should be described in detail.

(9) Potential Post Applications. Briefly describe:

(i) Whether and by what means the proposed project appears to have potential commercial application.

(ii) Whether and by what means the proposed project appears to have potential use by the Federal Government.

(10) Similar Proposals or Awards. WARNING—While it is permissible with proposal notification to submit identical proposals or proposals containing a significant amount of essentially equivalent work for consideration under numerous Federal program solicitations, it is unlawful to enter into funding agreements requiring essentially equivalent work. If there is any question concerning this, it must be disclosed to the soliciting agency or agencies before award. If an applicant elects to submit identical proposals or proposals containing a significant amount of essentially equivalent work under other Federal program solicitations, a statement must be included in each such proposal indicating:

(i) The name and address of the agencies to which proposals were submitted or from which awards were received.

(ii) Date of proposal submission or date of award.

(iii) Title, number, and date of solicitations under which proposals were submitted or awards received.

(iv) The specific applicable research topics for each proposal submitted or award received.

(v) Titles of research projects.

(vi) Name and title of principal investigator or project manager for each proposal submitted or award received.

(11) Prior STTR Phase II Awards. If the SBC has received more than 15 Phase II awards in

the prior 5 fiscal years, the SBC must submit in its Phase I proposal: name of the awarding agency; date of award; funding agreement number; amount of award; topic or subtopic title; follow-on agreement amount; source and date of commitment; and current commercialization status for each Phase II award. (This required proposal information will not be counted toward the proposal pages limitation.)

(f) Cost Breakdown/Proposed Budget. The solicitation will require the submission of simplified cost or budget data.

4. Method of Selection and Evaluation Criteria.

(a) Standard Statement. Essentially the following statement must be included in all STTR Program solicitations:

“All Phase I and II proposals will be evaluated and judged on a competitive basis. Proposals will be initially screened to determine responsiveness. Proposals passing this initial screening will be technically evaluated by engineers or scientists to determine the most promising technical and scientific approaches. Each proposal will be judged on its own merit. The Agency is under no obligation to fund any proposal or any specific number of proposals in a given topic. It also may elect to fund several or none of the proposed approaches to the same topic or subtopic.”

(b) Evaluation Criteria.

(1) The STTR agency must develop a standardized method in its evaluation process that will consider, at a minimum, the following factors:

(i) The technical approach and the anticipated agency and commercial benefits that may be derived from the research.

(ii) The adequacy of the proposed effort and its relationship to the fulfillment of requirements of the research topic or subtopics.

(iii) The soundness and technical merit of the proposed approach and its incremental progress toward topic or subtopic solution.

(iv) Qualifications of the proposed principal/key investigators, supporting staff, and consultants.

(v) Evaluations of proposals require, among other things, consideration of a proposal's commercial potential as evidenced by:

(A) The SBC's record of commercializing STTR or other research;

(B) The existence of second phase funding commitments from private sector or non-STTR funding sources;

(C) The existence of third phase follow-on commitments for the subject of the research; and

(D) The presence of other indicators of the commercial potential of the idea.

(2) The factors in (b)(1) above and other appropriate evaluation criteria, if any, must be specified in the “Method of Selection” section of STTR Program solicitations.

(c) Peer Review. The program solicitation must indicate if the STTR agency contemplates that as a part of the STTR proposal evaluation, it will use external peer review.

(d) Release of Proposal Review Information. After final award decisions have been announced, the technical evaluations of the applicant's proposal may be provided to the applicant. The identity of the reviewer must not be disclosed.

5. Considerations. This section must include, as a minimum, the following information:

(a) Awards. Indicate the estimated number and type of awards anticipated under the particular STTR Program solicitation in question, including:

(i) Approximate number of Phase I awards expected to be made.

(ii) Type of funding agreement, that is, contract, grant or cooperative agreement.

(iii) Whether fee or profit will be allowed.

(iv) Cost basis of funding agreement, for example, fixed-price, cost reimbursement, or cost-plus-fixed fee.

(v) Information on the approximate average dollar value of awards for Phase I and Phase II.

(b) Reports. Describe the frequency and nature of reports that will be required under Phase I funding agreements. Interim reports should be brief letter reports.

(c) Payment Schedule. Specify the method and frequency of progress and final payment under Phase I and II agreements.

(d) Innovations, Inventions and Patents.

(i) Proprietary Information. Essentially the following statement must be included in all STTR solicitations:

“Information contained in unsuccessful proposals will remain the property of the applicant. The Government may, however, retain copies of all proposals. Public release of information in any proposal submitted will be subject to existing statutory and regulatory requirements. If proprietary information is provided by an applicant in a proposal, which constitutes a trade secret, proprietary commercial or financial information, confidential personal information or data affecting the national security, it will be treated in confidence, to the extent permitted by law. This information must be clearly marked by the applicant with the term ‘confidential proprietary information’ and the following legend must appear on the title page of the proposal:

‘These data shall not be disclosed outside the Government and shall not be duplicated, used, or disclosed in whole or in part for any purpose other than evaluation of this proposal. If a funding agreement is awarded to this applicant as a result of or in connection with the submission of these data, the Government shall have the right to duplicate, use, or disclose the data to the extent provided in the funding agreement and pursuant to applicable law. This restriction does not limit the Government's right to use information contained in the data if it is obtained from another source without restriction. The data subject to this restriction are contained on pages __ of this proposal.’

Any other legend may be unacceptable to the Government and may constitute grounds for removing the proposal from further consideration, without assuming any liability for inadvertent disclosure. The Government will limit dissemination of such information to within official channels.”

(ii) Alternative To Minimize Proprietary Information. Agencies may elect to instruct

applicants to:

(A) Limit proprietary information to only that absolutely essential to their proposal.

(B) Provide proprietary information on a separate page with a numbering system to key it to the appropriate place in the proposal.

(iii) Rights in Data Developed Under STTR Funding Agreements. Agencies should insert essentially the following statement in their STTR Program solicitations to notify SBCs of the necessity to mark STTR technical data before delivering it to the Agency:

“To preserve the STTR data rights of the awardee, the legend (or statements) used in the STTR Data Rights clause included in the STTR award must be affixed to any submissions of technical data developed under that STTR award. If no Data Rights clause is included in the STTR award, the following legend, at a minimum, should be affixed to any data submissions under that award.

These STTR data are furnished with STTR rights under Funding Agreement No. _____ (and subcontract No. _____ if appropriate), Awardee Name _____, Address, Expiration Period of STTR Data Rights _____. The Government may not use, modify, reproduce, release, perform, display, or disclose technical data or computer software marked with this legend for (chose four (4) or five (5) years). After expiration of the (4- or 5-year period), the Government has a royalty-free license to use, and to authorize others to use on its behalf, these data for Government purposes, and is relieved of all disclosure prohibitions and assumes no liability for unauthorized use of these data by third parties, except that any such data that is also protected and referenced under a subsequent STTR award shall remain protected through the protection period of that subsequent STTR award. Reproductions of these data or software must include this legend.”

(iv) Copyrights. Include an appropriate statement concerning copyrights and publications; for example:

“With prior written permission of the contracting officer, the awardee normally may copyright and publish (consistent with appropriate national security considerations, if any) material developed with (agency name) support. (Agency name) receives a royalty-free license for the Federal Government and requires that each publication contain an appropriate acknowledgement and disclaimer statement.”

(v) Patents. Include an appropriate statement concerning patents. For example:

“Small business concerns normally may retain the principal worldwide patent rights to any invention developed with Government support. In such circumstances, the Government receives a royalty-free license for Federal Government use, reserves the right to require the patent holder to license others in certain circumstances, and may require that anyone exclusively licenses to sell the invention in the United States must normally manufacture it domestically. To the extent authorized by 35 U.S.C. 205, the Government will not make public any information disclosing a Government-supported invention for a minimum 4-year period (that may be extended by subsequent STTR funding agreements) to allow the awardee a reasonable time to pursue a patent.”

(vi) Invention Reporting. Include requirements for reporting inventions. Include appropriate information concerning the reporting of inventions, for example:

“STTR awardees must report inventions to the awarding agency within 2 months of the

inventor's report to the awardee. The reporting of inventions may be accomplished by submitting paper documentation, including fax.”

Note: Some agencies provide electronic reporting of inventions through the NIH iEdison Invention Reporting System (iEdison System). Use of the iEdison System satisfies all invention reporting requirements mandated by 37 CFR part 401, with particular emphasis on the Standard Patent Rights Clauses, 37 CFR 401.14. Access to the system is through a secure interactive Internet site, <http://www.iedison.gov>, to ensure that all information submitted is protected. All agencies are encouraged to use the Edison System. In addition to fulfilling reporting requirements, the Edison System notifies the user of future time sensitive deadlines with enough lead-time to avoid the possibility of loss of patent rights due to administrative oversight.

(e) Cost-Sharing. Include a statement essentially as follows:

Cost-sharing is permitted for proposals under this program solicitation; however, cost-sharing is not required. Cost-sharing will not be an evaluation factor in consideration of your Phase I proposal.

(f) Profit or Fee. Include a statement on the payment of profit or fee on awards made under the STTR Program solicitation.

(g) Joint Ventures or Limited Partnerships. Include essentially the following language:

Joint ventures and limited partnerships are eligible provided the entity created qualifies as a small business concern as defined in this program solicitation.

(h) Research and Analytical Work. Include essentially the following statement:

“For both Phase I and Phase II, not less than 40 percent of the R/R&D work must be performed by the SBC, and not less than 30 percent of the R/R&D work must be performed by the single, partnering Research Institution, as defined in this solicitation.”

(i) Awardee Commitments. To meet the legislative requirement that STTR solicitations be simplified, standardized and uniform, clauses expected to be in or required to be included in STTR funding agreements must not be included in full or by reference in STTR Program solicitations. Rather, applicants must be advised that they will be required to make certain legal commitments at the time of execution of funding agreements resulting from STTR Program solicitations. Essentially, the following statement must be included in the “Considerations” section of STTR Program solicitations:

“Upon award of a funding agreement, the awardee will be required to make certain legal commitments through acceptance of numerous clauses in Phase I funding agreements. The outline that follows is illustrative of the types of clauses to which the contractor would be committed. This list is not a complete list of clauses to be included in Phase I funding agreements, and is not the specific wording of such clauses. Copies of complete terms and conditions are available upon request.”

(j) Summary Statements. The following are illustrative of the type of summary statements to be included immediately following the statement in subparagraph (i). These statements are examples only and may vary depending upon the type of funding agreement used.

(1) Standards of Work. Work performed under the funding agreement must conform to high professional standards.

(2) Inspection. Work performed under the funding agreement is subject to Government

inspection and evaluation at all times.

(3) Examination of Records. The Comptroller General (or a duly authorized representative) must have the right to examine any pertinent records of the awardee involving transactions related to this funding agreement.

(4) Default. The Government may terminate the funding agreement if the contractor fails to perform the work contracted.

(5) Termination for Convenience. The funding agreement may be terminated at any time by the Government if it deems termination to be in its best interest, in which case the awardee will be compensated for work performed and for reasonable termination costs.

(6) Disputes. Any dispute concerning the funding agreement that cannot be resolved by agreement must be decided by the contracting officer with right of appeal.

(7) Contract Work Hours. The awardee may not require an employee to work more than 8 hours a day or 40 hours a week unless the employee is compensated accordingly (for example, overtime pay).

(8) Equal Opportunity. The awardee will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin.

(9) Affirmative Action for Veterans. The awardee will not discriminate against any employee or applicant for employment because he or she is a disabled veteran or veteran of the Vietnam era.

(10) Affirmative Action for Handicapped. The awardee will not discriminate against any employee or applicant for employment because he or she is physically or mentally handicapped.

(11) Officials Not To Benefit. No Government official must benefit personally from the STTR funding agreement.

(12) Covenant Against Contingent Fees. No person or agency has been employed to solicit or secure the funding agreement upon an understanding for compensation except bona fide employees or commercial agencies maintained by the awardee for the purpose of securing business.

(13) Gratuities. The funding agreement may be terminated by the Government if any gratuities have been offered to any representative of the Government to secure the award.

(14) Patent Infringement. The awardee must report each notice or claim of patent infringement based on the performance of the funding agreement.

(15) American Made Equipment and Products. When purchasing equipment or a product under the STTR funding agreement, purchase only American-made items whenever possible.

(k) Additional Information. Information pertinent to an understanding of the administration requirements of STTR proposals and funding agreements not included elsewhere must be included in this section. As a minimum, statements essentially as follows must be included under "Additional Information" in STTR Program solicitations:

(1) This program solicitation is intended for informational purposes and reflects current planning. If there is any inconsistency between the information contained herein and the terms of any resulting STTR funding agreement, the terms of the funding agreement are controlling.

(2) Before award of an STTR funding agreement, the Government may request the applicant to submit certain organizational, management, personnel, and financial information to assure responsibility of the applicant.

(3) The Government is not responsible for any monies expended by the applicant before award of any funding agreement.

(4) This program solicitation is not an offer by the Government and does not obligate the Government to make any specific number of awards. Also, awards under the STTR Program are contingent upon the availability of funds.

(5) The STTR Program is not a substitute for existing unsolicited proposal mechanisms. Unsolicited proposals must not be accepted under the STTR Program in either Phase I or Phase II.

(6) If an award is made pursuant to a proposal submitted under this STTR Program solicitation, a representative of the contractor or grantee or party to a cooperative agreement will be required to certify that the concern has not previously been, nor is currently being, paid for essentially equivalent work by any Federal agency.

6. Submission of Proposals.

(a) This section must clearly specify the closing date on which all proposals are due to be received.

(b) This section must specify the number of copies of the proposal that are to be submitted.

(c) This section must clearly set forth the complete mailing and/or delivery address(es) where proposals are to be submitted.

(d) This section may include other instructions such as the following:

(1) Bindings. Please do not use special bindings or covers. Staple the pages in the upper left corner of the cover sheet of each proposal.

(2) Packaging. All copies of a proposal should be sent in the same package.

7. Scientific and Technical Information Sources. Wherever descriptions of research topics or subtopics include reference to publications, information on where such publications will normally be available must be included in a separate section of the solicitation entitled “Scientific and Technical Information Sources.”

8. Research Topics. Describe sufficiently the R/R&D topics and subtopics for which proposals are being solicited to inform the applicant of technical details of what is desired. Allow flexibility in order to obtain the greatest degree of creativity and innovation consistent with the overall objectives of the STTR Program.

9. Submission Forms. Multiple copies of proposal preparation forms necessary to the contracting and granting process may be required. This section may include Proposal Summary, Proposal Cover, Budget, Checklist, and other forms the sole purpose of which is to meet the mandate of law or regulation and simplify the submission of proposals.

Appendix II: Codes for Tech-Net Database

| Code | Meaning |
|---|---|
| <Program> | |
| SBIR | Small Business Innovation Research |
| STTR | Small Business Technology Transfer |
| <Agency> | |
| DHS | Department of Homeland Security |
| DOC | Department of Commerce |
| DOD | Department of Defense |
| DOE | Department of Energy |
| DOT | Department of Transportation |
| ED | Department of Education |
| EPA | Environmental Protection Agency |
| HHS | Department of Health and Human Services |
| NASA | National Aeronautics and Space Administration |
| NSF | National Science Foundation |
| USDA | US Department of Agriculture |
| <Branch> | |
| <i>DHS</i> | |
| ST | Science and Technology Directorate |
| DNDO | Domestic Nuclear Detection Office |
| <i>DOC</i> | |
| NOAA | National Oceanic and Atmospheric Administration |
| NIST | National Institute of Standards and Technology |
| <i>DoD</i> | |
| USAF | Department of the Air Force |
| ARMY | Department of the Army |
| CBD | Chemical and Biological Defense Program |
| DARPA | Defense Advanced Research Projects Agency |
| DHP | Defense Health Program |
| DLA | Defense Logistics Agency |
| DMEA | Defense Microelectronics Activity |
| DTRA | Defense Threat Reduction Agency |
| MDA | Missile Defense Agency |
| NAVY | Department of the Navy |
| NGA | National Geospatial-Intelligence Agency |
| OSD | Office of the Secretary of Defense |
| SOCOM | Special Operations Command |
| <i>DOE</i> | |
| ARPA | Advanced Research Projects Agency - Energy |
| DOE HQ | Department of Energy Headquarters |
| <i>HHS</i> | |
| ACF | Administration for Marriage and Families |
| CDC | Center for Disease Control |
| FDA | Food and Drug Administration |
| NIH | National Institute of Health |
| Research Institution <Type Codes> | |
| 1 | Nonprofit College or University |
| 2 | Domestic Nonprofit Research Organization |
| 3 | Federally Funded R&D Center (FFRDC) |
| Research Institution <School/Category> | |
| ANSI | Alaskan Native Serving Institution |
| HBCU | Historically Black College or University |
| HSI | Hispanic Serving Institution |
| TCU | Tribal College or University |
| NHSI | Native Hawaiian Serving Institution |
| Sales Codes <Sales Code> | |

| | |
|--|---|
| SF | Sales to Federal or Prime Contractor |
| SO | Sales to Other |
| SP | Sales to Private Industry |
| LIC | Licensing Revenue |
| <Additional Funding Code> | |
| FT | FastTrack |
| P2E | Phase II Enhancement |
| P1B | Phase IB |
| P2A | Phase IIA |
| P2B | Phase IIB |
| P2CC | Phase IICC |
| P2REU | Phase II REU |
| P2RET | Phase II RET |
| P2RAHSS | Phase II RAHSS |
| P2TECP | Phase II TECP |
| P2I/UCRC | Phase II I/UCRC Membership Grants |
| P2ERC | Phase II ERC Supplement |
| P2CostMatch | Phase II Cost Match |
| Phase II Commercialization Option | Phase II Commercialization Option |
| <Investment Code> | |
| IA | Investment from Angel Investors |
| IF | Investment from Federal or Prime Contractor |
| IO | Investment from Other |
| IS | Investment from the Small Business Concern itself |

Appendix III: Solicitations Database

Reporting Mechanism: Agencies report on Tech-Net

Agency interaction: Automatic or manual input

Collection Frequency: within 5 days of solicitation release date

Public Data (Y/N): Yes

| Solicitation Field Name | Type |
|--------------------------------|---------------|
| Solicitation Level | |
| solicitation program | varchar(4) |
| solicitation year | int(11) |
| solicitation number | varchar(25) |
| solicitation release | varchar(20) |
| solicitation open date | varchar(20) |
| solicitation close date | varchar(20) |
| solicitation title | longtext |
| solicitation body | longtext |
| solicitation phase | int(11) |
| solicitation occurrence number | int(11) |
| solicitation url | varchar(2048) |
| solicitation url title | varchar(255) |
| solicitation url attributes | mediumtext |
| Topic Level | |
| topic title | longtext |
| topic number | varchar(30) |
| associated solicitation | |

Appendix IV: Company Registry Database

Collection Frequency: Register or reconfirm at time of application

Public Data (Y/N): No

| Company Registry Field name | Reporting Mechanism | Agency interaction |
|--|----------------------------------|--|
| Agency Tracking # | Company reports data to SBA | Receives pdf from Company |
| SBA Firm ID | Company reports data to SBA | Receives pdf from Company |
| Company URL | Company reports data to SBA | Receives pdf from Company |
| HQ Address 1 | Company reports data to SBA | Receives pdf from Company |
| HQ Address 2 | Company reports data to SBA | Receives pdf from Company |
| HQ City | Company reports data to SBA | Receives pdf from Company |
| HQ Zip Code | Company reports data to SBA | Receives pdf from Company |
| HQ Zip Code +4 | Company reports data to SBA | Receives pdf from Company |
| HQ State | Company reports data to SBA | Receives pdf from Company |
| Company Name | Company reports data to SBA | Receives pdf from Company |
| Number of Employees | XML or manual upload to Tech-Net | Agency collects data, provides to SBA. Also updated as a part of commercialization information |
| Flag for External Funding | Company reports data to SBA | Receives pdf from Company |
| Investment Ownership Percentage | Company reports data to SBA | Receives pdf from Company |
| Majority-Owned by External Funding Firms | Company reports data to SBA | Receives pdf from Company |
| Affiliate Name | XML or manual upload to Tech-Net | Agency collects data, provides to SBA |
| Affiliate Address 1 | XML or manual upload to Tech-Net | Agency collects data, provides to SBA |
| Affiliate Address 2 | XML or manual upload to Tech-Net | Agency collects data, provides to SBA |
| Affiliate City | XML or manual upload to Tech-Net | Agency collects data, provides to SBA |
| Affiliate Zip Code | XML or manual upload to Tech-Net | Agency collects data, provides to SBA |
| Affiliate Zip Code + 4 | XML or manual upload to Tech-Net | Agency collects data, provides to SBA |
| Affiliate Number of Employees | XML or manual upload to Tech-Net | Agency collects data, provides to SBA |
| Additional Funding Type | XML or manual upload to Tech-Net | Agency collects data, provides to SBA |
| Additional Funding Amount | XML or manual upload to Tech-Net | Agency collects data, provides to SBA |
| Investment Type [VC, Hedge, PE] | Company reports data to SBA | Receives pdf from Company |
| Investment Firm Name | Company reports data to SBA | Receives pdf from Company |
| Investment Not US-Based | Company reports data to SBA | Receives pdf from Company |
| Investment Amount | Company reports data to SBA | Receives pdf from Company |

Appendix V: Application Information Database

Reporting Mechanism: **XML or manual upload to TechNet**

Agency interaction: **Agency collects data, provides to SBA**

(Exception: *Agency Tracking #*: Agency creates this number for tracking – not submitted by SBC)

Collection Frequency: **Quarterly**

Public Data (Yes/No): **No**

| Application Info Field Name | Type |
|--|--------------------|
| Company Name | int(50) unsigned |
| Program [SBIR/STTR] | Varchar(4) |
| Agency Tracking # | varchar(60) |
| SBA Firm ID | int(10) unsigned |
| Agency | int(4) unsigned |
| Solicitation Number | int(20) unsigned |
| Solicitation Topic Number | varchar(15) |
| Contact First Name | varchar(50) |
| Contact Middle Name | varchar(1) |
| Contact Last Name | varchar(50) |
| Contact Title | varchar(40) |
| Contact Phone | varchar(14) |
| Contact Email | varchar(150) |
| Phase Number | int(111) |
| Solicitation Close Date | varchar(2010) |
| Solicitation Year | int(4) |
| Company URL | varchar(255) |
| Solicitation Topic | int(10) unsigned |
| Address 1 | varchar(80) |
| Address 2 | varchar(80) |
| City | varchar(40) |
| Zip Code | int(5) |
| Zip Code +4 | int(4) |
| State | varchar(2) |
| HubZone Certified | varchar(1) |
| SDB | varchar(1) |
| Women-Owned | varchar(1) |
| Women PI | varchar(1) |
| Socially and Economically Disadvantaged PI | varchar(1) |
| Student/Faculty Owned | varchar(1) |
| FAST Assistance | varchar(1) |
| Allow EDO's to Have Contact Info | varchar(1) |
| Agency Contact First Name | varchar(50) |
| Agency Contact Middle Initial | varchar(1) |
| Agency Contact Last Name | varchar(50) |
| Agency Contact Title | varchar(50) |
| Agency Contact Phone # | varchar(14) |
| Agency Contact Email | varchar(50) |
| Key Individual Percentage of Effort | int(3) |
| Project Aims | |
| Abstract | varchar(unlimited) |

| | |
|--|--------------|
| Key Individual First Name | varchar(50) |
| Key Individual Middle Name | varchar(1) |
| Key Individual Last Name | varchar(50) |
| Key Individual Position/Title | varchar(50) |
| Key Individual Email | varchar(50) |
| Key Individual Phone | varchar(14) |
| STTR-specific | |
| <i>Collection Frequency: 60 days from time of solicitation close</i> | |
| RIName | varchar(80) |
| RIType | varchar(1) |
| RIAddress 1 | varchar(80) |
| RIAddress 2 | varchar(80) |
| RICity | varchar(40) |
| RIZip Code | int(5) |
| RIZip Code +4 | varchar(204) |
| RIState | int(2) |
| RI_Officer_First_Name | varchar(50) |
| RI_Officer_Middle_NameInitial | int(1) |
| RI_Officer_Last_Name | Varchar(50) |
| RI_Officer_Phone | varchar(14) |

Appendix VI: Award Information Database

Reporting Mechanism: XML or manual upload to Tech-Net

Agency interaction: Agency collects data, provides to SBA

Note: Award data includes "Applicant" data fields

| Award Field Name | Collection Frequency | Public Data (Y/N) | Type |
|---|------------------------|-------------------|---------------|
| Phase | Monthly | Y | int(1) |
| Phase II # [if 1st or 2nd] | Quarterly | Y | int(1) |
| Contract # / Grant # | Quarterly | Y | varchar(20) |
| Amount | Quarterly | Y | decimal(20,2) |
| SBC_Proceeds | Monthly | Y | decimal(20,2) |
| RI_Proceeds | Monthly | Y | decimal(20,2) |
| Third_Party_Proceeds | Monthly | Y | decimal(20,2) |
| StrInitiatedCollaboration | Monthly | Y | varchar(3) |
| StrInitiatedTechnology | Monthly | Y | varchar(3) |
| StrMonthstoAgreement | Monthly | Y | int(2) |
| Year | Quarterly | Y | int(4) |
| First Date of PoP | Quarterly | Y | varchar(10) |
| Notification of Selection Date | Quarterly | Y | varchar(10) |
| Award Title | Quarterly | Y | varchar(255) |
| Last Day of PoP | Quarterly | Y | varchar(10) |
| Associated Applicant/Proposal # | Quarterly | Y | int(50) |
| PI First Name | Quarterly | Y | varchar(50) |
| PI Middle Name | Quarterly | Y | varchar(1) |
| PI Last Name | Quarterly | Y | varchar(50) |
| PI Title | Quarterly | Y | varchar(40) |
| PI Phone | Quarterly | Y | varchar(14) |
| PI Email | Quarterly | Y | varchar(150) |
| ITAR Controlled | Quarterly | Y | varchar(1) |
| Manufacturing | Quarterly | Y | varchar(1) |
| Renewable Energy | Quarterly | Y | varchar(1) |
| Comments [Free Text Field for Notes] | Quarterly | Y | longtext |
| CAGE # | Quarterly | Y | varchar(5) |
| DUNS # | Quarterly | Y | int(9) |
| EIN | Quarterly | N | varcharint(9) |
| RI_EIN | Monthly | Y | varcharint(9) |
| Award Amount Justification, if Limit Exceeded | Quarterly | N | varchar(4000) |
| Convicted or Civilly Liable Flag | At time of application | N | varchar(1) |
| CL First Name | At time of application | N | varchar(50) |
| CL Middle Name | At time of application | N | varchar(1) |
| CL Last Name | At time of application | N | varchar(50) |
| CL Company Associated | At time of application | N | varchar(50) |

Appendix VII: Commercialization Database

Reporting Mechanism: XML or manual upload to TechNet

Agency interaction: Agencies and companies report to TechNet

Collection Frequency: 1) In real time 2) SBC updates prior to subsequent award application

Public Data (Y/N): No

| <i>Commercialization Field Name</i> | <i>Type</i> |
|--|------------------|
| Firm Level Commercialization | |
| Company Name | int(10) unsigned |
| Agency Tracking # | int(10) unsigned |
| SBA Firm ID | int(10) unsigned |
| IPO | varchar(1) |
| IPO Year | int(4) |
| Merger/Acquired | varchar(1) |
| Spinoff | varchar(1) |
| Narrative | lvarchar(4000) |
| Comm Contact First Name | varchar(50) |
| Comm Contact Middle Name | varchar(50) |
| Comm Contact Last Name | varchar(50) |
| Comm Contact Title | varchar(50) |
| Comm Contact Phone | varchar(14) |
| Comm Contact Email | varchar(50) |
| Sales Amount | decimal(20,2) |
| SttrPercentSbc | int(3) |
| SttrPercentRi | int(3) |
| Investment Amount | decimal(20,2) |
| Patent #'s | varchar(4000) |
| Number of Patents | int(50) |
| Investment Types | |
| Sales Type | |
| Award Level Commercialization | |
| Product Launched | varchar(1) |
| Names of Company Established for Product/Commercialization | varchar(50) |
| Sales Amount | decimal(20,2) |
| Investment Amount | decimal(20,2) |
| Investment Types | int(11) |
| Sales Type | int(11) |
| Phase III Value | decimal(20,2) |
| Phase III Launched/Implemented [CRP] | varchar(1) |
| Phase III Narrative [CRP] | varchar(4000) |

Appendix VIII: Annual Report Database

Reporting Mechanism: XML or manual upload to Tech-Net

Collection Frequency: Annually

Public Data (Y/N): Yes

| <i>Annual Report Field Name</i> | <i>Type</i> |
|--|--------------|
| agency code | int(11) |
| Program | char(4) |
| Year | char(4) |
| reporting unit | varchar(255) |
| submitted by | varchar(100) |
| phone number | varchar(255) |
| Agency Extramural Budget | varchar(100) |
| Agency SBIR Budget | varchar(100) |
| Number of Solicitations Released | int(6) |
| Number of Research Topics in Solicitations | |
| Number of Phase I Proposals Received | int(6) |
| Total Phase I Awards | int(6) |
| Total Phase I Dollars Awarded (\$) | varchar(25) |
| Total Phase I Dollars to SBCs | int(6) |
| Total Phase I Dollars to RIs | int(6) |
| Total Phase I Dollars to RI - Universities | int(6) |
| Total Phase I Awards to RI – Universities | int(6) |
| Total Phase I Dollars to RI – FFRDCs | int(6) |
| Total Phase I Awards to RI – FFRDCs | int(6) |
| Total Phase I Dollars to RI – Non-Profit R&D | int(6) |
| Total Phase I Awards to RI – Non-Profit R&D | int(6) |
| Minority/Disadvantaged Phase I Awards | int(6) |
| Minority/Disadvantaged Phase I Dollars Awarded (\$) | varchar(25) |
| HUBZone Phase I Awards | int(6) |
| HUBZone Phase I Dollars Awarded (\$) | int(6) |
| phase1 hubzone dollars obligated | varchar(25) |
| phase1 manufacturing awards | int(6) |
| phase1 manufacturing dollars obligated | varchar(25) |
| Number of Phase II Proposals Received | int(6) |
| Total Phase II Awards | int(6) |
| Total Phase II Dollars Awarded (\$) | varchar(25) |
| Total Phase II Dollars to SBCs | int(6) |
| Total Phase II Dollars to RIs | int(6) |
| Total Phase II Dollars to RI – Universities | int(6) |
| Total Phase II Awards to RI – Universities | int(6) |
| Total Phase II Dollars to RI – FFRDCs | int(6) |
| Total Phase II Awards to RI – FFRDCs | int(6) |
| Total Phase II Dollars to RI – Non-Profit R&D | int(6) |
| Total Phase II Awards to RI – Non-Profit R&D | int(6) |
| Minority/Disadvantaged Phase II Awards | int(6) |
| Minority/Disadvantaged Phase II Dollars Awarded (\$) | varchar(25) |
| HUBZone Phase II Awards | int(6) |
| HUBZone Phase II Dollars Awarded (\$) | int(6) |

| | |
|--|------------------|
| phase2 hubzone dollars obligated | varchar(25) |
| phase2 manufacturing awards | int(6) |
| phase2 manufacturing dollars obligated | varchar(25) |
| new phase2 with dollars obligated | int(6) |
| new phase2 dollars obligated | varchar(25) |
| old phase2 with dollars obligated | int(6) |
| old phase2 dollars obligated | varchar(25) |
| number amount modified | int(6) |
| amount modified | varchar(25) |
| agency obligations | varchar(50) |
| phase1 success rate | varchar(3) |
| phase2 success rate | varchar(3) |
| overall success rate | varchar(3) |
| The percentage of new phase 1 awards where difference between Solicitation Close Date and Proposal Award Date is less than 180 days (ProposalAwardDate - SolicitationCloseDate) | varchar(3) |
| The average of the number of days between Solicitation Close Date and Proposal Award Date for all the new phase 1 awards (ProposalAwardDate - SolicitationCloseDate) | varchar(50) |
| The average of the number of days between the Contract End Date for the related phase 1 award and the Proposal Award Date for all the new phase 2 awards (P2 Proposal Award Date - P1 ContractEndDate) | varchar(50) |
| The average number of days between Proposal Selection Date and Proposal Award Date for all the new phase 2 awards (ProposalAwardDate - ProposalSelectionDate) | varchar(50) |
| The percentage of new phase 2 awards where the number of days between Proposal Selection Date and Proposal Award Date was less than 60 (ProposalAwardDate - ProposalSelectionDate) | varchar(3) |
| sbcname changed | text |
| one proposal per solicitation | text |
| more than 15 awards | text |
| justification | text |
| submitted | timestamp |
| confirmed_by_uid | int(10) unsigned |
| Annual Report calculations based on above fields | |
| Dollars Obligated | |
| Percent of SBIR to Extramural Budget | |
| Deficit/Surplus | |
| Exceeding award size threshold of 150% | |
| Award cross btwn SBIR and STTR programs | |
| Additions to Annual Report | |
| tracking compliance grievance | |
| grievance tracking for data rights | |
| -track deficit/surplus of budgets, esp. VC, etc. backed | |
| Track data at component level | |

Appendix IX – Performance Areas, Metrics and Goals

(a) Examples of performance areas include:

- (1) company and agency-level commercialization of awards (see commercialization section for detail);
- (2) repeat-award winners;
- (3) outreach to first time SBIR/STTR applicants, WOSBs, SDBs - including percentage of new applicants from those demographics that have applied to the agency, and other goals and metrics established by the agency and the interagency policy committee;
- (4) shortening review and award timelines for small businesses (collected annually in annual report).

(b) Examples of metrics relating to timelines for awards of Phase I funding agreements and performance start dates of the funding agreements, include:

- (1) The percentage of Phase I awards where the duration between the closing date of the solicitation and the first date of the period of performance on the funding agreement is less than 180 calendar days.
- (2) The average duration of time between a Phase I solicitation closing date and the first day of the period of performance on the funding agreement.
- (3) The percentage of Phase I awards where the duration between the closing date of the solicitation and the notification of recommendation of award is not more than one year for NIH or NSF and not more than 90 calendar days for all other agencies.
- (4) The average duration of time between a Phase I solicitation closing date and the notification of recommendation for award.

(c) Examples of metrics relating to timelines for awards of Phase II funding agreements and performance start dates of the funding agreements, include:

- (1) The percentage of Phase II awards where the duration between the closing date of the solicitation, or the applicable date for receiving the Phase II application, and the first date of the period of performance on the funding agreement is the less than 180 calendar days.
- (2) The average duration of time between a Phase II solicitation close dating and the first day of the period of performance on the funding agreement.
- (3) The percentage of Phase II awards where the duration between the closing date of the solicitation, or the applicable date for receiving the Phase II application, and the notification of recommendation of award is not more than one year for NIH or NSF and not more than 90 calendar days for all other agencies.
- (4) The average duration of time between a Phase II solicitation closing date, or the applicable date for receiving the Phase II application, - and the notification of recommendation for award.
- (5) The average duration of time between the end of the period of performance on a Phase I funding agreement and the closing date for a Phase II solicitation for the same work.
- (6) The number of awardees for whom the Phase I process exceeded 6 months, starting from the closing date of the STTR solicitation to award of the funding agreement.
- (7) Metrics with respect to each STTR agency's adherence to Policy Directive and

implementation

(8) Metrics with respect to agencies' measures to reduce fraud, waste and abuse within the STTR Program and coordination with the STTR agency's OIG.

Appendix X – National Academy of Sciences Study

(a) The purpose of the study is to:

(1) Continue the most recent study relating to the following issues:

(i) a review of the value to the Federal research agencies of the research projects being conducted under the STTR Program, and of the quality of research being conducted by small businesses participating under the program, including a comparison of the value of projects conducted under the STTR Program to those funded by other Federal research and development expenditures;

(ii) to the extent practicable, an evaluation of the economic benefits achieved by the STTR Program, including the economic rate of return, and a comparison of the economic benefits, including the economic rate of return, achieved by the STTR Program with the economic benefits, including the economic rate of return, of other Federal research and development expenditures;

(iii) an evaluation of the noneconomic benefits achieved by the STTR Program over the life of the program;

(iv) an analysis of whether Federal agencies, in fulfilling their procurement needs, are making sufficient effort to use small businesses that have completed a second phase award under the STTR Program; and

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

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

(v) an analysis of whether additional funds could be employed effectively by the STTR program; and

(vi) an assessment of the systems and minimum performance standards relating to commercialization success established under §9(qq) of the Small Business Act;

(3) Make recommendations with respect to--

(i) measures of outcomes for strategic plans submitted under 5 U.S.C. § 306 and performance plans submitted under 31 U.S.C. §1115, of each Federal agency participating in the STTR Program;

- (ii) how to increase the use by the Federal Government in its programs and procurements of technology-oriented small businesses;
 - (iii) improvements to the STTR Program, if any are considered appropriate; and
 - (iv) how the STTR program can further stimulate technological innovation and technology transfer.
- (4) Estimate the number of jobs created by the SBIR or STTR program of the agency, to the extent practicable.