



April 10, 2001

DEANS, DIRECTORS, AND DEPARTMENT CHAIRS:

Subject: Guidelines for Faculty Participation in SBIR and STTR Programs

I am distributing the attached copy of Guidelines on Faculty Participation in SBIR and STTR Programs. These guidelines were based on concerns initially raised within the School of Medicine and school-specific guidance promulgated earlier this year.

Given sensitivity to issues related to conflicts of interest and conflicts of commitment, use of research facilities and other scarce resources and other situations that might become impediments, it seemed appropriate to disseminate the guidance on a campus-wide basis. They are effective immediately.

Please note that these guidelines are meant to supplement but not supplant either federal guidelines or UCLA policy on disclosure of financial interests and conflict of interest reviews.

Sincerely,

A handwritten signature in black ink, appearing to read 'Roberto Peccei'.

Roberto Peccei  
Vice Chancellor  
Research

## University of California, Los Angeles

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

Large Federal funding agencies (including DHHS) have congressionally mandated set-aside funding under the Small Business Innovation Research (SBIR) and the Small Business Technology Transfer (STTR) Programs. This funding supports research and development activities, but may be awarded only to small business entities as defined by the regulations. To assist its investigators, UCLA has developed the following guidelines for faculty who are interested in participating in STTR or SBIR projects.

Only small business entities may apply to the government for support under these programs. Research institutions such as UCLA may participate as collaborators to the small business applicants. When its faculty are asked to participate in such projects, UCLA is required to provide the small business with a budget and an outline of the work that will take place at UCLA, and to provide the small business concern with certain institutional assurances. Potential subcontract proposals should be submitted to the small business entity through the UCLA Office of Contract and Grant Administration. Accordingly, it is advisable that investigators work closely with the appropriate UCLA Industry Contract Officer at an early stage of proposal development to identify and resolve any impediments to participation in such projects, and to discuss preparation of the materials that must be submitted by UCLA to the small business for incorporation into the proposal that the small business will forward to the federal government.

Under the STTR program, small businesses applying to the federal government for support are required to subcontract part of the work to research institutions. Under this program, the Principal Investigator for the small business may be an employee of the collaborating research institution and does not have to be employed by the small business entity. The small business and the University are required to develop a written agreement which outlines rights to research results and intellectual property developed under the collaboration. Staff of the UCLA Office of Research Administration develop these agreements after submission of the proposal.

In contrast, under the SBIR program, collaboration with research institutions is optional; that is, a small business concern may conduct the entire project without outside collaboration. SBIR program guidelines do require however, that more than one-half of the small business applicant's Principal Investigator's time must be spent with the applicant organization at the time of award and during the conduct of the proposed project.

The following guidelines have been developed to minimize potential of conflict of interest and conflict of commitment issues. Please note, however, that they supplement but do not supplant either federal guidelines or UCLA policy on disclosure of financial interests and conflict of interest reviews.

- 1) Under NIH guidelines, the applicant organization for both STTR and SBIR grants must be the small business entity. Under UCLA guidelines:
  - a) The Principal Investigator for the small business and the Principal Investigator for the subcontracted work to UCLA must be different individuals.
  - b) In general, it is strongly preferred that neither the business officials nor scientific officials submitting an SBIR or STTR proposal on behalf of the small business entity be UCLA employees.
  - c) If a UCLA faculty member owns a small business entity, that same individual may not bring research into his or her own laboratory or office under a subcontract from the small business entity through the STTR or SBIR program, unless given explicit consent by the Chair of the Department and appropriate Dean.
- 2) The UCLA Investigator's Department Chair must specifically review the proposed scope of work to ensure that:
  - a) The work proposed has scientific merit.
  - b) The work constitutes a good use of UCLA research space.
  - c) The work does not compromise the faculty member's academic responsibilities.
  - d) The subcontract is for a unique body of work distinct from research funded by other outside entities and for work that will not conflict with the UCLA faculty member's other research efforts.
- 3) The budget submitted by UCLA should assure full cost recovery (direct and indirect) for the portion of the research project conducted at UCLA.
- 4) The small business entity's scope of work should be important, unique, and represent a significant proportion of the total research and/or development activity.
  - a) The small business must control functioning research space for activities supported by the portion of the funds awarded to the company.
  - b) Under STTR guidelines, some of the work must be done at a collaborating research institution. The small business must perform at least 40% of the scope of work at their site or a site they control, and the collaborating research institution must perform at least 30% of the work at a site they control.
  - c) Under SBIR guidelines, the small business entity may conduct all the work but has the option of collaborating with a research institution. If it chooses to collaborate, the small business must perform at least two thirds of the phase one-work, and at least one half of the phase two work, at their site.
- 5) UCLA employees are generally discouraged from working both at the company and at UCLA under these programs. When the department chair explicitly endorses joint employment as part of the review described above, there must be a clear distinction between activities that are performed at UCLA and the activities performed at the company site.

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