

# Memorandum

**To:** Selected University Deans, Chairs, Principal Investigators and Administrators

**From:** Gunta Liders, Director, Office of Research and Project Administration

Mark Coburn, Acting Director, Office of Technology Transfer

**Date:** December 11, 2000

**Re: Applications for SBIR and STTR Grants**

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There has been increasing interest expressed by faculty members in applying for SBIR and STTR grants directly. (SBIR grants are for "Small Business Innovation Research" and STTR grants are for "Small Business Technology Transfer".) We have outlined below the key points and restrictions relating to these programs and encourage you to call either of us if you are considering applying for either of these grants. You will need the approval of both your Chair and Dean before applying under either program as the small business entity. Please note that based on the restrictions relating to the SBIR grant (described below), we recommend that faculty NOT pursue SBIR grants (either him/herself or through a family member) because it will be difficult if not impossible to meet the definition of a small business as explained below. Both grant programs are sponsored by the federal government and provide up to \$850,000 (SBIR) or \$600,000 (STTR) per grant.

There are restrictions relating to both programs which make it difficult for university faculty to qualify, particularly for SBIR grants:

- The organization applying for the grant must be a "small business," as defined under federal law. Universities do NOT qualify as small businesses nor do companies that have a close relationship or "affiliation" with a university. In addition, faculty may be restricted from establishing separate companies, depending upon the policies within each school. Please consult your Chair and Dean to determine any restrictions that apply. Also, please contact us to discuss the federal restrictions relating to the definition of small business and "affiliation." The small business and its affiliates cannot employ more than 500 people.
- The SBIR company may not utilize University resources (e.g., space, personnel, etc.) without risking the affiliation and encountering other (tax) problems.
- Faculty who serve as the PI for an SBIR grant must be employed more than 50% by the small business. This creates significant issues relating to the faculty member's relationship with his/her university and should be addressed with the faculty member's Chair and Dean in advance of any grant application. The faculty member may need to terminate his/her appointment with the University of Rochester if he/she wants to pursue an SBIR grant.
- Faculty have greater flexibility in serving as a PI under an STTR grant since that program specifically encourages collaboration between a small business and a university and allows a faculty member to retain full-time employment at the university. Please note that the STTR program does require a signed intellectual property agreement between the small business and the University of Rochester at proposal submission. Therefore, we would encourage you to contact ORPA as soon as you know that you intend to collaborate with a small business on this program.

Based on the above, there may be limited opportunities for the University faculty member to participate in the SBIR program, but we recommend that this route not be pursued by any faculty member who intends to retain a full-time appointment at the University of Rochester. However, the greater opportunity for faculty and University involvement is through the STTR program, whose purpose is to foster collaboration between small businesses and universities (and other research institutions). Even under this program, there are limitations on the degree to which the University may be involved with the small business itself without being deemed an "affiliate." Please call Gunta Liders at 275-5373 or [gliders@orpa.rochester.edu](mailto:gliders@orpa.rochester.edu) to discuss your situation before applying for grants under either of these programs.