

SBIR/STTR Reauthorization Act Of 2011

DHS S&T's Implementation of Key Changes in SBIR/STTR Policy Directives

The SBIR/STTR Reauthorization Act of 2011 and the recently released SBIR and STTR Policy Directives have brought about numerous changes to the programs many of which are quite complex. DHS S&T is working to implement these changes and below illustrates the actions we have taken and future planned actions.

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Funding

(Addresses the following sections of P.L. 112-81: 5102, 5103, 5109, 5121 & 5141)

	Public Law 112-81 Section	Small Business Administration Position	DHS Science and Technology Directorate's SBIR Program Implementation
Set-aside percentages are increased	Section 5102	An agency's minimum SBIR expenditure shall be 3.0% of its extramural R/R&D budget in FY 2016 and 3.2% in FY 2017	<p>Implemented in FY12 at 2.6%.</p> <p>The increased set-aside will be implemented as follows:</p> <ul style="list-style-type: none"> • 2.7% in FY13 • 2.8% in FY14 • 2.9% in FY15 • 3.0% in FY16 • 3.2% in FY17
		For STTR, the set-aside percent was increased to 0.35% for 2012 and 2013, and will increase to 0.4% for 2014 and 2015, and to 0.45% for 2016	N/A, as DHS does not have an STTR Program.

		and thereafter. Note that agencies may exceed these minimum percentages.	
Award sizes	Section 5103	STTR award sizes (guideline amounts) are increased to match SBIR amounts: \$150,000 for Phase I and \$1 million for Phase II. Awards may not exceed guideline amounts by more than 50% (\$225,000 for Phase I and \$1.5 million for Phase II). Agencies must report all awards exceeding the guideline amounts and must receive a special waiver from SBA to exceed the guideline amounts by more than 50%.	<p>N/A, as DHS does not have an STTR Program.</p> <p>The DHS Science and Technology Directorate's SBIR Program will maintain its current award thresholds:</p> <ul style="list-style-type: none"> • \$100,000 for Phase I • \$750,000 for Phase II
Admin funding pilot	Section 5141	A pilot program is in place through September 30, 2017 permitting agencies to use 3% of their SBIR funds for administration of SBIR and STTR programs. Each agency must submit their plan of work to SBA for approval. The funds should be used to provide added support rather than simply replace the non-SBIR funds formerly used, and the work should focus on material improvements in performance of the program on critical issues (e.g. streamlining the award process).” The right side should read, “The DHS admin funding pilot work plan is under review. A key focus of the work plan will include outreach to increase proposal submissions from under-represented groups and under-represented states.	<p>The DHS admin funding pilot work plan is under review. A key focus of the work plan will include outreach to increase proposal submissions from under-represented groups and under-represented states.</p> <p>Implemented in FY13.</p>
		While the funding comes from the SBIR budget only, it is to be used for administration of both programs.	N/A, as DHS does not have an STTR Program.

<p>Technical assistance</p>	<p>Section 5121</p>	<p>The amount of SBIR funds permitted to be used for technical assistance is raised from \$4000 to \$5000 per award per year. This is to be in addition to the award amount for both Phase I and Phase II. Awardees may contract this amount to a provider other than the vendor selected by the agency.</p>	<p>The DHS Science and Technology Directorate's SBIR Program will continue to offer assistance to its Phase II awardees through its Commercialization Assistance Program.</p> <p>Beginning with the FY13.1 solicitation, Phase I and Phase II offerors will be allowed to purchase such services from a vendor other than the one(s) selected by the DHS SBIR Program Office must propose that vendor as a subcontractor in the proposal. Sufficient detail must be provided regarding the caliber of the vendor, as well as the services provided, to allow reviewers to assess the credibility of the vendor. In addition, the offeror must provide sufficient detail to allow reviewers to assess how such technical assistance will enhance/impact the proposed effort. The caliber of the vendor will be taken into consideration when a rating is given for the Qualifications evaluation criteria. DHS reserves the right to not fund such technical assistance if it determines that the offeror did not sufficiently demonstrate this requirement.</p> <p>Phase I and Phase II offerors may request not more than \$5,000 per year for technical assistance (e.g., access to scientists and engineers engaged in a wide range of technologies, or access to technical and business literature available through on-line data bases). This amount is in addition to the Phase I/II award thresholds, as appropriate.</p>
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Collaborating with Federal Laboratories and Research and Development Centers	Section 5109	Subcontracting portion of award to Federal laboratory is permitted.	The DHS Science and Technology Directorate's SBIR Program implemented this in FY13.
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Eligibility

(Addresses the following sections of P.L. 112-81: 5104, 5105, 5106, 5107, 5111 & 5165)

	Public Law 112-81 Section	Small Business Administration Position	DHS Science and Technology Directorate's SBIR Program Implementation
Firms that are majority-owned by multiple venture capital operating companies, hedge funds, or private equity	Section 5107	The biggest change in eligibility required by the reauthorization legislation allows firms that are majority-owned by multiple venture capital operating companies (VCOCs), hedge funds and/or private equity firms to receive SBIR and STTR awards. SBA has published a proposed rule to amend SBIR/STTR size regulations (Federal Register Vol. 77, No. 94, May 15, 2012) to make this change and to make other modifications to the ownership requirements and affiliation rules.	At the current time, small businesses that are majority-owned by multiple venture capital operating companies, hedge funds and/or private equity firms are not eligible to apply to the DHS Science and Technology Directorate's SBIR Program, nor are such firms eligible to receive SBIR awards.
Company Registry		All applicants will be required to register with the Company Registry Database at www.sbir.gov at the time of application.	The DHS Science and Technology Directorate's SBIR Program implemented this in FY13.
Cross-program awards	Section 5104	Agencies have the option to allow STTR Phase I awardee to receive SBIR Phase II award and SBIR Phase I awardee to	N/A, as DHS does not have an STTR Program.

		receive STTR Phase II award. Implementation is at agency discretion.	
Cross-agency awards	Section 5104	Clarifies that a Phase I awardee may receive a Phase II award from an agency other than the one that awarded the related Phase I. Reporting to SBA by both agencies is required.	Since 2004, the DHS Science and Technology Directorate's SBIR Program has accepted Phase II proposals from small businesses that received its Phase I award from another agency. This will continue on a case-by-case basis. Such proposals require the support of a technical program manager within the Science and Technology Directorate.
Direct to Phase II pilot	Section 5106	For fiscal years 2012-2017, the NIH, DoD, and Department of Education may issue Phase II SBIR awards to firms to pursue Phase I solicitation topics without requiring the applicant to have received a Phase I award for related work. Implementation is at agency discretion.	N/A to DHS.
Open Phase II competition	Section 5105	Beginning 10/1/2012, agencies must allow all Phase I awardees to apply for a follow-on Phase II award. Issuing Phase II awards via invitation only will not be permitted. Agencies will need to include information on the Phase II application process in all Phase I solicitations released on or after 10/1/2012 and notify their Phase I awardees of this change in practice.	The DHS Science and Technology Directorate's SBIR Program implemented this with the FY13.1 solicitation. The solicitation included the specific instructions for Phase II proposal submissions.
Second Phase II	Section 5111	Agencies may award a second, sequential, Phase II to continue a Phase II project.	The DHS Science and Technology Directorate's SBIR Program implemented this with the FY13.2

			solicitation. The solicitation addressed this issue.
Commercialization standards for Phase I applicants: <i>Performance Benchmarks</i>	Section 5165	Beginning 1/1/2013, Phase I applicants that have won prior SBIR/STTR Phase I awards, must meet agency-specific standards for progress towards Phase II. Beginning 10/1/2013, Phase I applicants that have previously won SBIR/STTR Phase II awards, are also required to meet agency-specific standard rates of commercialization success from those Phase II awards. For further details on these benchmarks, how they are calculated and the consequences of not meeting them, go to https://www.sbir.gov/performance-benchmarks .	The DHS Science and Technology Directorate's implemented the Phase I to Phase II benchmark requirement starting in the FY13.2 solicitation and the Commercialization benchmark requirement starting with the FY14.1 solicitation.
Company commercialization record		Once the necessary data systems are in place, all applicants will be required, as part of the application process, to provide information on the commercialization of their prior SBIR/STTR awards. The anticipated date for this to be operational is 10/1/2014.	The DHS Science and Technology Directorate's SBIR Program will collect this information from offerors until the SBA commercialization database is operational. The solicitation will include submission instructions.

Streamlining the Award Process

(Addresses the following sections of P.L. 112-81: 5126)

	Public Law 112-81 Section	Small Business Administration Position	DHS Science and Technology Directorate's SBIR Program Implementation
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Streamlining the award process	Section 5126	<p>The Reauthorization Act requires changes aimed at reducing gaps in time between close of the solicitation and notification of award. Agencies are to implement these measures as soon as is practicable. In addition, the Policy Directives include new reporting requirements for the participating agencies to develop data needed to monitor and analyze these time lags.</p>	<p>The DHS Science and Technology Directorate's SBIR Program is committed to shortening the period from close of solicitation to contract award for Phase I efforts. It will strive to achieve the following:</p> <ul style="list-style-type: none"> • A final decision on each submitted proposal will be made not later than 90 days after the date the solicitation closes • Shorter time between the SBIR award notice and the contract award <p>For Phase II awards, time will be measured from the due date of the Phase II proposal to contract award. However, it should be noted that for cost plus fixed fee type contracts, the small business must successfully pass the DCAA audit before the contract can be issued.</p>
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Data and Reporting

	Public Law 112-81 Section	Small Business Administration Position	DHS Science and Technology Directorate's SBIR Program Implementation
Central data system		<p>An improved program-wide data system will be developed to facilitate administrative reporting and program evaluation. The system will enable applicants and agencies to provide the required information into the SBA SBIR database (www.SBIR.gov). The</p>	<p>The DHS Science and Technology Directorate's SBIR Program will continue to use its on-line proposal submission portal at https://sbir2.st.dhs.gov. As SBA implements its databases, the DHS Science and Technology Directorate's SBIR Program solicitations will</p>

	<p>SBA SBIR database will consist of the following databases:</p> <ol style="list-style-type: none"> 1) Solicitations Database of all solicitations and topic information from the agencies; 2) Company Registry housing company information on all SBIR applicants including specific information on SBC applicants that are majority-owned by multiple VCOCs, hedge funds and/or private equity firms; 3) Application Information Database of information on each SBIR application; 4) Award Information Database of information on each SBIR awardee; 5) Commercialization Database of SBCs that have received prior SBIR awards; 6) Annual Report Database used to generate the Annual Report that SBA submits to Congress; and 7) Other Reports Database containing information required by statute but not stored in other databases. <p>These databases will be designed to minimize the reporting burden on small business.</p>	<p>contain instructions on how and when to use them.</p>
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New Measures to Guard Against Fraud, Waste and Abuse

(Addresses the following sections of P.L. 112-81: 5143)

	<p>Public Law 112-81 Section</p>	<p>Small Business Administration Position</p>	<p>DHS Science and Technology Directorate's SBIR Program Implementation</p>
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<p>Company certifications</p>	<p>Section 5143</p>	<p>Awardee firms must certify they are meeting program requirements not only at the time of award, but also at points during the lifecycle of the award. Lifecycle certification was recommended by a working group of Inspector Generals. This does not alter the policy that awardees may complete their SBIR/STTR award even if they no longer meet the definition of an SBC.</p>	<p>Company certifications are currently provided prior to contract award. The DHS Science and Technology Directorate's SBIR Program will continue this practice. In addition, the certifications will be required at an additional point(s) during the lifecycle of the award. The solicitation will provide specific instructions for lifecycle certifications.</p>
<p>Information systems</p>	<p>Section 5143</p>	<p>Agencies must:</p> <ul style="list-style-type: none"> • Include on their website, and in each solicitation, a telephone hotline number or web-based method for reporting fraud, waste and abuse; • Include on the agency's website successful prosecutions of fraud, waste and abuse in the SBIR Program; • Designate at least one individual to serve as liaison for the SBIR/STTR Program to the Office of Inspector General (OIG) and the agency's Suspension and Debarment Official (SDO); and • Maintain procedures to enforce accountability (e.g., creating templates for referrals to the OIG or SDO). 	<p>Since FY12, the DHS Science and Technology Directorate's SBIR Program solicitations have included instructions and information regarding how to report SBIR fraud. In addition, the website at https://sbir2.st.dhs.gov includes such information. Future solicitations will also include this information.</p> <p>The DHS SBIR program implemented the following on their website at: https://sbir2.st.dhs.gov:</p> <ul style="list-style-type: none"> • Listed a telephone hotline number for reporting fraud, waste and abuse • Designated a liaison for the SBIR Program, OIG, and the agency's Suspension and Debarment Official (SDO) • Successful prosecutions of fraud, waste, and abuse in the federal SBIR Program • A link for the online OIG "referral form" for reporting incidents to enforce accountability <p>The following will be implemented Q1 FY13 at: https://sbir2.st.dhs.gov:</p>

			<ul style="list-style-type: none"> • A list of OIG fraud detection indicators
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Increased Support for Commercialization

(Addresses the following sections of P.L. 112-81: 5108, 5121, 5122 & 5123)

	Public Law 112-81 Section	Small Business Administration Position	DHS Science and Technology Directorate's SBIR Program Implementation
Technical assistance	Section 5121	Amounts increased to \$5000, flexibility on use, applies to STTR as well.	<p>The DHS Science and Technology Directorate's SBIR Program will continue to offer assistance to its Phase II awardees through its Commercialization Assistance Program.</p> <p>Beginning with the FY13.1 solicitation, Phase I and Phase II offerors will be allowed to purchase such services from a vendor other than the one(s) selected by the DHS SBIR Program Office must propose that vendor as a subcontractor in the proposal. Sufficient detail must be provided regarding the caliber of the vendor, as well as the services provided, to allow reviewers to assess the credibility of the vendor. In addition, the offeror must provide sufficient detail to allow reviewers to assess how such technical assistance will enhance/impact the proposed effort. The caliber of the vendor will be taken into consideration</p>

			<p>when a rating is given for the Qualifications evaluation criteria. DHS reserves the right to not fund such technical assistance if it determines that the offeror did not sufficiently demonstrate this requirement.</p> <p>Phase I and Phase II offerors may request not more than \$5,000 per year for technical assistance (e.g., access to scientists and engineers engaged in a wide range of technologies, or access to technical and business literature available through on-line data bases). This amount is in addition to the Phase I/II award thresholds, as appropriate.</p> <p>The DHS Science and Technology Directorate does not have an STTR Program.</p>
Commercialization Readiness Programs	Section 5122 and 5123	DoD Commercialization Readiness Pilot is made permanent and includes the STTR program; Commercialization Readiness Pilot programs for civilian agencies are authorized allowing agencies to use up to 10% of SBIR/STTR funds to support commercialization and Phase III efforts.	The DHS Science and Technology Directorate's SBIR Program Office is preparing a Commercialization Readiness Program (CRP) for review and approval by SBA, as required by the legislation. Until a CRP is implemented, S&T SBIR will continue to offer it's Commercialization Assistance Program to Phase II awardees.
Phase III preference	Section 5108	Agencies directed to support SBIR/STTR awardees in their efforts to commercialize SBIR/STTR work through, among other things, Phase III sole-source contracts.	Starting in FY 2014, DHS has implemented a Commercialization Readiness Pilot Program (CRPP) for Phase II awardees at the discretion of the DHS S&T SBIR Program Office. The purpose of CRPP is to address issues involved in transitioning new product to the open market including

			Technology Maturation, Business Maturation, and End-User Product Knowledge. For further information, please contact the DHS SBIR Program Office.
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