

119TH CONGRESS
2D SESSION

S. 3971

To extend the SBIR and STTR programs, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 3, 2026

Ms. ERNST (for herself and Mr. MARKEY) introduced the following bill; which was read twice, considered, read the third time, and passed

A BILL

To extend the SBIR and STTR programs, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Small Business Inno-
5 vation and Economic Security Act”.

6 **SEC. 2. BOLSTERING RESEARCH SECURITY OF SBIR AND**
7 **STTR AWARDS.**

8 (a) IN GENERAL.—Section 9 of the Small Business
9 Act (15 U.S.C. 638) is amended—

10 (1) in subsection (g)—

1 (A) by redesignating paragraphs (15),
2 (16), and (17) as paragraphs (16), (18), and
3 (19), respectively;

4 (B) by inserting after paragraph (14) the
5 following:

6 “(15) evaluate whether a small business con-
7 cern presents a security risk for any reason, through
8 measures including—

9 “(A) the due diligence process required
10 under subsection (vv);

11 “(B) disclosures submitted under this sub-
12 section; or

13 “(C) coordination with the intelligence
14 community, as defined in section 3 of the Na-
15 tional Security Act of 1947 (50 U.S.C. 3003),
16 Federal law enforcement, and other counter-
17 intelligence capabilities of the Federal Govern-
18 ment;”;

19 (C) in paragraph (16), as so redesign-
20 ated—

21 (i) by striking subparagraph (B);

22 (ii) by striking “that—” and all that
23 follows through “the small business con-
24 cern submitting” and inserting “that the
25 small business concern submitting”;

1 (iii) by redesignating clauses (i), (ii),
2 and (iii) as subparagraphs (A), (B), and
3 (C), respectively, and adjusting the mar-
4 gins accordingly;

5 (iv) in subparagraph (B), as so redesi-
6 gnated, by striking “or” at the end;

7 (v) in subparagraph (C), as so redesi-
8 gnated, by striking “and” at the end; and

9 (vi) by adding at the end the fol-
10 lowing:

11 “(D) has a security risk connecting the
12 small business concern to an entity, including
13 any affiliates of the entity, or individual on—

14 “(i) the UFLPA Entity List main-
15 tained by the Department of Homeland Se-
16 curity;

17 “(ii) the Non-SDN Chinese Military-
18 Industrial Complex Companies List of the
19 Office of Foreign Assets Control main-
20 tained by the Department of the Treasury;

21 “(iii) the Section 889 Prohibition List
22 established under section 889 of the John
23 S. McCain National Defense Authorization
24 Act for Fiscal Year 2019 (Public Law

1 115–232; 132 Stat. 1917) and maintained
2 by the Department of Defense;

3 “(iv) the list of Chinese Military com-
4 panies required under section 1260H of
5 the William M. (Mac) Thornberry National
6 Defense Authorization Act for Fiscal Year
7 2021 (10 U.S.C. 113 note) and maintained
8 by the Department of Defense;

9 “(v) the Military End User List main-
10 tained by the Bureau of Industry and Se-
11 curity of the Department of Commerce;

12 “(vi) the Entity List maintained by
13 the Bureau of Industry and Security of the
14 Department of Commerce;

15 “(vii) the List of Equipment and
16 Services maintained by the Federal Com-
17 munications Commission; or

18 “(viii) the Withhold Release Orders
19 and Findings List maintained by U.S.
20 Customs and Border Protection;

21 “(E) has a security risk with a primary
22 source that is classified; or

23 “(F) has a security risk that the Federal
24 agency determines warrants a denial;”;

1 (D) by inserting after paragraph (16), as
2 so redesignated, the following:

3 “(17) provide for—

4 “(A) a process under which, upon making
5 an award decision to deny an application on the
6 basis of a determination under paragraph (16),
7 or upon making a determination under para-
8 graph (16) that a small business concern has a
9 security risk described in that paragraph, the
10 Federal agency provides to the small business
11 concern, as appropriate pursuant to the discre-
12 tion of the Federal agency and in a manner
13 that does not compromise national security, a
14 notification—

15 “(i) advising the small business con-
16 cern of such determination; and

17 “(ii) identifying the basis for such de-
18 termination; and

19 “(B) a policy that clarifies that receipt of
20 an award decision denying an application does
21 not prohibit the small business concern from
22 being eligible for an award in a subsequent
23 award cycle;”;

24 (E) in paragraph (19), as so redesign-
25 nated—

1 (i) in subparagraph (B), by striking
2 “paragraph (16)(A)” and inserting “para-
3 graph (18)(A)”;

4 (ii) in subparagraph (C), by striking
5 “paragraph (16)(B)” and inserting “para-
6 graph (18)(B)”;

7 (2) in subsection (o)—

8 (A) by redesignating paragraphs (19),
9 (20), and (21) as paragraphs (20), (22), and
10 (23), respectively;

11 (B) by inserting after paragraph (18) the
12 following:

13 “(19) evaluate whether a small business con-
14 cern presents a security risk for any reason, through
15 measures including—

16 “(A) the due diligence process required
17 under subsection (vv);

18 “(B) disclosures submitted under this sub-
19 section; or

20 “(C) coordination with the intelligence
21 community, as defined in section 3 of the Na-
22 tional Security Act of 1947 (50 U.S.C. 3003),
23 Federal law enforcement, and other counter-
24 intelligence capabilities of the Federal Govern-
25 ment;”;

1 (C) in paragraph (20), as so redesignated—
2

3 (i) by striking subparagraph (B);

4 (ii) by striking “that—” and all that
5 follows through “the small business concern submitting” and inserting “that the
6 small business concern submitting”;
7

8 (iii) by redesignating clauses (i), (ii),
9 and (iii) as subparagraphs (A), (B), and
10 (C), respectively, and adjusting the margins accordingly;
11

12 (iv) in subparagraph (B), as so redesignated, by striking “or” at the end;

13 (v) in subparagraph (C), as so redesignated, by striking “and” at the end; and
14

15 (vi) by adding at the end the following:
16
17

18 “(D) has a foreign risk connecting the
19 small business concern to an entity, including
20 any affiliates of the entity, or individual on—

21 “(i) the UFLPA Entity List maintained by the Department of Homeland Security;
22
23

24 “(ii) the Non-SDN Chinese Military-Industrial Complex Companies List of the
25

1 Office of Foreign Assets Control main-
2 tained by the Department of the Treasury;

3 “(iii) the Section 889 Prohibition List
4 established under section 889 of the John
5 S. McCain National Defense Authorization
6 Act for Fiscal Year 2019 (Public Law
7 115–232; 132 Stat. 1917) and maintained
8 by the Department of Defense;

9 “(iv) the list of Chinese Military com-
10 panies required under section 1260H of
11 the William M. (Mac) Thornberry National
12 Defense Authorization Act for Fiscal Year
13 2021 (10 U.S.C. 113 note) and maintained
14 by the Department of Defense;

15 “(v) the Military End User List main-
16 tained by the Bureau of Industry and Se-
17 curity of the Department of Commerce;

18 “(vi) the Entity List maintained by
19 the Bureau of Industry and Security of the
20 Department of Commerce;

21 “(vii) the List of Equipment and
22 Services maintained by the Federal Com-
23 munications Commission; or

1 “(viii) the Withhold Release Orders
2 and Findings List maintained by U.S.
3 Customs and Border Protection;

4 “(E) has a security risk with a primary
5 source that is classified; or

6 “(F) has a security risk that the Federal
7 agency determines warrants a denial;”;

8 (D) by inserting after paragraph (20) the
9 following:

10 “(21) provide for—

11 “(A) a process under which, upon making
12 an award decision to deny an application on the
13 basis of a determination under paragraph (20),
14 or upon making a determination under para-
15 graph (20) that a small business concern has a
16 security risk described in that paragraph, the
17 Federal agency provides to the small business
18 concern, as appropriate pursuant to the discre-
19 tion of the Federal agency and in a manner
20 that does not compromise security, a notifica-
21 tion—

22 “(i) advising the small business con-
23 cern of such determination; and

24 “(ii) identifying the basis for such de-
25 termination; and

1 “(B) a policy that clarifies that receipt of
2 an award decision denying an application does
3 not prohibit the small business concern from
4 being eligible for an award in a subsequent
5 award cycle;” and

6 (E) in paragraph (23), as so redesign-
7 nated—

8 (i) in subparagraph (B), by striking
9 “paragraph (20)(A)” and inserting “para-
10 graph (22)(A)” and

11 (ii) in subparagraph (C), by striking
12 “paragraph (20)(B)” and inserting “para-
13 graph (22)(B)” and

14 (3) in subsection (vv)(2)—

15 (A) by amending subparagraph (A) to read
16 as follows:

17 “(A) assess, using a risk-based approach
18 as appropriate—

19 “(i) the cybersecurity practices of a
20 small business concern;

21 “(ii) patent analysis;

22 “(iii) employee analysis;

23 “(iv) foreign ownership of a small
24 business concern seeking an award, includ-
25 ing the financial ties and obligations

1 (which shall include surety, equity, and
2 debt obligations) of the small business con-
3 cern and employees of the small business
4 concern to a foreign country, foreign per-
5 son, or foreign entity;

6 “(v) foreign affiliations of a covered
7 individual, owner, or other key personnel of
8 a small business concern with an entity in
9 a foreign country of concern;

10 “(vi) investment relationships of a
11 small business concern with an individual
12 or entity in a foreign country of concern;

13 “(vii) technology licensing agreements
14 or joint ventures (including joint venture-
15 like agreements) with an individual or enti-
16 ty in a foreign country of concern; and

17 “(viii) business relationships between
18 a covered individual, owner, or other key
19 personnel of a small business concern and
20 an individual or entity in a foreign country
21 of concern;”;

22 (B) in subparagraph (B), by striking the
23 period at the end and inserting “; and”; and

24 (C) by adding at the end the following:

1 “(C) examine any relationship of a small
2 business concern seeking an award to any entity
3 or individual included on the lists described in
4 subsections (g)(16)(D) and (o)(20)(D).”.

5 (b) GAO STUDY.—Section 4(b)(4) of the SBIR and
6 STTR Extension Act of 2022 (Public Law 117–183; 136
7 Stat. 2183) is amended by striking “3 years” and insert-
8 ing “8 years”.

9 **SEC. 3. PHASE II STRATEGIC BREAKTHROUGH FUNDING.**

10 (a) IN GENERAL.—Section 9 of the Small Business
11 Act (15 U.S.C. 638) is amended—

12 (1) in subsection (aa), by adding at the end the
13 following:

14 “(6) STRATEGIC BREAKTHROUGH ALLOCA-
15 TION.—The requirement under paragraph (1) and
16 the requirement to receive a waiver from the Admin-
17 istrator under paragraph (4) do not apply to a Fed-
18 eral agency for awards of not more than
19 \$30,000,000 to a small business concern with funds
20 made available under a strategic breakthrough allo-
21 cation (as defined in subsection (ff)(3)(A)).”; and

22 (2) in subsection (ff), by adding at the end the
23 following:

24 “(3) STRATEGIC BREAKTHROUGH AWARDS.—

1 “(A) STRATEGIC BREAKTHROUGH ALLOCA-
2 TION DEFINED.—In this paragraph, the term
3 ‘strategic breakthrough allocation’ means, with
4 respect to a Federal agency with a required ex-
5 penditure under subsection (f)(1) in excess of
6 \$100,000,000, an expenditure amount from the
7 SBIR allocation under subsection (f)(1) of such
8 agency of not more than 0.50 percent of the ex-
9 tramural budget for research or research and
10 development designated for such agency for fis-
11 cal year 2026 and every fiscal year thereafter.

12 “(B) AWARD.—Under this paragraph, a
13 funding agreement may be awarded to a small
14 business concern by a Federal agency using
15 funds made available under a strategic break-
16 through allocation.

17 “(C) FUND PARAMETERS.—In the case of
18 a Phase II agreement that is awarded to a
19 small business concern by a Federal agency
20 using funds made available under a strategic
21 breakthrough allocation, the following require-
22 ments shall apply:

23 “(i) AWARD SIZE AND PERIOD OF
24 PERFORMANCE.—A Federal agency may
25 award from a strategic breakthrough allo-

1 cation not more than \$30,000,000 to a
2 small business concern, including its affili-
3 ates, in a single award or series of awards
4 based on reaching production or develop-
5 ment milestones, if the total period of per-
6 formance of the project with respect to
7 which such funds are awarded is not more
8 than 48 months.

9 “(ii) SMALL BUSINESS CONCERN RE-
10 QUIREMENTS.—The small business concern
11 shall—

12 “(I) have been awarded not less
13 than 1 prior Phase II award under
14 the SBIR or STTR program;

15 “(II) demonstrate not less than
16 100 percent matching funds from—

17 “(aa) new private capital as
18 a result of an award using funds
19 made available under a strategic
20 breakthrough allocation;

21 “(bb) new funding awarded
22 by a government agency under a
23 program other than Phase I or II
24 of the SBIR or STTR program
25 as a result of an award using

1 funds made available under a
2 strategic breakthrough allocation;
3 or

4 “(cc) a combination of funds
5 described in items (aa) and (bb);

6 “(III) demonstrate a technology
7 that is an effective solution, as deter-
8 mined by market research; and

9 “(IV) only be eligible for an
10 award from the strategic break-
11 through allocation at the Department
12 of Defense if the small business con-
13 cern—

14 “(aa) provides a product,
15 process, or technology that meets
16 a necessary level of readiness and
17 has a commitment for inclusion
18 in a program objective memo-
19 randum from an official with the
20 rank of program acquisition exec-
21 utive or higher in an acquisition
22 organization of the Department
23 of Defense;

24 “(bb) provides a product,
25 process, or technology that will

1 meet high priority requirements
2 or operational needs of a military
3 department through a successful
4 transition and into the acquisi-
5 tion process; and

6 “(cc) demonstrates not less
7 than 20 percent of the required
8 matching funds under subclause
9 (II) come from new funding
10 awarded by the Department of
11 Defense under a program other
12 than Phase I or II of the SBIR
13 or STTR program as a result of
14 an award using funds made
15 available under a strategic break-
16 through allocation.

17 “(iii) DEADLINE.—The Federal agen-
18 cy shall complete any contract awards
19 using strategic breakthrough allocation
20 funds not later than 90 days after receiv-
21 ing a proposal from a small business con-
22 cern for the award.

23 “(iv) ELIGIBLE ACTIVITIES.—Eligible
24 activities by a small business concern using
25 strategic breakthrough allocation funds are

1 any critical technology areas or require-
2 ments deemed necessary by the Federal
3 agency.

4 “(v) SELECTION CRITERIA.—In mak-
5 ing awards using funds made available
6 under a strategic breakthrough allocation,
7 the Federal agency shall consider—

8 “(I) the potential of the small
9 business concern to advance the na-
10 tional security capabilities of the
11 United States;

12 “(II) the potential of the small
13 business concern to provide new tech-
14 nologies or processes, or new applica-
15 tions of existing technologies, that will
16 enable new alternatives to existing
17 programs;

18 “(III) whether a customer in a
19 Federal agency has expressed an in-
20 tent to purchase and integrate tech-
21 nology from the small business con-
22 cern into its operations; or

23 “(IV) whether a particular tech-
24 nology area is undercapitalized by pri-
25 vate investment.

1 “(D) USE OF STREAMLINED CONTRACTING
 2 MECHANISMS.—Each Federal agency shall im-
 3 plement streamlined processes and requirements
 4 for submitting proposals and applying for
 5 awards using funds made available under a
 6 strategic breakthrough allocation.”.

7 (b) COMMERCIALIZATION READINESS PROGRAM.—
 8 Section 9(y) of the Small Business Act (15 U.S.C. 638(y))
 9 is amended—

10 (1) in paragraph (2)—

11 (A) by striking “shall identify” and insert-
 12 ing “shall—

13 “(A) identify”;

14 (B) in subparagraph (A), as so des-
 15 ignated—

16 (i) by inserting “, including small
 17 business concerns with an award from the
 18 strategic breakthrough allocation (as de-
 19 fined in subsection (ff)(3)(A),” before
 20 “that have the potential”; and

21 (ii) by striking the period at the end
 22 and inserting a semicolon; and

23 (C) by adding at the end the following:

24 “(B) ensure, in collaboration with SBIR
 25 program managers of each component, that re-

1 search programs identified under subparagraph
2 (A) are analyzed within the programming and
3 budgeting process as budget requests are devel-
4 oped; and

5 “(C) provide to the Committee on Small
6 Business and Entrepreneurship of the Senate
7 and the Committees on Small Business and
8 Science, Space, and Technology of the House of
9 Representatives information on the integration
10 of SBIR and STTR awardees in budget rollouts
11 for research, development, testing, and evalua-
12 tion activities.”;

13 (2) by striking paragraph (3);

14 (3) by redesignating paragraphs (4), (5), and
15 (6) as paragraphs (3), (4), and (5), respectively; and
16 (4) in paragraph (5), as so redesignated—

17 (A) in subparagraph (B), by striking
18 “and” at the end;

19 (B) by redesignating subparagraph (C) as
20 subparagraph (D); and

21 (C) by inserting after subparagraph (B)
22 the following:

23 “(C) establish a mechanism to provide
24 small business concerns with direct access to
25 program and requirements offices that may

1 purchase technology from the small business
2 concern under Phase III of the SBIR program;
3 and”.

4 (c) BRIEFINGS.—

5 (1) DEFINITION.—In this subsection, the term
6 “appropriate committees of Congress” means—

7 (A) the Committee on Small Business and
8 Entrepreneurship of the Senate;

9 (B) the Committee on Small Business of
10 the House of Representatives; and

11 (C) the Committee on Science, Space, and
12 Technology of the House of Representatives.

13 (2) GENERAL REQUIREMENT.—Not later than
14 60 days after the date of enactment of this Act, the
15 head of each Federal agency that is eligible to make
16 an award from funds made available under a stra-
17 tegic breakthrough allocation (as defined in para-
18 graph (3) of subsection (ff) of section 9 of the Small
19 Business Act (15 U.S.C. 638), as added by this sec-
20 tion) shall brief the appropriate committees of Con-
21 gress on whether that Federal agency plans to make
22 awards pursuant to the authority provided under
23 such paragraph (3), including the reasons why the
24 Federal agency plans to, or does not plan to, use
25 that authority.

1 (3) RECURRING BRIEFING BY FEDERAL AGEN-
 2 CIES USING FUNDING AUTHORITY.—The head of
 3 each Federal agency that opts to make awards pur-
 4 suant to the authority under paragraph (3) of sub-
 5 section (ff) of section 9 of the Small Business Act
 6 (15 U.S.C. 638), as added by this section, shall, on
 7 a recurring basis until the Federal agency finalizes
 8 procedures for making those awards, brief the ap-
 9 propriate committees of Congress regarding the im-
 10 plementation of such paragraph (3) by that Federal
 11 agency.

12 (d) TERMINATION.—Effective on September 30,
 13 2031—

14 (1) this section and the amendments made by
 15 this section shall cease to have effect; and

16 (2) the provisions of law amended by this sec-
 17 tion shall be restored as if such amendments had not
 18 been enacted.

19 **SEC. 4. REDUCING ADMINISTRATIVE BURDEN.**

20 Section 9 of the Small Business Act (15 U.S.C. 638)
 21 is amended by adding at the end the following:

22 “(aaa) REDUCING ADMINISTRATIVE BURDEN.—

23 “(1) IN GENERAL.—With respect to fiscal year
 24 2027 and each fiscal year thereafter, the Director of
 25 the SBIR or STTR program office of each Federal

1 agency shall, pursuant to authority that may not be
2 delegated, set equally for all small business concerns
3 a limit on the maximum number of proposals that
4 a small business concern may submit in response to
5 Phase I solicitations and Phase II solicitations under
6 subsection (cc), published by that Federal agency,
7 including all components of that Federal agency, in
8 a single fiscal year. In establishing such a limitation,
9 the Director of the SBIR or STTR program office
10 of each Federal agency shall use 1 of the following
11 methods:

12 “(A) A limit for any small business con-
13 cern on a fiscal year basis.

14 “(B) A limit for any small business con-
15 cern on a solicitation basis.

16 “(C) A limit for any small business con-
17 cern on a topic basis.

18 “(2) WAIVER.—

19 “(A) IN GENERAL.—On a topic by topic
20 basis, the Director of the SBIR or STTR pro-
21 gram office of each Federal agency may grant
22 a waiver of the proposal limit under paragraph
23 (1) at the time of a solicitation announcement
24 for a specific topic for the SBIR or STTR pro-
25 gram of the Federal agency if the topic is time-

1 sensitive and urgent to the mission of the Fed-
2 eral agency.

3 “(B) WRITTEN JUSTIFICATION.—For each
4 topic for which a waiver is sought under sub-
5 paragraph (A), the Director of the SBIR or
6 STTR program office of the Federal agency
7 shall provide a written justification to the Ad-
8 ministrator, and to the Undersecretary de-
9 scribed in subparagraph (C), for why the use of
10 the waiver authority is imperative for the agen-
11 cy’s mission and the nature of the immediate
12 and critical need that the Director reasonably
13 believes cannot be met by small business con-
14 cerns that have not reached the proposal limit
15 under paragraph (1).

16 “(C) TIMING.—The Undersecretary over-
17 seeing the SBIR or STTR program at a Fed-
18 eral agency and the Administrator are required
19 to approve or disapprove a waiver and written
20 justification not later than 15 days after the
21 date on which the Undersecretary receives from
22 the Director the waiver request described in
23 subparagraph (A) and the written justification
24 described in subparagraph (B).

1 “(D) NONDELEGATION.—The authority to
2 grant or approve a waiver under subparagraph
3 (A) or (C), respectively, may not be delegated.

4 “(E) WAIVER EFFECTS.—If the Federal
5 agency grants a waiver under subparagraph (A)
6 with respect to a topic for the SBIR or STTR
7 program of a Federal agency, paragraph (1)
8 shall not prohibit any small business concern
9 from submitting an SBIR or STTR proposal to
10 that Federal agency under such topic.

11 “(F) RECORD REQUIREMENT.—Partici-
12 pating agencies shall maintain information on
13 topics to which waivers of the proposal limit
14 under this paragraph are granted, including the
15 written justifications for those waivers.

16 “(G) LIMITATION.—A Federal agency may
17 not grant a waiver under this paragraph with
18 respect to more than 5 percent of the topics of
19 the SBIR and STTR programs of the Federal
20 agency in any fiscal year.

21 “(3) REPORTING.—

22 “(A) IN GENERAL.—Not later than 30
23 days after the date on which the Director of the
24 SBIR or STTR program office of a Federal
25 agency sets or changes a limit under paragraph

1 (1), the head of that Federal agency shall pro-
2 vide to the Committee on Small Business and
3 Entrepreneurship of the Senate and the Com-
4 mittee on Small Business and the Committee
5 on Science, Space, and Technology of the
6 House of Representatives the methodology for
7 setting or changing that limit, the consider-
8 ations made in setting or changing that limit,
9 and how many small business concerns are im-
10 pacted by that limit based on historical data.

11 “(B) WRITTEN NOTIFICATION.—Not later
12 than 30 days after the date on which the Direc-
13 tor of the SBIR or STTR program office of a
14 Federal agency grants a waiver under para-
15 graph (2), the Director shall provide to the
16 Committee on Small Business and Entrepre-
17 neurship of the Senate and the Committee on
18 Small Business and the Committee on Science,
19 Space, and Technology of the House of Rep-
20 resentatives a written notification regarding the
21 granting of that waiver, which shall include the
22 information described in paragraph (2)(F) with
23 respect to that waiver.

24 “(4) TIMING.—The Director shall establish the
25 proposal limit under paragraph (1) not later than 90

1 days before the start of fiscal year 2027 and each
2 fiscal year thereafter.”.

3 **SEC. 5. PHASE III AWARD EDUCATION.**

4 Section 9 of the Small Business Act (15 U.S.C. 638)
5 is amended—

6 (1) in subsection (e)—

7 (A) in paragraph (18), by striking “and”
8 at the end;

9 (B) in paragraph (19), by striking the pe-
10 riod at the end and inserting “; and”; and

11 (C) by adding at the end the following:

12 “(20) the term ‘agency acquisition workforce’
13 means the employees of a Federal agency that have
14 procurement or acquisition responsibilities, includ-
15 ing—

16 “(A) employees described in section 1703
17 of title 41, United States Code; and

18 “(B) individuals that are part of the acqui-
19 sition workforce, as defined in section 101(a) of
20 title 10, United States Code.”;

21 (2) in subsection (r), by adding at the end the
22 following:

23 “(5) **WORKFORCE TRAINING.**—

24 “(A) **IN GENERAL.**—The Administrator, in
25 coordination with the Secretary of Defense, the

1 Administrator of General Services, and the
2 head of any other Federal agency that the Ad-
3 ministrator determines appropriate, shall estab-
4 lish training activities for contracting officers
5 and the agency acquisition workforce of Federal
6 agencies to ensure that all such individuals are
7 fully aware of all aspects of Phase III awards
8 under the SBIR and STTR programs, as appli-
9 cable.

10 “(B) TRAINING TOPICS.—The training ac-
11 tivities required under subparagraph (A) shall
12 include training on—

13 “(i) the missions, goals, and authori-
14 ties of the SBIR and STTR programs;

15 “(ii) the use of Phase III agreements;

16 “(iii) Phase III data rights; and

17 “(iv) the execution of Phase III sole
18 source award contracts.

19 “(C) FUNDING.—The training activities re-
20 quired under subparagraph (A) may be carried
21 out using funds made available to carry out
22 subsections (y) and (mm).”; and

23 (3) in subsection (mm)(1)—

24 (A) in subparagraph (J), by striking “and”
25 at the end;

1 (B) in subparagraph (K), by striking the
2 period at the end and inserting “; and”; and

3 (C) by adding at the end the following:

4 “(L) contracting officer and acquisition
5 workforce training activities pursuant to sub-
6 section (r)(5).”.

7 **SEC. 6. PHASE III IMPROVEMENTS.**

8 (a) **PROCUREMENT CENTER REPRESENTATIVE DI-**
9 **RECTIVES.—**

10 (1) **IN GENERAL.—**Section 9(j)(4) of the Small
11 Business Act (15 U.S.C. 638(j)(4)) is amended by
12 inserting before the period at the end the following:
13 “, and advocate for the maximum practicable use
14 and transition of products, services, and technologies
15 developed under SBIR or STTR programs to Phase
16 III by means of Phase III awards to small business
17 concerns”.

18 (2) **MODIFICATION DEADLINE.—**Not later than
19 1 year after the date of enactment of this Act, the
20 Administrator of the Small Business Administration
21 shall modify the policy directives issued pursuant to
22 subsection (j) of section 9 of the Small Business Act
23 (15 U.S.C. 638(j)) in accordance with paragraph (4)
24 of that subsection, as amended by paragraph (1).

1 (b) PHASE III AWARD SIMPLIFICATION.—Section
2 9(r)(4) of the Small Business Act (15 U.S.C. 638(r)(4))
3 is amended—

4 (1) in subparagraph (A), by striking “and” at
5 the end;

6 (2) in subparagraph (B), by striking the period
7 at the end and inserting a semicolon; and

8 (3) by adding at the end the following:

9 “(C) develop simplified and standardized
10 procedures and model contracts for Phase I,
11 Phase II, and Phase III SBIR awards and re-
12 port to the Administrator on actions taken by
13 the Federal agency in support of these objec-
14 tives; and

15 “(D) as applicable, issue standardized so-
16 licitation provisions and contract clauses that
17 provide clear guidance on the information that
18 small business concerns participating in SBIR
19 or STTR programs can be expected to provide
20 as part of market research or as part of a pro-
21 posal by those small business concerns to estab-
22 lish eligibility for Phase III awards.”.

1 **SEC. 7. TECHNICAL AND BUSINESS ASSISTANCE IMPROVE-**
2 **MENTS.**

3 Section 9 of the Small Business Act (15 U.S.C.
4 638(q)), as amended by this Act, is amended—

5 (1) in subsection (q)—

6 (A) in paragraph (1)—

7 (i) in the matter preceding subpara-
8 graph (A)—

9 (I) by striking “may enter into
10 an agreement with 1 or more vendors
11 selected under paragraph (2)(A) to
12 provide small business concerns en-
13 gaged in SBIR or STTR projects with
14 technical and business assistance serv-
15 ices” and inserting “shall authorize
16 recipients of awards under the SBIR
17 program or the STTR program to se-
18 lect, if desired, technical and business
19 assistance provided under subpara-
20 graph (A) or (B) of paragraph (2)
21 with respect to SBIR or STTR
22 projects”;

23 (II) by inserting “cybersecurity
24 assistance,” after “intellectual prop-
25 erty protections,”; and

1 (III) by striking “such concerns”
2 and inserting “such recipients”;

3 (ii) in subparagraph (C), by striking
4 “and” at the end;

5 (iii) in subparagraph (D), by striking
6 the period at the end and inserting “;
7 and”; and

8 (iv) by adding at the end the fol-
9 lowing:

10 “(E) screening for potential foreign in-
11 volvement in technology development or com-
12 mercialization activities.”; and

13 (B) in paragraph (2)—

14 (i) in the paragraph heading, by strik-
15 ing “VENDOR SELECTION” and inserting
16 “ELIGIBLE USES OF FUNDS.—”;

17 (ii) by striking subparagraph (A);

18 (iii) by redesignating subparagraph
19 (B) as subparagraph (A); and

20 (iv) by inserting after subparagraph
21 (A), as so redesignated, the following:

22 “(B) STAFF.—A small business concern
23 may, by contract or otherwise, use funding pro-
24 vided under this section to hire new staff, aug-
25 ment staff, or direct staff to conduct or partici-

1 pate in training activities consistent with the
2 goals listed in paragraph (1).”;

3 (C) in paragraph (3)—

4 (i) by striking subparagraphs (A) and
5 (B) and inserting the following:

6 “(A) PHASE I.—A Federal agency de-
7 scribed in paragraph (1) shall authorize a re-
8 cipient of a Phase I SBIR or STTR award to
9 use not more than \$6,500 per project, included
10 as part of the award of the recipient or in addi-
11 tion to the amount of the award of the recipient
12 as determined appropriate by the head of the
13 Federal agency, for the services described in
14 paragraph (1)—

15 “(i) provided through a vendor se-
16 lected by the small business concern under
17 paragraph (2)(A); or

18 “(ii) achieved through the activities
19 described in paragraph (2)(B).

20 “(B) PHASE II.—A Federal agency de-
21 scribed in paragraph (1) shall authorize a re-
22 cipient of a Phase II SBIR or STTR award to
23 utilize not more than \$50,000 per project, in-
24 cluded as part of the award of the recipient or
25 in addition to the amount of the award of the

1 recipient as determined appropriate by the head
2 of the Federal agency, for the services described
3 in paragraph (1)—

4 “(i) provided through a vendor se-
5 lected by the small business concern under
6 paragraph (2)(A); or

7 “(ii) achieved through the activities
8 described in paragraph (2)(B).”; and

9 (D) by adding at the end the following:

10 “(5) TARGETED REVIEW.—A Federal agency
11 may perform targeted reviews of technical and busi-
12 ness assistance funding as described in subsection
13 (mm)(1)(F).”; and

14 (2) by adding at the end the following:

15 “(bbb) I-CORPS PARTICIPATION.—

16 “(1) IN GENERAL.—Each Federal agency with
17 an Innovation Corps program (commonly known as
18 ‘I-Corps’) that is required to conduct an SBIR or
19 STTR program shall—

20 “(A) provide an option for requesting par-
21 ticipation in an I-Corps teams course, I-Corps
22 bootcamp, or another equivalent training pro-
23 gram to recipients of an award under the SBIR
24 or STTR program; and

1 “(B) authorize the recipients described in
2 subparagraph (A) to use amounts authorized
3 under subsection (q) to participate in the I-
4 Corps teams course, I-Corps bootcamp, or an-
5 other equivalent training program.

6 “(2) COST OF PARTICIPATION.—The cost of
7 participation by a recipient described in paragraph
8 (1)(A) in an I-Corps course, I-Corps bootcamp, or
9 another equivalent training program may be pro-
10 vided by—

11 “(A) an I-Corps team SBIR or STTR
12 grant;

13 “(B) funds awarded to the recipient under
14 subsection (q);

15 “(C) funds made available to carry out
16 subsection (mm);

17 “(D) the participating teams or other
18 sources as appropriate; or

19 “(E) any combination of sources described
20 in subparagraphs (A), (B), (C), and (D).”.

21 **SEC. 8. IMPROVING SBIR AND STTR DATA COLLECTION.**

22 (a) **ADDITIONAL DATA FIELDS IN SBIR DATA-**
23 **BASE.**—Section 9(k)(1) of the Small Business Act (15
24 U.S.C. 638(k)(1)) is amended—

1 (1) in subparagraph (E)(iv), by striking “and”
 2 at the end;

3 (2) in subparagraph (F)(v), by striking the pe-
 4 riod at the end and inserting “; and”; and

5 (3) by adding at the end the following:

6 “(G) for each award granted, whether the
 7 award is classified or designated as—

8 “(i) direct to Phase II, under sub-
 9 section (cc);

10 “(ii) subsequent Phase II, under sub-
 11 section (bb)(1);

12 “(iii) a strategic breakthrough award
 13 under subsection (ff)(3);

14 “(iv) a Phase III prime contract
 15 award; or

16 “(v) a Phase III subcontract award.”.

17 (b) IMPROVING FEDERAL PROCUREMENT DATA SYS-
 18 TEMS DATA TRACKING.—

19 (1) DEFINITIONS.—In this section:

20 (A) FEDERAL AGENCY; PHASE II; PHASE
 21 III; SBIR; STTR.—The terms “Federal agency”,
 22 “Phase II”, “Phase III”, “SBIR”, and
 23 “STTR” have the meanings given those terms
 24 in section 9(e) of the Small Business Act (15
 25 U.S.C. 638(e)).

1 (B) SMALL BUSINESS CONCERN.—The
2 term “small business concern” has the meaning
3 given the term in section 3 of the Small Busi-
4 ness Act (15 U.S.C. 632).

5 (2) REQUIREMENT TO UPDATE.—The Adminis-
6 trator of General Services shall update the Federal
7 Procurement Data System described in section
8 1122(a)(4) of title 41, United States Code, or any
9 successor system, to—

10 (A) require reporting on whether an award
11 under the SBIR or STTR program under sec-
12 tion 9 of the Small Business Act (15 U.S.C.
13 638) is classified or designated as—

14 (i) direct to Phase II, under sub-
15 section (cc) of such section;

16 (ii) subsequent Phase II, under sub-
17 section (bb)(1) of such section;

18 (iii) a strategic breakthrough award
19 under subsection (ff)(3) of such section, as
20 added by this Act;

21 (iv) a Phase III prime contract award;

22 or

23 (v) a Phase III subcontract award;

24 (B) require reporting on whether a con-
25 tract is designated as a Phase III contract;

1 (C) require reporting on whether non-
2 SBIR contracts and subcontracts are using
3 SBIR- or STTR-funded technology; and

4 (D) require a government contracting offi-
5 cer, when recording a Phase II or Phase III
6 contract following on from work done by a
7 small business concern during a Phase I or
8 Phase II award, to reference an SBIR or STTR
9 contract identification number for relevant prior
10 SBIR or STTR work done.

11 **SEC. 9. EXTENDING SBIR AND STTR AUTHORIZATION.**

12 (a) IN GENERAL.—Section 9 of the Small Business
13 Act (15 U.S.C. 638), as amended by this Act, is amend-
14 ed—

15 (1) in subsection (m), by striking “September
16 30, 2025” and inserting “September 30, 2031”; and

17 (2) in subsection (n)(1)(A), by striking “2025”
18 and inserting “2031”.

19 (b) CARRY OVER FUNDS.—If a Federal agency that
20 participates in the SBIR or STTR program has funds re-
21 maining at the end of fiscal year 2026 from amounts re-
22 quired to be expended under subsection (f)(1) or (n)(1),
23 respectively, of section 9 of the Small Business Act (15
24 U.S.C. 638), the Federal agency may use those remaining

1 funds in fiscal year 2027 for the SBIR or STTR program,
2 as applicable, of the Federal agency.

3 **SEC. 10. EXTENSION OF SBIR AND STTR PROGRAMS AND**
4 **ACTIVITIES.**

5 (a) PHASE FLEXIBILITY.—Section 9(cc) of the Small
6 Business Act (15 U.S.C. 638(cc)) is amended—

7 (1) by striking “During fiscal years 2012
8 through 2025” and inserting “Until September 30,
9 2031”;

10 (2) by striking “, and the Department of Edu-
11 cation” and inserting “the Department of Energy,
12 the National Aeronautics and Space Administration,
13 and the Department of Education”; and

14 (3) by inserting “or STTR program” after
15 “SBIR program” each place that term appears.

16 (b) COMMERCIALIZATION READINESS PROGRAM FOR
17 CIVILIAN AGENCIES PILOT PROGRAM.—Section 9(gg)(7)
18 of the Small Business Act (15 U.S.C. 638(gg)(7)) is
19 amended by striking “2025” and inserting “2031”.

20 (c) ACCELERATED AWARDS.—Section 9(hh)(2)(C) of
21 the Small Business Act (15 U.S.C. 638(hh)(2)(C)) is
22 amended by striking “September 30, 2025” and inserting
23 “September 30, 2031”.

1 (d) PHASE 0 PILOT PROGRAM.—Section 9(jj)(7) of
2 the Small Business Act (15 U.S.C. 638(jj)(7)) is amended
3 by striking “2025” and inserting “2031”.

4 (e) ADMINISTRATIVE ASSISTANCE.—Section
5 9(mm)(1) of the Small Business Act (15 U.S.C.
6 638(mm)(1)) is amended by striking “September 30,
7 2025” and inserting “September 30, 2031”.

8 (f) INCREASED MINIMUM PERFORMANCE STAND-
9 ARDS.—Section 9(qq)(3)(I) of the Small Business Act (15
10 U.S.C. 638(qq)(3)(I)) is amended by striking “September
11 30, 2025” and inserting “September 30, 2031”.

12 (g) COMMERCIALIZATION ASSISTANCE PILOT PRO-
13 GRAMS.—Section 9(uu)(3) of the Small Business Act (15
14 U.S.C. 638(uu)(3)) is amended by striking “September
15 30, 2025” and inserting “September 30, 2031”.

16 (h) DUE DILIGENCE PROGRAM.—Section 9(vv)(3)(C)
17 of the Small Business Act (15 U.S.C. 638(vv)(3)(C)) is
18 amended by striking “September 30, 2025” and inserting
19 “September 30, 2031”.

20 (i) STTR PARTICIPATION OF MILITARY RESEARCH
21 AND EDUCATIONAL INSTITUTIONS PILOT PROGRAM.—
22 Section 9(yy)(2) of the Small Business Act (15 U.S.C.
23 638(yy)(2)) is amended by striking “September 30, 2025”
24 and inserting “September 30, 2031”.

1 (j) BUDGET CALCULATION PILOT PROGRAM.—Sec-
2 tion 9(zz)(3) of the Small Business Act (15 U.S.C.
3 638(zz)(3)) is amended by striking “September 30, 2025”
4 and inserting “September 30, 2031”.

5 (k) SPECIAL OPERATIONS COMMAND PILOT.—Sec-
6 tion 851(e) of the National Defense Authorization Act for
7 Fiscal Year 2020 (10 U.S.C. 4901 note) is amended by
8 striking “September 30, 2025” and inserting “September
9 30, 2031”.

10 (l) GOVERNMENT ACCOUNTABILITY OFFICE MAN-
11 DATE SUNSET.—The National Defense Authorization Act
12 for Fiscal Year 2012 (Public Law 112–81) is amended
13 by striking section 5142 (15 U.S.C. 638a).

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