

**14 JULY 2000**



**Scientific/Research and Development**

**SMALL BUSINESS INNOVATION RESEARCH  
(SBIR) PROGRAM AND SMALL BUSINESS  
TECHNOLOGY TRANSFER (STTR) PROGRAM**

**COMPLIANCE WITH THIS PUBLICATION IS MANDATORY**

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This instruction implements AFMCPD 61-1, *Small Business Innovation Research (SBIR) Program*. It establishes instruction and procedures for the Air Force SBIR and STTR Programs. This publication applies to Air Force Research Laboratory (AFRL), Aeronautical Systems Center, Electronic Systems Center, Air Armament Systems Center, Space and Missiles Systems Center, Arnold Engineering and Development Center, Air Force Flight Test Center, Ogden Air Logistics Center, Oklahoma City Air Logistics Center, and Warner Robins Air Logistics Center. It does not apply to the Air National Guard or to the US Air Force Reserve units and members.

**SUMMARY OF REVISIONS**

This instruction updates program authority under the Air Force Technology Executive Officer and incorporates the latest policy memorandums from the Office of the Secretary of Defense for Acquisition.

**1. Purpose of This Instruction.** The Air Force SBIR and STTR programs are designed to stimulate technological innovation, use small business to meet federal Research and Development (R&D) needs, increase private sector commercialization of innovations derived from federal R&D, and foster and encourage disadvantaged and women-owned businesses to participate in the SBIR program.

**2. Responsibilities:**

2.1. The AFRL is the office of primary responsibility for the Air Force SBIR and STTR Programs under the authority of the Air Force Technology Executive Officer as designated by the policies and procedures developed jointly by SAF/AQX and SAF/AQR. AFRL will assign the Air Force program manager.

2.1.1. The Air Force Program Manager will be responsible for the overall execution of the SBIR and STTR programs on behalf of the Air Force. The manager will be the team leader for the Air Force SBIR Program Management Team.

2.2. AFMC technical activities (each AFRL Technology Directorate, AFMC Product Center, Test Center, and Logistics Center) will assign a local SBIR program manager as a primary duty. Their respective contracting officers (CO) will be responsible for the designated procurement activities for each participating organization according to the Federal Acquisition Regulation.

2.2.1. The program manager will be responsible for the daily execution of the SBIR and STTR program and will report all activities through the Air Force Program Management Team.

2.3. AFMC/FM will be responsible for distributing SBIR and STTR funds in compliance with the issued budget authority and in accordance with instructions from the AF SBIR Program Management Team.

### **3. SBIR Awards Three Phase Competitive Process:**

3.1. Phase I will determine the scientific or technical merit and feasibility of ideas, which will have the potential to lead into Phase II, submitted against the SBIR solicitation.

3.2. Phase II will be a continuance of Phase I, providing the principal R&D effort, and will be expected to produce a well-defined deliverable product or process. A limited number of Phase II awards may be extended under the Phase II Enhancement Program.

3.3. Phase III may involve follow-on R&D, commercial application, or production funding agreements in the private sector or with a federal agency using non-SBIR funds.

### **4. Major Program Milestones:**

4.1. Call for Topics. AFRL requests a given number of topics and backups from each participating organization based on an estimate of the following year's budget. The request will include the schedule of activities leading to the OSD review and approval cycle.

4.2. DOD SBIR Solicitation. AFRL coordinates with Army, Navy, and Office of the Secretary of Defense SBIR program managers to write the tri-service portion of the solicitation. AFRL then independently compiles the Air Force topics received from participating organizations and writes an Air Force introduction for inclusion in the solicitation.

4.3. Phase I Proposals. Small businesses wishing to respond to any of these solicited topics submit proposals according to the format and deadline in the solicitation. The technical evaluation and selection of proposals for awards are done by the participating AFMC organizations.

4.4. Phase I Contract Awards. Purchase requests (PR) are prepared for the selected proposals and sent to the appropriate contracting office. The procurement CO initiates actions that will lead to contract awards in a reasonable length of time. Awarding the Phase I contracts should normally be completed within 4 to 6 months from the closing date specified in the solicitation.

4.5. Phase II Proposals. A Phase II proposal can be submitted only by a Phase I awardee and only in response to a request from the Air Force. The participating organization will evaluate the proposal on overall merit.

4.6. Phase II Contract Awards. Phase II selections, when made by the participating organization, will be sent to the contracting office where action will be taken to make contract awards in a timely manner. Awarding the Phase II contracts should normally be completed within 6 months of the date of the proposal.

4.7. Special Emphasis Programs. The Air Force will support various DOD special emphasis programs (examples: Fast Track and Phase II Enhancement Program) under SBIR and STTR. The Air Force Program Manager is responsible for establishing guidance and procedures and the local field offices are responsible for executing these programs.

4.8. Phase III. Successful Phase II efforts are likely to continue on to application in the private or public sector. Phase III efforts are not funded by the SBIR program. The small business contractor is entirely responsible for marketing and selling the technology.

## **5. SBIR Program Budget:**

5.1. Funding for the program will be determined at the beginning of each FY in accordance with congressional intent and direction. Presently, 2.5 percent of the extramural research and development budget is dedicated for the SBIR program, .15 percent for STTR, and .01 percent for administering both programs.

5.2. The annual budget will reside in program element 65502F managed by AFRL. All SBIR and STTR program funds will be distributed to the laboratory technology directorates and centers based on the level of activity and adjusted according to the capability of the program to use the funds effectively. AFRL will be solely responsible for determining the exact amounts to be distributed. The administrative monies will be managed by AFRL.

JAMES R. HEALD, Colonel, USAF  
AFRL, Vice Commander

## Attachment 1

### GLOSSARY OF REFERENCES AND SUPPORTING DOCUMENTS

#### *References*

SBA Policy directive 65-01, *Small Business Innovation Research Program*, 26 Jan 95 (supercedes previous versions)

Public Law 97-219, *Small Business Innovation Development (SBID) Act of 1982*, 22 Jul 82

Public Law 99-443, *SBIR Continuing Resolution Authority*, 6 Oct 86

Public Law 102-564, *Small Business Technology Transfer Act of 1992*, 28 Oct 92

AFPD 61-1, *Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Programs*, Draft updated 20 Mar 2000

AFRLI 61-101, *Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Programs*, Draft updated 24 Apr 2000

#### *Abbreviations and Acronyms*

**AFRL**—Air Force Research Laboratory

**AFMC**—Air Force Materiel Command

**DAC**—Designated Acquisition Commander

**DDDR&E**—Deputy Director Defense Research and Engineering

**PEO**—Program Executive Office

**SADBU**—Small and Disadvantaged Business Utilization Office

**SAF/AQR**—Deputy Assistant Secretary for Acquisition (Science, Technology and Engineering)

**SBA**—Small Business Administration

**SBIR**—Small Business Innovation Research

**SPO**—System Program Office

**STTR**—Small Business Technology Transfer

**TEO**—Technology Executive Officer

#### *Terms*

**Air Force SBIR Program Management Team**—The Air Force Office (the Air Force SBIR Program Manager and staff) responsible for implementing this policy directive and its instructions.

**AFMC Technical Activities**—This refers to all non-AFRL organizations that participate in the AF SBIR and STTR program. For example it includes the product, test, and logistics centers.

**Commercialization**—The process of developing markets and producing and delivering products for sale (whether by the originating party or by others); as used here, commercialization includes both government and commercial markets.

**DoD SBIR Solicitation**—Request for proposals, issued by DoD, containing requirements for each service, instructions for proposals, evaluation criteria, and contractual considerations. This solicitation is advertised in the Commerce Business Daily.

**Extramural Budget**—Total obligations for R&D minus amounts obligated for R&D activities by employees of the agency in or through government-owned, government-operated facilities.

**Funding Agreement**—Any contract or cooperative agreement with any federal agency for developmental or research work funded in whole or in part by the federal government.

**Research and Development**—

**Basic Research**—Fundamental theoretical or experimental investigation to advance scientific knowledge.

**Exploratory Development**—A systematic study directed specifically toward applying new knowledge to meet a recognized need.

**Advanced Development or Engineering Development**—A systematic application of knowledge toward the production of useful materials, devices, and systems or methods, including design, development, and improvement of prototypes and of new processes to meet specific requirements.

**Small Business**—A small business is one that, at the time of award of Phase I and Phase II funding agreements, meets the following criteria:

- a. Is independently owned and operated, is not dominant in the field of operation in which it is proposing, has its principal place of business located in the United States, and is organized for profit.
- b. Is at least 51 percent owned or, in the case of a publicly-owned business, at least 51 percent of its voting stock is owned by US citizens or lawfully admitted permanent resident aliens.
- c. Has, including its affiliates, a number of employees not exceeding 500 and meets the other regulatory requirements in 13 CFR Part 121.

**Technical Point of Contact**—The technical individual in the AFRL Technology Directorate or AFMC technical activity who will monitor the SBIR contract technical activity and manage the Air Force portion of the project.