

## Guidelines for USF Faculty Participation in SBIR and STTR Programs

### Policy Statement:

To foster growth of new businesses based on University of South Florida research, USF Research & Innovation works with inventors, entrepreneurs and investors to create successful transitions from innovation to new enterprise. Further, the University supports collaborations with Small Business Concerns (SBC) in order to help fulfill USF Research & Innovation's mission of maximizing USF faculty members' success in research and innovation.

Several federal agencies, including the National Science Foundation, the Department of Defense and the National Institutes of Health, sponsor Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs, intended to stimulate technological innovation, increase private-sector commercialization of innovations derived from federal research funding and foster technology transfer through cooperative research & development between small businesses and research institutions. Each federal agency that sponsors SBIR and STTR programs has regulations that govern.

### SBIR/STTR Program Overview:

#### SBIR Program Federal Requirements: (e.g. NIH R43/R44)

1. For both Phase I and Phase II proposals, the Principal Investigator (PI) must have primary employment with the SBC at the time of award and during the conduct of the proposed project (unless a waiver is granted by the funding agency). Primary employment means that more than one-half of the PI's time is spent in the employ of the SBC. This precludes full-time employment with another organization, **so a full-time USF faculty member cannot be the PI for an SBIR proposal.**
2. The SBIR program encourages, but does not require, the SBC to partner with a research institution.
3. For Phase I proposals, a minimum of 67% of the research or analytical effort must be performed by the awardee. For Phase II proposals, a minimum of 50% of the research or analytical effort must be performed by the awardee. Deviations from these requirements occasionally occur, but must be approved in writing by the funding agreement officer after consultation with the agency SBIR Program Manager/Coordinator.

**STTR Program Federal Requirements:** (e.g. NIH R41/42)

1. The SBC must have a formal collaboration with a research institution (e.g. USF) in place.
2. Not less than 40% of the R & D work must be performed by the SBC, and not less than 30% of the R & D work must be performed by the single, partnering research institution.
3. The primary employment of the Principal Investigator must be with the SBC or the research institution at the time of award and during the conduct of the proposed project. Primary employment means that more than one-half of the PI's time is spent in the employ of the SBC or the research institution, which precludes full-time employment with another organization aside from the SBC or the research institution. Deviations from this requirement may occasionally occur, but must be approved in writing by the funding agreement officer after consultation with the agency STTR Program Manager/Coordinator.
4. The SBC PI (i.e. the PI submitting the proposal) must have a formal appointment with or commitment to the SBC.
5. The SBC and its partnering research institution are required to establish an intellectual property (IP) agreement detailing the allocation of IP rights and rights to carry out follow-up research, development or commercialization activities.

Both the SBIR program and the STTR program are structured in phases. Phase I proposals are intended to establish the technical merit, feasibility and commercial potential of the proposed R & D efforts and to determine the quality of performance of the SBC prior to providing further support in Phase II. The objective of Phase II proposals is to continue the R & D efforts initiated in Phase I. Funding is based on the results achieved in Phase I. Only Phase I awardees are eligible for a Phase II award. Phase III projects are not funded by the SBIR/STTR programs. Typically in Phase III, the SBC pursues commercialization of the work started under the Phase I and II programs.

**USF Guidelines:** Applicable to both Phase I and Phase II applications.

USF faculty member participation in SBIR and STTR programs can create complicated financial conflicts of interest. For example, it is not uncommon for a USF faculty member to have a personal business relationship with a SBC as a founder, director, shareholder, officer, etc. To assist faculty members with their consideration of entering into such relationships and to ensure the University's compliance with all federal, state and USF System regulations, USF has developed the following Guidelines.

1. The PI for the SBC and the PI for the subcontract to USF must be different individuals.
2. If a USF faculty member (or his/her spouse or dependent child) has a financial interest (including, but not limited to, an ownership interest, stock options or a proprietary interest) or a leadership position in, or is employed by an SBC, the faculty member may not serve as the PI on the USF subcontract from that SBC.
3. Proposals to conduct research at USF under an SBIR or STTR subcontract must be reviewed and approved by the appropriate Department Chair and Associate Dean for Research (or academic Dean if not delegated to the Associate Dean for Research) to ensure that the proposed project has scientific merit, constitutes a good use of USF research space and that the project will not compromise the USF faculty member's academic responsibilities.

The University of South Florida Conflict of Interest Committee may provide exceptions to these Guidelines. Such exceptions, however, will be made on a case-by-case basis and must have the final approval of the Senior Vice President for USF Research & Innovation. If you would like to request an exception, please contact the University's Conflict of Interest Program Manager.

### **Examples of Conflict of Interest Situations:**

#### Example 1:

Company A applies for and receives an STTR award. Professor X is part-owner and President of Company A and is also a USF faculty member. Professor X will not be involved in the Company A side of the research, nor will he be a co-investigator on the Company's subcontract to USF. In addition, Professor X does not have a reporting or oversight relationship with any of the key personnel or students assigned to the USF subcontract.

This situation presents *minimal risk* for bias to be introduced into the research. Professor X has no involvement in the work USF will do on its subcontract for this study, so the risk for bias is minimal.

#### Example 2:

Company B applies for and receives an SBIR award. Professor Y is a co-founder and officer of Company B and an adjunct professor at USF with a half-time appointment. Professor Y has asked a Company B colleague to be the PI for the Company side of the study and Professor Y would like to serve as the PI for the USF subcontract.

This situation presents *significant risk* for bias to be introduced into the research. Professor Y's financial interest in Company B precludes him from being the PI on the USF subcontract. Professor Y could ask a USF colleague with no connection to Company B to serve as the PI on the USF subcontract, in which case the colleague must oversee all aspects of the subcontract to USF.