



Puerto Rico
Science, Technology
& Research Trust

SBIR/STTR PHASE I
MATCHING GRANT
PROGRAM PROCEDURES

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SBIR/STTR Phase I Matching Grant Program Guidelines

I. Background Information - SBIR/STTR Program

Since enacted in the 1980s, the Small Business Innovation Research (**SBIR**) and the Small Business Technology Transfer (**STTR**) are highly competitive programs that encourage domestic small businesses to engage in federally sponsored Research and Development (**R&D**) activity that has the potential for commercialization. Through a competitive awards-based program, SBIR/STTR enables small businesses to explore their technological potential and provides the incentive to profit from its commercialization. By including qualified small businesses in the nation's R&D arena, high-tech innovation is stimulated, and the United States gains entrepreneurial spirit as it meets its specific research and development needs.

II. Participating SBIR/STTR Federal Agencies

Each year, Federal agencies with extramural research and development (R&D) budgets that exceed \$100 million are required to allocate 3.2 percent of their R&D budget to these programs to fund small businesses through the SBIR program. Federal agencies with extramural R&D budgets that exceed \$1 billion are required to reserve 0.45% of this extramural R&D budget for the STTR program. Currently, eleven Federal agencies participate in the program:

- Department of Agriculture
- Department of Commerce – NIST and NOAA
- Department of Defense
- Department of Education
- Department of Energy
- Department of Health and Human Services
- Department of Homeland Security
- Department of Transportation
- Environmental Protection Agency
- National Aeronautics and Space Administration
- National Science Foundation

III. Phases Funding

The SBIR/STTR Program is structured in three phases:

- Phase I. The objective of Phase I is to establish the technical merit, feasibility, and commercial viability of the proposed R/R&D efforts and to determine the quality of performance of the small business awardee organization prior to providing further Federal support in Phase II. SBIR Phase I awards range \$181,500 to \$400,000(National Cancer Institute – NIH) equity free and no match required.
- Phase II. The objective of Phase II is to continue the R/R&D efforts initiated in Phase I. Funding is based on the results achieved in Phase I and the scientific and technical merit and commercial potential of the project proposed in Phase II. Only Phase I awardees are eligible for a Phase II award. SBIR Phase II awards vary between \$650,000 and >\$1,000,000 total costs for 2 years. The outcome of the Phase II award work is a commercial prototype.
- Phase III. The objective of Phase III, where appropriate, is for the small business to pursue commercialization objectives resulting from the Phase I/II R&D activities. The SBIR program does not fund Phase III. At some Federal agencies, Phase III may involve follow-on non-SBIR funded R&D or purchase contracts for products, processes or services intended for use by the U.S. Government.

IV. The Trust's SBIR/STTR Phase I Matching Grant Program

The Puerto Rico Science, Technology & Research Trust (Trust) offers the scientific and hi-tech entrepreneurship community in Puerto Rico its SBIR/STTR Matching Grant Program. The objective of this program is to incentivize local technology oriented small business firms and researchers to compete for SBIR/STTR Phase I grant awards.

Firms receiving a federal SBIR/STTR Phase I award will receive a dollar-to-dollar matching grant from the Trust, up to \$100,000. The benefits of this program for hi-tech ventures include:

- Provides new, attractive incentive to apply for Federal SBIR/STTR Phase I grants.
- Improves chances for proposal approval by Federal agencies because of matching funds.
 - Provides additional capital to accelerate R&D and/or commercialization efforts.

V. Program Description and Requirements

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. All expenses covered by the matching grant must be incurred in Puerto Rico.

VI. Eligibility Criteria

In general, to be eligible for the program, the applicant:

- Must meet all federal SBIR/STTR eligibility requirements, as defined by the program.
- Must be a Puerto Rico based company or have its principal place of business in Puerto Rico prior to the disbursement of matching funds.
- Must have been successfully awarded an SBIR/STTR Phase I grant.

VII. Proposal Submission Letter of Support Application Process

To apply for the program:

- The applicant must complete an application prior to submitting an SBIR/STTR Phase I proposal. The Trust must receive the application at least 15 days prior to the SBIR/STTR Phase I deadline submission due date.
- The application must include:
 - a. Copy of the SBIR/STTR Phase II proposal.
 - b. Detailed Matching Funds Budget and budget justifications narrative document describing the use of matching funds, and investment plan.
 - c. Within 3 days before SBIR/STTR deadline submission due date, applicants will receive a letter of support from the Trust, to be included in the proponent's proposal.

VIII. Information to Provide Before Entering into Matching Funds Agreement Negotiations

Firms receiving a federal SBIR/STTR Phase II award must satisfy the requirements of the signed Phase II Matching Funds Agreement. The first step in the negotiations requires the company to provide the following items (the Trust reserves the right to ask for additional information) necessary to proceed with the agreement negotiations.

- Company Full legal name, as incorporated.
- State and date of incorporation.
- Tax ID Number (EIN).
- Location of company's main offices.
- Company's location where the majority of the work will be conducted.
- Company representative's name.
- Representative's job title.
- Representative's civil status.
- Representative's place of residency.
- Representative's email address.
- Company's mailing address.
- Company's phone number.
- Company's Good Standing Certificate ("Certificado De Cumplimiento Emitido por el Departamento De Estado").
- Merchant's Registration Certificate ("Registro de Comerciante").
- Tax Return Filing Certificate ("Certificado de Radicación de Planillas en Hacienda")
- The Volume of Business License Tax ("Patente Municipal").
- Has the company paid taxes in Puerto Rico? Share records.
- Electronic Excel Document copy of the budget for use of Trust's matching funds –

- The electronic template is provided with this notification. Excel electronic documents provided by the applicant must not be locked.
- Indirect Cost charge must not exceed 10%.
- Fringe benefits should not include vacations, holidays, or sick days.
- Electronic Word Document copy of budget justifications narrative for use of Trust's matching funds
- An electronic template is provided with this notification. Word electronic documents must not be locked.
- Copy of awarded proposal in full.
- Clear and detailed Statement of Work for use of Trust's matching funds including a timeline for deliverables and milestones.
- Copies of any documents from the granting agency's Program Director approving or denying changes in work goals, activities related to the award/contract in budget, milestones, change of personnel, change of work venue, and other communications that change the work as described in the awarded proposal.
- All communications that affect the grant/contract performance.

IX. Approval and Disbursement

If the applicant is successful in obtaining an SBIR/STTR Phase I award, it must submit all the information identified and listed above. Upon receiving the required documents from the applicant, the Trust will send a Matching Fund Award Agreement. Upon receipt of a fully executed and signed Agreement, the Trust will disburse funds based on agreement terms.

The matching grant will be disbursed in two parts: half of the matching funds, up to \$50,000, upon signing of the matching funds' agreement, The second and final disbursement, up to \$50,000, will be available after a copy of the final report to the federal agency and a final report describing how the Trust was used and the results.

Contact

For questions about this program, contact us **only** through sbir@prsciencetrust.org. Answers will be provided in 48-72 hours.