



FAQ and Guide: SBIR and STTR PROGRAMS

UCR employees who are interested in working with a small company that wants to apply for SBIR or STTR funding are encouraged to contact RED to discuss possible conflict of interest and/or conflict of commitment issues.

Can UCR submit an application for an SBIR and STTR contract or grant?

Although many SBIR and STTR applications include subcontracts to universities, under federal regulations, only small businesses may apply for SBIR and STTR funding. STTR guidelines require the small business applicant to formally collaborate with a University or non-profit research institute. SBIR guidelines indicate that this is optional.

How can UCR faculty, staff, postdoctoral scholars, and students participate in SBIR and STTR awards?

Typically, this is done by conducting research at UCR under a subcontract from a small business that has received an SBIR or STTR award. Our Industry Contracts Officer staff can assist PIs in completing and submitting paperwork needed to initiate the subaward process.

Under UC academic personnel policy on outside professional activities, faculty may work with outside companies as consultants. From a conflict of interest and conflict of commitment perspective, it is best for an individual to act either as a consultant to the company on grant-related activities, or as a researcher on a subcontract to UCR, but not both.

Can a company established by a UCR employee apply for an SBIR or STTR award while the founder or equity holder continues to work at the University?

Yes, but there are some key points to keep in mind. Faculty may not hold a full-time appointment at UC and concurrently serve as the Principal Investigator (PI) of an SBIR or STTR grant for a company. In general, the PI for the small business applicant should not be a UCR employee. The PI for the company and the PI for the UCR subcontract must be separate individuals.

Can a UCR faculty member hold a management or officer position in the company that applies for SBIR or STTR funding?

Possibly. Acceptance of managerial or salaried positions requires prior approval from the Academic Personnel Office. These requests need to be endorsed by the faculty member's chair and dean before being forwarded to the campus Academic Personnel Office for review.

Can the PI of a UCR subcontract under an SBIR or STTR sit on the scientific advisory board (SAB) or board of directors (BOD) of the company that applied for and received the award?

Yes. Faculty may engage in these types of activities, subject to the time limits and reporting requirements of the UC Policy on Conflict of Commitment. Any conflicts should be reviewed by UCR's Promoting Research Objectivity (PRO) Committee in those cases in which the investigator has a financial interest in the company that has applied for and received the grant.

Can a full-time UCR employee serve as the PI for the small business applicant on an SBIR or STTR proposal?

In general, no. Under federal SBIR guidelines the small business applicant must be the PI's primary employer by the time an award is made and must remain the PI's primary employer for the duration of the project period. Although STTR program guidelines permit University employees to serve as the applicant company's PI, submission of applications for research support through any organization other than The Regents requires an exception to UC policy.

See UC Policy on Conflict of Commitment (www.ucop.edu/academic-personnel-programs/files/apm/apm-025-07-01.pdf). Typically, exceptions have been made when the faculty member agrees to take a temporary leave (part time or full time) from the University to conduct research as the small business's PI. Please note that the conduct of research is generally not considered the kind of outside professional activity allowed under the UC Policy on Conflict of Commitment. These requests for exceptions should be directed to your Department Chair and/or Dean.

Can a UCR postdoctoral scholar serve as the PI for small business SBIR or STTR applicant?

As indicated in the preceding information, permission to submit applications for funding through any organization other than The Regents requires an exception to UC policy from the UCR Vice Chancellor for Research and Economic Development. Exceptions for postdoctoral scholars are typically considered only when an individual's training is virtually finished and he/she is in the job market. Approval is subject to the postdoctoral scholar's agreement to sever his/her UCR appointment to become an employee of the small business when the SBIR or STTR award is made. Please note: Exceptions cannot be made for individuals on H1-B visas because changes in work conditions are not permitted.

Can students work for a company in which their UCR supervisor or professor has a financial interest while they are enrolled at UCR?

Possibly. The potential benefits of involvement in a faculty member's outside activities should be weighed against other considerations such as the student's ability to concurrently work and go to school. While there are no express policies that prohibit a student from working outside the University, student employment should not eclipse educational activities or hinder progress toward a degree. Additionally, under the UC Policy on Conflict of Commitment (section 025-8) faculty must obtain prior approval from their department chair before involving students in companies in which they have financial interests. In this context, involvement means any substantive activity, whether compensated or not. For more, please see www.ucop.edu/academic-personnel/files/apm/apm-025-07-01.pdf. Students who are also UCR employees should refer to the question below regarding staff employees who wish to take on outside responsibilities for an SBIR or STTR applicant.

Can UCR staff or non-faculty academic appointees take on outside responsibilities for a small business SBIR or STTR applicant?

Per UC policies and principles, including Personnel Policies for Staff Members, number 82 (Conflict of Interest), <http://policy.ucop.edu/doc/4010421/PPSM-82>, non-faculty employees (such as staff and appointees in the research series) are not permitted to engage in activities which create a conflict of interest between their University responsibilities and other interests or obligations. Additionally, outside employment should not interfere with the performance of employees' University duties.

This policy has been interpreted to mean that an employee should not devote any of his/her UCR working time or use any University resources—including his/her office or office equipment—to conduct company (i.e., non-University) business. A number of factors, including the employee's UCR responsibilities and proposed company responsibilities, the nature of the company, and the company's relationship to the University, need to be considered.

Staff employees (including students who also hold staff titles), and nonfaculty academic employees who (a) are considering involvement in outside responsibilities for a small business SBIR or STTR applicant or (b) are already involved in a small business that wants to apply for an SBIR or STTR grant should contact the Office of Research Integrity (ORI) for guidance. Seeking guidance can help to ensure that these outside activities conform to UC policy.

Does a small business that is applying for an SBIR/STTR award need a license from UCR to intellectual property that will be used in the research?

The small business should contact UCR's Office of Technology Commercialization to discuss the availability of the intellectual property and whether an option or license is needed. Doing so may prevent potential claims of intellectual property infringement resulting from the company's use of University-owned intellectual property under the SBIR or STTR award.

Can UCR accept a subcontract in situations where the research will take place in the lab of a University employee who has a management role, an equity stake, or who is otherwise compensated by the company receiving the SBIR or STTR award?

Probably. However, these situations are subject to review by the campus Promoting Research Objectivity (PRO) Committee before the University can accept the research support. If PRO determines that the situation creates a conflict of interest, it will make recommendations for managing or eliminating the conflict so that the research support can be accepted. The Office of Research Integrity is available to confer about specific situations prior to formal committee review.

Can the small business's portion of the research be conducted at UCR?

Unless this program eligibility requirement is expressly waived in writing by the federal government, the company must conduct some of the research in facilities that it owns or controls. The company must conduct at least 67% of the work under an SBIR Phase I grant, at least 50% under an SBIR Phase II grant, and at least 40% under an STTR grant (Phase I or II).

By the time of award, the company must either have its own facilities or control research facilities that will be used to conduct its portion of the proposed research. The small business's portion of the research under an SBIR or STTR grant may not be conducted in a UCR laboratory unless the space is in an officially designated UCR incubator such as the ExCITE Incubator. Leasing of space in an official incubator provides the company with research facilities that it controls.

UCR recharge facilities (sales and service activities) that have established rates for external users can provide goods and services to small businesses conducting research under SBIR and STTR grants per the facility's standard operating procedures. The exception is a recharge unit which operates under the supervision of a UCR employee who has a financial interest in the small business that wants to access the facility. Questions about exceptions should be referred to the Office of Research Integrity.

Can UCR faculty or staff represent the company in subcontract negotiations with UCR?

To avoid possible violation of the California Political Reform Act, no one with a UCR appointment (including faculty, staff, students who also hold staff or academic appointments, and non-faculty academic appointees) may influence or participate in making business decisions between that outside entity and The Regents.

What is the facilities and administrative (F&A) costs for SBIR/STTR proposals?

UCR Research and Economic Development has renewed its program to stimulate and encourage UCR's participation in the U.S. Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs, as well as increase interactions with promising small business concerns (SBCs) interested in advancing innovative technology of mutual interest. **Through this pilot program, UCR will waive all facilities and administrative (F&A) cost on all UCR subcontract proposals to SBCs applying for either SBIR or STTR Phase 1 funding (an exception applies to NSF proposals).**