

SBIR/STTR: FAQs

The following FAQs are intended to guide members of the University of South Alabama research community in addressing and, if possible, resolving, the potential conflict issues that may arise when they want to participate in SBIR or STTR funded research.

How Do I Alert the University to My Potential Startup?

University of South Alabama employees who are interested in working with a small company that wants to apply for SBIR or STTR funding are encouraged to contact Sponsored Projects Administration or the Office of Commercialization and Industry Collaboration.

Additionally, addressing potential conflicts early protects you and the institution. Early discussions between faculty and the Office of Research Compliance and Assurance focus on the “relatedness” of the company’s work to ongoing University research, the IP licensed to the Company, and the nature of the faculty’s members financial interest(s) in the startup.

Can the University of South Alabama submit an application for an SBIR or STTR contract or grant?

Although many SBIR and STTR applications include subcontracts to universities, under federal regulations, only small businesses may apply for SBIR and STTR funding. STTR guidelines require the small business applicant to formally collaborate with a University or non-profit research institute. SBIR guidelines indicate that this is optional.

How can University of South Alabama faculty, staff, postdoctoral scholars, and students participate in SBIR and STTR awards?

Typically, this is done by conducting research at the University of South Alabama under a subcontract from a small business that has received an SBIR or STTR award. The Sponsored Projects Administration, Office of Research Compliance or the Office of Commercialization and Industry Collaboration staff can assist University of South Alabama PIs in completing and submitting paperwork needed to initiate the subaward process.

Plans for proposed research to be conducted at the University of South Alabama under an SBIR or STTR subcontract from a small business must be reviewed by the appropriate department chair and academic dean before subcontract proposal materials are forwarded to the Sponsored Projects Administration. This review is intended to ensure that the proposed work (a) has scientific merit, (b) constitutes a good use of University of South Alabama research facilities, (c) will not compromise the PI’s academic responsibilities, (d) is for a unique and specific scope of work

distinct from research funded by other outside entities, (e) is for work that does not overlap with the investigator's other research responsibilities, and (f) reflects full cost recovery (direct and indirect), including the PI's time, in the project budget.

Under the University of South Alabama academic personnel policy on External Professional Activities, faculty may work with outside companies as consultants. From a conflict of interest and conflict of commitment perspective, it is best for an individual to act either as a consultant to the company on grant-related activities, or as a researcher on a subcontract to the University of South Alabama, but not both.

Can a company established by a University of South Alabama employee apply for an SBIR or STTR award while the founder or an equity holder continues to work at the University?

Yes, but there are some key points to keep in mind. Faculty may not hold a full-time appointment at the University of South Alabama and concurrently serve as the Principal Investigator (PI) of an SBIR or STTR grant for a company. In general the PI for the small business applicant should not be a University of South Alabama employee. The PI for the company and the PI for the University of South Alabama subcontract must be separate individuals. See additional discussion on next page.

Can a University of South Alabama faculty member hold a management or officer position in the company that applies for SBIR or STTR funding?

Possibly. Acceptance of managerial or salaried positions requires prior approval from the University of South Alabama Office of Research and Economic Development. These requests need to be endorsed by the faculty member's chair and dean.

Can the PI of a University of South Alabama subcontract under an SBIR or STTR sit on the scientific advisory board (SAB) or board of directors (BOD) of the company that applied for and received the award?

Yes. Faculty may engage in these types of activities, subject to the time limits and reporting requirements of the University of South Alabama Conflict of Interest Policy and External Professional Activities Policy. These activities must be reported through the University's Conflict of Interest disclosure reporting system.

Can a full-time University of South Alabama employee serve as the PI for the small business applicant on an SBIR or STTR proposal?

In general, no. Under federal SBIR guidelines the small business applicant must be the PI's primary employer by the time an award is made and must remain the PI's primary employer for the duration of the project period. Although STTR program guidelines permit University employees to serve as the applicant company's PI,

submission of applications for research support in this way requires an exception to University of South Alabama policy.

Typically, exceptions have been made when the faculty member agrees to take a temporary leave (part time or full time) from the University to conduct research as the small business's PI. Please note that the conduct of research is generally not considered the kind of outside professional activity allowed under the University of South Alabama External Professional Activities policy. These requests for exceptions should be directed to the Vice President for Research and Economic Development.

Can a University of South Alabama postdoctoral scholar serve as the PI for the small business SBIR or STTR applicant?

As indicated in the preceding information, permission to submit applications for funding this type of funding requires an exception to University of South Alabama policy from the Vice President for Research and Economic Development. Exceptions for postdoctoral scholars are typically considered only when an individual's training is virtually finished and he/she is in the job market. Approval is subject to the postdoctoral scholar's agreement to sever his/her University of South Alabama appointment to become an employee of the small business when the SBIR or STTR award is made. Please note: Exceptions cannot be made for individuals on H1-B visas because changes in work conditions are not permitted.

Can students work for a company in which their University of South Alabama supervisor or professor has a financial interest while they are enrolled at the University of South Alabama?

Possibly. The potential benefits of involvement in a faculty member's outside activities should be weighed against other considerations such as the student's ability to concurrently work and go to school. While there are no express policies that prohibit a student from working outside the University, student employment should not eclipse educational activities or hinder progress toward a degree. Additionally, under the University's Conflict of Interest policies, faculty must have an approved management plan before involving students in companies. In this context, involvement means any substantive activity, whether compensated or not. Students who are also University of South Alabama employees should refer to the question below regarding staff employees who wish to take on outside responsibilities for an SBIR or STTR applicant.

Can University of South Alabama staff or non-faculty academic appointees take on outside responsibilities for a small business SBIR or STTR applicant?

Per University policies and principles, including Personnel Policies for Staff Members, non-faculty employees (such as staff and appointees in the research series) are not permitted to engage in activities, which create a conflict of interest

between their University responsibilities and other interests or obligations. Additionally, outside employment should not interfere with the performance of employees' University duties. This policy has been interpreted to mean that an employee should not devote any of his/her University of South Alabama working time or use any University resources—including his/her office or office equipment—to conduct company (i.e., non-University) business. A number of factors, including the employee's University responsibilities and proposed company responsibilities, the nature of the company, and the company's relationship to the University, need to be considered. Staff employees (including students who also hold staff titles), and non-faculty academic employees who (a) are considering involvement in outside responsibilities for a small business SBIR or STTR applicant or (b) are already involved in a small business that wants to apply for an SBIR or STTR grant should contact the Office of Research Compliance or the Office of Research and Economic Development for guidance.

Does a small business that is applying for an SBIR/STTR award need a license from the University of South Alabama for intellectual property that will be used in the research?

The small business should contact the University of South Alabama's Office of Commercialization and Industry Collaboration before submitting its grant proposal to discuss the availability of the intellectual property and whether an option or license is needed. Doing so may prevent potential claims of intellectual property infringement resulting from the company's use of University-owned intellectual property under the SBIR-STTR award.

Can the small business's portion of the research be conducted at the University of South Alabama?

Unless this program eligibility requirement is expressly waived in writing by the federal government, the company must conduct some of the research in facilities that it owns or controls. The company must conduct at least 67% of the work under an SBIR Phase I grant, at least 50% under an SBIR Phase II grant, and at least 40% under an STTR grant (Phase I or II). By the time of award, the company must either have its own facilities or control research facilities that will be used to conduct its portion of the proposed research. The small business's portion of the research under an SBIR or STTR grant may not be conducted in a University of South Alabama laboratory unless the space is in an officially designated University of South Alabama incubator such as the Coastal Innovation Hub. Leasing of space in an official incubator provides the company with research facilities that it controls. Faculty may use their University laboratory to conduct the portion of the work that is subcontracted to them. As indicated above, review by the faculty Conflict of Interest Review Committee (CIRC) is required before the University can accept such research support when the PI or other investigator(s) have financial interests in the small company that has received the SBIR or STTR grant. If CIRC determines that the situation creates a conflict of interest, it will make recommendations for managing

or eliminating the conflict so that the research support can be accepted. The University of South Alabama recharge facilities (sales and service activities) that have established rates for external users can provide goods and services to small businesses conducting research under SBIR and STTR grants per the facility's standard operating procedures. The exception is a recharge unit, which operates under the supervision of a University of South Alabama employee who has a financial interest in the small business that wants to access the facility. Questions about exceptions should be referred to the Vice President for Research and Economic Development.

Can University of South Alabama faculty or staff represent the company in subcontract negotiations with the University of South Alabama?

To avoid possible conflict of interest, no one with a University of South Alabama appointment (including faculty, staff, students who also hold staff or academic appointments, and non-faculty academic appointees) may influence or participate in making business decisions between that outside entity and the University.