

SBIR and STTR Programs

The Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs were established in 1982 under the Small Business Innovation Development Act (P.L.97-219). SBIR & STTR programs provide funding that encourages domestic small business to engage in Federal Research that has a potential for commercialization. The programs' four goals are:

- Stimulate technological innovation
- Meet Federal research and developments needs
- Foster and encourage participation in innovation and entrepreneurship by socially and economically disadvantaged persons
- Increase private sector commercialization of innovations derived from Federal research and development funds.

The Programs have three phases:

Phase I. The objective of Phase I is to establish the technical merit, feasibility and commercial potential of the proposed R/R&D efforts. Phase I funding is limited to \$150,000 and six months.

Phase II. The objective of Phase II is to continue to build on the work created in Phase I. Funding is based on the results achieved and the scientific and technical merit, as well as the commercial potential of the project proposed for Phase II. Phase II is only awarded after successful completion of Phase I. Funding typically does not exceed \$1,000,000 for two years.

Phase III. The objective of Phase III is for the small business to pursue commercialization objectives resulting from the Phase I & II R/R&D activities. The SBIR & STTR programs do not fund Phase III, but some Federal agencies may engage in supporting continued activities, contracts for products, processes or services intended for use by the U.S. Government.

Guidelines for Preparing Applications vary slightly from program to program.

SBIR

- In Phase I, a minimum of two thirds of the research or analytical effort must be carried out by the small business. The total amount of subcontract and consulting work cannot exceed 33%.
- In Phase II, a minimum of 50% of the research or analytical effort must be carried out by the small business concern and a maximum of 50% allocated for consultants and contractual agreements to third parties (e.g., research institute)

STTR

- In Phase I and II, at least 40% of the work must be performed by the small business concern and at least 30% of the work must be performed by the single partnering research institution.

University of Chicago Faculty Serving as the Principal Investigator on SBIR or STTR Grants

As with any grant, the principal investigator is responsible for the design, conduct and reporting of research. SBIR and STTR grants require that there be an identified principal investigator at the primary award side (small business concern) and another principal investigator for the sub-awardee (University or research institution). Full time employees of the University are expected to devote their 100% professional effort to University activities. Therefore, it is not allowed for a full time faculty member to serve as Principal Investigator of an award made to the small business concern.

Potential conflict of interest exists when Phase I and Phase II awards are made to companies founded by University faculty. In these cases, it is important that the work of the company and the work of the University be distinct and managed separately. Therefore, the faculty member cannot serve as PI for both the University and the small business concern. Faculty with a financial interest in the small business concern may serve as the PI on the sub-award to the University from the small business concern under the following conditions:

- The faculty member does not serve as a consultant, investigator, or PI to the small business concern on the award from the sponsor.
- University of Chicago students, graduate students or post-doctoral fellows working under the conflicted faculty member's direction on the subcontract to the University are only to work on the University's scope of work and would be fully informed of the conflict of interest of the PI.
- Federal funds awarded to the University are used only for the University's scope of work and cannot be used for company activities.
- All intellectual property that is created must be presented to the Polsky Center technology transfer office.
- The faculty member notifies the COI Office if the subcontract is modified and/or a protocol involving this work is submitted to the IRB for approval.
- The PI on the sub-award to the University should not be a subordinate of a conflicted faculty member.
- The PI on the sub-award to the University is subject to the University's conflict of interest policies.
- Phase II awards may require a Conflict of Interest Management Plan. Management Plans are prepared and approved in accordance with the University's Conflict of Interest Policy.

Application for the Company's Sub-Contract to the University

The University scope of work and budget that is affiliated with a SBIR or STTR proposal must be documented through the normal University proposal review and approval procedures. If the PI has a significant financial interest (SFI) in the company, the PI must disclose the SFI with the company through the AURA COI Disclosure process, as well as in any funding proposal or IRB applications.

For more information:

<http://www.sbir.gov/about/about-sttr>

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