

college were recently harassed because they attended college wearing a Muslim scarf of over their head.

And even before the tragedies of September 11, the City of Azusa, also in my congressional district, has been home to many hate crimes, Latinos and African American youth attacking each other.

This has gone on for too long. I hope that further emphasis on responsibility, good citizenship, tolerance, and understanding will help to stem the tide of hate crimes in this country.

House Concurrent Resolution 204 expresses the sense of Congress that a National Character Counts Week should be established and that the President should issue a proclamation on the topic of character education. The establishment of a National Character Counts Week will provide families, parents, children, students, community-based organizations, and civic groups the ability to focus on character education and its many benefits.

In closing, I want to thank the gentleman from Texas (Mr. SMITH) for his leadership on this issue and urge the Members to support this resolution.

Mr. Speaker, I reserve the balance of my time.

Mr. FLETCHER. Mr. Speaker, I yield 4 minutes to the gentleman from Texas (Mr. SMITH).

Mr. SMITH of Texas. First, Mr. Speaker, I want to thank the gentleman from Kentucky (Mr. FLETCHER) for yielding me this time, and I also want to thank him for his help in passing this resolution, which I introduced last July.

Mr. Speaker, a good definition of character is summed up in the old saying "Character is what you do when no one is looking."

□ 1415

Men and women of character are guided by standards of right and wrong. They do not look to others for approval or bend to peer pressure.

National polls indicate that moral concerns and family decline are some of the most important problems facing the country today. Too many of our children grow up in a culture that acknowledges no right or wrong.

Americans are concerned about the quality of their children's education. They are also troubled about the decline in our Nation's values and its effect on our children. Although parents should be the primary developers of character, educators play an increasingly important role. Communities across the Nation recognize that character education is an integral part of a well-rounded curriculum.

Our Nation's teachers are aware that character education can establish standards for behavior.

President Bush has made character education an important component of his education reform bill. By allocating funds to character education, States, local education agencies, parents, and students will have an opportunity to

promote character and values. This resolution will encourage schools to embrace character education. It designates the third week of October of this year and 2002 as "National Character Counts Week."

I hope children across the Nation will participate in character-building activities in their schools. It is imperative that we teach our children the values that strengthen their character and make our country strong. To reap the rewards of a virtuous society, we must first sow the seeds of character when we educate our children.

Ms. SOLIS. Mr. Speaker, I would like to just reiterate that this is a good bill and ask my colleagues to support it.

Mr. Speaker, I yield back the balance of my time.

Mr. FLETCHER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, let me just close before I yield back the remainder of my time.

In light of the recent events, it seems even more appropriate to quote Dr. Martin Luther King. Let me read his quote. "The function of education, therefore, is to teach one to think intensively and to think critically. But education which stops with efficiency may prove the greatest menace to society. The most dangerous criminal may be the man gifted with reason and no morals. We must remember that intelligence is not enough. Intelligence plus character, that is the goal of true education."

Mr. BUYER. Mr. Speaker, I rise in support of this Resolution, House Concurrent Resolution 204, legislation establishing a national "Character Counts Week" sponsored by my friend from Texas, Mr. LAMAR SMITH.

Today, the vast majority of Americans share a respect for fundamental traits of character, honesty, compassion, justice, courage, and perseverance. Yet, in today's world, all children face great uncertainties in a complex and sometimes troubled society.

Positive character traits are not always readily apparent and easy for them to grasp or learn. When children are young, it can be difficult to decipher between what is right and what is wrong. Therefore, our challenge is to provide youths with the self-esteem, stamina, and support they need to survive, be successful, and develop into strong, competent, caring, and responsible citizens.

This resolution encourages the establishment of a "Character Counts" week, geared towards educators, students and communities to become more involved in the development of positive character traits.

Life consists of a series of choices. Every choice you make helps to define the kind of person you choose to be. Good character requires doing the right thing even when it is costly, risky, or when no one is looking. With all the pressures youths face today, how can we, as lawmakers, encourage our children to do the right thing, while so many elements in our culture say the complete opposite?

That is why it is so important for Congress to pass this resolution. Character education is about celebrating what is right with young people while encouraging and enabling them to develop knowledge and life skills for enhancing ethical and responsible behavior. I urge

my colleagues to join with me in support of this measure.

Ms. CARSON of Indiana. Mr. Speaker, "character."

Webster's New World Dictionary, Third college Edition defines "character" as "moral strength, self-discipline, fortitude."

The pillars which guide ethical decision-making, which make up character are: Trustworthiness, respect, responsibility, fairness, caring, citizenship.

Trustworthiness includes morality, honesty, truthfulness, sincerity, candor, loyalty and integrity.

Respect includes civility, courtesy and decency.

Being responsible means being in charge of our choices and, thus, our lives. It means being accountable for what we do and who we are.

Fairness involves issues of equality, impartiality, proportionality and openness.

Caring is ultimately about our responsibilities toward other people. A person who really cares feels an emotional response to both the pain and pleasure of others.

The concept of citizenship includes civic virtues and duties that prescribe how we ought to behave as part of a community. The good citizen gives more than he or she takes.

As leaders of this great nation, especially at this time, we must be examples of strong, moral unblemished character and encourage the young people of this nation to replicate these attributes in all their ways and conduct.

Mr. FLETCHER. Mr. Speaker, I have no further requests for time, and I yield back the remainder of my time.

The SPEAKER pro tempore (Mr. MILLER of Florida). The question is on the motion offered by the gentleman from Kentucky (Mr. FLETCHER) that the House suspend the rules and agree to the concurrent resolution, H. Con. Res. 204.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

#### MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Ms. Wanda Evans, one of his secretaries.

#### SMALL BUSINESS TECHNOLOGY TRANSFER PROGRAM REAUTHORIZATION ACT OF 2001

Mr. MANZULLO. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1860) to reauthorize the Small Business Technology Transfer Program, and for other purposes, as amended.

The Clerk read as follows:

H.R. 1860

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Small Business Technology Transfer Program Reauthorization Act of 2001".

**SEC. 2. EXTENSION OF PROGRAM AND EXPENDITURE AMOUNTS.**

(a) IN GENERAL.—Section 9(n)(1) of the Small Business Act (15 U.S.C. 638(n)(1)) is amended to read as follows:

## “(1) REQUIRED EXPENDITURE AMOUNTS.—

“(A) IN GENERAL.—With respect to each fiscal year through fiscal year 2009, each Federal agency that has an extramural budget for research, or research and development, in excess of \$1,000,000,000 for that fiscal year, shall expend with small business concerns not less than the percentage of that extramural budget specified in subparagraph (B), specifically in connection with STTR programs that meet the requirements of this section and any policy directives and regulations issued under this section.

“(B) EXPENDITURE AMOUNTS.—The percentage of the extramural budget required to be expended by an agency in accordance with subparagraph (A) shall be—

“(i) 0.15 percent for each fiscal year through fiscal year 2003; and

“(ii) 0.3 percent for fiscal year 2004 and each fiscal year thereafter.”.

(b) CONFORMING AMENDMENT.—Section 9 of the Small Business Act (15 U.S.C. 638) is amended in subsections (b)(4) and (e)(6), by striking “pilot” each place it appears.

**SEC. 3. INCREASE IN AUTHORIZED PHASE II AWARDS.**

(a) IN GENERAL.—Section 9(p)(2)(B)(ix) of the Small Business Act (15 U.S.C. 638(p)(2)(B)(ix)) is amended—

(1) by striking “\$500,000” and inserting “\$750,000”; and

(2) by inserting before the semicolon at the end the following: “, and shorter or longer periods of time to be approved at the discretion of the awarding agency where appropriate for a particular project”.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall be effective beginning in fiscal year 2004.

**SEC. 4. AGENCY OUTREACH.**

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

(1) in paragraph (12), by striking “and” at the end;

(2) in paragraph (13), by striking the period at the end and inserting a semicolon; and

## “(3) by adding at the end the following:

“(14) implement an outreach program to research institutions and small business concerns for the purpose of enhancing its STTR program, in conjunction with any such outreach done for purposes of the SBIR program; and”.

**SEC. 5. POLICY DIRECTIVE MODIFICATIONS.**

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

“(3) MODIFICATIONS.—Not later than 120 days after the date of enactment of this paragraph, the Administrator shall modify the policy directive issued pursuant to this subsection to clarify that the rights provided for under paragraph (2)(B)(v) apply to all Federal funding awards under this section, including the first phase (as described in subsection (e)(6)(A)), the second phase (as described in subsection (e)(6)(B)), and the third phase (as described in subsection (e)(6)(C)).”.

**SEC. 6. STTR PROGRAM DATA COLLECTION.**

(a) IN GENERAL.—Section 9(o) of the Small Business Act (15 U.S.C. 638(o)), as amended by this Act, is amended by adding at the end the following:

“(15) collect, and maintain in a common format in accordance with subsection (v), such information from awardees as is necessary to assess the STTR program, including information necessary to maintain the database described in subsection (k).”.

(b) DATABASE.—Section 9(k) of the Small Business Act (15 U.S.C. 638(k)) is amended—

(1) in paragraph (1)—  
(A) by inserting “or STTR” after “SBIR” each place it appears;  
(B) in subparagraph (C), by striking “and” at the end;  
(C) in subparagraph (D), by striking the period at the end and inserting “; and”; and  
(D) by adding at the end the following:

“(E) with respect to assistance under the STTR program only—

“(i) whether the small business concern or the research institution initiated their collaboration on each assisted STTR project;

“(ii) whether the small business concern or the research institution originated any technology relating to the assisted STTR project;

“(iii) the length of time it took to negotiate any licensing agreement between the small business concern and the research institution under each assisted STTR project; and

“(iv) how the proceeds from commercialization, marketing, or sale of technology resulting from each assisted STTR project were allocated (by percentage) between the small business concern and the research institution.”; and

## (2) in paragraph (2)—

(A) by inserting “or an STTR program pursuant to subsection (n)(1)” after “(f)(1)”;

(B) by striking “solely for SBIR” and inserting “exclusively for SBIR and STTR”;

(C) in subparagraph (A)(iii), by inserting “and STTR” after “SBIR”; and

(D) in subparagraph (D), by inserting “or STTR” after “SBIR”.

(c) SIMPLIFIED REPORTING REQUIREMENTS.—Section 9(v) of the Small Business Act (15 U.S.C. 638(v)) is amended by inserting “or STTR” after “SBIR” each place it appears.

(d) REPORTS TO CONGRESS.—Section 9(b)(7) of the Small Business Act (15 U.S.C. 638(b)(7)) is amended by striking “and (o)(9),” and inserting “, (o)(9), and (o)(15), the number of proposals received from, and the number and total amount of awards to, HUBZone small business concerns under each of the SBIR and STTR programs.”.

**SEC. 7. STTR PROGRAM-WIDE MODEL AGREEMENT FOR INTELLECTUAL PROPERTY RIGHTS.**

(a) DEVELOPMENT OF MODEL AGREEMENT.—Section 9 of the Small Business Act (15 U.S.C. 638) is amended by adding at the end the following:

## “(w) STTR MODEL AGREEMENT FOR INTELLECTUAL PROPERTY RIGHTS.”

“(1) IN GENERAL.—The Administrator shall promulgate regulations establishing a single model agreement for use in the STTR program that allocates between small business concerns and research institutions intellectual property rights and rights, if any, to carry out follow-on research, development, or commercialization.

“(2) OPPORTUNITY FOR COMMENT.—In promulgating regulations under paragraph (1), the Administrator shall provide to affected agencies, small business concerns, research institutions, and other interested parties the opportunity to submit written comments.”.

(b) ADOPTION OF MODEL AGREEMENT BY FEDERAL AGENCIES.—Section 9(o)(11) of the Small Business Act (15 U.S.C. 638(o)(11)) is amended by striking “develop a model agreement not later than July 31, 1993, to be approved by the Administration,” and inserting “adopt the agreement developed by the Administrator under subsection (w) as the agency’s model agreement”.

**SEC. 8. FAST PROGRAM ASSISTANCE TO WOMEN-OWNED AND MINORITY-OWNED SMALL BUSINESS CONCERN AND CONCERN LOCATED IN AREAS NOT PARTICIPATING IN SBIR AND STTR.**

(a) SELECTION CONSIDERATION.—Section 34(c)(2)(B) of the Small Business Act (15 U.S.C. 657d(c)(2)(B)) is amended—

(1) in clause (iv), by striking “and” at the end;

(2) in clause (v), by striking the period at the end and inserting “; and”; and

(3) by adding at the end the following new clause:

“(vi) whether the proposal addresses the needs of small business concerns—

“(I) owned and controlled by women;

“(II) owned and controlled by minorities; and

“(III) located in areas that have historically not participated in the SBIR and STTR programs.”.

(b) REGULATIONS.—Section 34(c)(4) of the Small Business Act (15 U.S.C. 657d(c)(4)) is amended by adding at the end the following: “The Administrator shall promulgate regulations establishing standards for the consideration of proposals under paragraph (2), including standards regarding each of the considerations identified in paragraph (2)(B).”.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Illinois (Mr. MANZULLO) and the gentleman from Texas (Mr. GONZALEZ) each will control 20 minutes.

The Chair recognizes the gentleman from Illinois (Mr. MANZULLO).

**GENERAL LEAVE**

Mr. MANZULLO. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on this legislation.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. MANZULLO. Mr. Speaker, I yield myself such time as I may consume.

The purpose of H.R. 1860 is to amend the Small Business Act to extend the Small Business Technology Transfer Program, more familiarly known as the STTR Program, through the end of September 2009.

Under present law, the STTR program will terminate on September 30, 2001. The STTR program requires a co-operative venture between a for-profit small business and a researcher from a university, federal lab, or a nonprofit research institute for the purpose of meeting particular needs or developing commercially viable products from ideas spawned in a laboratory environment.

This program builds on the well-established reputation that small businesses have for innovation and job creation to the benefit of the economy, generally, and specifically those who participate in the program. It also benefits the vast wealth of scientific knowledge that is available in this Nation’s research institutions that employ approximately one-fourth of the scientists and engineers in the country.

Together small business concerns and the research community have proved a successful vehicle for moving ideas from academic environments to the practical, useful commercial world to the benefit of U.S. economy and workers. For a Federal agency to participate in the program, it must have a contracted-out research and development budget that exceeds \$1 billion in

any fiscal year. Currently there are five Federal agencies that meet the funding requirement: the Department of Defense, the Department of Energy, the Department of Health and Human Services, NASA, and the National Science Foundation.

No new funding is required to reauthorize this program since the program is funded as a percentage of the contracted-out research and development funds annually appropriated by Congress to those federal agencies meeting the funding threshold.

Beginning in fiscal year 2004, the percentage of the R&D budget required to be spent for small high tech firms by agencies participating in the program increases from .15 percent to .3 percent.

Beginning in fiscal year 2004, the amount that a small business can receive for Phase II award is increased from 500,000 to 750,000 in line with Phase II awards made under the SBIR program.

Participating agencies are directed in this bill to implement an outreach program to research institutions and small business concerns for the purpose of enhancing the STTR program in conjunction with any such outreach done for purposes of SBIR program.

The bill is important to foster the development of small high technology firms. I commend my Committee on Science colleagues, the gentleman from Michigan (Mr. EHLERS) and the gentleman from Michigan (Mr. BARCIA), in bringing this bill to the floor.

Mr. Speaker, I reserve the balance of my time.

Mr. GONZALEZ. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, today we stand and take the final step toward reauthorizing the Small Business Technology Transfer Program and upgrading it from its current pilot program status.

We began this initiative in 1992 with a unique goal, to help the small business and research communities work together to bring innovative new technologies to the marketplace. It is impossible to overstate the impact that technological innovation has had on the economy and on our lives. Computer and telecommunications innovation, biotechnology and chemical engineering have fueled a boom and profoundly changed the way we work and live. Some technologies were exotic or even unheard of just 10 years ago. Today, they have become commonplace.

Mr. Speaker, the Small Business Technology Transfer Program has helped to spur some of this remarkable creativity and growth. Between 1994 and 1998 alone, STTR awarded 864 Federal grants for research through 5 Federal departments and agencies. STTR has led to inventions emerging in highly evolved technologies, including advances in vaccine applications and biotechnology research.

With the passage of today's legislation, we will continue to support small technology firms across this country

by extending the life of STTR through the year 2009, while expanding the program from its previous pilot program status.

In particular, we will expand the program's reach by increasing the percentage of Federal research grants reserved for small businesses from 0.15 to 0.30 percent, doubling the amount of research dollars going to small businesses. This will go a long way towards increasing the role small firms play in developing new technology.

In addition to increasing the number of opportunities for new enterprises, we are increasing the amount of Phase II grants from \$500,000 to \$750,000 so that those already successful small businesses will have an even better chance of product commercialization.

We are also directing the SBA to develop a streamlined model agreement so that small businesses can spend more time developing technology and less time on bureaucratic paperwork.

But that is not enough. The Committee on Small Business recognizes that technology can be the great equalizer in underserved communities and has positioned STTR to play a far larger role. For example, of the 864 contracts awarded, only 1.5 percent of those went to women-owned small businesses, and only 2.8 percent were awarded to minority businesses. This defeats one of the core missions of STTR, to help small businesses that otherwise do not have access to the tools and advice they need to take their ideas from the laboratory drawing board to the marketplace.

The committee has also directed the Small Business Administration to begin tracking awards to low-income communities. This will give a measurement of the level of support that STTR is providing to these areas.

Finally, we are redirecting the Federal and State Technological Partnership to further emphasize the importance of outreach to low-income communities in spreading and increasing the benefits of technological innovation. We created this program last year to encourage technology development in areas that had limited growth and success in the past.

An important component of this was supposed to be outreach to low-income communities. Unfortunately, the implementing regulation failed to focus on low-income communities. In consultation with the Senate, the committee changed the statutory language specifically to increase STTR and Small Business Innovation Research awards to low-income communities.

With this bill, we expanded the language to focus awards on businesses owned by women and socially and economically disadvantaged individuals within each State, as well as small businesses in regions that have been previously overlooked by STTR and SBIR awards.

I want to make it absolutely clear that outreach is a critical component to technology development. The en-

hancements included in this bill will begin to open access to technology for businesses located in low-income communities and other underserved regions, and we will measure the success of this outreach by tracking the number of those awards in those particular communities.

During the past decade, we saw enormous growth in small business and technological innovation. The benefits are many, but the gap between communities who benefit from the economic strength of technological entrepreneurs and those who are left behind is too wide. STTR is instrumental in helping more researchers and small businesses build the next new thing while at the same time bridging the digital divide.

Mr. Speaker, I urge my colleagues to support this measure.

Mr. Speaker, I reserve the balance of my time.

Mr. MANZULLO. Mr. Speaker, I yield 8 minutes to the gentleman from Michigan (Mr. EHLERS), the primary sponsor of this legislation.

Mr. EHLERS. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I rise in support of H.R. 1860, the Small Business Technology Transfer Program Reauthorization Act of 2001. I thank the gentleman from Illinois (Mr. MANZULLO) and the gentleman from Texas (Mr. GONZALEZ) for their supportive comments on this bill.

Approximately 5 years ago, I was chartered by then-Speaker Gingrich and the gentleman from Wisconsin (Mr. SENSENBRENNER), the chairman of the Committee on Science and Technology, to prepare a report on updating the science policy of our Nation and outline where we should be heading. That report came out of the Committee on Science and Technology, was approved by the House of Representatives, and became popular enough that it is now in paperback.

In that report, we made a major statement on several issues; one of which was to bridge the so-called valley of death between basic research and applied research so that we could have more ideas flowing out of basic research into applied research and eventually into product development.

The program we are talking about here today is a program which can help bridge that valley. We are recommending, based on the success of this program, that it be reauthorized and, in fact, improved.

Investment in technology, research, and development and this scientific enterprise is a key component of sustaining the economic growth of the past decade, much of which is based on developments in science and technology.

As growth slows, Congress must seek ways to bolster its investment and renew strong economic performance. I am pleased to rise in support of this legislation because it will bring research out of the labs and into the

marketplace to help our economic engine roar back to life.

□ 1430

The Federal Government funds a wide range of basic research efforts which are carried out by our Nation's research institutions, such as universities, Federal laboratories, and non-profit research centers. Bringing the successes of these efforts into the marketplace can be difficult for a research institution. They are simply not geared up for this. At the same time, small businesses have a well-earned reputation for introducing new ideas to the marketplace but often lack the resources and the personnel to carry out extensive research and development. The Small Business Technology Transfer program, better known as STTR, helps bridge this gap.

This program, which is the subject of this bill, stimulates technology transfer from research institutions to small businesses by awarding grants for collaborative efforts between small businesses and nonprofit research institutions. This award process has three phases. Phase one is a testing stage to determine the scientific, technical, and commercial merit and feasibility of a proposed collaboration effort. Grants are limited to \$100,000 during this stage. Projects that successfully complete phase one may be further developed in phase two, with additional funding up to \$500,000. Phase three is designed for final R&D efforts and for commercialization of the idea. However, no Federal STTR funding is allowed for this stage. At that point it becomes the responsibility of the company.

This program is currently funded through a set-aside of 0.15 percent of Federal R&D budgets that exceed the threshold of \$1 billion. Currently, five agencies participate in STTR: Department of Defense; National Aeronautics and Space Administration; Department of Health and Human Services, primarily through the National Institutes of Health; the Department of Energy; and the National Science Foundation.

The General Accounting Office evaluated STTR in 2000–2001 and found that companies receiving phase one grants felt that both the company and research counterpart contributed significantly to the expertise and implementation of the project. They reported a variety of outcomes, ranging from product sales to project discontinuation. And 99 percent of the grant recipient companies surveyed believed the STTR program should continue.

In addition to that, they did a survey of the companies involved to see what the effects were, and they discovered that there is a substantial return on investment. Just the six most successful projects alone accounted for sales of \$132 million. That almost covers the cost of the entire STTR program during the first few years.

In addition, the top two projects had \$115 million of sales. Now, recognize,

these sales go on and on for years. These are just the sales for the first year or two. So it clearly is a program that works. It is successful and does improve our economy.

This current bill, which I am offering, H.R. 1860, does several things to improve the program. First, the legislation reauthorizes the program through fiscal year 2009 and raises the set-aside percentage from 0.15 percent to 0.3 percent, which will increase the annual awards by approximately \$60 million overall. Second, it increases the ceiling on the phase two award from \$500,000 to \$750,000. This simply reflects the rising costs of doing business since the program's inception in 1992.

Finally, H.R. 1860 will, among other things, strengthen the data collection and reporting requirements of the agencies and small businesses participating in STTR and standardize intellectual property rights agreements between the agencies and their partners. That last aspect is very important, because the participants reported a significant amount of their time, money, and effort had gone into developing the property rights agreements between the agencies and the business partners. This bill standardizes that process and will save a considerable amount of time and money, particularly in attorneys' fees and the time of the participants.

This bill is a cooperative effort between the House Committee on Science, the House Committee on Small Business and the Senate Small Business Committee. The three committees have worked in a bipartisan, bicameral effort to ensure this important program is reauthorized. In fact, the manager's amendment reflects that cooperation by inserting the text of Senate bill 856, which is almost identical to our bill, as the manager's amendment.

I would like to thank the leadership of these committees, Chairman BOEHLER, ranking member HALL, Chairman MANZULLO and ranking member VELÁZQUEZ, for their efforts in bringing this bill to the floor. This is a good bill that will improve upon an already successful small business program. It will strengthen R&D partnerships between research institutions and small businesses. It will help America's economy by encouraging new small business ventures, which are a key component of fueling further economic growth. And it will demonstrate the importance of funding Federal research efforts by bringing technology developed in research institutions into the marketplace and creating jobs.

Mr. Speaker, I urge Members to support the bill.

Mr. GONZALEZ. Mr. Speaker, I yield such time as he may consume to the gentleman from New Mexico (Mr. UDALL).

Mr. UDALL of New Mexico. Mr. Speaker, the small business technology transfer program has been a valuable tool to promote useful technological

innovation since it was first authorized in 1992. Today, we take the final step toward extending and expanding STTR for the future. I hope that, if we see the same kind of development in the next 10 years as we have seen in the past decade, many more wonders will follow to change our lives and bolster our economy, which clearly needs it at this time.

The Subcommittee on Rural Enterprises, Agriculture, and Technology, on which I serve, held a hearing on this program on June 20, 2001. The STTR program is designed to address the lack of capital that small business research and development firms experience when getting started. Another unique aspect of the program is that small businesses can partner for research projects with research institutions, federally funded research and development centers, or nonprofit organizations.

By supporting this legislation, we are taking a big step to strengthen and improve the STTR program and its delivery program to women-owned, minority-owned and those companies located in low-income communities. This program is a valuable tool to assist small business owners who focus on research and development initiatives.

We have expanded the STTR in a number of ways. We raised the percentage of Federal agencies' research budgets reserved for STTR from 1.5 percent to 3 percent. We also increased the amount of phase two awards from \$500,000 to \$750,000 to help more innovations get to market. To help small businesses and institutions deal with a blizzard of different standardized agreements, we are asking the Small Business Administration to develop a single, standardized model agreement. And we are asking SBA to make a concerted effort to reach out to underserved areas of the country with grants for those communities. We will see how well the agency does by tracking where and to whom STTR and SBIR grants are awarded. Technology can be the great economic equalizer, but the digital divide must be bridged first.

In my district in New Mexico, I have a large rural area. Issues of the digital divide are profound. In fact, one young student recently won a computer in a school contest but did not have a telephone line to hook up the computer. We need an aggressive effort at digital inclusion. The small business technology transfer program will help bridge this gap through a grant program.

I would like to thank all my colleagues on the Committee on Small Business for their support and hard work on this bill, which has been 9 years in the making and is needed now more than ever. I would also like to thank the gentleman from Illinois (Mr. MANZULLO). I know that he brings to this committee a bipartisan approach. We have been very successful at working together. I congratulate him for all his hard work and leadership on this bill.

Mr. GONZALEZ. Mr. Speaker, I yield myself the balance of my time.

The Committee on Small Business, Mr. Speaker, has always been recognized as a true model of bipartisanship. I commend the chairman of the committee today for continuing in that tradition. I want to commend both the chairman of the committee and the ranking member for being really the guiding light in this as in many other pieces of legislation that will expand that business universe to all the small business men and women in this Nation.

H.R. 1860 today presents a greater opportunity than ever before. It is not only an expansion but it is a monitoring; and it really is an accountability model to make sure that the legislation that we pass when it gets down on the ground, in our communities, actually is doing what it is supposed to.

Again, I commend the chairman and the ranking member for their fine work. I would ask that all my colleagues join us today in passage of this fine piece of legislation.

Mr. MANZULLO. Mr. Speaker, I yield myself the balance of my time.

I would urge my colleagues to vote in favor of this bill. We had a very interesting full committee hearing in New Mexico with regard to the Los Alamos lab in the district of the gentleman from New Mexico (Mr. UDALL). It became quite apparent that there has to be something done to make at least that lab come to the table and to include more local businesses and people involved in technology as part of their program. If this program is reauthorized, which I hope it will be, we will stay on top of the progress at Los Alamos and the other labs in this country to make sure the taxpayers' dollars that they are being given are used wisely and that the portion that is set aside for small businesspeople is done exactly for that purpose.

I would urge my colleagues to vote for the bill.

Ms. VELÁZQUEZ. Mr. Speaker, as an original co-sponsor of H.R. 1860, I rise in support of this important legislation to not only reauthorize, but to make permanent the Small Business Administration's Small Business Technology Transfer (STTR) Program.

As the Ranking Democratic Member on the Committee on Small Business, I am well aware of the important role that technology plays in not only developing small businesses, but in strengthening the Nation's economy. The economic boom of the 1990's—the longest period of economic strength in our Nation's history—was fueled by small businesses and, especially high-tech firms. The strength of the economy, for such an unprecedented time period, was directly related to the success of the high-tech sector.

It might surprise my colleagues to know that small businesses are the leading source of innovations and that small firms produce twice as many innovations per employee as large firms. In fact, small businesses were responsible for most of the important innovations in the twentieth century, including items ranging

from such practical consumer products and services as over-night delivery services and quick-frozen food to high-tech items such as the personal computer and the high-resolution x-ray microscope.

The STTR Program that we are authorizing today increases small business participation in the high-tech industry. Established in 1992, the STTR Program works by allowing small businesses to partner with universities, non-profit organizations, and research institutions. These research partners bring important capabilities that small businesses might not possess on their own. The partnership submits a proposal for necessary Federal research requirements.

With this reauthorization legislation, we have removed the pilot status of the STTR Program, and have extended the Program through fiscal year 2009.

We have also taken important steps to increase the amount of Federal research that will be performed by small businesses by increasing the percentage of agency's extramural research budgets to be devoted to the STTR Program from .15 percent to .3 percent beginning in fiscal year 2004. This action doubles the amount of research that the government will be devoting to small firms.

We have increased the grant amount of Phase I awards from the current \$500,000 to \$750,000. This provision allows small businesses more fund with which to conduct their research, thereby increasing the likelihood that their research will result in useful items that will make it to the marketplace.

Additionally, the bill contains provisions that will assist with the assessment of the STTR program, by requiring the collection and maintaining of pertinent data, that can later be used to evaluate the program's strengths and weaknesses.

Democratic Members included three important provisions to this reauthorization to encourage the growth of high-tech businesses. These changes include developing an STTR Program-wide model agreement, increasing awards to low-income areas, and tracking low income awards.

The partnership between small businesses and research institutions is a cornerstone of the STTR Program. Included in the formalization of these teams, is the development of an agreement outlining the rights and responsibilities of each partner, and addressing the intellectual property rights and rights to carry out follow-on research, development or commercialization, if any, that are assigned to each partner.

It has come to the Committee's attention that each participating agency has a model agreement, and many universities and non-profits have model agreements. The result is an exercise in which the small business and its research partner must come to an agreement, and have that agreement parallel the agency's agreement. The scenario often occurs wherein a small business doing work for the same agency, but with multiple research partners, must have multiple agreements, none of which are standard. Ultimately, this results in time devoted to developing partnership agreements when that time would be more effectively used to actually conduct research.

Therefore, Committee Democrats have included language that requires the Small Business Administration (SBA) to go through a rule-making process to develop a single model

agreement that can be acceptably used by all small businesses, agencies, and research partners. It is intended that this rule-making process involve commentary from affected agencies, small business owners, research institutions, and other interested parties. The resulting model agreement shall be used by all agencies as their model agreement so that small research firms can devote their time to that which they do best—research.

During last year's reauthorization of the Small Business Innovation Research (SBIR) Program—the sister program to the STTR Program—important language was included to increase awards to businesses located in low-income areas. Language was included in this Federal and State Technology (FAST) Partnership Program by House Democrats on the Committee on Small Business that allows a 50 cents private for each federal dollar for assistance directed to low-income areas—even if the state is a high-volume state as far as SBIR awards. We were concerned when this language was included, that it would not be implemented properly, and that not enough emphasis would be placed on this issue. This has become a reality in that the SBA did not include any reference to low-income area assistance under the FAST Program in its recent Policy Directive.

As a result of the SBA not being able to properly implement the low-income area assistance of the FAST Program in accordance with our intent, Committee Democrats included language in the STTR reauthorization legislation to require that a separate evaluation criteria for FAST proposals be developed to ensure that these proposals address how they are going to increase STTR and SBIR awards to businesses located in low-income areas. When we consulted with the Senate Small Business Committee on this language, they expressed concern that states not having substantive amounts of low-income areas could be penalized in an evaluation criteria totally devoted to increasing opportunities in these areas. Therefore, compromise language was developed to establish an evaluation criteria to ensure that proposals address how they are going to increase STTR and SBIR awards to (1) businesses owned and controlled by women, (2) businesses owned by minorities, and (3) businesses located in areas of high unemployment and low-income—all of which have historically not participated in the SBIR and STTR Programs. It is our intent that the SBA go through a rule-making process to determine the weight that this criteria should have compared to other criteria, and to determine the standards by which these proposals shall be evaluated. It is our understanding that the term "minorities" will encompass all socially and economically disadvantaged individuals.

This important change to the FAST Program will address the grim reality that of the 864 STTR awards from 1994 through 1998, only 1.5 percent went to women-owned businesses, and only 2.8 percent went to minority owned businesses.

Lastly, we included language in the STTR reauthorization to require that the SBA report to Congress, on an annual basis, on the number of SBIR and STTR awards made to small businesses located in HUBZones. These "Historically Underutilized Business" Zones are specifically defined as areas of high unemployment and low income. These locations

have been out of the mainstream of economic growth that the nation has experienced over the past 10 years, and, as such, would benefit greatly from the economic strength that technology provides to a community. Further, tracking awards made to these businesses will assist in evaluating the success of the FAST Program.

To conclude, I join my colleagues on the Committee on Small Business who are committed to ensuring that small businesses across the country are able to grow and expand their technology capabilities. We know that not only do small businesses, in general, employ more than half of the non-farm workforce, but small businesses account for 38 percent of the private sector workforce in the high tech industry. We believe the STTR and SBIR Programs are critical to increasing the capacity of small business technology companies, and that these Programs should continue to be monitored and evaluated, and given the appropriate resources to ensure their continued success.

Mr. BOEHLERT. Mr. Speaker, I support the Small Business Technology Transfer Program Reauthorization Act of 2001.

The Small Business Technology Transfer Program (STTR) was created in 1992 as an offshoot of the larger Small Business Innovation Research Program (SBIR). Both programs are designed to tap into the innovation of high technology small businesses and foster the commercialization of their research capabilities.

Specifically, the STTR program funds cooperative research projects between a small business and a non-profit research institution, such as a university or Federally funded laboratory. There are currently five participating agencies: Department of Defense, Department of Energy, National Aeronautics and Space Administration, Department of Health and Human Services, and the National Science Foundation. These agencies make R&D awards to the small business collaboration in the hopes of bringing new technology or technology that may have been "on the shelf" of a research institution into the marketplace.

Since its inception, the STTR program has made approximately \$300 million in awards to small businesses and research institutions. As GAO recently reported, the return on our investment has been more than satisfactory. Out of the 102 responses from companies participating in the STTR program from fiscal years 1995–97, \$132 million in sales and \$53 million in additional development funding was reported. In addition, future sales for those projects are expected to be about \$900 million dollars by December 2005. These successful results are so encouraging since most of the R&D efforts have yet to reach the stage where they are ready for the marketplace.

H.R. 1860 will continue this successful R&D program by reauthorizing it through fiscal year 2009, and doubling the set-aside of the participating agencies to .3 percent. The bill also makes important improvements to the program. One of those is the establishment of an electronic database that will better enable the Small Business Administration to evaluate the program's progress.

Finally Mr. Speaker, I would like to commend the bipartisan effort to ensure this important program continues its successful efforts of technology transfer and innovation. I would like to thank Mr. EHLERS, Chairman of the

Subcommittee on Environment, Technology and Standards, the Ranking Member of that Subcommittee Mr. BARCIA, the Chairman of the House Small Business Committee Mr. MANZULLO, and the Ranking Members Ms. VELÁZQUEZ for their efforts in crafting the legislation before the House.

H.R. 1860 will strengthen this country's research and development community by investing in our nation's innovative small businesses and I ask all Members to support its passage.

The SPEAKER pro tempore (Mr. MILLER of Florida). The question is on the motion offered by the gentleman from Illinois (Mr. MANZULLO) that the House suspend the rules and pass the bill, H.R. 1860, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

#### LIMITATION ON PER COUNTRY SHARE OF ASSESSMENTS FOR UNITED NATIONS PEACEKEEPING OPERATIONS

Mr. HYDE. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 248) to amend the Admiral James W. Nance and Meg Donovan Foreign Relations Authorization Act, Fiscal Years 2000 and 2001, to adjust a condition on the payment of arrearages to the United Nations that sets the maximum share of any United Nations peacekeeping operation's budget that may be assessed of any country.

The Clerk read as follows:

S. 248

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. LIMITATION ON THE PER COUNTRY SHARE OF ASSESSMENTS FOR UNITED NATIONS PEACEKEEPING OPERATIONS.

(a) IN GENERAL.—Section 931(b)(2) of the Admiral James W. Nance and Meg Donovan Foreign Relations Authorization Act, Fiscal Years 2000 and 2001 (as enacted by section 1000(a)(7) of Public Law 106-113 and contained in appendix G of that Act; 113 Stat. 1501A-480) is amended by striking "25 percent" and inserting "28.15 percent".

(b) CONFORMING AMENDMENT.—The undesignated paragraph under the heading "ARREARAGE PAYMENTS" in title IV of the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1999 (as contained in section 101(b) of division A of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999; 112 Stat. 2681-96) is amended by striking "25 percent" and inserting "28.15 percent".

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Illinois (Mr. HYDE) and the gentleman from California (Mr. LANTOS) each will control 20 minutes.

The Chair recognizes the gentleman from Illinois (Mr. HYDE).

#### GENERAL LEAVE

Mr. HYDE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to revise and extend their remarks and include extra-

nous material on the Senate bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. HYDE. Mr. Speaker, I yield myself such time as I may consume.

I rise in strong support of S. 248, a measure urgently requested by the administration. Its enactment will help to ensure that we can pay the second installment of our arrearages to the United Nations in return for continued progress in lowering our assessment ceilings for the U.N. regular budget and for U.N. peacekeeping operations.

Our actions on this measure are all the more important in light of the events of September 11. Meeting our financial obligations to the United Nations will help to ensure that our policymakers can keep the focus on broad policies that unite the members of the security council in the fight against global terrorism.

Its enactment revises one of the provisions of the underlying U.N. reform legislation, known as the Helms-Biden law, ensuring that we do not accumulate any additional arrears and that our assessed share for the United Nations peacekeeping operations will drop from close to 32 percent to 28 percent.

□ 1445

In December of 2000, the U.N. put in place a 6-year plan to reduce our share of U.N. peacekeeping costs, with the result that in 2002, our assessment ceiling will drop to 26.5 percent, with further reductions until it reaches 25 percent in 2006.

Our adoption of S. 248 will also ensure that our assessment ceiling for the U.N. regular budget will go from 25 percent to 22 percent, and that other long-term U.N. reform measures are fully implemented. Over the next 10 years, these lower payment ceilings will provide more than \$2 billion of savings to the American taxpayer.

Enacted in the 106th Congress, the Helms-Biden law authorized a total of \$819 million in arrearage payments to the U.N., including \$100 million in fiscal year 1998 funds, \$475 million in fiscal year 1999 funds, and \$244 million in fiscal year 2000. The legislation also allowed an additional \$107 million in debt relief of monies owed to the U.S. by the U.N.

These payments are only made upon specified certifications by the Department of State that the U.N. has implemented reform benchmarks upon each tranche of funds. Among the certifications for release of the first \$100 million authorized under the Helms-Biden legislation are stipulations that the U.N. would not implement any measure violating our Constitution, ceding sovereignty, taxing Americans, creating a standing army, charging the U.S. interest on arrears or exercising control over any U.S. park, monument or property.