

SEC. 878. IMPROVEMENTS TO CERTAIN DEFENSE INNOVATION PROGRAMS.

(a) Alignment of the Small Business Innovation Research Program and Small Business Technology Transfer Program of the Department of Defense With the National Defense Science and Technology Strategy.--

(1) In general.--The Secretary of Defense and Secretaries of the military departments shall, to the extent practicable, align the research topics selected for activities conducted under the Small Business Innovation Research Program and Small Business Technology Transfer Program (as defined under section 9 of the Small Business Act (15 U.S.C. 638) with the National Defense Science and Technology Strategy established under section 218 of the John. S. McCain National Defense Authorization Act for Fiscal Year 2019 (Public Law 115-232; 132 Stat. 1679).

(2) Use of national defense science and technology strategy to determine research topics.--Section 9 of the Small Business Act (15 U.S.C. 638) is amended--

(A) in subsection (g)(3)(B), by striking ``in the 1992 report'' and all that follows through ``that authority'' and inserting ``in the National Defense Science and Technology Strategy established under section 218 of the John. S. McCain National Defense Authorization Act for Fiscal Year 2019 (Public Law 115-232; 132 Stat. 1679)''; and

(B) in subsection (o)(3)(B), by striking ``in accordance with section 2522 of title 10, United States Code'' and inserting ``in the National Defense Science and Technology Strategy established under section 218 of the John. S. McCain National Defense Authorization Act for Fiscal Year 2019 (Public Law 115-232; 132 Stat. 1679)''.

(b) Pilot Program for Domestic Investment Under the SBIR Program.--

(1) Sense of congress.--It is the sense of Congress that the Administrator of the Small Business Administration should promulgate regulations to carry out the requirements under section 9(dd) of the Small Business Act (15 U.S.C. 638(dd)) that--

(A) permit small business concerns that are majority-owned by multiple venture capital operating companies, hedge funds, or private equity firms to participate in the SBIR program in accordance with such section;

(B) provide specific information regarding eligibility, participation, and affiliation rules to such small business concerns; and

(C) preserve and maintain the integrity of the SBIR program as a program for small business concerns in the United States by prohibiting large entities or foreign-owned entities from participation in the SBIR program.

(2) Domestic investment pilot program.--

(A) In general.--Not later than 1 year after the date of the enactment of this Act and notwithstanding the requirements of section 9(dd) of the Small Business Act (15 U.S.C. 638(dd)), the Secretary of Defense shall create and administer a program to be known as the ``Domestic Investment Pilot Program'' under which the

Secretary and the service acquisition executive for each military department may make a SBIR award to a small business concern that is majority-owned by multiple United States-owned venture capital operating companies, hedge funds, or private equity firms without providing the written determination described under paragraph (2) of such section 9(dd).

(B) Limitation.--The Secretary of Defense may award not more than 10 percent of the funds allocated for the SBIR program of the Department of Defense under section 9(f) of the Small Business Act (15 U.S.C. 638(f)) to small business concerns that are owned in majority part by multiple venture capital operating companies, hedge funds, or private equity firms through competitive, merit-based procedures that are open to all eligible small business concerns.

(C) Evaluation criteria.--In carrying out the Domestic Investment Pilot Program, the Secretary of Defense may not use investment of venture capital or investment from hedge funds or private equity firms as a criterion for the award of contracts under the SBIR program or STTR program.

(D) Annual reporting.--The Secretary of Defense shall include as part of each annual report required under section 9(b)(7) of the Small Business Act (15 U.S.C. 638(9)(b)(7)) --

(i) information on the implementation of the Domestic Investment Pilot Program;

(ii) the number of proposals received from small business concerns that are majority-owned by multiple venture capital operating companies, hedge funds, or private equity firms for the Domestic Investment Pilot Program; and

(iii) the number of awards made to such small business concerns.

(E) Termination.--The Domestic Investment Pilot Program established under this subsection shall terminate on September 30, 2022.

(3) Definitions.--In this section:

(A) SBIR.--The term ``SBIR'' has the meaning given in section 9(e) of the Small Business Act (15 U.S.C. 638(e)).

(B) Small business act definitions.--The terms ``small business concern'', ``venture capital operating company'', ``hedge fund'', and ``private equity firm'' have the meanings given those terms, respectively, in section 3 of the Small Business Act (15 U.S.C. 632).

(c) Cybersecurity Technical Assistance for SBIR and STTR Programs.--

(1) In general.--The Secretary of Defense may enter into an agreement with 1 or more vendors selected under section (9)(q)(2) of the Small Business Act (15 U.S.C. 638(q)(2)) to provide small business concerns engaged in SBIR or STTR projects with cybersecurity technical assistance, such as access to a network of cybersecurity experts and engineers engaged in designing and implementing cybersecurity practices.

(2) Amounts.--In carrying out paragraph (1), the Secretary

of Defense may provide the amounts described under section (9)(q)(3) of such Act (15 U.S.C. 638(q)(3)) to a recipient that meets the eligibility requirements under the applicable subparagraph, if the recipient requests to seek cybersecurity technical assistance from an individual or entity other than a vendor selected as described in paragraph (1).

(d) Phase 0 Proof of Concept Partnership Program for the Department of Defense.--Section 9(jj) of the Small Business Act (15 U.S.C. 638) is amended--

(1) in paragraph (1), by striking ``The Director of the National Institutes of Health'' and inserting ``A covered agency head'';

(2) by striking ``The Director'' each place it appears and inserting ``A covered agency head'';

(3) by striking ``the Director'' each place it appears and inserting ``a covered agency head'';

(4) in paragraph (2)--

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

``(A) the term `covered agency head' means--

``(i) with respect to the STTR program of the National Institutes of Health, the Director of the National Institutes of Health; or

``(ii) with respect to the STTR program of the Department of Defense, the Secretary of Defense;''; and

(B) in subparagraph (C), by striking ``in the National Institutes of Health's STTR program'' and inserting ``in either the STTR program of the Department of Defense or the STTR program of the National Institutes of Health''; and

(5) in paragraph (4)(A), by inserting ``participating in the STTR program administered by such agency head'' after ``a qualifying institution''.

(e) Modification to the Defense Research and Development Rapid Innovation Program.--

(1) Increase to funding.--Section 2359a(b)(3) of title 10, United States Code, is amended by striking ``\$3,000,000'' and inserting ``\$6,000,000''.

(2) Report.--Not later than 180 days after the date of the enactment of this Act, the Secretary of Defense shall submit to the congressional defense committees a report on the program established under section 2359a(b)(3) of title 10, United States Code, (commonly known as the ``Defense Research and Development Rapid Innovation Program''), which shall include--

(A) with respect to the two fiscal years preceding the submission of the report--

(i) a description of the total number of proposals funded under the program;

(ii) the percent of funds made available under the program for Small Business Innovation Research Program projects; and

(iii) a list of Small Business Innovation Research Program projects that received funding under the program that were included in major defense acquisition programs (as defined in section 2430 of title 10, United States Code)

and other defense acquisition programs that meet critical national security needs; and

(B) an assessment on the effectiveness of the program in stimulating innovation technologies, reducing acquisition or lifecycle costs, addressing technical risk, and improving the timeliness and thoroughness of test and evaluation outcomes.

(f) Establishment of Joint Reserve Detachments at Defense Innovation Unit.--

(1) Establishment.--The Secretary of Defense, in consultation with the Secretaries of the military departments, shall establish not fewer than three joint reserve detachments (referred to in this section as ``Detachments'') at locations of the Defense Innovation Unit--

(A) to support engagement and collaboration with commercial innovation hubs; and

(B) to accelerate the transition and adoption of commercial technologies for national security purposes.

(2) Composition.--Each Detachment shall be composed of members of the reserve components who possess relevant private sector experience in the fields of business, acquisition, intelligence, engineering, technology transfer, science, mathematics, contracting, procurement, logistics, cyberspace security, or such other fields as are determined to be relevant by the Under Secretary of Defense for Research and Engineering.

(3) Responsibilities.--The Detachments shall have the following responsibilities:

(A) Each Detachment shall provide the Department of Defense with expertise, analysis, alternatives for innovation, and opportunities for greater engagement and collaboration between the defense innovation ecosystem and commercial industry.

(B) Each Detachment shall, on an ongoing basis--

(i) recruit, retain, and employ members of the reserve components who possess relevant private sector experience, as described in paragraph (2);

(ii) partner with the military services, the combatant commands, and other Department of Defense organizations to seek and rapidly prototype advanced commercial solutions while lowering the barrier to entry to serve defense requirements;

(iii) increase awareness of--

(I) the technology portfolios of the Defense Innovation Unit; and

(II) the technology requirements of the Department of Defense as identified in the National Defense Science and Technology Strategy developed under section 218 of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (Public Law 115-232; 132 Stat. 1679);

(iv) capitalize on the growing investment in research and development made by the commercial industry in assessing and maturing

dual-use technologies; and

(v) carry out such other activities as may be directed by the Under Secretary of Defense for Research and Engineering.

(4) Deadline for establishment of detachments.--The Secretary of Defense shall ensure that--

(A) at least one Detachment is established on or before October 1, 2020; and

(B) all three Detachments required under subsection (a) are established on or before October 1, 2022.

(5) Implementation report.--

(A) In general.--Not later than 120 days after the date of the enactment of this Act, the Under Secretary of Defense for Research and Engineering shall submit to the congressional defense committees a report that includes--

(i) an organizational plan for the Detachments;

(ii) the estimated costs of establishing the Detachments;

(iii) a timeline specifying when each Detachment will attain initial operational capability and full operational capability, respectively.

(B) Consultation.--In preparing the report required under subparagraph (A), the Under Secretary of Defense for Research and Engineering shall consult with the Director of the Defense Innovation Unit and the head of each military service.

(g) Modification to Department of Defense SBIR Expenditures.--Section 9(f) of the Small Business Act (15 U.S.C. 638(f)) is amended--

(1) in paragraph (1)(I), by inserting `` , except as provided in paragraph (5)'' after ``thereafter,' ' and inserting ``fiscal years 2017 through 2019; and''; and

(2) by adding at the end the following new paragraph:

``(5) Required expenditure amounts for the department of defense.--With respect to fiscal year 2020 and each fiscal year thereafter, paragraph (1)(I) shall apply to the Department of Defense with `4.0 percent' substituted for `3.2 percent'.' '.