

<p>Name of Policy: <u>Small business innovation research (SBIR) and small business technology transfer (STTR) programs</u></p> <p>Policy Number: 3364-70-20</p> <p>Approving Officer: President</p> <p>Responsible Agent: Senior Director of Research Administration</p> <p>Scope: All University of Toledo campuses</p>	 <p>Initial effective date: June 11, 2009</p>
<p><input checked="" type="checkbox"/> New policy proposal</p> <p><input type="checkbox"/> Major revision of existing policy</p>	<p><input type="checkbox"/> Minor/technical revision of existing policy</p> <p><input type="checkbox"/> Reaffirmation of existing policy</p>

(A) Policy statement

To promote innovation through research and development, a number of federal agencies receive congressionally mandated set-aside funding to support research and development activities under the small business innovation research (SBIR) and small business technology transfer (STTR) programs.

The University of Toledo (UT) supports collaborations with small-business concerns (SBC). In accordance with SBIR and STTR program guidelines, only SBC may apply for funding. Universities are not eligible under federal law.

In addition, the guidelines require that the SBC must also be able to perform a percentage of the scope of work at its site or a site it controls. However, subcontracting a portion of the funds to research institutions is permitted, and, in the case of STTR grants, subcontracting to research institutions is required, allowing UT faculty members to collaborate with SBC.

The differences between the two programs are as follows:

SBIR program

- The principal investigator (PI) must be primarily employed by SBC at time of award
- Phase I awards are for periods up to six months in amounts up to \$100,000
- During Phase I, a maximum of 33% of grant may be subcontracted
- Phase II awards are for periods up to two years in amounts up to \$750,000
- During Phase II, a maximum of 50% of grant may be subcontracted
- Eleven participating federal agencies devote 2.5% of their total extramural research funding to the Program

STTR Program

- PI's primary employment is not stipulated
- Phase I awards are for periods up to one year in amounts up to \$100,000
- Phase II awards are for periods up to two years in amounts up to \$750,000

- During Phase I and Phase II, a minimum of 30% of the research (maximum 60%) *must* be subcontracted to a research institution (i.e., SBC *must* have formal collaboration with non-profit research institution/university)
- Five participating federal agencies devote 0.3% of their total extramural research funding to the Program

Participating in a SBIR or STTR program, however, can create potential conflicts of interest and conflicts of commitment issues. Therefore, clear distinctions must exist between activities performed at UT and activities performed at the SBC location.

(B) Purpose of policy

This policy has been developed to guide UT faculty and faculty entrepreneurs in their pursuit of SBIR and STTR grant support. To minimize potential conflicts as well other issues surrounding SBIR/STTR funding applications and to assist UT faculty members in applying for the grants, UT has developed the following guidelines that supplement current policies instituted by UT and/or the federal government.

(C) Procedures

- (1) Under the SBIR program, the PI must have his/her primary employment with the SBC at the time of award and for the duration of the project period. Under the STTR program, primary employment is not stipulated. Second, the STTR program requires research partners at universities and other non-profit research institutions to have a formal collaborative relationship with the SBC.
- (2) Consistent with federal guidelines, the PI for the SBIR/STTR application and the PI for the subcontract to UT must be different individuals.
- (3) As a general rule, UT employees, including faculty members, post-docs, students, technical assistants, etc. should not hold management positions in the business entity. While they may initially find it necessary to play a management role in a newly formed company, it is expected that their management responsibilities will decrease as the company develops. Professional management should be brought in at the earliest opportunity. In order to ensure the application of this principle, agreements between UT and the company shall contain reasonable milestones for the reduction of these management responsibilities. Failure to comply with these agreed-upon milestones may result in the company's inability to engage in sponsored research with UT, utilize UT staff or students, or the other activities permitted under these guidelines. (The UT Commercialization policy (3364-70-15) defines interactions between UT faculty and companies developing UT intellectual property).
- (4) UT faculty members (and/or spouse, domestic partner or dependent children) that have a substantial ownership in a SBC may not bring research into his/her own laboratory through a SBIR or STTR subcontract involving the same business.

- (5) The SBC must demonstrate it owns or controls functioning space where research and/or development activities can and will occur. University owned-and-operated laboratories must not be the location for the primary research and development activities of the business, unless the SBC is located in UT-owned-and-operated incubator space.
- (6) The PI for the campus portion of the work must submit the entire proposal (UT's portions and the SBC's portion) to University Research Sponsored Programs (RSP) to permit the appropriate reviews to take place prior to submission of the proposal to the funding agency. A signed written agreement between the SBC and UT that will outline the rights to research results and intellectual property developed under the collaboration shall be in place before the SBC can submit its application. Staff of UT's Office of Research Development negotiates these agreements.

Proposals to conduct research at UT under SBIR program subcontracts should be reviewed by the appropriate department chair and academic dean to ensure that the proposed work has scientific merit; the work constitutes a good use of UT research space; and the work does not compromise the faculty member's academic responsibilities.

- (7) All SBC subcontracted work done using campus facilities, employees and/or students must be performed under a fully executed sponsored research agreement that clearly delineates the scope of work and deliverables to the SBC.
- (8) If a UT faculty member is the PI for the SBC that same individual may not conduct or oversee research activities in his or her laboratory under a sub-agreement from the SBC through the SBIR or STTR program. This includes individuals being paid directly by the company or through the SBIR or STTR sub-agreement.
- (9) These guidelines apply to individuals with a nine-month or 12-month appointments at UT. For nine-month appointments, which are full-time appointments, during the three-month, time-off period, individuals are still required to maintain a separation between their SBC and university activities.

General questions about these guidelines and the submission of SBIR and STTR proposals can be directed to the office of research and sponsored programs.

For assistance with the development of intellectual property plans or the negotiation of resulting subcontracts please contact the office of research development.

Investigators are encouraged to visit the NIH web site for further instructions for the SBIR/STTR grant programs (<http://grants1.nih.gov/grants/funding/sbir.htm>).

<p>Approved by:</p> <p><u>/s/ laj</u> Lloyd A. Jacobs, MD President</p> <p><u>June 11, 2009</u> Date</p> <p><i>Review/Revision Completed by:</i></p> <p><i>Senior Director of Research Administration</i></p>	<p>Policies Superseded by This Policy:</p> <ul style="list-style-type: none">• <i>none</i> <p>Initial effective date: June 11, 2009 Review/Revision Date: Next review date: June 11, 2012</p>
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