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# REGULATION ASSIGNMENT CONTROL SHEET

LOG CONTROL NUMBER: 77 ANALYST  
ASSIGNED: AXT

TYPE OF ACTION: AN

TITLE: SMALL BUSINESS INNOVATION RESEARCH (SBIR)  
PROGRAM - PHASE I

RECEIVED: 3/08/2002

DATE ASSIGNED: 3/08/2002

DATE DUE: 3/15/2002

ANALYST SIGNATURE: Kathleen Axt

COMPLETION DATE: 3/15/02

FINAL APPROVAL: Joseph Schudal DATE: March 15, 2002

OMB NO: 1890-0009

REG PART:

Approved for publication.

## Rudolph, Kim

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**From:** Axt, Kathy  
**Sent:** Thursday, March 14, 2002 11:25 AM  
**To:** Rudolph, Kim  
**Subject:** FW: Draft Application Notice - SBIR FY02 Phase I Program Announcement

**Importance:** High

Here's a notice that came to me last week.

-----Original Message-----

**From:** Eiden, Lee  
**Sent:** Friday, March 08, 2002 2:07 PM  
**To:** Rosen, Jeff; Stewart, Cindy; Frane, Gregory; Anderson, Judith; Axt, Kathy; Lapointe, Richard; Deramond, Helene; Griffin, Charlesetta; Winters, Deborah  
**Cc:** Wilson, Kristi; Pledger, Connie; Singh, Ram; Ellerbe, Elouise; Eiden, Lee; Anderson, Margo; Knight, Pat; Mays, Joyce  
**Subject:** Draft Application Notice - SBIR FY02 Phase I Program Announcement  
**Importance:** High

Since 1983, the Department of Education used a contract award for the **Small Business Innovation Research (SBIR) program**. Beginning with this year's **Phase I Program Announcement (FY 2002)**, the Department will begin transitioning this to a grant award.

The attached **draft Application Notice** for the "Small Business Innovation Research (SBIR) Program - Phase I" is being sent to you for clearance.

Please send your **comments and concurrences via email**, by **COB March 15 (Friday) to Elouise Ellerbe (OGC) and myself**.

Thank you for your assistance in this matter

Lee



SBIR Ph1  
Application Notice)..

### Lee Eiden

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DEPARTMENT OF EDUCATION

[CFDA Nos. 84.133A and 84.305K]

Small Business Innovation Research (SBIR) Program - Phase I  
Notice Inviting Applications for New Awards for Fiscal Year  
(FY) 2002.

PURPOSE OF PROGRAM: Objectives of this program announcement include stimulating technological innovation in the private sector, strengthening the role of small business in meeting Federal research and development (R&D) needs, increasing the commercial application of Department of Education (ED) supported research results, and improving the return on investment from Federally-funded research for economic and social benefits to the Nation.

Firms with strong research capabilities in educational technology, science, or engineering in any of the priority areas listed are encouraged to participate. Consultative or other arrangements between such firms and universities or other non-profit organizations are permitted with the small business serving as the prime contractor.

For fiscal year (FY) 2002 we encourage applicants to present activities that focus on the invitational priorities in the PRIORITIES section of this application notice.

ELIGIBLE APPLICANTS: Each organization submitting an application must qualify as a small for-profit business for research purposes as defined by the Small Business Administration (SBA) at the time of the award. In addition, the primary employment of the principal investigator must be with the small business firm at the time of award and during the conduct of the proposed research. That is, more than one-half of the principal investigator's working time must be spent with the small business firm during the period of performance. Also, for both Phase I and Phase II the research or R&D work must be performed in the United States.

Joint ventures are permitted, provided that the entity created qualifies as a small business in accordance with the Small Business Act, 15 U.S.C. 631.

All SBIR grant applications will be examined with the above considerations in mind. If it appears that an applicant organization does not meet the eligibility requirements, the Department will request an evaluation by the Small Business Administration (SBA). Under circumstances in which eligibility is unclear, no SBIR award will be made until a determination is provided by the SBA.

APPLICATIONS AVAILABLE: April 2, 2002.

DEADLINE for TRANSMITTAL of APPLICATIONS: June 10, 2002.

ESTIMATED AVAILABLE FUNDS: Up to \$4,200,000 for new Phase I awards.

The estimated amount of funds available for new Phase I awards is based upon the threshold SBIR allocation for the Office of Special Education and Rehabilitative Services (OSERS) and the Office of Educational Research and Improvement (OERI), minus prior commitments for Phase II continuation awards. The actual funds available could be less, should either office make any new Phase II awards in FY 2002.

ESTIMATED SIZE OF AWARDS: Up to \$75,000.

MAXIMUM AWARD: We will reject any application that proposes a budget exceeding \$75,000 for a single budget period of 6 months.

ESTIMATED NUMBER OF AWARDS: 40.

Note: The Department is not bound by any estimates in this notice.

PROJECT PERIOD: Up to 6 months.

PAGE LIMITS: Those who wish to respond should submit a SBIR Phase I application as defined in the program announcement of no more than 25 pages; excluding: any documentation of prior multiple Phase II awards, if applicable; and attachments responding to the "Assurances, Certifications, and Disclosures" section of the program announcement.

In the interest of equity to all applicants, all information must be in the 25 pages (other than noted exclusions), or the application will be rejected without considerations. Those applications may not be resubmitted with or without revision under this program announcement. All copies of the applications not accepted for evaluation will be returned.

No appendices, other than the exclusion cited above, may be submitted and, if submitted, they will not be considered in the review of the application for scientific and technical merit.

The program announcement will identify components to be included in the application: an application cover sheet (ED Standard Form 424), an abstract or summary page, a technical content description, staff qualifications, facilities and equipment, budget requirements (ED Form 524), related application(s) or award(s), and documentation of multiple Phase II awards.

APPLICATION STATUTE AND REGULATIONS: (a) P.L. 106-554; (b) The Education Department General Administrative Regulations (EDGAR) in 34 CFR parts 74, 75, 76, 77, 79, 80, 81, 82, 85, 86, 97, 98, and 99.

SELECTION CRITERIA: The Secretary selects the following selection criteria in 34 CFR §75.210 to evaluate applications for new grants under this competition. The criteria below will receive the following percentage weights.

- (a) Quality of Project Design (.45)
- (b) Significance (.25)
- (c) Quality of Project Personnel (.2)
- (d) Adequacy of Resources (.1)

Awards will be made by the Department of Education based upon these evaluation criteria and the availability of funds. In the evaluation and handling of applications, every effort will be made to protect the confidentiality of the application and any evaluations.

SUPPLEMENTARY INFORMATION:

Background

P.L. 106-554, the "Small Business Reauthorization Act of 2000, H.R. 5667" of the Consolidated Appropriations Act of 2001 (the "Act") was enacted on December 21, 2000. The Act

requires certain agencies, including the Department of Education, to establish SBIR programs by reserving a statutory percentage of their extramural research and development budgets to be awarded to small business concerns for research or R&D through a uniform, highly competitive three-phase process.

The three-phases of the SBIR program are:

Phase I. - Phase I is to determine, insofar as possible, the scientific or technical merit and feasibility of ideas submitted under the SBIR program. The application should concentrate on research that will significantly contribute to proving the scientific or technical feasibility of the approach or concept and that would be prerequisite to further ED support in Phase II.

Phase II. - Phase II is to expand on the results of and to further pursue the development of Phase I. Phase II is the principal research or R&D effort. It requires a more comprehensive application, outlining the effort in detail including the commercial potential. Phase II applicants must be Phase I awardees with approaches that appear sufficiently promising as a result of Phase I. Awards are for periods up to 2 years in amounts up to \$500,000 (beginning in FY 2003).

Phase III. - It is intended that under Phase III non-Federal SBIR capital be used by the small business to pursue commercial applications of the research or research and

development (R/R&D). Also, under Phase III, Federal agencies may award non-SBIR follow-on funding for products or processes that meet the needs of those agencies.

Both Phase I and Phase II awards may include a profit/fee.

#### Application Limitations

An application must be limited to one priority listed in this program announcement. When an application is relevant to more than one priority, the applicant must decide which priority is most relevant and submit it under that priority only. However, there is no limitation on the number of different applications that an applicant may submit under this program announcement, even to the same priority. A firm may submit separate applications on different priorities, or different applications on the same priority, but each application must respond to exactly one priority. Duplicate applications will be returned without review.

#### Award Notification and Notice

Awards are expected to be announced by late-August, 2002; with a start date before September 30, 2002. For planning purposes only, ED anticipates that approximately one-third of the Phase I awardees will receive Phase II awards, depending on the results of the Phase I efforts, applicant evaluations and the availability of funds.

Specific instructions for the preparation of Phase II applications will be sent to qualifying Phase I awardees near the completion of the Phase I work.

The participating Program Offices are under no obligation to fund any specific application or make any specific number of awards in a given research priority area. Also, they may elect to fund several or none of the proposed projects within a given priority area. The Department is not responsible for any monies expended by the applicant before an award.

#### Recent Changes in Legislation

The authorizing legislation (P.L. 106-554, the "Small Business Reauthorization Act of 2000, H.R. 5667" of the Consolidated Appropriations Act of 2001) was enacted on December 21, 2000. The law requires two (2) significant programmatic changes especially pertinent to Phase II applicants:

1. Commercialization Plan -- A succinct commercialization plan must be included with each proposal for an SBIR Phase II award moving toward commercialization. More specific information will be included with the Phase II program announcement.
2. Data Collection Requirement - Each Phase II applicant will be required to provide information for the Small

Business Administration's (SBA) Tech-Net Database  
System (<http://technet.sba.gov>).

### Definitions

Pertinent definitions, established by the Small Business Administration (SBA), relating to the SBIR program will be included in the program announcement.

### Protection of Information in Applications

It is ED policy to use information included in applications for evaluation purposes only, and to protect such information from unauthorized use or disclosure. While this policy does not require that the application bear a notice, protection can be assured only to the extent that the "Legend" specified in the program announcement ("Proprietary Information" section) be applied to those data that constitute trade secrets or to other commercial or financial information that is confidential or privileged. Other information may be afforded protection to the extent permitted by law, but ED assumes no liability for use and disclosure of information to which the "Legend" has not been appropriately applied.

### Considerations

The program announcement will contain more specific information concerning reports, payment schedule, research activities involving human subjects, the Government Performance and Results Act, proprietary information, rights in data developed under SBIR funding agreements, copyrights, patents, subcontracting limits, joint ventures or limited partnerships, cost-sharing, profit/fee allowance, and related guidance.

#### PRIORITY

##### Invitational Priority:

We are particularly interested in applications that meet the following priorities. For fiscal year 2002, the Department of Education has selected for its SBIR program announcement 10 technical priorities. SBIR projects are encouraged that look to the future by exploring uses of technology to ensure equal access to education and promote educational excellence throughout the nation.

Under each priority, within the program announcement, there will be included a number of examples to illustrate the kinds of activities that could be funded. Specific examples are listed only as examples of advanced applications or basic research of interest to ED and are not to be interpreted as exclusive. It is ED's intention to provide sufficient flexibility to obtain the greatest degree

of creativity and innovation possible, consistent with overall SBIR and ED program objectives.

The Office of Special Education and Rehabilitative Services (OSERS) proposes 7 priorities (CFDA Number 84.133A) that relate to innovative research utilizing new technologies (including nanotechnologies and biotechnologies) to address the needs of individuals with disabilities and their families. Whenever feasible, individuals with disabilities will be represented on the review panels.

Priority 1. Development of Technology to Support Access and Integration of Individuals with Disabilities in the Community, Workplace or Educational Setting.

Priority 2. Research and Development of Technology to Improve the Sensory or Motor Health and Functional Status of Individuals with Disabilities.

Priority 3. Research and Development of Assistive Technology to Improve the Function of Individuals with Disabilities.

Priority 4. Research and Development of Technology to Improve School to Work Transition and Employment Outcomes for Individuals with Disabilities.

Priority 5. Research in Positive Behavioral Supports or Behavioral Health Care to Support Independent

Living/Community Integration and Participation in Educational and Vocational Activities.

Priority 6. Research and Development of Technology in Support of Early Intervention for Infants, Toddlers and Small Children.

Priority 7. Research and Development of Outcome Measurements Related to Use of Disability and Rehabilitation Technologies and Software in Medical, Community, Home, Transportation, Educational, or Employment Settings and Political Activities.

The Office of Educational Research and Improvement (OERI) proposes 3 priorities (CFDA Number 84.305K) focusing on student achievement of at-risk students in pre-kindergarten to postsecondary education and adult learning.

Priority 8. Development and Adaptation of Innovative Technologies to Improve Instruction, Learning and Achievement in Reading, Mathematics and Sciences.

Priority 9. Development and Adaptation of Innovative Technologies to Support High Standards and Accountability through Testing, Assessment, and Evaluation.

Priority 10. Development and Adaptation of Innovative Technologies to Improve the Involvement of Parents and

Communities in Education and to Use Resources Effectively for Student Learning and Education Reform.

An application to ED under the SBIR program should represent a sound approach to the investigation of an important education, technological, engineering or scientific question, and that it is worthy of support under the stated criteria of this program announcement.

An application should be self-contained and written with the care and thoroughness accorded to papers for publication. The applicant should review the program announcement carefully to ensure that information and data essential for evaluation are included. The scientific and technical merit of the proposed research is the primary concern for all research supported by ED. The application's research or R/R&D must be responsive to the ED program objectives, but it can also serve as the base for technological innovation, new commercial products, processes or services that may benefit the public.

Applications must be confined principally to advanced concepts in educational technology, scientific or engineering research or research and development. A firm must not propose market research, patent applications, or litigation. The research may be carried out through construction and evaluation of a laboratory prototype, where necessary. Applications primarily for the development of proven concepts

toward commercialization or for market research should not be submitted because such efforts are considered the responsibility of the private sector.

Waiver of Proposed Rulemaking

Under the Administrative Procedure Act (5 U.S.C. 553) the Department generally offers interested parties the opportunity to comment on proposed regulations. However, in order to make timely grant awards in fiscal year 2002, the Assistant Secretaries have decided to issue this application notice without first publishing proposed priorities for public comment. These priorities will apply to the FY 2002 grant competition only. The Assistant Secretaries take this action under section 437(d)(1) of the General Education Provisions Act.

FOR APPLICATIONS AND FURTHER INFORMATION CONTACT: Lee Eiden, US Department of Education, Capitol Place - Room 508D, 555 New Jersey Avenue, NW, Washington, D.C. 20208-5644. Telephone (202) 219-2004 or via Internet: [lee.eiden@ed.gov](mailto:lee.eiden@ed.gov) or Kristi Wilson, US Department of Education, MES - Room 3433, 330 "C" Street, SW, Washington, D.C. 20202. Telephone (202) 260-0988 or via Internet: [kristi.wilson@ed.gov](mailto:kristi.wilson@ed.gov) or Ram Singh, US Department of Education, Capitol Place - Room 514, 555 New

Jersey Avenue, NW, Washington, D.C. 20208. Telephone (202) 219-2025 or via Internet: [ram.singh@ed.gov](mailto:ram.singh@ed.gov).

If you use a telecommunications device for the deaf (TDD), you may call the Federal Information Relay Service (FIRS) at 1-800-8977-8339.

Individuals with disabilities may obtain this document in an alternative format (e.g., Braille, large print, audiotape, or computer diskette) on request to the program contact persons listed under FOR APPLICATIONS AND FURTHER INFORMATION CONTACT.

Individuals with disabilities may obtain a copy of the application package in an alternative format by contacting the contact persons listed under FOR APPLICATIONS AND FURTHER INFORMATION CONTACT. However, the Department is not able to reproduce in an alternative format the standard forms included in the application package.

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<http://www.access.gpo.gov/nara/index.html>

PROGRAM AUTHORITY: P.L. 106-554.

Dated:

Robert H. Pasternack,

Assistant Secretary for Special Education and Rehabilitative Services.

Dated:

Grover J. Whitehurst,

Assistant Secretary for Educational Research and Improvement.