Small Business Innovation Research (SBIR)

SBIR Grants offer an opportunity for Health Science Faculty to Collaborate With Small Companies

The program provides significant funding to small companies for early stage product development ideas. Although the Company must apply for the SBIR Grant, they can include and direct some of the funding to faculty collaborations. Phase 1 funding is up to $150,000 total funding for six months. Phase 2 funding is up to $1,000,000 total funding over two years. The NIH provides about $600 million in SBIR funding per year.

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Introduction

The Small Business Innovation Research and Small Business Technology Transfer programs currently invest about $2.5 billion each year in small research and development companies through a highly competitive award process administered in phases by large federal agencies and overseen by the U.S. Small Business Administration. These programs have been widely praised by groups such as the National Academies and have played a role in the emergence of companies like Qualcomm, Symantec, and many others since the program was created in 1982. You can get more information about the SBIR Program at http://www.sbir.gov.

The NIH and other agencies fund both grants and contracts. The contracts are based on specific solicitations and can be found at http://www.sbir.gov/solicitations. Each year, Health and Human Services provides about $640 million in funding.

SBIR Mission and Program Goals

The mission of the SBIR program is to support scientific excellence and technological innovation through the investment of Federal research funds in critical American priorities to build a strong national economy.

The program’s goals are four-fold:

- Stimulate technological innovation
- Meet Federal research and development needs.
- Foster and encourage participation in innovation and entrepreneurship by socially and economically disadvantaged persons.
- Increase private-sector commercialization of innovations derived from Federal research and development funding.

SBIR-Participating Agencies

Each year, Federal agencies with extramural research and development (R&D) budgets that exceed $100 million are required to allocate 2.5 percent of their R&D budget to these programs. Currently, eleven Federal agencies participate in the program:

- Department of Agriculture
- Department of Commerce - National Institute of Standards and Technology
- Department of Commerce - National Oceanic and Atmospheric Administration
- 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

Each agency administers its own individual program within guidelines established by Congress. These agencies designate R&D topics in their solicitations and accept proposals from small businesses. Awards are made on a competitive basis after proposal evaluation.
**Three-Phase Program**

The SBIR Program is structured in three phases:

**Phase I.** The objective of Phase I is to establish the technical merit, feasibility, and commercial potential 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 normally do not exceed $150,000 total costs for 6 months.

**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 normally do not exceed $1,000,000 total costs for 2 years.

**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/R&D activities. The SBIR program does not fund Phase III. Some Federal agencies, Phase III may involve follow-on non-SBIR funded R&D or production contracts for products, processes or services intended for use by the U.S. Government.

**SBIR Program Eligibility**

Only United States small businesses are eligible to participate in the SBIR program. Business must meet all of the following criteria at the time of Phase I and II awards:

- Organized for profit, with a place of business located in the United States;
- At least 51 percent owned and controlled by one or more individuals who are citizens of, or permanent resident aliens in, the United States, or
- At least 51 percent owned and controlled by another for-profit business concern that is at least 51% owned and controlled by one or more individuals who are citizens of, or permanent resident aliens in, the United States; and;
- No more than 500 employees, including affiliates.