



Puerto Rico  
Science, Technology  
& Research Trust

# SBIR/STTR Phase II Matching Grant Program Procedures

(Approved on: November 15, 2024)



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## **I. SBIR/STTR Phase II Matching Grant Program**

The Puerto Rico Science, Technology & Research Trust (PRSTRT or Trust hereafter) SBIR/STTR Phase II Matching Grant program was implemented to incentivize technology oriented small businesses and researchers to compete for SBIR/STTR grant awards.

Businesses receiving a federal SBIR/STTR Phase II award may receive a dollar-to-dollar matching grant from the Trust up to \$200,000 to accelerate R&D and/or commercialization efforts.

The program's objectives are:

- Improve chances for proposal approval by Federal agencies because of matching funds.
- Increase the amount of R&D funding in Puerto Rico, by providing a mechanism to leverage federal funds as well as private capital.
- Attract research talent by allowing companies outside the island but incorporated or authorized to do business in Puerto Rico to apply for matching funds, subject to meeting eligibility criteria.
- Increase Puerto Rico's innovation capacity, by supporting and encouraging SBIR/STTR Phase I awardee firms to pursue Phase II funding.
- Foster job creation and economic development in Puerto Rico by increasing the competitiveness of Puerto Rico's small businesses in attracting federal SBIR/STTR grants.

## **II. Eligibility Criteria**

Eligible applicants must comply with the following:

- a. Must have been successfully awarded an SBIR/STTR Phase II grant or contract. The [Awards | SBIR](#) website and the Notice of Award issued by the agency must both show Puerto Rico as its place of performance and the jurisdiction credited for the award.
- b. Must be a company either incorporated or authorized to do business in Puerto Rico prior to the disbursement of matching funds.
- c. If the applicant received an SBIR award, at least 75% of the R&D work must be conducted in Puerto Rico. If the applicant received an STTR award, at least 51% of the R&D work must be conducted in Puerto Rico.
- d. The company will also be required to designate a Puerto Rico resident/employee as Principal Investigator or Co-Principal Investigator.



### **III. Allowed Matching Funds Expenditures**

*Direct Costs* Awardees may utilize the matching grant for any expenditure allowed by the SBIR/STTR funding agency, plus other expenditures not normally covered by the SBIR/STTR program such as the purchase of equipment, intellectual property protection, patent costs, commercialization, marketing costs, and other costs related to raising venture capital.

- a. Expenses over \$5,000 that may be incurred outside of Puerto Rico must be pre-approved in writing by the Trust.
- b. The proposed salaries must align with the state average for the awarded state.
- c. The allocated salaries for the award/contract cannot constitute a raise from current salary when the personnel are already part of the company at submission time.
- d. Travel expenses are not allowed under the Trust's matching funds unless part of the R&D work will be performed outside of Puerto Rico.

*Indirect Costs:* In addition, awardees will be allowed a maximum allocation of 10% of the Trust matching funds for indirect costs.

All or substantially all of expenses covered by the Trust matching funds must be incurred in Puerto Rico. Grantees must use matching funds exclusively for approved expenses within Puerto Rico and must inform the Trust in writing about any proposed significant changes in how the funding will be used or any expenses that cannot be incurred in Puerto Rico, seeking prior written approval from the Trust to ensure compliance.

### **IV. Approval and Disbursement**

If the applicant is successful in obtaining an SBIR/STTR Phase II award, they must submit all the information and certifications as required in the RFI document. Upon successfully completing the application, the Trust will evaluate the documentation and make a determination about the approval of the matching funds. First time applicants to the Matching Funds program must undergo a site visit evaluation. Upon receipt of a fully executed and signed agreement, the Trust will disburse funds based on agreement terms.

For Year One of the SBIR/STTR Phase II: Upon applicant's submission of proof of the agency's signed contract or the approval of Phase II grant award/contract (Different agencies have different funding mechanisms) the Trust will provide up to the first \$100,000 matching depending on the award/contract amount in more than one installment according to project schedule as described in the agreement.

For Year Two of the SBIR/STTR Phase II: The Trust will provide an additional match of up to \$100,000, depending on the award/contract amount, and subject to a \$0.10 -to-dollar, \$10,000, match obtained from awardees from private sources of funding. The objective of this portion of



the funding is to leverage Trust funds with private capital investments.

Third-Party Funding may come from:

- Private investors, including angel investors, venture capital, private organizations, non-profits, etc.
- Strategic partners according to a development contract if the partner provides cash (as opposed to in-kind services) to the Company and the purpose of the contract is to advance the work done under the SBIR/STTR grant or contract.

Ineligible sources of third-party funding include:

- In-kind contributions
- Internal company fund
- Company's sales if directly attributed to the work carried out under the SBIR/STTR proposal
- Friends and family
- Founders
- Executive Team
- Board of Directors
- Current Private Investors
- Loans, including convertible notes or equivalent.
- Any investments that require the provided funds be paid back.
- Federal funds
- Funds originating from the Trust
- State funds
- Other awards or grants

The Trust reserves the right to solicit any additional information as needed to make a determination. The Trust reserves the right to approve or deny any application for the cash match grant.

## **V. Compliance**

Compliance details will be outlined in the Matching Fund Agreement. The Trust reserves the right to perform any site visit evaluations.

Progress reports must be submitted to the Trust and address the following programmatic areas:

- Cumulative breakdown of uses of the SBIR/STTR funds.
- A detailed breakdown of Trust match funding uses with receipts for material and/or equipment purchased and approved by the Trust exceeding \$5,000. For equipment exceeding \$5,000, the grantee must present three quotes or price listings for the same unit.
- Scientific outputs/deliverables resulting from the use of the Match Funding.
- The number of deliverables that can generate intellectual property.



- The report should also describe technical progress, discoveries, inventions, and patents filings.
- Report on commercialization progress, potential clients and investors contacted, and estimated time to have the product in the market.
- The number of jobs created and how many are expected in the next three years.
- Describe the increase in visibility and prestige for the research institution resulting from the use of the Match Funding, if applicable. Examples include Collaborative Partnerships, Published Research and Citations, Increased Media Coverage, and more.
- Other positive project outcomes.

## **VI. Contact**

For questions about this program, contact us only through [sbir@prsciencetrust.org](mailto:sbir@prsciencetrust.org).