

find that Buffalo, Burnett, Crawford, Douglas, Grant, La Crosse, Pepin, Pierce, St. Croix, Trempealeau and Vernon Counties in the State of Wisconsin constitute a disaster area due to damages caused by flooding occurring between April 10, 2001 and continuing. Applications for loans for physical damage as a result of this disaster may be filed until the close of business on July 10, 2001 and for economic injury until the close of business on February 11, 2002 at the address listed below or other locally announced locations: U.S. Small Business Administration, Disaster Area 2 Office, One Baltimore Place, Suite 300, Atlanta, GA 30308.

In addition, applications for economic injury loans from small businesses located in the following contiguous counties in Wisconsin may be filed until the specified date at the above location: Barron, Bayfield, Dunn, Eau Clair, Iowa, Jackson, Juneau, Lafayette, Monroe, Polk, Richland, Sauk, Sawyer and Washburn; and Carlton, Chisago, Dakota, Goodhue, Houston, Pine, St. Louis, Wabasha, Washington and Winona Counties in the State of Minnesota.

The interest rates are:

	Percent
For Physical Damage:	
Homeowners With Credit Available Elsewhere .....	6.625
Homeowners Without Credit Available Elsewhere .....	3.312
Businesses With Credit Available Elsewhere .....	8.000
Businesses and Non-Profit Organizations Without Credit Available Elsewhere .....	4.000
Others (Including Non-Profit Organizations) With Credit Available Elsewhere .....	7.125
For Economic Injury:	
Businesses and Small Agriculture Cooperatives Without Credit Available Elsewhere .....	4.000

The number assigned to this disaster for physical damage is 333906. For economic injury the numbers assigned are 9L6900 for Wisconsin and 9L7000 for Minnesota.

Iowa counties and Illinois counties contiguous to the above named primary counties are not listed here because they have been previously declared.

(Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008)

Dated: May 14, 2001.

**Herbert L. Mitchell,**  
Associate Administrator for Disaster Assistance.

[FR Doc. 01-12584 Filed 5-17-01; 8:45 am]

BILLING CODE 8025-01-P

## SMALL BUSINESS ADMINISTRATION

### New Markets Venture Capital Program; Extension of Application Deadline

**AGENCY:** U.S. Small Business Administration.

**ACTION:** Notice of extension of application deadline.

**SUMMARY:** SBA invites applications for designation as a New Markets Venture Capital ("NMVC") Company and for grant awards available both to participants in the NMVC Program and to Specialized Small Business Investment Companies. SBA extends its deadline for accepting applications from 4 p.m. on May 21, 2001 to 4 p.m. on May 29, 2001.

**DATES:** Applications may be submitted to SBA immediately. The deadline for receipt of an application has been extended to 4 p.m. EST on May 29, 2001. Applications received in SBA's offices after that date and time will be rejected and returned to the sender.

**ADDRESSES:** Applications must be sent to Austin Belton, Director, Office of New Markets Venture Capital, Investment Division, U.S. Small Business Administration, 409 3rd Street, SW., Suite 6300, Washington, DC 20416. Applications sent electronically or by facsimile will not be accepted.

**FOR FURTHER INFORMATION CONTACT:** If you have any questions about the requirements for this program or application procedures, or wish to request an application package, contact Austin Belton, Director, Office of New Markets Venture Capital, Investment Division, or Louis Cupp, Policy Analyst, Investment Division, 202-205-6510. Applications and other information regarding SBA and its programs may be downloaded from SBA's web site at <http://www.sba.gov/inv>.

**SUPPLEMENTARY INFORMATION:** SBA previously extended this application deadline from April 19, 2001 to May 21, 2001 (66 FR 18993, April 12, 2001). SBA originally published information about this funding opportunity in a Notice of Funds Availability ("NOFA"), published in the **Federal Register** on January 22, 2001 (66 FR 7247).

Applicants should refer to the NOFA (66 FR 7247) for more detailed information concerning this funding opportunity, including how to obtain applications and the amount of funds available for award. However, SBA makes one important revision to the NOFA. The NOFA referred applicants to an interim final rule SBA published in the **Federal Register** on January 22, 2001 (66 FR 7218). However, SBA will

be withdrawing that interim final rule and, as a result, will not be implementing the NMVC program with that rule (see discussion in preamble to SBA's proposed rule, published in the **Federal Register** on April 23, 2001, 66 FR 20531-20532). Applicants instead are directed to a new final rule that SBA intends to publish in the **Federal Register** within a week of today's date. SBA will implement the NMVC program, including evaluating and selecting applications, through that new rule instead of through the interim final rule SBA previously published on January 22, 2001. Applicants should refer to SBA's new final rule for information concerning fee requirements, evaluation criteria, and other program requirements. SBA's new final rule will apply to all applications received for the NMVC program.

**Authority:** New Markets Venture Capital Program Act of 2001, Pub. L. No. 106-553, 114 Stat. 2762A; Federal Funding Act, Fiscal Year 2001, Pub. L. 106-554, 114 Stat. 2763; and 13 CFR part 108.

Dated: May 15, 2001.

**Harry Haskins,**  
Acting Associate Administrator for Investment.

[FR Doc. 01-12585 Filed 5-17-01; 8:45 am]

BILLING CODE 8025-01-P

## SMALL BUSINESS ADMINISTRATION

RIN 3245-AE72

### Small Business Innovation Research Program Policy Directive

**AGENCY:** Small Business Administration.

**ACTION:** Notice of proposed policy directive.

**SUMMARY:** This document proposes revisions to the Small Business Innovation Research (SBIR) Program Policy Directive. This revised proposed policy directive reflects recently enacted statutory requirements. It is proposed to provide guidance to participating Federal agencies for the general conduct of the SBIR Program.

**DATES:** Public comments on this proposed policy directive should be received on or before June 18, 2001.

**ADDRESSES:** Address all comments concerning this proposed revision to Maurice Swinton, Assistant Administrator for Technology, Office of Technology, Office of Policy, Planning, and Liaison, Office of Government Contracting/Business Development, U.S. Small Business Administration, 409 3rd Street, SW, Washington, DC 20416 or via email to [technology@sba.gov](mailto:technology@sba.gov).

**FOR FURTHER INFORMATION CONTACT:**

Maurice Swinton, Office of Technology; Office of Policy, Planning, and Liaison; Office of Government Contracting/ Business Development, at (202) 205-6450. You may also e-mail technology@sba.gov.

**SUPPLEMENTARY INFORMATION:** In 1982, Congress enacted the Small Business Innovation Development Act of 1982 (SBIDA), Public Law 97-219 (codified at 15 U.S.C. 638), which established the Small Business Innovation Research Program (SBIR Program). SBIDA requires the SBA to "issue policy directives for the general conduct of the SBIR programs within the Federal Government." 15 U.S.C. 638(j)(1). The U.S. Small Business Administration (SBA) published its first policy directive, Policy Directive No. 65-01, 19 years ago (47 FR 52966, Nov. 24, 1982). The last SBIR Policy Directive amendments were published 8 years ago (58 FR 6144-6158, Jan. 26, 1993).

The statutory purpose of the SBIR Program is to strengthen the role of innovative small business concerns (SBCs) in Federally-funded research and research and development (R/R&D). Specific program purposes are to: (1) Stimulate technological innovation; (2) use small business to meet Federal R/R&D needs; (3) foster and encourage participation by socially and economically disadvantaged SBCs, and by SBCs that are 51 percent owned and controlled by women, in technological innovation; and (4) increase private sector commercialization of innovations derived from Federal R/R&D. The SBIR Program is a phased process, uniform throughout the Federal Government, of soliciting proposals and awarding funding agreements for R/R&D to meet stated agency needs or missions. 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 three phases: Phase I, Phase II, and Phase III.

Recently, Congress enacted the Small Business Innovation Research Program Reauthorization Act of 2000 (Reauthorization Act), Public Law 106-554 (Dec. 21, 2000). The Reauthorization Act extends the SBIR Program through September 30, 2008. In addition, the Reauthorization Act: (1) Clarifies SBIR data rights pertaining to SBIR Phase I and II awards and awards issued pursuant to Phase III (Proposed Policy Directive, section 8(b) and App. I, Instructions, § 5(d)(1)(iii)); (2) requires the establishment of SBIR Program Government-accessible and a public-accessible database (Proposed Policy

Directive, section 11(e)); (3) requires each application for a Phase II award contain a succinct commercialization plan (Proposed Policy Directive, section 6(b)); (4) requires agencies to report to SBA all instances in which the agency fails to issue a Phase III or follow-on funding agreement (Proposed Policy Directive, section 4(c)(7-8)); (5) clarifies when a Phase III award can be issued (Proposed Policy Directive, section 4(c)); (6) requires agencies with extramural budgets over \$50,000,000 to enter into an agreement with the National Academy of Sciences for the National Research Council to conduct a review of their SBIR Program (Proposed Policy Directive, section 2(a)(1)(iv)); (7) requires agencies to report to SBA annually on the calculations of the agency's extramural budget within 4 months of enactment of the agency's annual Appropriations Act (Proposed Policy Directive, sections 2(a)(1)(v) and 9(a)(1)); (8) establishes the Federal and State Technology (FAST) Partnership Program to strengthen the technological competitiveness of small business concerns (SBCs) in the United States (Proposed Policy Directive, § 12(a)); (9) and extends the Rural Outreach Program through September 30, 2005, (Proposed Policy Directive, section 12(b)). SBA welcomes comment on our proposed provisions to implement these new statutory requirements. In addition, we request comment on section 11(e)(3)(iii) of the Proposed Policy Directive, implementing the new statute requiring information provided to the SBIR databases to be privileged, confidential, and not subject to the Freedom of Information Act, codified at 15 USC 638(k)(4).

The Reauthorization Act directs SBA to modify its policy directive to address these amendments within 120 days after the date of enactment of the Reauthorization Act. In addition to addressing these recent amendments to the SBIR Program, SBA proposes changes in this policy directive to simplify and enhance the program. The proposed policy directive is organized into 12 self-explanatory sections: (1) Purpose; (2) Summary of Legislative Provisions; (3) Definitions; (4) Competitively Phased Structure of the Program; (5) Program Solicitation Process; (6) Eligibility and Application (Proposal) Requirements; (7) SBIR Funding Process; (8) Terms of Agreement Under SBIR Awards; (9) Responsibilities of SBIR Participating Agencies and Departments; (10) Annual Report to SBA; (11) Responsibilities of SBA; and (12) FAST Partnership Program and Rural Outreach Program.

Two appendices are also included: (1) Instructions for SBIR Program Solicitation Preparation; and (2) Tech-Net Data Fields for Public Database.

Furthermore, this proposed policy directive will provide more flexibility to the agencies participating in the SBIR Program to continue vital research for meritorious proposals that could potentially go unfunded due to a lack of resources available under SBIR Program or Small Business Technology Transfer (STTR) Program budgets. STTR is a separate program from SBIR in which Federal agencies with extramural budgets for R/R&D in excess of \$1 billion per fiscal year make funding agreements with SBC's joint venturing with a research institution, non-profit organization, or Federally Funded Research and Development Center (FFRDC). SBA proposes a new policy at section 4(b) that would allow participating Federal agencies to fund Phase II awards under their SBIR or STTR Programs, which had its origin in either program. Agencies must continue to meet the statutory expenditure of the extramural budget of 2.5 percent for the SBIR program and .15 percent for the STTR program. Any award that is funded through this process will then be deemed an award of the program which provides the Phase II funding. The awardee must meet the eligibility requirements for the program under which the Phase II award is funded. For example, if a Phase I STTR award is changed to a Phase II SBIR award, the collaborative partner for the Phase I STTR award could then be converted from a joint venture to a subcontractor. Conversely, if a Phase I SBIR award is changed to a Phase II STTR award, the small business concern must then partner with a research institution, Federal laboratory or non-profit organization.

In developing this proposed policy directive, SBA has considered initial comments from all agencies required to have SBIR programs. All of these comments received by SBA were individually reviewed and considered. SBA welcomes public comments upon this proposed policy directive and will revise the policy directive as necessary to improve the general conduct of the SBIR Program based upon comments received.

Notice of Proposed Policy Directive;  
Small Business Innovation Research  
Program

To: The Small Business Innovation  
Research Program Directors

Subject: Small Business Innovation  
Research Program Reauthorization Act  
of 2000—Amendments to the Small  
Business Innovation Research (SBIR)  
Program

1. *Purpose.* Section 9(j)(3) of the Small Business Act 15 U.S.C. 638(j)(3) requires the U.S. Small Business Administration (SBA) Administrator to modify the Small Business Innovation Research (SBIR) Program Policy Directive for the general conduct of the SBIR Program within the Federal Government.

2. *Authority.* This proposed policy directive is issued under the authority of 15 U.S.C. 638(j).

3. *Procurement Regulations.* The Federal Acquisition Regulations may need to be modified to conform to the requirements of the Reauthorization Act and a final policy directive. Regulatory provisions that pertain to the areas of SBA responsibility will require approval of the SBA Administrator or designee. The Office of Technology, Office of Policy, Planning, and Liaison, Office of Government Contracting/Business Development, SBA, is the appropriate office for coordinating such regulatory provisions.

4. *Personnel Concerned.* All Federal Government personnel who are involved in the administration of the program, including those involved with the issuance and management of funding agreements of the SBIR Program and the establishment of goals for small business concerns (SBCs) in research or research and development procurements or grants.

5. *Distribution.* Federal Government agencies and departments participating in the SBIR Program and those required to establish small business research and development goals as directed by section 9 of the Small Business Act 15 U.S.C. 638(j).

6. *Originator.* Office of Technology, Office of Policy, Planning, and Liaison, Office of Government Contracting/Business Development, SBA.

7. *Dates.* The SBIR Program is authorized through September 30, 2008. A final Policy Directive will be effective

when published in the **Federal Register**.  
Authorized By:

**William A. Fisher,**

*Deputy Associate Deputy Administrator,  
Government Contracting/Business  
Development, U.S. Small Business  
Administration.*

**John Whitmore,**

*Acting Administrator, Small Business  
Administration.*

## **Small Business Innovation Research (SBIR) Program, Proposed Policy Directive**

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### **1. Purpose**

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

(b) This proposed policy directive fulfills SBA's statutory obligation to provide guidance to the participating Federal agencies for the general operation of the SBIR Program. Additional or modified instructions may be issued by the SBA as a result of public comment or experience.

(c) The statutory purpose of the SBIR Program is to strengthen the role of innovative small business concerns (SBCs) in Federally-funded research and research and development (R/R&D). Specific program purposes are to: (1) Stimulate technological innovation; (2) use small business to meet Federal R/R&D needs; (3) foster and encourage participation by socially and economically disadvantaged SBCs, and by SBCs that are 51 percent owned and controlled by women, in technological innovation; and (4) increase private sector commercialization of innovations derived from Federal R/R&D.

(d) Federal agencies participating in the SBIR Program (SBIR agencies) should follow the guidance provided by this proposed policy directive. Each agency is obligated to review its rules, policies, and guidance on the SBIR 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 SBIR Program.

### **2. Summary of Legislative Provisions**

(a) The Small Business Innovation Research Program Reauthorization Act of 2000, Public Law 106-554, amended section 9 of the Act (15 U.S.C. 638).

(1) The purposes of the amendments to the Act are to:

(i) Continue the SBIR Program through September 30, 2008;

(ii) Clarify data rights pertaining to SBIR Phase I, Phase II, and federally funded Phase III awards.

(iii) Establish databases—one for the public and one for Government use—to collect and maintain in a common format, information necessary to assist SBCs and assess the SBIR Program.

(iv) Require agencies with SBIR budgets of over \$50,000,000 to enter into an agreement with the National Academy of Sciences for the National Research Council to conduct a review of each agency's SBIR Program.

(v) Require SBIR agencies to report to SBA on the calculation of the agency's extramural budget within 4 months of enactment of each agency's annual Appropriations Act.

(vi) Establish the Federal and State Technology (FAST) Partnership Program to strengthen the technological competitiveness of SBCs.

(vii) Extend the Rural Outreach Program through September 30, 2005.

(b) The Act requires each Federal agency with an extramural budget for Research/Research & Development (R/R&D) in excess of \$100,000,000 to participate in the SBIR Program.

(c) The statutory requirements assist SBCs by establishing a uniform, simplified process for the operation of the SBIR Program while allowing the SBIR agencies flexibility in the operation of their individual SBIR Program. This policy directive fulfills the Congressional intent to minimize regulatory burden in the conduct of this program.

(d) The Act requires each SBIR agency to establish an SBIR Program by reserving not less than 2.5 percent of its extramural budget for awards to SBCs for R/R&D through a uniform, three-phase process, including:

(1) Phases I and II. The first two phases help SBIR agencies meet R/R&D and commercialization objectives through funding agreements.

(2) Phase III. The third phase, when appropriate helps SBCs,

(i) to pursue commercial applications from the Government-funded R/R&D in order to stimulate technological innovation and provide for the national return on investment from R/R&D, and/or

(ii) to obtain additional contract or grant activity with Federal agencies through non-SBIR funding agreements.

(e) The Act directs each SBIR agency to report annually to SBA. The Act also requires SBA to obtain annual reports and monitor each agency's SBIR Program and to report our findings annually to the Committee on Small Business of the Senate and to the Committee on Science and the Committee on Small Business of the House of Representatives.

(f) 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. 251 *et seq.*) must be read in conjunction with the procurement notice publication requirements of Section 8(e) of the Small Business Act (15 U.S.C. 637(e)). The following notice publication requirements of Section 8(e) of the Small Business Act (15 U.S.C. 637(e)) apply to SBIR agencies using contracts as a SBIR funding agreement:

(1) Any Federal executive agency intending to solicit a proposal to contract for property or services valued above \$25,000 must transmit a notice of the impending solicitation to the governmentwide point of entry (GPE) for access by interested sources. *See* FAR 5.201. The GPE, located at <http://www.fedbizopps.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. The contracting office may transmit the notice to the Commerce Business Daily (CBD) in lieu of the GPE if the contracting office lacks the capability to access the GPE and the notice is issued prior to October 1, 2001.

(i) No agency shall issue its solicitation for at least 15 days from the date of the publication of the GPE or CBD notice. 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.

(ii) When transmitting notices to the GPE before January 1, 2002, contracting officers must direct the GPE to forward the notice to the CBD.

(2) The contracting officer must generally make available through the GPE 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. The contracting office may transmit the notice to the CBD in lieu of the GPE if the contracting office lacks the capability to access the GPE and the notice is issued prior to October 1, 2001.

(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 he/she makes a written determination, with the consultation of 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 SBIR Phase II award process is exempt.

(iii) The SBIR Phase III award process is exempt.

### 3. Definitions

(a) *Act*. The Small Business Act (15 U.S.C. 631 *et seq.*), as amended.

(b) *Applicant*. The organizational entity that, at the time of award, will qualify as a SBC, as defined in this section, and that submits a contract proposal or a grant application for a funding agreement under the SBIR 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?

(d) *Awardee*. The SBC receiving an SBIR funding agreement.

(e) *Commercialization*. The process of developing markets and producing and delivering products or services for sale (whether by the originating party or by others) to Government and/or commercial markets.

(f) *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.

(g) *Data rights*. The license the Government obtains in scientific or technical data, including computer software and computer software documentation, generated during the performance of a funding agreement that an awardee provides to the Government upon completion of a Federally-funded project.

(h) *Essentially Equivalent Work*. The "scientific overlap," which occurs when (1) substantially the same research is proposed for funding in more than one contract proposal or grant application submitted to the same Federal agency; (2) substantially the same research is submitted to two or more different Federal agencies for review and funding consideration; or (3) a specific research objective and the research design for accomplishing an objective are the same or closely related in two or more proposals or awards, 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" shall 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" shall not include amounts obligated for atomic energy defense programs solely for weapons activities or for naval reactor programs. (*Also see* Section 7(i) of this policy directive for additional exemptions related to national security.)

(j) *Feasibility*. The practical extent to which a project is capable of being successfully performed.

(k) *Federal Agency*. An executive agency as defined in 5 U.S.C. 105, or a military department as defined in 5 U.S.C. 102 except that it does not include any agency within the Intelligence Community as defined in Executive Order 12333, Section 3.4(f), as amended.

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

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

(n) *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 of the financially assisted activities.

(o) *Innovation*. Something new or improved, including research for (1) development of new technologies, (2) refinement of existing technologies, or (3) development of new applications for existing technologies.

(p) *Intellectual Property*. The four separate and distinct types of intangible property that are referred to collectively as "intellectual property": patents, trademarks, copyrights, and trade secrets. The patent is the most common type of intangible property fostered by the SBIR Program.

(q) *Joint Venture*. An association of persons or concerns with interests in any degree or proportion by way of contract, express or implied, consorting to engage in and carry out a single specific business venture for joint profit, for which purpose they combine their efforts, property, money, skill, or knowledge, but not on a continuing or permanent basis for conducting business generally. A joint venture is viewed as a business entity in determining power to control its management and is eligible under the SBIR Program provided that the entity created qualifies as a "SBC" as defined in this section of the policy directive.

(r) *Outcomes*. The measures of long-term, eventual, program impact.

(s) *Outputs*. The measures of near-term program impact.

(t) *Principal Investigator/Project Manager*. The one individual designated by the applicant to provide the scientific and technical direction to the project that will be supported by the funding agreement.

(u) *Program Solicitation*. A formal solicitation of proposals whereby a Federal agency notifies the small business community of its R/R&D needs and interests in selected areas and requests proposals in response to these needs from SBCs. Announcements in the *Federal Register*, *Commerce Business Daily*, or the GPE are not considered an SBIR Program solicitation.

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

(w) *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.

(x) *Small Business Concern*. An SBC is a concern that, on the date of award for both Phase I and Phase II funding agreements:

(1) is organized for profit, with a place of business located in the United States, which operates primarily within the United States or which makes a significant contribution to the United States economy through payment of taxes or use of American products, materials or labor;

(2) is in the legal form of an individual proprietorship, partnership, limited liability company, corporation, joint venture, association, trust or cooperative, except that where the form is a joint venture there can be no more than 49 percent participation by foreign business entities in the joint venture;

(3) is at least 51 percent owned and controlled by one or more individuals who are citizens of, or permanent resident aliens in, the United States; and

(4) has, including its affiliates, not more than 500 employees.

(y) *Socially and Economically Disadvantaged Individual*. A member of any of the following groups:

(1) Black Americans.

(2) Hispanic Americans.

(3) Native Americans.

(4) Asian-Pacific Americans.

(5) Subcontinent Asian Americans.

(6) Other groups designated from time to time by SBA to be socially disadvantaged; or any other individual found to be socially and economically disadvantaged by SBA pursuant to Section 8(a) of the Small Business Act, 15 U.S.C. 637(a).

(z) *Socially and Economically Disadvantaged SBC*. See 13 CFR Part 124 — 8(A) Business Development/ Small Disadvantaged Business Status Determinations, §§ 124.103 (Who is socially disadvantaged?) and 124.104 (Who is economically disadvantaged?).

(aa) *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 required solely for the performance of the original funding agreement.

(bb) *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.

(cc) *Women-Owned SBC*. A SBC that is at least 51 percent owned by one or more women, or in the case of any publicly owned business, at least 51 percent of the stock of which is owned by women, and who also control and operate it. "Control" in this context means exercising the power to make policy decisions. "Operate" in this context means being actively involved in the day-to-day management.

#### 4. Competitively Phased Structure of the Program

The SBIR Program is a phased process, uniform throughout the Federal Government, of soliciting proposals and awarding funding agreements for R/R&D to meet stated agency needs or missions. 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 three phases:

(a) *Phase I*. Phase I involves a solicitation of grant applications or contract proposals (proposals) 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 SBIR proposals shall give primary consideration to the scientific and technical merit of the proposal along with its potential for commercialization. Secondary considerations may include program balance or critical agency requirements.

(3) Agencies may include requirements for submission of a Phase II proposal as a deliverable item under Phase I.

(b) *Phase II*. The object of Phase II is to continue the R/R&D effort from the completed Phase I. Agencies must make efforts to reduce the time frame for

issuing Phase II awards and are encouraged to develop gap-funding methods to address the duration of Phase II award cycles. Only SBIR awardees in Phase I (including 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) are eligible to participate in Phase II.

(1) Awardees of an STTR (Small Business Technology Transfer) Phase I award may submit a proposal for an SBIR Phase II award, which continues the research conducted under the STTR Phase I award. Agencies may then issue an SBIR Phase II award to those awardees using SBIR funds. However, those awardees must meet the requirements of the SBIR Program. For example, the awardee could no longer partner with a non-profit joint ventured within the STTR Phase I award, but could subcontract work to a non-profit. In effect, the award converts from an STTR to an SBIR award.

(2) Awardees of an SBIR Phase I award may submit a proposal for an STTR Phase II award, which continues the research conducted under the SBIR Phase I award. Agencies may then issue an STTR Phase II award to those awardees using STTR funds. However, those awardees must meet the requirements of the STTR Program. Thus, the awardee must partner with a research institution, non-profit organization or Federally Funded Research and Development Center (FFRDC). In effect, the award converts from an SBIR to an STTR award. Agencies must provide to the SBA a written justification with their annual report the rationale for this deviation.

(3) Agencies must provide to the SBA a written justification with their annual report the rationale for this deviation. Funding shall be based upon the results of Phase I and the scientific and technical merit 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 SBIR or STTR Programs. Completion of the research and development may be through a Phase III. The Phase II funding agreement with the awardee may, at the discretion of the agency awarding the agreement, establish the procedures applicable to third phase agreements. The Government is not obligated to fund any specific Phase II proposal. The SBIR or 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 SBIR, STTR or other research;
- (ii) the existence of second phase funding commitments from private sector or other non-SBIR or STTR funding sources;
- (iii) the existence of third phase, follow-on commitments for the subject of the research; and
- (iv) the presence of other indicators of commercial potential of the idea.

(a) *Phase III.* The term third phase agreement means a follow-on, non-SBIR funded award as described below. A Federal agency may enter into a third phase agreement with the awardee of the second phase for additional work to be performed during or after the second phase period.

(1) The competition for SBIR Phase I and Phase II awards satisfies any competition requirement of the Armed Services Procurement Act and the Federal Property and Administrative Services Act. Therefore, an agency that wishes to fund an SBIR project in Phase III (with non-SBIR funds), or enter into a follow-on procurement with an SBIR concern, is not required to conduct another competition in order to satisfy those statutory provisions.

(2) Where appropriate, there will be a third phase, which is funded by:

- (i) non-Federal sources of capital for commercial applications of SBIR funded research or research and development; or
- (ii) non-SBIR Federal funding for SBIR derived products or services intended for use by the Federal Government; or
- (iii) non-SBIR Federal funding sources for the continuation of research or research and development that has been competitively selected using peer review or scientific review criteria.

(3) The term "third-phase award" or "SBIR Phase III award" applies to each of the following activities:

- (i) commercial application of SBIR-funded research or R&D funded by non-Federal sources of capital;
- (ii) products and services intended for use by the Federal Government funded by follow-on non-SBIR Federal funding awards;
- (iii) the continuation of R/R&D funded by non-SBIR Federal funding sources.

(4) The third phase work may be for products or production, services, R/R&D, or any combination.

(5) There is no limitation on the number, duration, or dollar value of third phase awards made to a business concern.

(6) As indicated above, the competition for SBIR Phase I and Phase II awards satisfies any competition requirement of the Armed Services Procurement Act and the Federal Property and Administrative Act. Therefore, agencies or their Government-owned, contractor-operated facilities or Federally funded research and development centers or Government prime contractors, that wish to fund an SBIR project in Phase III (with non-SBIR funds) or enter into a follow-on procurement with a business concern, shall not request FAR required Justifications and Approvals in the conduct of contract actions relative to a third phase agreement.

(7) Congress intends that agencies or their Government-owned, contractor-operated facilities or Federally-funded research and development centers or Government prime contractors, pursuing R/R&D, or production developed under the SBIR Program give special acquisition preference, including sole source awards, to the awardee that developed the technology. In fact, the Act requires reporting to SBA of all instances in which an agency fails to issue a Phase III award to a SBC that pursued R/R&D pursuant to the SBIR Program (see Section 9 of this policy directive). SBA, in turn, reports these instances to the Congress. The Phase III awardee does not need to be eligible as a SBC (as defined in this policy directive) to receive the Phase III funding agreement.

(8) Agencies or their Government-owned, contractor-operated facilities or Federally-funded research and development centers, intending to pursue R/R&D, or production developed under the SBIR Program with an entity other than the awardee of the second phase, must notify SBA in writing prior to awarding such a funding agreement. This notification shall include: (a) the reasons why the follow-on funding agreement with the SBC is not practicable; (b) the identity of the entity with which the agency intends to make an award to perform research, development, or production; and (c) a description of the type of funding agreement under which the research, development, or production will be obtained. SBA reviews the justification and may appeal the decision to the head of the contracting activity. If SBA decides to appeal the decision, SBA will

file its notice of intent to appeal to the contracting officer no later than 5 business days after receiving notice of the agency's intent to make an award. Upon receipt of SBA's notice of intent to appeal, the contracting officer should suspend further action regarding the funding agreement until the head of the contracting activity issues a written decision on the appeal. Within 15 business days of SBA's notification of its intent to appeal, SBA must either file its formal appeal with the head of the contracting activity or that agency may consider the appeal withdrawn. The contracting activity must specify in writing to SBA its reasons for a denial of an appeal.

### 5. Program Solicitation Process

(a) Each agency shall at least annually 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. Both the list of topics and the description of the topics and subtopics must be sufficiently comprehensive to provide a wide range of opportunity for SBCs to participate in the agency research or 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 small firms in providing on-target responses, but cannot involve detailed specifications to prescribed solutions of the problems.

(b) The Act requires issuance of SBIR (Phase I) Program solicitations in accordance with a Master Schedule coordinated between SBA and the SBIR agency. The SBA organization responsible for coordination is: Office of Technology, Office of Policy, Planning, and Liaison, Office of Government Contracting/Business Development, U. S. Small Business Administration, 409 Third Street, SW, Washington, DC 20416, Phone: (202) 205-6450, Internet site: [www.sba.gov/sbir](http://www.sba.gov/sbir).

(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 in order to be coordinated with the commencement of the fiscal year on October 1. Bunching of agency program solicitation release and closing dates may prohibit SBCs from the preparation and timely submission of proposals for more than one SBIR project. SBA's coordination of agency schedules minimizes the bunching of proposed release and closing dates. Participating agencies may elect to

publish multiple program solicitations within a given fiscal year to facilitate in-house agency proposal review and evaluation scheduling.

#### (d) Master Schedule

SBA posts an electronic Master Schedule of release dates of program solicitations with links to Internet web sites of agency solicitations. Agencies must post on their Internet web sites the following information regarding each program solicitation:

(1) The list of topics upon which research or R&D proposals will be sought.

(2) Agency address, phone number, or email address from which SBIR Program solicitations can be requested or obtained, especially through electronic means.

(3) Names, addresses, and phone numbers of agency contact points where SBIR-related inquiries may be directed.

(4) Release date(s) of program solicitation(s).

(5) Closing date(s) for receipt of proposals.

(6) Estimated number and average dollar amounts or level of effort of Phase I awards to be made under the solicitation.

(e) 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 on or before August 1. The SBA and the agency representatives will coordinate the resolution of any conflicting agency solicitation dates by the second week of August. In all cases, the SBA will make final decisions.

(f) For those agencies that use both general topic and more specific subtopic designations in their SBIR solicitations, the topic data should accurately describe the research solicited. For example, rather than just announcing topic information characterized as "Chemistry" or "Aerodynamics," the SBIR agency could summarize the subtopic statements and, where appropriate, utilize National Critical Technologies.

#### (g) Simplified, Standardized, and Timely SBIR Program Solicitations

(1) The Act requires " \* \* \* simplified, standardized and timely SBIR solicitations" and for SBIR 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. SBIR Program solicitations shall be prepared according to Appendix I.

(2) Agencies must provide the SBA's Office of Technology with two hard

copies or an e-mail version of each solicitation and any modifications no later than the date of release of the solicitation or modification to the public. Those agencies that issue program solicitations in electronic format only shall 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 or modification to the public.

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

### 6. Eligibility and Application (Proposal) Requirements

#### (a) Eligibility Requirements:

(1) Each awardee under the SBIR Program must qualify as a SBC as defined in this policy directive.

(2) For Phase I—a minimum of two-thirds of the research or analytical effort must be performed by the awardee. Deviation from this requirement must be approved in writing by the funding agreement officer.

(3) For Phase II—a minimum of one-half of the research or analytical effort must be performed by the awardee. Deviation from this requirement must be approved in writing by the funding agreement officer.

(4) For both Phase I and II, the primary employment of the principal investigator must be with the SBC at the time of award and during the conduct of the proposed effort. Primary employment means that more than one-half of the principal investigator's time is spent in the employ of the SBC. Primary employment with a SBC precludes full-time employment with another organization. Deviation from this requirement must be approved in writing by the funding agreement officer. (For purposes of the SBIR 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 13 CFR § 121.106—Small Business Size Regulations.)

(5) Also, for both Phase I and Phase II, the research or R&D work must be performed in the United States, as defined in this proposed policy directive. However, based on a rare and unique circumstance agencies may approve that particular portion of the



research or 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. Approval by the funding agreement officer for each such specific condition(s) must be in writing.

(b) *Proposal Requirements:*

(1) *Documentation of commercialization record of firms with multiple Phase II awards.* A SBC submitting a proposal for a funding agreement for Phase I of an SBIR Program that has received more than 15 Phase II SBIR awards during the preceding 5 fiscal years must document the extent to which it was able to secure third phase funding to develop concepts resulting from previous Phase II SBIR awards.

(2) *Commercialization Plan.* A succinct commercialization plan must be included with each proposal for an SBIR Phase II award moving toward commercialization. Elements of a commercialization plan may include the following:

(i) *Company information:* Focused objectives/core competencies; size; 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, market 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 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 of securing necessary funding in Phase III.

(vi) *Data Collection:* Each Phase II applicant will be required to provide information to the Tech-Net Database System (<http://technet.sba.gov>). See Appendix I, Item III. C., for additional information.

## 7. SBIR Funding Process

In requiring the establishment of a "simplified, standardized funding process," the SBIR legislation requires that specific attention be given to the following areas of SBIR Program administration:

(a) *Timely Receipt and Review of Proposals.*

(1) Participating agencies must establish firm schedules and review formats for appropriate distribution of the proposals for reviewing recommendations and submission to the SBIR Project Manager for award determinations.

(i) All activities related to Phase I proposal reviews shall normally be completed and awards made within 6 months from the closing date of the program solicitation. However, agencies may extend that period up to 12 months based on agency needs.

(ii) The program solicitations for Phase I must establish proposal submission dates. Related to Phase II activity, an agency may also establish set proposal submission dates. However, agencies may negotiate mutually acceptable proposal submission dates with individual Phase I performers, accomplish proposal reviews expeditiously, and proceed with awards. While recognizing that Phase II arrangements between the agency and applicant may require more detailed negotiation to establish terms acceptable to both parties, agencies must not sacrifice the R/R&D momentum created under Phase I by engaging in unnecessarily protracted Phase II proceedings.

(iii) SBIR participants often submit duplicate or similar proposals to more than one soliciting agency when the work projects appear to involve similar topics or requirements, which are within the expertise and capability levels of the applicant. To the extent reasonably feasible, interagency funding duplications of "essentially equivalent work" under the SBIR or other Federal programs should not occur. For this purpose, the standardized program solicitation will require applicants to indicate the name and address of the agencies to which essentially equivalent work proposals were made, or anticipated to be made, and to identify by subject the projects for which the proposal was submitted and the dates submitted. The same information will be required for any previous Federal Government awards. To assist in avoiding duplicate funding, each agency must provide to SBA and to each SBIR agency a listing of Phase I and Phase II awardees including the complete address and title of each SBIR project. This information should be distributed no later than release of the funding agreement award information to the public.

(b) *Review of SBIR Proposals.* SBA encourages SBIR agencies to use their routine review processes for SBIR

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 SBIR agencies that all review procedures must be designed to minimize any possible conflict of interest as it pertains to applicant proprietary data. The standardized SBIR 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.* Normally, SBIR agencies shall establish a proposal review cycle wherein successful and unsuccessful applicants will be notified of final award decisions within 6-months of the agency's Phase I proposal closing date. However, agencies may extend that period up to 12 months based on agency needs.

(1) The standardized SBIR Program solicitation must:

(i) Advise Phase I applicants that additional information may be requested by the awarding agency to evidence awardee responsibility for project completion.

(ii) Contain information advising applicants of basic proposal evaluation criteria for Phase I and Phase II.

(2) Phase II proposal submissions, reviews, and selections shall be managed by arrangements between the SBIR agency and each Phase I awardee considered for Phase II award.

(d) *Cost Sharing.*

Cost sharing can serve the mutual interests of the SBIR agencies and certain SBIR awardees by assuring the efficient use of available resources. However, cost sharing on SBIR projects is not required, although it may be encouraged. The standardized SBIR Program solicitation (Appendix I) will provide information to prospective SBIR applicants concerning cost sharing.

(e) *Payment Schedules and Cost Principles.*

(1) Under Section 9(g)(7) of the Small Business Act, 15 U.S.C. 638(g)(7), SBIR awardees may be paid under an applicable, authorized progress payment procedure or in accordance with a negotiated/definitized 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 SBIR 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 award.



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

(f) *Funding Agreement Types and Fee or Profit.* Statutory requirements for uniformity and standardization require consistency in application of SBIR Program provisions among SBIR 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 SBIR Programs in the agencies. The following instructions are for the purpose of meeting these requirements:

(1) *Funding Agreement.* The choice of type of funding agreement (contract, grant, or cooperative agreement) rests with the awarding agency but must be consistent with 31 U.S.C. 6301–6308.

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

(g) *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 extend periods of performance, increase the scope of work, or 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 should normally not exceed 6 months. However, agencies may provide a longer performance period based on agency needs or research plans.

(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 should normally not exceed 2 years. However, agencies may provide a longer performance period based on agency needs or research plans.

(h) *Dollar Value of Awards.*

(1) The Act establishes \$100,000 as the maximum amount of funds which an agency may award in the first phase of an SBIR Program, and \$750,000 as the maximum amount of funds which an agency may award in the second phase of an SBIR Program. SBA may adjust these amounts once every 5 years to reflect economic adjustments and programmatic considerations.

(2) After award of any funding agreement exceeding \$100,000 for Phase I or \$750,000 for Phase II, the agency SBIR representative must provide SBA with written justification of such action. This justification must be submitted with the SBIR agency's Annual Report data. Similar justification is required for any dollar increase of a funding agreement that would bring the cumulative dollar amount to a total in excess of the amounts above.

(i) *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 prohibition of SBIR participation related to the acquisition of effort on national security or intelligence functions except as specifically defined under Section 9(e)(2) of the Act, 15 USC 638(e)(2). Agency technology managers directing R/R&D projects under the SBIR 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 SBIR action. SBA's SBIR Program monitoring activities, except where prohibited by security considerations, shall include a review of nonconforming SBIR actions justified under this public law provision.

## 8. Terms of Agreement Under SBIR Awards

(a) *Proprietary Information Contained in Proposals.* The standardized SBIR Program solicitation, as described in the Appendix I of this policy directive, will include provisions requiring the confidential treatment of any proprietary information to the extent permitted by law. Agencies will discourage SBCs from submitting information considered proprietary unless the information is deemed essential for proper evaluation of the proposal. The solicitation will require that all proprietary information to be clearly identified 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.

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

(1) The legislative history states that the law provides authority for the SBIR agency to protect technical data generated under the funding agreement. Each agency should refrain from disclosing such data 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 until the SBC has a reasonable opportunity to seek patent protection, if appropriate.

(2) SBIR agencies shall protect such technical data for a period of not less than 4 years from completion of each phase of the SBIR Program (Phase I, Phase II, and Federally-funded Phase III) from which the data were generated unless the agencies obtain permission to disclose such data from the awardee. The Government shall retain a royalty-free license for Government use of any technical data delivered under an SBIR funding agreement whether patented or not. This section does not apply to program evaluation.

(3) These data rights apply to all funding awards, including subcontracts to such awards, that fall within the statutory definition of first phase, second phase, and third phase of the SBIR Program, as described in Section 4 of this proposed policy directive. The scope and extent of the SBIR data rights applicable to Federally funded third phase awards shall be identical to the SBIR data rights applicable to Phases I or II SBIR awards. That is, for phases one and two SBIR awards, the 4-year period of protection identified in 8(b)(2) immediately above begins with the completion of the Phase I period, and if a Phase II award is made, the 4-year period extends through the completion of the Phase II period. A Phase III award, if made, may not occur for several years beyond completion of the Phase II SBIR award period. Thus, the 4-year period of protection for a Phase III award begins with the completion of the Phase III award period.

(c) *Title Transfer of Agency Provided Property.* Under the Act, title to equipment purchased for project performance with funds provided under SBIR funding agreements may be transferred to the awardee where such transfer would be more cost effective than recovery of the property by the Government.

(d) *Continued Use of Government Equipment.* The Act directs that a SBC participating in the third phase of the SBIR Program be allowed continued use, as a directed bailment, of any property transferred by a Federal agency to the SBC in the second phase of an SBIR Program for a period of not less

than 2 years, beginning on the initial date of the concern's participation in the third phase of such program.

(e) *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.

(f) *Conflicts of Interest.* SBA cautions SBIR agencies that awards made to SBCs owned by or employing current or previous Federal Government employees can create conflicts of interest for those employees in violation of FAR Part 3 and the Ethics in Government Act of 1978, as amended. Each SBIR 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.

(g) Congress intends that the awardee of a funding agreement under the SBIR 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 that program. Each SBIR agency must provide to each awardee a notice of this.

## 9. Responsibilities of SBIR Participating Agencies and Departments

(a) The Act requires each agency participating in the SBIR Program to:

(1) Submit to the SBA, 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.

(2) Unilaterally determine the categories of projects to be included in its SBIR Program, giving special consideration to broad research topics and to topics that further one or more critical technologies, as identified by:

(i) the National Critical Technologies panel (or its successor) in the 1991 report required under section 603 of the National Science and Technology Policy Organization and Priorities Act of 1976, and in subsequent reports issued under that authority, or

(ii) the Secretary of Defense in the 1992 report issued in accordance with 10 U.S.C. 2522 and in subsequent reports issued under that authority.

(3) Release SBIR solicitations in accordance with the SBA master schedule.

(4) Unilaterally receive and evaluate proposals resulting from program

solicitations and issue funding agreements.

(5) Provide for the requirement of a succinct commercialization plan with each proposal for a Phase II funding agreement that is moving toward commercialization.

(6) Collect and maintain information from awardees and provide it to SBA to develop and maintain the Tech-Net Database, as identified in Section 11(e) of this proposed policy directive.

(7) Administer its own SBIR funding agreements or delegate such administration to another agency; and inform each awardee under such agreement, to the extent possible, of the costs of the awardee that will be allowable under the funding agreement.

(8) Include provisions in each funding agreement under the SBIR Program 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.

(9) Ensure that the rights in data developed under each Federally-funded SBIR first phase, second phase, and third phase funding agreement are properly protected.

(10) Make payments to awardees of SBIR 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.

(11) Provide an annual report on the SBIR Program to SBA. See Section 10 of this policy directive.

(12) Report at least annually to the SBA's Office of Technology all instances in which an agency pursued research, development, or production of a technology developed by a SBC using an award made under the SBIR Program of that agency, where the agency determined that it was not practicable to enter into a follow-on non-SBIR Program funding agreement with the SBC. The report shall include, at a minimum:

(i) The reasons why the follow-on funding agreement with the SBC 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.

(13) Include in its annual performance plan a section on its SBIR Program, and shall submit such section to the

Committee on Small Business of the Senate, and the Committee on Science and the Committee on Small Business of the House of Representatives.

(14) Provide data to SBA to be used in SBIR Program evaluation (see Section 11(e) of this policy directive).

(b) The Act allows discretionary technical assistance to SBIR awardees:

(1) Agencies may enter into funding agreements to provide technical assistance to SBIR awardees, which may include:

(i) Assistance in technical decisions;

(ii) Assistance with technical

problems; and

(iii) Assistance with all facets of commercialization.

(2) Under Phase I, each agency may provide up to \$4,000 of SBIR funds for such technical assistance, for each Phase I award. The amount will be in addition to the award and will count as part of the agency's SBIR funding.

(3) In Phase II, agencies may allow awardees to expend up to \$4,000 of SBIR funds per year of the funding agreement for such services.

(c) Interagency actions.

(1) *Joint funding.* An SBIR 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 SBIR Phase II award may be issued by a Federal agency other than the one that made the Phase I award. The Phase I and Phase II agencies should document their files appropriately, providing clear rationale for the transfer of the Phase II proposal to, and award by, the funding Federal agency.

(3) *Timely notification of awards.* In order to avoid duplicate funding of an SBIR project, agencies shall promptly search the Tech-Net Database System for awards for essentially equivalent work. Discussion among agencies receiving similar proposals is strongly encouraged before an SBIR award is made.

(4) *Participation by women-owned SBCs and socially and economically disadvantaged SBCs in the SBIR 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 women-owned SBCs and socially and economically disadvantaged SBCs in the SBIR Program information system. These SBCs will be required to compete for SBIR awards on the same basis as all other SBCs. However, participating agencies are encouraged to work independently and cooperatively with SBA to develop methods to encourage qualified women-owned SBCs and

socially and economically disadvantaged SBCs to participate in the SBIR Program.

(d) Agency limitation of participation and use of funds.

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

(2) A Federal agency shall not issue an SBIR funding agreement that includes a provision for subcontracting any portion of that agreement back to the issuing agency or to any other Federal Government agency or other units of the Federal Government. However, an agency may deviate from this requirement based on a determination that such subcontracting is vital to its mission. Approval by the funding agreement officer for each such specific condition must be in writing. (SBA expects that agency deviations will not be routine, and will occur only for those special SBIR projects where the use of Federal resources is absolutely essential to the successful conduct of a project that is vital to the mission of the agency, and equivalent resources are not available in the private sector.)

(3) No agency, at its own discretion, may unilaterally cease participation in the SBIR Program. R/R&D agency budgets may cause fluctuations and trends that must be reviewed in light of SBIR program purposes. An agency may be considered by SBA for a phased withdrawal from participation in the SBIR 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 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 SBIR Federal participating agency from the SBIR Program will be accomplished in a standardized and orderly manner in compliance with these statutorily mandated procedures.

(4) Voluntary participation in the SBIR Program by Federal agencies not otherwise qualified for such participation may be permitted under this policy directive. Federal agencies seeking to participate in the SBIR Program must submit their written requests to SBA. Voluntary participation

requires the written approval of the SBA after review of the request.

#### **10. Annual Report to the Small Business Administration**

The Act requires a "simplified, standardized and timely annual report" from the SBIR agencies. The following paragraphs expand on this requirement, providing the due date, the kinds of information to be included, and the number of copies to be submitted to SBA.

##### **(a) Annual Report Due Date and Number of Copies**

Reporting shall be on an annual basis and will be for the period ending September 30 of each fiscal year. A single, hard copy report is due to SBA by March 15 of each year. However, if agencies choose to send an e-mail version, it should be sent to [technology@sba.gov](mailto:technology@sba.gov). Example: The report for FY 2001 (October 1, 2000—September 30, 2001) must be submitted to SBA by March 15, 2002. SBA encourages agencies to submit their annual report before the due date of March 15 of each year.

##### **(b) Annual Report Content**

(1) 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*.

(2) SBIR Program total fiscal year dollars derived by applying the statutory per centum to the agencies extramural R/R&D total obligations.

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

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

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

(6) For both Phase I and Phase II, the awardee's name and address, solicitation topic and subtopic, solicitation number, project title, and total dollar amount of funding agreement. Identify women-owned SBCs, economically and socially disadvantaged SBCs, and Phase II awardees with a follow-on funding commitment(s).

(7) Justification for the award of any funding agreement exceeding \$125,000 for Phase I or \$750,000 for Phase II.

(8) The number of awardees for whom the Phase I process exceeded the 6-month period from the closing date of the SBIR solicitation to award of the funding agreement.

(9) For an agency Phase III award using non-SBIR Federal funds to continue a Phase II project, the agency shall instruct the Phase III awardee to provide the name, address, project title, and dollar amount obligated.

(10) Awards made under a topic or subtopic wherein only one proposal was received shall be reported and justified. Agencies must provide name, address, topic or subtopic and dollar amount of award. Information must be collected quarterly but updated in agencies' annual reports.

(11) 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. Agencies to report as a minimum: name of awarding agency, date of award, funding agreement number, topic or subtopic title, amount and date of Phase II funding, and commercialization status for each Phase II award.

(12) If applicable, report the number of National Critical Technology topic or subtopic funding agreements, the percentage by number and dollar amount of total SBIR awards to such National Critical Technologies.

(13) Report at least annually all instances in which an agency pursued research, development, or production of a technology developed by a SBC using an award made under the SBIR Program of that agency, and determined that it was not practicable to enter into a follow-on non-SBIR Program funding agreement with the SBC. See Section 9(a)(12). for minimum reporting requirements.

(14) Justification for continuing an STTR Phase I project through the SBIR Program using SBIR funds. Explain in detail the rationale for this deviation.

#### **11. Responsibilities of SBA**

(a) The SBA's Office of Technology 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 SBIR agencies.

(b) SBA will request this information in June of each year. The data received will be submitted to each of the participating Federal agencies and will also be published in the September issue of the SBIR Pre-Solicitation Announcement.

(c) Examples of SBIR Areas to be Monitored by SBA.

(1) *SBIR Funding Allocations*. Of major significance to the success of the SBIR Program is the magnitude and nature of the SBIR agencies' funding allocations identified for fiscal year

funding agreements. The Act explicitly relates to both the definition of the SBIR effort, R/R&D (as defined in the Act and OMB Circular A-11), and the mathematical methodology for determining fiscal year participation levels for all work categorized within the statutory definitions. SBA monitors these allocations.

(2) *SBIR Program Solicitation and Award Status.* The accomplishment of scheduled SBIR events, such as SBIR Program solicitation release 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 SBIR Program. SBA does not plan to monitor administration of the awards except in instances where SBA assistance is requested and is related to a specific SBIR 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) *Agency Rules and Regulations.* It is essential that no policy, rule, regulation, or interpretation be promulgated by the SBIR agencies that are inconsistent with the Act or this policy directive. SBA's monitoring activity will include review of policies, rules, regulations, interpretations, and procedures generated to facilitate intra-agency SBIR Program implementation.

(d) The SBA develops, participates in, and, when appropriate and feasible, sponsors seminars for innovative women-owned SBCs and socially and economically disadvantaged SBCs to inform them of the SBIR Program and Federal and commercial assistance and services available for SBIR Program participants.

(e) *Standardized Collection of Data—"Technology Resources Access Network" (Tech-Net) Database System Overview.*

The SBA's Office of Technology, as functional program manager for the SBIR and the Small Business Technology Transfer (STTR) Programs, is required to collect and report to the Congress, information regarding awards made to SBCs by each Federal agency participating in these programs. The Office of Technology maintains an internal database of awards and uses the system to report on technology and demographical statistics regarding the SBIR and the STTR Programs. The system also stores the 200-word technical abstract for each SBIR and STTR award that is prepared by the

awardee summarizing the research effort that has been supported by the Federal Government. The system also provides the Office of Technology with the ability to perform keyword searches in many areas, including any part of the name, address, and technical abstract of the awardee. The system produces many reports that are used in the conduct of audits performed by the General Accounting Office (GAO) and to expose potential duplication of research and development efforts funded by the SBIR agencies. The Office of Technology, in a joint effort with the SBA's Office of the Chief Information Officer, is redesigning the Office of Technology's internal awards database system to operate on the Internet. The Internet system is titled the "Technology Resources Access Network," or Tech-Net. Tech-Net offers a vast array of user friendly capabilities, and is accessible by the public at no charge. Tech-Net allows for the online submission of SBIR/STTR awards data from all SBIR agencies, a process that until now was part manual and part automated. Tech-Net also allows any end-user to perform keyword searches and create formatted reports of SBIR/STTR awards information. Tech-Net will allow 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. Tech-Net serves as an excellent marketing tool for the small high tech business community, allowing investors to view first hand the technical capabilities of SBIR/STTR awardees, which will ultimately produce investments, partnerships, and strategic alliances resulting in commercialization of SBIR/STTR research. Tech-Net also houses legislatively mandated information on all SBIR and STTR awards, as well as outcome and output information that will be relevant to measuring the effectiveness and success of the programs. Agencies can update awardee information and add project commercialization and sales data with user names and passwords. This can be done via the "Procurement Marketing and Access Network" or Pro-Net database. Pro-Net is the single source client database for all internal and external SBA database systems and contains information regarding SBIR and STTR awardees. Username and passwords will be assigned only to awardees to provide access to their respective awards information maintained in the Pro-Net system. Award data maintained in the Tech-Net

database can be changed only by the awardee, SBA, or the awarding SBIR /STTR Federal agency. Project commercialization and sales data can only be viewed by Congress, the Government Accounting Office (GAO), agencies participating in the SBIR and the STTR Programs, Office of Management and Budget (OMB), Office of Science and Technology Policy (OSTP), Office of Federal Procurement Policy (OFPP), and other authorized persons (e.g., authorized contractors) who are subject to a use and nondisclosure agreement with the Federal Government covering the use of the database. To use the Tech-Net or Pro-Net database systems, visit the website <http://tech-net.sba.gov>. Online help is available.

*(1) Public Tech-Net Database (See Appendix II for Data Fields)*

SBA, in consultation with the Federal agencies participating in the SBIR and the STTR Programs, develops and maintains a searchable, up-to-date, electronic database that includes:

(i) the name, size, location, funding agreement number, and tax identification number of each SBC that has received an SBIR or STTR Phase I or Phase II award from a Federal agency;

(ii) a description of each SBIR or STTR Phase I or Phase II award received by the SBC including:

(A) an abstract of the project funded by the award, excluding any proprietary information so identified by the awardee;

(B) the Federal agency making the award; and

(C) the date and amount of the award.

(iii) 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; and

(iv) information regarding mentors and Mentoring Networks, as required in the Federal and State Technology (FAST) Partnership Program described in Section 12 of this proposed policy directive.

*(2) Government Tech-Net Database*

SBA, in consultation with the Federal agencies participating in the SBIR and the STTR Programs, develops and maintains a secure database that:

(i) contains, for each Phase II award:

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

(B) additional investment from any source, other than Phase I or Phase II SBIR or STTR awards, to further the

research and development conducted under each Phase II award; and

(C) any other information received in connection with the award that the Administrator, in conjunction with the SBIR program managers of the participating agencies, considers relevant and appropriate;

(ii) includes any narrative information that a Phase II awardee voluntarily submits to further describe the outputs and outcomes of its awards;

(iii) includes for each applicant that does not receive a Phase I or Phase II award: (1) The name, size, location, identifying number assigned by the agency, and tax identification number; (2) an abstract of the project; and (3) the Federal agency to which the application was made;

(iv) includes any other data collected by or available to any Federal agency that such agency considers to be useful for SBIR program evaluation; and

(v) is available for use solely for program evaluation purposes by the Federal Government or, in accordance with policy directives issued by SBA, or by other authorized persons who are subject to a use and nondisclosure agreement with the Federal Government covering the use of the database.

### *(3) Data Collection for Government Tech-Net Database*

(i) Each SBC applying for a Phase II award is required to update the appropriate information in the Tech-Net database for any prior Phase II award received by that SBC. In meeting this requirement, 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.

(ii) Each Phase II awardee is required to update the appropriate information in the Tech-Net database on that award at the expiration of the award period. In addition, the awardee is requested to voluntarily update the appropriate information on that award in the Tech-Net database annually thereafter for a minimum period of 5 years.

(iii) Under 15 U.S.C. 638(k)(4) information provided to the Government Tech-Net Database is privileged and confidential and not subject to disclosure pursuant to 5 U.S.C. 552 (Government Organization and Employees); nor shall it be considered to be publication for purposes of 35 U.S.C. 102 (a) or (b).

(iv) SBA will minimize the data reporting requirements of SBCs, make updating available electronically, and provide standardized procedures.

## **12. Federal and State Technology (FAST) Partnership Program and Rural Outreach Program**

### **(a) Federal and State Technology Partnership Program**

The Small Business Innovation Research Program Reauthorization Act of 2000 (Pub. L. 106-554) established the Federal and State Technology (FAST) Partnership Program 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 electronically at [www.sba.gov/SBIR](http://www.sba.gov/SBIR).

### **(b) Rural Outreach Program**

The Rural Outreach Program is authorized by section 9(s) of the Small Business Act, 15 U.S.C. 638 (s). The Small Business Innovation Research Program Reauthorization Act of 2000, Public Law 106-554, which was signed by the President on December 21, 2000, extends the program through fiscal year 2005 (September 30, 2005).

Historically, SBCs located in a relatively small number of States have been highly successful in securing awards under the SBIR Program. To expand competition under the SBIR and STTR Programs, and to encourage the maximum number of SBCs to submit proposals and succeed in winning awards, SBA provides Federal assistance to support statewide outreach to small high-technology businesses located in States that are underrepresented in SBIR/STTR awards. Cooperative Agreements to "Eligible States" are made on a matching funds basis. The awards will be made in a ratio of Federal dollars to non-Federal dollars of 2:1, with a maximum Federal contribution of \$100,000. Assistance provided to an Eligible State under this program announcement shall be used by the State, in consultation with State and local departments and agencies, for programs and activities to increase the participation of SBCs located in the State in the SBIR and STTR Programs. Only "Eligible States" may submit

proposals for the Rural Outreach Program. An "Eligible State" is defined in section 9(s)(1) of the Small Business Act (15 U.S.C. 638(s)(1)): "Eligible State" means a State-(A) if the total value of SBIR/STTR awards made to recipient businesses in the State during fiscal year 1995 under this section [i.e., under SBIR and STTR Programs], was less than \$5,000,000 (as reflected in SBA's database of fiscal year 1995 awards); and (B) that certifies to the Administration that the State will, upon receipt of assistance under this subsection, provide matching funds from non-Federal sources in an amount that is not less than 50 percent of the amount provided under this subsection.

The 25 States for which the total value of awards issued under the SBIR and STTR Programs in fiscal year 1995 was less than \$5,000,000 are: Alaska, Arkansas, Delaware, District of Columbia, Hawaii, Idaho, Indiana, Iowa, Kentucky, Louisiana, Maine, Mississippi, Missouri, Montana, Nebraska, Nevada, North Dakota, Oklahoma, Puerto Rico, Rhode Island, South Carolina, South Dakota, Vermont, West Virginia, and Wyoming.

## **Appendix I: Instructions for SBIR Program Solicitation Preparation**

### *1. General*

Section 9(j) of the Small Business Act (15 U.S.C. 638(j)) requires "\*\*\*\*simplified, standardized and timely SBIR solicitations" and for SBIR 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. SBIR solicitations must be prepared and issued as program solicitations in accordance with the following instructions.

### *2. 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 SBIR solicitation to produce the least number of pages (electronic and printed), consistent with the procurement/assistance standard operating procedures and statutory requirements of the participating Federal agencies.

### *3. Format*

SBIR Program solicitations must be prepared in a simplified, standardized, easy-to-read, easy-to-understand format including a cover sheet, a table of contents and the following sections in the order listed (content of each section is discussed below):

1. Program Description.
2. Definitions.
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.

#### 4. Cover Sheet

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

### Instructions for Preparation of SBIR Program Solicitation Sections 1 Through 9

#### 1. Program Description

(a) Summarize in narrative form the invitation to submit proposals and the objectives of the SBIR Program.

(b) Describe in narrative form the agency's SBIR Program including a description of the three phases. Note in your description that the solicitation is for Phase I proposals only.

(c) Describe program eligibility, as follows:

**Eligibility.** Each concern submitting a proposal must qualify as a SBC for research or R&D purposes at the time of award. In addition, the primary employment of the principal investigator must be with the SBC at the time of award and during the conduct of the proposed research, unless otherwise approved in writing by the funding agreement officer. Also, for both Phase I and Phase II, the research or R&D work must be performed in the United States. However, based on a rare and unique circumstance, for example, a supply or material or other item or project requirement that is not available in the United States, agencies may allow that particular portion of the research or R&D work to be performed or obtained in a country outside of the United States. Approval by the funding agreement officer for such specific condition(s) must be in writing.

(d) List name, address and telephone number of agency contacts for general information on the SBIR Program solicitation.

#### 2. Definitions

Whenever terms are used that are unique to the SBIR Program, a specific SBIR solicitation or a portion of a solicitation, they will be defined in a separate section entitled "Definitions." At a minimum, the definitions of "SBC," "socially and economically disadvantaged SBC," "women-owned SBC," "funding agreement," and "subcontract" as stated in this proposed policy directive shall be included.

#### 3. Proposal Preparation Instructions and Requirements

The purpose of this section is to inform the applicant on what to include in his or her proposal and to set forth limits on what may be included. It should also provide guidance to assist applicants in improving the quality and acceptance of proposals particularly to firms that may not have previous Government experience.

(a) **Limitations on Length of Proposal.** Include at least the following information: (1)

SBIR 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 1/2" x 11"; 21.6 cm x 27.9 cm) and should conform to the standard formatting instructions; in particular, 2.5 cm margins and type no smaller than 10 point font size.

(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 will be required to include at least the following information on the first page of proposals. Items 8 and 9 are for statistical purposes only.

- (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) Small Business Certification (by statement or checkbox) as follows:

"The above concern certifies that it is a SBC and meets the definition as stated in this solicitation or that it will meet that definition at time of award."

- (8) Socially and Economically Disadvantaged SBC Certification (by statement or checkbox) as follows:

"The above concern certifies that it \_\_ does \_\_ does not qualify as a socially and economically disadvantaged SBC and meets the definition as stated in this solicitation."

- (9) Women-owned SBC Certification (by statement or checkbox) as follows:

"The above concern certifies that it does does not qualify as a women-owned SBC and meets the definition as stated in this solicitation."

- (10) An information statement regarding duplicate research as follows:

"The applicant and/or Principal Investigator \_\_ has \_\_ has not submitted proposals for essentially equivalent work under other Federal program solicitations or \_\_ has \_\_ has not received other Federal awards for essentially equivalent work." (Identify proposals/awards in section III.D.10, "Similar Proposals and Awards")

(11) Disclosure permission (by statement or checkbox), such as follows, may be included at the discretion of the funding agency: "Will you permit the Government to disclose the title and technical abstract page of your proposed project, plus the name, address, and telephone number of the corporate official of your concern, if your proposal does not result in an award, to concerns that may be interested in contacting you for further information? Yes \_\_ No \_\_"

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

(13) 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.

(14) Legend for proprietary information as described in the "Considerations" section of this program solicitation if appropriate. May also be noted by asterisks in the margins on proposal pages.

#### (c) Data Collection Requirement.

(1) Each Phase II applicant will be required to provide information for the Tech-Net Database System (<http://technet.sba.gov>). Following are examples of the data to be entered by applicants into Tech-Net:

(i) Any business concern or subsidiary established for the commercial application of a product or service for which an SBIR 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 Tech-Net 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 Tech-Net database at the expiration of the award period and is requested to voluntarily update the information in the Tech-Net 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 research or 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.** SBIR 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 D.2. 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 Personnel and Bibliography of Directly Related Work.* Identify key personnel 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 effort. 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 SBIR Phase II Awards.* If the SBC has received more than 15 Phase II awards

in the prior 5 fiscal years, submit name of awarding agency, date of award, funding agreement number, amount, topic or subtopic title, follow-on agreement amount, source, and date of commitment and current commercialization status for each Phase II. (This required proposal information will not be counted toward proposal pages count 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 shall be included in all SBIR 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 Agency in its evaluation process shall develop a standardized method that will consider as 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) In Phase II, evaluations of proposals require, among other things, consideration of a proposal's commercial potential as evidenced by:

(A) the SBC's record of commercializing SBIR or other research,

(B) the existence of second phase funding commitments from private sector or non-SBIR 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 commercial potential of the idea.

Phase II proposals may only be submitted by Phase I award winners.

(2) The factors in B.1. above and other appropriate evaluation criteria, if any, shall be specified in the "Method of Selection" section of SBIR Program solicitations.

(c) *Peer Review.* The program solicitation must indicate if the SBIR agency contemplates that as a part of the SBIR 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 SBIR Program solicitation in question, including:

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

(ii) Type of funding agreement, i.e., contract, grant or cooperative agreement.

(iii) Whether fee or profit will be allowed.

(iv) Cost basis of funding agreement, for example, firm-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.*

(1) *Limited Rights Information and Data.*

(i) *Proprietary Information.* Essentially the following statement shall be included in all SBIR 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:

"For any purpose other than to evaluate the proposal, this data shall not be disclosed outside the Government and shall not be duplicated, used, or disclosed in whole or in part, provided that if a funding agreement is awarded to this applicant as a result of or in connection with the submission of this 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 SBIR Funding Agreements.* To notify the SBC of the policy stated in Section 8(b) of this proposed policy directive, the following statement will be included in all SBIR Program solicitations: "These SBIR data are furnished with SBIR rights under Funding Agreement No. \_\_\_ (and subcontract \_\_\_ if appropriate). For a period of 4 years after acceptance of all items to be delivered under this funding agreement, the Government agrees to use this data for Government purposes only, and it shall not be disclosed outside the Government (including disclosure for procurement purposes) during such period without permission of the awardee, except that, subject to the foregoing use and disclosure prohibitions, such data may be disclosed for use by support contractors. After the 4-year period, the Government has a royalty-free license to use, and to authorize others to use on its behalf, this data for Government purposes, but is relieved of all disclosure prohibitions and assumes no liability for unauthorized use of this data by third parties. This Notice shall be affixed to any reproductions of this data, in whole or in part."

(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. 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 requires that anyone exclusively licensed 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 4-year period to allow the awardee a reasonable time to pursue a patent."

(vi) *Invention Reporting.* Include requirements for reporting invention. Include appropriate information concerning the reporting of inventions, for example: "SBIR 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 Edison Invention Reporting System. Use of the Edison system satisfies all invention reporting requirements mandated by the Code of Federal Regulations, Title 37 CFR Part 401, with particular emphasis on the Standard Patent Rights Clauses, Section 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, Edison 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 SBIR 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:

(1) "For *Phase I* a minimum of *two-thirds* of the research and/or analytical effort must be performed by the proposing small business concern unless otherwise approved in writing by the funding agreement officer."

(2) For *Phase II* a minimum of *one-half* of the research and/or analytical effort must be performed by the proposing small business concern unless otherwise approved in writing by the funding agreement officer."

(i) *Awardee Commitments.* To meet the legislative requirement that SBIR solicitations be simplified, standardized and uniform, clauses expected to be in or required to be included in SBIR funding agreements shall not be included in full or by reference in SBIR Program solicitations. Rather, applicants shall be advised that they will be required to make certain legal commitments at the time of execution of funding agreements resulting from SBIR Program solicitations. Essentially, the following statement shall be included in the "Consideration" section of SBIR 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 should not be understood to represent a complete list of clauses to be included in Phase I funding agreements, or to be 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 the subparagraph I. These statements are examples only and may vary depending upon type of funding agreement.

(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) shall have the right to examine any directly 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 shall 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 (e.g., 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 shall benefit personally from the SBIR 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 bonafide 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 contract.

(14) *Patent Infringement.* The awardee shall 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 SBIR funding agreement, purchase only American-made items whenever possible.

(k) *Additional Information.* Information pertinent to an understanding of the

administration requirements of SBIR proposals and funding agreements not included elsewhere shall be included in this section. As a minimum, statements essentially as follows shall be included under "Additional Information" in SBIR 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 SBIR funding agreement, the terms of the funding agreement are controlling.

(2) Before award of an SBIR 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 SBIR Program are contingent upon the availability of funds.

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

(6) If an award is made pursuant to a proposal submitted under this SBIR Program

solicitation, the contractor or grantee or party to a cooperative agreement will be required to certify that he or she has not previously been, nor is currently being, paid for essentially equivalent work by any agency of the Federal Government.

#### 6. Submission of Proposals

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

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

(c) This section shall 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 shall be included in a separate section of the solicitation entitled "Scientific and Technical Information Sources."

#### 8. Research Topics

Describe the research or R&D topics and subtopics for which proposals are being solicited sufficiently to inform the applicant of technical details of what is desired while leaving sufficient flexibility in order to obtain the greatest degree of creativity and innovation consistent with the overall objectives of the SBIR Programs.

#### 9. Submission Forms and Certifications

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. This section may also include certifying forms required by legislation, regulation or standard 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.

#### Appendix II: Tech-Net Data Fields For Public Database

Following are the data fields pertaining to the Public Tech-Net DataBase described in Section 11.e.1. of this proposed policy directive.

(a) *For all Agency SBIR/STTR Annual Data Submissions to the SBA*

Field name	Type	Width	Description
Program Identification .....	Numeric .....	1	SBIR/STTR Award Program Identifier* (see below)
Company .....	Char .....	80	Company Name.*
Street1 .....	Char .....	80	Street Address 1.*
Street2 .....	Char .....	80	Street Address 2.
City .....	Char .....	40	City.*
State .....	Char .....	2	State.*
Zip .....	Numeric .....	5	Zip.*
Zip4 .....	Numeric .....	4	Zip + 4.
Minority Code .....	Numeric .....	1	Minority code indicator 0 = yes 1 = no. *
Women .....	Numeric .....	1	Women-owned company indicator 0=yes 1=no.*
Contact First .....	Char .....	40	Company Official contact first name.
Contact Last .....	Char .....	40	Contact last name.
Contact Middle Init .....	Char .....	1	Contact middle initial.
Contact Title .....	Char .....	40	Contact Official title.
Contact Phone .....	Char .....	10	Contact Official phone.
Contact Email Address .....	Char .....	50	Contact email address.
Employees .....	Numeric .....	5	Number of employees.
Agency Code .....	Numeric .....	2	Awarding agency name (ex. DOD) * (see below).
Branch .....	Number .....	1	Awarding DOD branch name (ex. Navy) (see below).
Phase .....	Numeric .....	1	Phase number 1 or 2.*
Award Year .....	Numeric .....	4	Phase award year.*
Award Amount .....	Numeric .....	10	Phase award amount.*
PI First .....	Char .....	40	Principal Investigator First Name.*
PI Last .....	Char .....	40	Principal Investigator Last Name.*
PI Middle Init .....	Char .....	1	Principal Investigator middle initial.
PI Title .....	Char .....	40	Principal Investigator Title.
PI Phone .....	Char .....	10	Principal Investigator phone.
PI Email Address .....	Char .....	50	Principal Investigator email address.
Topic Code .....	Char .....	15	Agency Solicitation Topic Number.*
RI TYPE .....	Numeric .....	1	Type of research institution(see below).
RI Name .....	Char .....	80	Research institution.
RI Street 1 .....	Char .....	80	Research institution address.
RI Street 2 .....	Char .....	80	Research institution address.
RI City .....	Char .....	40	Research institution city.
RI State .....	Char .....	2	Research institution State.
RI Zip .....	Numeric .....	5	Research institution Zip.
RI Zip4 .....	Numeric .....	4	Research institution Zip + 4.

Field name	Type	Width	Description
RI Official First .....	Char .....	40	Research institution Official First Name.
RI Official Last .....	Char .....	40	Research institution Official Last Name.
RI Official Initial .....	Char .....	1	Research institution Official Middle Initial.
RI Official Phone .....	Char .....	10	
Tracking Number .....	Char .....	20	Agency key identifier (Internal number scheme).*
TIN/EIN .....	Char .....	10	Taxpayer/Employer Identification number, * Prefix with 1 for EIN 2 for Social Security Number.
Contract/Grant Number .....	Char .....	20	Agency award contract/grant number.
Solicitation Number .....	Char .....	20	Solicitation Number.
Solicitation Year .....	Numeric .....	4 Year of the	Solicitation.
Title .....	Char .....	800	Title of research project. *
Tracking Number .....	Char .....	20	Agency key identifier (Internal number scheme).*
Abstract .....	Char .....	1500	Technical abstract (500 words).
Tracking Number .....	Char .....	20	Agency key identifier (Internal number scheme).*
Abstract SeqNmb .....	Numeric .....	1	
Results .....	Char .....	1000	—Project anticipated results.
Tracking Number .....	Char .....	20	Agency key identifier (Internal number scheme).*
Comments .....	Char .....	1000	—Project comments.
Tracking Number .....	Char .....	20	Agency key identifier (Internal number scheme).*
Industry Share Amount .....	Numeric .....	10	ATP Program Cost Share Amount.
Cost Share Tracking # .....	Char .....	20	ATP Cost Share Tracking Number.

**Note:** Those fields denoted with an asterisk are deemed mandatory in all agency submissions. It is understood that all agencies will not have data for each data field listed above. Each agency must ensure that data submissions to the SBA include all of the data fields above, even if they are empty.

Code	Research Institution Types
1 .....	Nonprofit college or university.
2 .....	Domestic nonprofit research organization.
3 .....	Federally funded research and development center (FFDRC).

(b) Codes

(1) Program Identification Code

- 0—STTR (Small Business Technology Transfer)
- 1—SBIR (Small Business Innovation Research)
- 2—ATP (Advanced Technology Program)

(2) Agency Codes 1 DOD (Department of Defense)

- 2—DOE (Department of Energy)
- 3—NASA (National Aeronautics and Space Administration)
- 4—HHS (Health and Human Services)
- 5—NSF (National Science Foundation)
- 6—DOT (Department of Transportation)
- 7—EPA (Environmental Protection Agency)
- 8—ED (Department of Education)
- 9—DOA (Department of Agriculture)
- 10—DOC (Department of Commerce)
- 11—NIST (National Institute of Standards and Technology)

(3) Branch Codes

- 1—AF (Department of the Air Force)
- 2—ARMY (Department of the Army)
- 3—BMDO (Ballistic Missile Defense Organization)
- 4—DARP (Defense Advanced Research Projects Agency)
- 5—DSWA (Defense Special Weapons Agency)

- 6—NAVY (Department of the Navy)
- 7—OSD (Office of the Secretary of Defense)
- 8—SOCO (Special Operations Command)
- 9—NIMA (National Imaging and Mapping Agency)

(4) If any new codes, please advise the Office of Technology.

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## **SOCIAL SECURITY ADMINISTRATION**

### **Statement of Organization, Functions of Delegations of Authority**

This statement amends Part S of the Statement of the Organization, Functions and Delegations of Authority which covers the Social Security Administration (SSA). Chapter S4 covers the Deputy Commissioner for Systems. Notice is given that Subchapter S4H, the Office of Systems Requirements (OSR), is being deleted. Notice is further given that a new Subchapter S4P, the Office of Systems Analysis (OSA), is being established. The new material and changes are as follows:

#### **Section S4.10 The Office of the Deputy Commissioner, Systems—(Organization)**

##### *Delete*

F. The Office of Systems Requirements (S4H).

##### *Establish*

F. The Office of Systems Analysis (S4P).

#### **Section S4.20 The Office of the Deputy Commissioner, Systems—(Functions)**

##### *Delete In Its Entirety*

F. The Office of Systems Requirements (OSR) (S4H).

##### *Establish*

F. The Office of Systems Analysis (OSA) (S4P) directs, develops and coordinates information technology requirements for new systems and modifications to existing systems in direct support of SSA programs. It is responsible for long-range planning and analyses to define new and improved systems processes in support of agency requirements and maintains a comprehensive, updated and integrated set of system requirement specifications. The office directs validation of computer programs against user-defined requirements and performance criteria, and approves the resulting system for operational acceptance. It directs the development of procedures and instructions to support user needs in effective implementation of all systems. It determines automation solutions for user needs, develops software systems specifications, analyzes existing computer applications, prepares recommendations including costs and benefits of alternatives, tests and validates systems, documenting systems, accepting systems on behalf of SSA's user community and conducting post-installation evaluation. The office develops security standards and ensures implementation of the standards within OSA. It provides system support of the Agency's programmatic systems