

program that requires Federal agencies with extramural budgets for research or research and development (R/R&D) in excess of \$1 billion per fiscal year to enter into funding agreements with small business concerns (SBCs) that engage in a collaborative relationship with a research institution. The purpose of the STTR Program is to stimulate a partnership of ideas and technologies between innovative SBCs and research institutions. The program assists the small business and research communities by developing commercially-viable technologies. The STTR 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.

The STTR Act requires the U.S. Small Business Administration (SBA) to "issue a policy directive for the general conduct of the STTR Programs within the Federal government." 15 U.S.C. 638(p)(1). SBA published its first STTR Policy Directive in 1993 (58 FR 42607–42620, Aug. 10, 1993).

Congress has since amended the STTR Act, most recently with the enactment of the Small Business Technology Transfer Program Reauthorization Act of 2001 (Reauthorization Act), Pub. L. 107–50. The Reauthorization Act extends the STTR Program through September 30, 2009, and changes its status from a pilot program to a permanent one. In addition, the Reauthorization Act: clarifies STTR data rights pertaining to STTR Phase I, II, and III awards (*see* proposed Policy Directive, sections 4(c)(2), 8(b) and App. I, Instructions, section 5(d)(1)(iii)); requires the establishment of an STTR Program Government-accessible and a public-accessible database (*see* proposed Policy Directive, section 11(e)); requires participating agencies, beginning October 1, 2003, to increase the amount of their extramural budget to be reserved for the STTR Program from 0.15 percent to 0.3 percent (*see* proposed Policy Directive, section 2(d)); permits agencies, beginning October 1, 2003, to increase the dollar value of STTR Phase II awards from \$500,000 to \$750,000 (*see* proposed Policy Directive, section 7(i)(1)); and permits agencies to approve a shorter or longer duration of time for award performance, where appropriate for a particular project (*see* proposed Policy Directive, section 7(h)).

The Reauthorization Act also requires SBA to report to the Senate Committee on Small Business and Entrepreneurship and to the House Committees on Science and Small Business on the STTR Programs of the

Federal agencies and to specifically address the number of proposals received from, and the number and total amount of awards to, Historically Underutilized Business Zones (HUBZones) SBCs under the STTR Program. Further, the Reauthorization Act requires agencies to implement an outreach program to research institutions and SBCs for the purpose of enhancing its STTR Program, in conjunction with any such outreach done for purposes of the SBIR Program. The proposed Policy Directive addresses these requirements in sections 10(b)(5) and 9(a)(15), respectively.

In addition, the Reauthorization Act requires SBA to promulgate regulations establishing a single model agreement that allocates between SBCs and research institutions intellectual property rights and rights, if any, to carry out follow-on research, development, or commercialization. SBA notes that it plans to issue proposed regulations implementing a model agreement for the STTR Program in the near future. The Reauthorization Act requires agencies to adopt this model agreement. This requirement is noted in the proposed Policy Directive at section 9(a)(13).

Further, the Reauthorization Act amends the Federal and State Technology Partnership (FAST) Program to require the Administrator and the Small Business Innovation Research (SBIR) Program Managers to consider whether proposals submitted address the needs of SBCs owned and controlled by women, SBCs owned and controlled by minorities, and located in areas that have historically not participated in the SBIR and STTR Programs. SBA notes that section 12 of the SBIR Policy Directive (67 FR 60072, September 24, 2002) (also available at <http://www.sba.gov/sbir/indexsbir-sttr.html>) establishes guidance for the FAST Program as does the FAST Program Announcement, which can be found at <http://www.sba.gov/sbir/indexprograms.html>. Further, the Reauthorization Act requires SBA to promulgate regulations establishing standards for the consideration of proposals under FAST, including the standards previously listed. SBA is currently drafting these regulations. These regulations are being drafted and are not addressed in this proposed Policy Directive. However, it will be addressed in a separate rulemaking.

As previously discussed, SBA proposes amendments to the Policy Directive that address the Reauthorization Act's amendments. Further, SBA proposes several changes in this Policy Directive to simplify and

enhance the program. For example, SBA has organized the proposed Policy Directive into 11 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) STTR Funding Process; (8) Terms of Agreement Under STTR Awards; (9) Responsibilities of STTR Participating Agencies and Departments; (10) Annual Report to SBA; and (11) Responsibilities of SBA. Two appendices are also included: (1) Instructions for STTR Program Solicitation Preparation; and (2) Tech-Net Data Fields for Public Database. In addition, SBA proposes the following substantive changes.

### Section-by-Section Analysis

Section 1 of the Policy Directive sets forth the purpose of the program. SBA made only minor changes to this section.

Section 2 of the Policy Directive is a summary of legislative provisions. SBA proposes to set forth the Reauthorization Act's amendments, which are described in detail above. In addition, SBA proposes changes to address the use of the government-wide point of entry (GPE) for synopses of business opportunities. GPE has recently replaced the *Commerce Business Daily* as a means of synopses for business opportunities. 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. In addition, no agency must issue its solicitation for at least 15 days from the date of the publication of the GPE. The agency may not establish a deadline for submission of proposals in response to a solicitation earlier than 30 days after the date on which the solicitation was issued.

Section 3 of the proposed Policy Directive sets forth definitions pertinent to the program. SBA proposes several new definitions.

SBA proposes to define the term "essentially equivalent work" to occur when substantially the same research is proposed for funding in more than one application or to more than one agency, or a research objective and design for accomplishing an objective are the same or closely related in two or more proposals. SBA understands that STTR Participants often submit duplicate proposals to more than one agency. However, the proposed Policy Directive precludes agencies from funding