



NATIONAL SCIENCE FOUNDATION  
4201 WILSON BOULEVARD  
ARLINGTON, VIRGINIA 22230

NSF 15-125

## Frequently Asked Questions (FAQs) for SBIR/STTR Program

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## HOW APPROPRIATE IS NSF SBIR/STTR IS NSF SBIR/STTR FUNDING FOR A COMPANY/PROJECT?

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### 1. What are the funding priorities for NSF SBIR/STTR?

The NSF SBIR/STTR portfolio is divided into several broad technology areas, which are listed here: <http://www.nsf.gov/eng/iip/sbir/topics.jsp>. However, this list is NOT exhaustive. A proposing small business has the freedom to pursue any technology and market area. NSF SBIR/STTR proposal review does NOT take into account how well a proposal fits into a topic. Rather, Phase I proposals are evaluated based on the merit review criteria listed here: [http://www.nsf.gov/eng/iip/sbir/peer\\_review.jsp](http://www.nsf.gov/eng/iip/sbir/peer_review.jsp) (briefly, the technical innovation and potential commercial/societal impacts).

### 2. What is the best way to gauge whether or not a research and development (R&D) project is innovative and technically challenging enough to be funded by the NSF SBIR/STTR program?

NSF SBIR/STTR seeks to fund R&D that involves a high degree of technical risk. It is a good sign if the R&D has never been attempted and/or successfully done before or is attempting to overcome significant technical hurdles. Innovation takes many different forms in different fields. If this is a significant question that will determine whether or not you will submit a proposal, the best approach is to send an Executive Summary to an NSF SBIR/STTR Program Director (see [Question 17](#)) and specifically ask for guidance as to whether or not the project seems to meet the technical merit review criteria.

### 3. What activities and expenses are appropriate to be funded on a Phase I NSF SBIR/STTR project? What activities and expenses are not permitted?

NSF SBIR/STTR funding is for R&D only. Generally, NSF SBIR/STTR funding can be used for salary and wages for company employees, associated fringe benefits, materials and supplies, and a number of other direct costs needed to carry out the proposed R&D. As appropriate, NSF SBIR/STTR may also fund consultants to the project and subawards to partner institutions. Some types of indirect costs that are necessary for the small business to carry out the project are also appropriate.

NSF SBIR/STTR Phase I funds cannot be used for business development, marketing and sales, production, patent costs, or entertainment. Equipment purchases are not permitted on a Phase I award but are permitted in Phase II. Please consult the solicitation for more information.

### 4. Can NSF SBIR/STTR fund work on a product that has already been developed? Can the program fund small businesses to execute their business plan?

NSF SBIR/STTR funding is for R&D only. The aim of a Phase I project should be to demonstrate the technical feasibility of the proposed innovation and thereby bring the innovation closer to commercialization. If the idea has been proven to be technically feasible already and capital is required simply to perform analytical testing on the product, execute the business plan, and/or begin manufacturing, the project is not a good candidate for NSF SBIR/STTR funding. Non-incremental innovations to an existing product might be appropriate if the innovation will

**significantly** enhance commercial outcomes and if the small business must undertake R&D with a great degree of technical risk in order to make to achieve those outcomes. Projects that focus on incremental improvements on existing products will not be funded.

**5. Must Phase I NSF SBIR/STTR proposers submit preliminary data as part of the proposal?**

Preliminary data is not required for NSF SBIR/STTR Phase I proposals. However, in many cases, preliminary data can strengthen the case that the small business could demonstrate technical feasibility with the proposed Phase I R&D.

**6. Are new small businesses/startup companies appropriate candidates for the NSF SBIR/STTR program?**

NSF encourages proposals from a diversity of small businesses. In fact, most of NSF SBIR/STTR Phase I awards are made to companies that are very new and very small. Companies with no current revenues and/or minimal history of operations are encouraged to apply. However, those small businesses must show that, if NSF SBIR/STTR funding is awarded, they have a clear plan to quickly stand up the company operations and bring together a team that is capable of carrying out the proposed Phase I project.

**7. Are first-time entrepreneurs appropriate candidates for the NSF SBIR/STTR program?**

NSF encourages proposals from a diversity of entrepreneurs — new and seasoned. What is most important is that the team is committed to bringing the technological innovation to the market. The lack of a commercialization track record does not disadvantage a team, as long as the proposers can show a path to successful commercial outcomes. Many NSF SBIR/STTR grantees are first-time entrepreneurs.

**8. What is the expected outcome of a Phase I project?**

The aim of the Phase I project should be to demonstrate the technical feasibility of the proposed innovation and thereby bring the innovation closer to commercialization. Consequently, a product that is ready for market launch is typically not an expected outcome of a Phase I project. The R&D outcomes that can best demonstrate technical feasibility vary widely based on the technology area and the particulars of the project.

The required deliverable at the end of an SBIR Phase I grant is a report that summarizes the project's technical accomplishments. Phase I outcomes take many forms depending on the technology area and stage of the research. Outcomes could be proof-of-concept data, a prototype, analytical/testing results of the product under development, etc.

The R&D undertaken in Phase I is intended have high technical risk, and so it is expected that not all projects will achieve the desired technical outcomes. However, projects that are successful are in a better position to obtain follow-on funding, including an NSF SBIR/STTR Phase II grant. This is because a Phase I project should aim to de-risk the technical aspect or aspects of the innovation that are most important to future commercial success.

**9. Is there a fast-track option to “skip” to Phase II? Is there an option to apply for Phase I and Phase II simultaneously?**

Small businesses must receive a Phase I award before applying for a Phase II award.

**10. Are examples available of recently-funded NSF SBIR/STTR Phase I proposals and/or awards?**

Companies and projects funded by NSF SBIR/STTR can be explored on the portfolio page here: <http://www.nsf.gov/eng/iip/sbir/portfolio.jsp>. Company names and project titles and abstracts for recently funded Phase I awards in each topic area are provided on the topic webpages that are linked to from this page: <http://www.nsf.gov/eng/iip/sbir/topics.jsp>. NSF SBIR/STTR does not provide sample proposals.

**11. May a small business submit two different Phase I proposals during the same submission cycle?**

While a small business may submit two Phase I proposals to the same deadline, applicants are encouraged to contact the appropriate NSF SBIR/STTR Program Director(s) before doing so. In general, it is preferred that proposing small businesses, especially those with limited resources, focus on submitting one strong proposal that best aligns with the commercial goals of their business and the NSF SBIR/STTR program goals. Additionally, see the solicitation for the rules regarding multiple submissions by Principal Investigators and small businesses.

**12. What are the chances of receiving an NSF Phase I SBIR/STTR award?**

From 2012-2014, for Phase I, funding rates varied from 13% to 30%. For Phase II, funding rates varied from 30% to 54%. Although funding rate is a common question, generally, the answer rarely helps in making a decision whether or not to submit a proposal. The possibility of receiving an award increases with the fit of the project for the program and quality of the project proposed. So rather than focus on funding rate, proposers are encouraged to ensure that NSF SBIR/STTR is a good fit for their needs and that the proposed project aligns well with the program goals.

**13. Can NSF SBIR/STTR fund work on products whose target customers will be in the defense industry?**

NSF SBIR/STTR does not dictate which markets or customers small businesses may serve. However, if an intended customer for the solution developed under the SBIR/STTR grant will be the Department of Defense (DOD) or Department Homeland Security (DHS), proposers should consider applying through the SBIR/STTR programs at those respective agencies (DOD - <http://www.acq.osd.mil/osbp/sbir/>; DHS - <http://www.dhs.gov/science-and-technology/sbir>). Those agencies, and several others, focus on the acquisition of solutions developed under the SBIR/STTR program. The submission of an identical or overlapping proposal to both NSF and NIH SBIR/STTR is possible (see [Question 15](#)), if a project seems like it could be appropriate for both NSF and another agency.

**14. Both NSF and NIH fund biomedical/health projects through the SBIR/STTR program. How are the programs different? Can a small business apply to both programs?**

Generally, NSF SBIR/STTR funding is not aimed at supporting clinical trials, the clinical validation of information technologies or medical devices, or studies that are performed primarily for regulatory purposes. Limited studies with human subjects may be acceptable to the extent that they are performed in support of feasibility, proof-of-concept studies of early-stage technologies.

More specific guidance on what is funded through NSF SBIR/STTR in the biomedical and biological technologies spaces can be found on the topic pages for Smart Health and Biomedical Technologies (<http://www.nsf.gov/eng/iip/sbir/topics/bm.jsp>) and Biological Technologies (<http://www.nsf.gov/eng/iip/sbir/topics/bt.jsp>). These topics and subtopics are NOT restrictive but give a general sense of the types of proposals solicited.

Another way to explore what is typically funded under NIH and/or NSF is via the Award Search at [SBIR.gov](http://SBIR.gov), which reports on all SBIR/STTR awards, regardless of the agency under which it was

funded.

Finally, the submission of an identical or overlapping proposal to both NSF and NIH SBIR/STTR is possible (see [Question 15](#)).

If more guidance is necessary to decide whether or not to submit a proposal, proposers are encouraged to contact the appropriate NSF SBIR/STTR Program Director (see [Question 17](#)).

**15. May a small business submit identical or overlapping proposals to NSF SBIR/STTR and another federal agency?**

Proposers may submit overlapping proposals to different agencies, but NSF will not make **awards** that duplicate research funded by, or anticipated to be funded by, other agencies. It is very important to note potential overlap on the cover page of the NSF proposal. **If a proposer fails to disclose that another Federal Agency has received this proposal (or an equivalent or overlapping proposal) on the proposal cover page, the proposer could be liable for administrative, civil, or criminal sanctions.**

**If a proposal is selected for award, NSF and the other agency will determine which agency will fund the work. Sometimes, the project scope and/or budgets will be adjusted if both projects will be funded in order to ensure that no portion of the work is double-funded. However, NSF SBIR/STTR will not co-fund a single proposal with any other agency.**

**16. If a proposing small business elects to partner with a university or research institute (and therefore submits a Phase I STTR proposal) must the partner also be part of that Phase II proposal?**

First, proposing small businesses are welcome to partner with a university or research institute for SBIR, not just STTR. See the solicitation for budget requirements that may help determine which program is more appropriate.

For Phase II STTR, proposing small businesses must have a research partner, similar to Phase I. However, the research partner does not have to be the same partner that was a subawardee on the Phase I STTR effort.

If a Phase I STTR awardee does not wish to work with a research partner for Phase II, they may submit a Phase II proposal to the NSF SBIR program instead. More information is available here: [http://www.nsf.gov/publications/pub\\_summ.jsp?ods\\_key=nsf14103](http://www.nsf.gov/publications/pub_summ.jsp?ods_key=nsf14103).

**17. What options are available for pre-submission feedback, and what should be expected from this feedback?**

Sometimes, proposers review the information on the NSF SBIR/STTR website and in the current solicitation and are able to determine whether or not to submit a Phase I proposal. However, proposers with questions or who need more advice about whether or not to submit may send a 1-2 page Executive Summary to an NSF SBIR/STTR Program Director. Contact information can be found here: <http://www.nsf.gov/eng/iip/sbir/contact.jsp>. The summary should discuss: the company and team; the market opportunity, value proposition, and customers; the technology/innovation; and the competition. The Program Directors will be able to answer questions and provide feedback to help determine whether or not the project is a good fit. Please only send an Executive Summary to one Program Director, who can forward the information to another colleague if they deem him or her to be more appropriate.

**18. Why should a small business apply to NSF SBIR/STTR?**



Like applying for any funding, be it angel, venture, state funding, etc., applying for NSF SBIR/STTR funding takes time and energy. However, the payoff could be great:

- Even a Phase I award can lead to follow-on investment or other commercial and technical milestones.
- A Phase II award provides substantial support that could spur commercialization even before the end of the grant. For more capital- and time-intensive technologies, an NSF SBIR/STTR grant could be the first major (non-dilutive!) support that enables a larger chain of investment to bring the product to market.
- Mentoring and training provided by the Program Directors and program workshops in Phase I and Phase II add even more value than the R&D funding.
- Even proposers that do not receive a Phase I award can benefit from the process. A written technical plan and commercialization goals can be a great starting point for other avenues of support, and feedback from expert reviewers may positively impact the direction of the technology development, even if it will not be developed under an NSF Phase I SBIR/STTR grant.

Ultimately, as with every business decision, the decision whether or not to apply for NSF SBIR/STTR funding can only be made by the small business itself, weighing the risk with the rewards. This FAQ, along with the Phase I solicitations, program website, and guides, aim to explain the application process and program features in order to help make the decision to submit as well-informed as possible.

## **ELIGIBILITY**

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### **19. Must the proposing legal entity be formed at the time of the Phase I proposal submission?**

The proposing small business should be a legal entity at the time of proposal submission. A legal entity is required to complete all of the necessary registrations.

### **20. Does NSF SBIR/STTR support non-U.S. companies or work that is performed abroad?**

SBIR/STTR eligibility guidelines state that the majority (more than 50%) of a small business' equity (e.g. stock) must be directly owned and controlled by one or more individuals who are citizens or permanent residents of the U.S. Additionally, NSF SBIR/STTR only supports work that is performed in the U.S. (including work performed by subawardees and consultants).

### **21. Who is the Principal Investigator (PI) on an NSF SBIR/STTR Phase I grant? What are the responsibilities of the PI? Does the PI need to have a PhD? Can the PI be a graduate student?**

The PI is often the technical lead on the project. However, another leader on the project may be named as PI as long as he or she is capable of tracking and communicating technical progress on the award. The PI is responsible for communicating with the cognizant Program Director and staff during the course of the award and monitors the performance of the project to assure adherence to performance goals, time schedules or other requirements as appropriate to the project or the terms of the grant. The PI is also responsible for submitting required reports to the NSF.

The PI is NOT required to have a PhD or any other degree. Graduate students and post-doctoral researchers are eligible to be the PI on an NSF SBIR/STTR Phase I proposal. Many NSF SBIR/STTR awards also have PIs with no graduate training.

However, the PI MUST be **more than 50% legally employed** by the proposing small business by the time of the award and for the entire duration of the Phase I project. NSF normally considers a

full time work week to be 40 hours and considers employment elsewhere of greater than 19.6 hours per week to be in conflict with this requirement. Additionally, anything that prevents an individual from meeting this legal employment requirement (including residency status or university policy) will make that individual ineligible to be PI.

In addition, the PI must commit a **minimum level of effort to the project described in the application** (not to be confused with the greater than 50% employment requirement). The minimum level of effort for the PI is one person-month.

**22. May a faculty member at a college or university serve as the Principal Investigator on an NSF SBIR/STTR project?**

In most cases, employment as a faculty member at a college or university conflicts with the primary employment requirement for the PI of an SBIR/STTR project (see [Question 21](#)). However, in some cases, the college or university can grant a leave of absence or otherwise indicate that the faculty member is permitted to be employed more than 50% of their time employed by the small business.

**PROPOSAL PREPARATION AND PROPOSAL SUBMISSION VIA FASTLANE (NSF'S ELECTRONIC SUBMISSION SYSTEM)**

**23. When will the next SBIR/STTR solicitation be published?**

There are no guarantees on when solicitations will be published, but for the last several years, NSF SBIR/STTR Phase I solicitations have been published twice per year. One solicitation is published in March, with a June deadline, and another is published in September, with a December deadline. The minimum amount of time between the publication of the solicitation and the deadline date will be 90 days.

**24. What are the first steps that a first-time proposer to the NSF SBIR/STTR program should take?**

The first step should be to register the small business AND the PI in FastLane, NSF's electronic submission system. For help in determining who should be the PI on the project, see [Question 20](#). A DUNS and Employer Identification Number (EIN) are required for FastLane registration. Registering in FastLane allows you to see the proposal submission, with the modules that correspond to different parts of the application. Taking a look early will help you better understand the information available on the "How to Apply" page: <http://www.nsf.gov/eng/iip/sbir/howtoapply.jsp>. Please note that NSF SBIR/STTR proposals must be submitted via FastLane and will NOT be accepted via Research.gov.

Registering a Small Business in the System for Award Management (SAM) and SBIR Company Registry is also mandatory. See the "Registrations" page for more details: <http://www.nsf.gov/eng/iip/sbir/registration.jsp>.

Last, letters of support are an important part of the proposal. However, these letters take time to obtain. Proposers are recommended to start obtaining these letters as early as possible. See [Question 43](#) for more information.

**25. What is the NSF Grant Proposal Guide (GPG)? Some guidelines in the NSF GPG are not spelled out in the NSF SBIR/STTR Phase I solicitation or conflict with information in the solicitation. Which policy document should I follow?**

The *NSF Grant Proposal Guide*(GPG) contains NSF's proposal preparation and submission guidelines on the most general way. Some NSF programs (like SBIR/STTR) have program



solicitations that modify the general provisions of the GPG, and, in such cases, **the guidelines provided in the SOLICITATION must be followed.**

The SBIR/STTR Phase I solicitations include **MANY instructions that deviate from the GPG.** As such, the solicitations strive to include, as much as possible, the rules and guidelines that proposers should know in order to submit a proposal, referencing the GPG when necessary.

- 26. What are the rules or restrictions regarding contact with NSF SBIR/STTR Program Directors? Must a small business form a working relationship with a Program Director before submitting a proposal?**

There is no time during which proposing small businesses are not permitted to contact the NSF SBIR/STTR Program Directors. Program Directors become increasingly busy as each proposal deadline approaches, so proposers are strongly encouraged to contact them as early as possible, if they wish to seek guidance. However, there is absolutely no requirement to form a working relationship with a Program Director prior to submission. Additionally, ALL proposals that pass the initial screening for completeness undergo a rigorous peer review and will be considered for award.

- 27. Is help available for navigating FastLane or troubleshooting proposal submission problems?**

The FastLane Step-by-Step Guide is a great first resource:  
[http://www.nsf.gov/eng/iip/sbir/documents/Phase\\_I\\_Proposal\\_Preparation\\_Booklet.pdf](http://www.nsf.gov/eng/iip/sbir/documents/Phase_I_Proposal_Preparation_Booklet.pdf). As a reminder, if this guide and the solicitation conflict, the solicitation take precedence!

For advanced questions and troubleshooting, the FastLane Help Desk is another resource and can be reached at 1-800-673-6188 (available 7am to 9pm Eastern time). NSF SBIR/STTR staff can be helpful regarding the contents of the proposal, but the real experts for technical issues with FastLane are the FastLane Help Desk staff.

- 28. What if there are changes or updates after a proposal is submitted (but before the deadline)? Does NSF SBIR/STTR review proposal materials as soon as they are submitted?**

NSF SBIR/STTR does not start processing or viewing proposals until after the deadline date. If a proposal is submitted before the deadline date and needs to be updated (also before the deadline date, proposers may perform a Proposal File Update (PFU). Instructions are located here:  
<http://www.nsf.gov/eng/iip/sbir/proposalfileupdate.jsp>.

- 29. What rules must be followed to ensure that a proposal passes the initial administrative review for completeness and continues on to the peer review process?**

Please see the “DOs and DON’Ts list” in the current Phase I solicitation.

- 30. If the System for Award Management (SAM) indicates that it will take several weeks for a proposing business’s registration to be complete, what should the business do?**

If the SAM registration for a company is not active by the NSF SBIR/STTR Phase I submission deadline (or does not match exactly the other company information registered in FastLane), the proposer will receive a warning when trying to submit a proposal. The proposer should continue past that warning, as it will NOT stop submission. The small business should continue to pursue SAM registration, because an active SAM registration is required to receive an award.

- 31. How does a proposer know that he or she has successfully submitted an NSF SBIR/STTR Phase I proposal?**

When a proposal has been received by NSF, the proposer will receive a proposal number that is seven digits long and starts with the last two digits of the current federal government fiscal year. For example, proposal numbers for proposals submitted from October 1, 2014 to September 30, 2015 should be seven digits long and begin with “15”.

If the final proposal number has not been given, it is likely that the PI submitted the proposal but has not yet performed the final step, which is to forward to the small business’s Authorized Organizational Representative (AOR)/Sponsored Research Officer (SRO), who signs and submits the proposal. Instructions for this step can be found in the FastLane Step-by-Step Guide: [http://www.nsf.gov/eng/iip/sbir/documents/Phase\\_I\\_Proposal\\_Preparation\\_Booklet.pdf](http://www.nsf.gov/eng/iip/sbir/documents/Phase_I_Proposal_Preparation_Booklet.pdf)

**32. How can proposers check on the status of a Phase I SBIR/STTR proposal after it has been submitted?**

Proposers can log in as PI (<http://www.fastlane.nsf.gov/jsp/homepage/proposals.jsp>) and click “Proposal Functions”, then “Proposal Status”. Proposals and their statuses will be listed. Navigating to an individual proposal will enable proposers to view reviewer comments, when they are available.

## **PROPOSAL BUDGET PREPARATION**

**33. What is a reasonable salary for the PI and other personnel on the project?**

The best way to ensure that salary requests are appropriate is to justify proposed salaries using Bureau of Labor Statistics (BLS) Wage Data. More information on using BLS Wage Data can be found here: [http://www.nsf.gov/eng/iip/sbir/documents/SBIR\\_Salary\\_Validation\\_Guide.pdf](http://www.nsf.gov/eng/iip/sbir/documents/SBIR_Salary_Validation_Guide.pdf).

**34. Can I have a Co-PI on an NSF SBIR/STTR proposal?**

NSF SBIR/STTR proposals do not have Co-PIs. Proposals may include subawardees, but they should not list a Co-PI. NSF STTR proposals, however, must have a subawardee research institution, with a Co-PI from that institution listed on the cover page and on the sub-budget.

**35. How should indirect costs be structured for a Phase I SBIR/STTR project if the proposing small business does not have an established indirect cost rate?**

Small businesses without an established indirect cost rate are recommended to make an estimate based on itemizing and estimating specific indirect costs that it expects to incur during the Phase I project. Common types of indirect costs are rent, utilities, some types of insurance, and other company expenses that are not directly required by the NSF project but are necessary for the overall operation of the business. It is recommended that small businesses without an established indirect cost rate keep their request for indirect costs and fringe benefits at or below the “safe rate” (i.e., total indirect costs plus fringe do not exceed 50% of total direct salaries and wages).

**36. Can a person be listed on the budget as a subawardee and on the main budget?**

No person can request funds (or financially benefit) through more than one institution for a single NSF SBIR/STTR project. Therefore, individuals with a financial interest in the proposing small business (this includes company equity holders or employees) cannot request funds through a subaward budget or as a consultant unless an exception is recommended by the Program Director and approved by the Division Director for the Division of Industrial Innovation and Partnerships.

**37. May I budget a subaward to a Federal lab or Federally-Funded Research and Development Center (FFRDC)?**

Yes, FFRDCs and federal labs are eligible to be subawardees. A list of FFRDCs is located at: <http://www.nsf.gov/statistics/ffrdclist/>.

**38. What can be requested on a subaward budget?**

A subaward budget (sub-budget) may request funds on the same lines as are permitted for the main project budget, but with two main exceptions. First, if the subaward is to a research institution, the sub-budget may contain a request for funds for Postdoctoral Scholar(s) in Line B.1, Other Personnel (whereas the main budget cannot). Second, subaward budgets may NOT contain funds on Line K, which is used for a fee that may only be requested by the proposing small business in the main budget.

**39. May proposers submit a proposal with more than subaward (sub-budget?)**

Proposers may request funds for multiple subawards, as long as the requirements about total budget allocations are met (see the solicitation). For each subaward you request, a full subaward budget must be prepared, with an accompanying subaward budget that explains and justifies the subaward costs with the same level of detail as the main project budget. For STTR, the sum of these subawards must meet the requirement for 30% of the research, as measured by the budget, to be performed by the collaborating research institutions.

**40. If other R&D will be performed in parallel to the NSF SBIR/STTR-funded research, should those efforts be described in the proposal?**

The funds provided by an NSF SBIR/STTR Phase I project are rarely sufficient to bring a new product to market. The NSF SBIR/STTR project focuses on specific technical goals that must be met in order to ensure the commercial success of the product or service under development. Therefore, an NSF SBIR/STTR proposal should primarily address the R&D effort proposed with the NSF funds only. Other R&D that may be performed with or funded by partners can be mentioned briefly, but the R&D plan should concentration on only NSF-funded work.

Any resources at the disposal of the small business or volunteered by the small business itself but will not be compensated via the Phase I award may be listed in the Facilities, Equipment, and other Resources section of the proposal if proposers are concerned about the appearance of cost sharing.

## **PROPOSAL REVIEW**

**41. What criteria are used to evaluate NSF SBIR/STTR proposals?**

All NSF proposals are reviewed for Intellectual Merit and Broader Impact. For more information on what this means for SBIR/STTR proposals, please see the following webpage: [http://www.nsf.gov/eng/iip/sbir/peer\\_review.jsp](http://www.nsf.gov/eng/iip/sbir/peer_review.jsp). The merit review criteria are also listed in the solicitation document.

**42. Who evaluates NSF SBIR/STTR proposals? What does the review process entail?**

In Phase I, technical reviewers with expertise in the field of research being proposed and/or the target market area proposed are asked to confidentially review the proposals. These technical reviewers always possess technical training and expertise in relevant areas of science, engineering, or technology. The Phase I review process relies heavily on input from these technical reviewers, with some reviewers having a mix of commercial and technical expertise. Dedicated commercial reviewers are sometimes asked to participate on Phase I panels; however, SBIR/STTR Program Directors also directly help evaluate the commercialization details of the proposal.

In most cases, similar proposals are typically placed into groups of 4-18 called a "panel". A group of 3-10 reviewers is assigned to a panel, with each proposal being reviewed by at least 3 of these reviewers. The reviewers read their assigned proposals and provide feedback, and then all of the reviewers meet in person at NSF or via video conference or conference call to discuss all of the proposals in the panel.

The Phase II process is similar, but a greater amount of time and effort is dedicated to the evaluation and discussion of each proposal. Additionally, each Phase II proposal generally is assigned to more reviewers. In Phase II, in addition to the technical reviewers, a minimum of two commercial reviewers review each proposal, paying particular attention to the commercialization plan.

**43. How does NSF manage confidentiality and conflicts of interest during the peer review process? What can proposers do to ensure that their proprietary information is kept safe.**

NSF proposals are considered confidential. They are not made public and are not considered a public disclosure. Proposals are kept within NSF staff and the external reviewers, who certify that no conflicts of interest are present and that they will keep the proposal documents and review contents confidential (see the certification at: <http://www.nsf.gov/eng/iip/sbir/Forms/coiform.docx>).

SBIR/STTR data are protected from disclosure by the participating agencies for a period of not less than 4 years from end of the Phase I or II award. The protection period is extended with each subsequent related award in order to avoid harmful disclosure. The SBA has a full set of FAQ items that address data rights here: <http://www.sbir.gov/faq/data-rights>.

Even when SBIR/STTR data is no longer under the mandatory protection, NSF still does not release proposal information publically. One exception occurs in the event of a Freedom of Information Act (FOIA) request, which is a rare occurrence. Any sections of the proposal marked as proprietary will not be made available to the requestor, so it is important to mark sensitive sections of the proposal as clearly proprietary. If the NSF is able to contact the SBIR/STTR small business about which information is requested, there is a second opportunity for the business to redact proprietary information from the proposal. Because of the nature of this process, proposers are asked NOT to mark the entire proposal as proprietary.

**44. How important are letters of support? What does a strong letter of support contain?**

Letters of support are extremely important for both Phase I and Phase II proposals. Letters of support are intended to help convince the reviewers that the proposed innovation, if developed, would solve a real market need. More generally, letters of support help validate claims made in the proposal about commercial impacts. Therefore, letters from potential end users of the technology (customers) and corporate partners/collaborators are appropriate. Letters from actual or potential investors can also help. Proposers are recommended to start early in trying to obtain these letters.

**45. Some NSF SBIR/STTR companies build on basic research that was also funded by the NSF. Are companies that are proposing projects that are NOT related to NSF or any federal funding at a disadvantage?**

NSF seeks to understand how basic research, and in particular NSF-funded research, can lead to technological innovation and potentially commercialization. Therefore, proposers are encouraged to provide information about the scientific research that has led to the proposed innovation. For STTR, proposals based on NSF-funded basic research are strongly encouraged. A solid base in fundamental research lends credibility to the intellectual merit of the proposal. Ultimately, however, all proposals are evaluated according the merit review criteria, and only the best proposals are

funded. NSF “lineage” alone (or lack it) should not dramatically alter the fate of a proposal.

**46. When does NSF release proposal decisions? What feedback is provided?**

The schedule and pace of NSF SBIR/STTR Phase I peer review is affected by many factors. However, several general guidelines are provided below for proposals that undergo peer review. Proposers whose proposals did not pass the administrative review, and therefore are not sent to the panel review stage (this decision is called “returned without review”), may learn of this decision earlier in the process.

- *2-4 months after the deadline date* “ Proposers, especially those in consideration for funding, may be contacted by the Program Director any time after the panel if the panel or Program Director have questions that must be answered in order for the proposal to be fairly and completely evaluated. This process of interaction with the Program Director is called "due diligence".
- *4-6 months after the deadline date*
  - Phase I proposals that are chosen for award will typically receive their official award notice.
  - A proposer whose proposal undergoes review but is not chosen for an award will be notified of the decision and will receive anonymous written reviews that can contain helpful information on how the proposal could be improved. If the reviews are not informative or more information is desired to be able to resubmit in the next cycle, proposers may contact the Program Director that managed the review process to ask for a debrief.
- *6 months after the deadline date* “ Phase I awards begin. Proposals submitted in June will have a start date (first funds disbursed) of January 1 of the next year. For December proposals, the start date is typically July 1 of the next year.

**47. What if the company’s R&D goals or status change during the Phase I review period?**

Applying to NSF SBIR/STTR should not change the strategy of a small business or slow down its progress. If, during the Phase I review process, a small business makes progress on some of the technical objectives or challenges that are included in a Phase I proposal that is recommended for award, the program will typically work with the proposer to update the work plan and objectives for the Phase I project. It is very rare for a Phase I award to be jeopardized because a proposing small business has continued to conduct R&D in parallel with the Phase I review process.

## **PHASE I AWARD AND BEYOND**

**48. What are the conditions of an NSF Phase I SBIR/STTR award?**

NSF SBIR/STTR award conditions can be found here:

[http://www.nsf.gov/awards/managing/special\\_conditions.jsp](http://www.nsf.gov/awards/managing/special_conditions.jsp) in the section at the bottom of the page. The headings at the top of the award conditions show topics of interest, like Patent Rights, Payment Schedule, and Reporting Rights.

**49. What if there are changes to the business model or R&D strategy of a small business during the Phase I NSF SBIR/STTR project?**

NSF SBIR/STTR understands that small businesses, especially those in the very early stages of development, may undergo business model changes. This may include choosing a different niche

market, a different product format, etc. During Phase I, NSF SBIR/STTR works with grantees to adjust (within reason) the Phase I project objectives, work plan, and budget to reflect changes in the market understanding and business model. However, changes to a Phase I project that completely shift the focus of the project away from the initially proposed core innovation are generally not permitted. Additionally, NSF SBIR/STTR will not support alternative R&D if the work no longer meets the Phase I program standards for high technical risk.

**50. Does NSF SBIR/STTR have a Phase III?**

Some agencies that run acquisition-based SBIR/STTR programs, such as the Department of Defense, feature Phase III. In this phase, the agency chooses to enter into another agreement with the company to continue R&D related to the project. This project must be supported by non-SBIR/STTR funds.

NSF does not acquire technologies that are developed under the SBIR/STTR program and therefore does not offer a Phase III program.

**51. How much of the NSF-funded research and development must be performed by the awardee? (In Phase I and Phase II)?**

For Phase I, a minimum of **two-thirds (66%)** of the R&D, as measured by the budget, must be performed by the awardee. For Phase II, a minimum of **one-half (50%)** of the R&D must be performed by the awardee.