

**REQUEST FOR PROPOSAL**

**Kentucky SBIR/STTR Phase Zero Program**



**KENTUCKY SCIENCE &  
ENGINEERING FOUNDATION**

**Last Date:    Open**

Issued By

Kentucky Science and Technology Corporation  
200 West Vine Street, Suite 420  
Lexington, KY 40507

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Application form can be found at <http://ksef.kstc.com>

RFP Revision Date: 07-01-2008

## Introduction

The Kentucky Science and Engineering Foundation (KSEF) announces **Kentucky SBIR/STTR Phase Zero**, a grant program available to Kentucky’s small businesses, university-affiliated small businesses, and college and university faculty entrepreneurs. These funds are earmarked for the development of Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) proposals for submission to any of eleven participating federal agencies.

**The goal** of the SBIR/STTR Phase Zero program is to help Kentucky’s new and existing small businesses and college and university faculty compete more effectively and increase participation in federal SBIR and STTR programs by providing a grant to develop concepts and to prepare high-quality, competitive proposals.

The SBIR/STTR Phase Zero program is **administered by** the Kentucky Science and Engineering Foundation (KSEF), which is managed by the Kentucky Science and Technology Corporation (KSTC) and funded by the Commonwealth of Kentucky under a contract with the Council on Postsecondary Education.

The **Phase I and Phase II Grants** under the **SBIR and STTR programs** provide funds for development and demonstration of high-risk, innovative ideas during the proof-of-concept phase and technology-prototype-development phase prior to commercialization, thus minimizing the risk to cash-starved small businesses. Visit the websites listed below for the appropriate descriptions and guidelines relevant to your proposal.

Agency	Web Site
Department of Agriculture (USDA)	<a href="http://www.csrees.usda.gov/funding/sbir/sbir.html">http://www.csrees.usda.gov/funding/sbir/sbir.html</a>
Department of Commerce (DoC)	
NIST	<a href="http://patapsco.nist.gov/ts_sbir">http://patapsco.nist.gov/ts_sbir</a>
NOAA	<a href="http://www.oar.noaa.gov/ORTA/SBIR">www.oar.noaa.gov/ORTA/SBIR</a>
Department of Defense (DoD)	<a href="http://www.acq.osd.mil/sadbu/sbir">www.acq.osd.mil/sadbu/sbir</a>
DARPA	<a href="http://www.darpa.mil/sbir">www.darpa.mil/sbir</a>
DoD – Air Force	<a href="http://www.afrl.af.mil/sbir/index.htm">www.afrl.af.mil/sbir/index.htm</a>
DoD – Army	<a href="http://www.aro.army.mil/arowash/rt/">www.aro.army.mil/arowash/rt/</a>
DoD – Navy	<a href="http://www.navysbir.com">www.navysbir.com</a>
Department of Education (DOEd)	<a href="http://www.ed.gov/offices/OERI/SBIR">www.ed.gov/offices/OERI/SBIR</a>
Department of Energy (DOE)	<a href="http://www.er.doe.gov/sbir">www.er.doe.gov/sbir</a>
Dept. of Health and Human Services (NIH)	<a href="http://grants.nih.gov/grants/funding/sbir.htm">http://grants.nih.gov/grants/funding/sbir.htm</a>
Department of Homeland Security (DHS)	<a href="http://www.hsarpasbir.com/">www.hsarpasbir.com/</a>
Department of Transportation (DOT)	<a href="http://www.volpe.dot.gov/sbir">www.volpe.dot.gov/sbir</a>
Environmental Protection Agency (EPA)	<a href="http://es.epa.gov/ncer/sbir">http://es.epa.gov/ncer/sbir</a>
National Aeronautics Space Administration (NASA)	<a href="http://sbir.nasa.gov">http://sbir.nasa.gov</a>
National Sciences Foundation (NSF)	<a href="http://www.eng.nsf.gov/sbir">www.eng.nsf.gov/sbir</a>

## **The SBIR-STTR Phase Zero Application**

### **Funding Uses**

Eligible applicants can request up to \$4,000 to defray any reasonable costs incurred in developing a SBIR or STTR proposal. A sum of \$700 of the award amount will be designated to pay an external service provider to review the final draft of the Phase I proposal. KSTC will designate an external service provider for this review and pay him/her directly for the services out of the grant.

#### **Funds can be used for:**

- Direct costs such as costs to gather information (e.g. literature search, market research);
- Registration fee for an SBIR proposal writing workshop/course;
- The services of external technical consultants to help develop proposal plans, and/or that of a technical writer or proposal reviewer to develop and submit a high-quality proposal;
- Travel (detailed justification required) to develop partnerships for the proposal; including travel to a Kentucky university for STTR proposal development.

Exceptions to these allowable costs will be considered on a case by case basis.

#### **The SBIR/STTR Phase Zero grant funds will not be provided to cover:**

- Indirect costs;
- Purchase of equipment;
- Salaries for individuals employed by the applicant's small business;
- Salaries of the principal or co-principal investigators of the proposed project, including the individuals entered in Section A. Company information line #4 and Section B. University/NonProfit Partner Information line #4 of the online application;
- Travel to Washington, DC to meet with personnel from the Federal Agency for which the SBIR/STTR application is being prepared; or
- Cost of travel and registration to attend SBIR/STTR outreach conferences.

### **Multiple Submissions**

The proposed idea in the SBIR/STTR Phase Zero grant proposal must be original. Only one Phase Zero grant will be awarded to develop a specific SBIR/STTR proposal. An applicant (business or a person) shall not receive more than three SBIR/STTR Phase Zero awards in one calendar year.

A Phase Zero proposal may be submitted independently for each targeted application up to a limit of three proposals per calendar year. A maximum of \$4,000 may be awarded for the first grant and up to \$2,000 for each additional Phase Zero grant in one calendar year. The maximum award then would be: \$4,000 for one grant, \$6,000 for two grants, and \$8,000 for three grants.

## Eligible Applicants for SBIR Grants

Interested applicants should meet all the eligibility requirements of the federal agency to which the SBIR/STTR application will be submitted. The eligibility requirements for submission of the **Phase Zero SBIR/STTR** include but are not limited to the following:

### Small Businesses

1. Applicant must meet federal agency ownership/eligibility requirements and be **American-owned, and located in Kentucky** with proof of “good” standing with the Kentucky Secretary of State. Total employees of the parent company and its subsidiaries **do not exceed 500**.
2. The applicant business has **identified the project team** from current employees and consultants or will have hired qualified team members before starting the grant work.
3. The principal investigator (**PI**) **on the proposal is employed** by the applicant small business for more than **50% of his/her time, except in the case of an STTR program, at the time of the Phase I award**.
4. In SBIR grants, partnership with an academic/non-profit organization is allowed but not required. The majority of the proposed work is to be conducted by the applicant and **not more than 33% (for Phase I) and 50% (for Phase II) of the dollar amount of the proposed work can be subcontracted**.

### University Faculty

Interested applicants must meet all the eligibility requirements of the federal agency to which the Phase I STTR application will be submitted. The eligibility requirements for the **Phase Zero STTR** are nearly identical to those for a Phase Zero SBIR grant with a few additions. These additional requirements are:

- The principal investigator (**PI**) on a **STTR** proposal is either a **university faculty member or an employee of the small business**.
- The STTR application is submitted by the small business in **partnership** with one or two non-profit organizations, one of which must be a university.
- **Small businesses** must undertake a minimum of **40%** of the work and the academic/non-profit **partners** must be responsible for a minimum of **30%** of the work. **Up to 30% of the work may be performed by a subcontractor**.
- A **university faculty** can apply for an **SBIR** grant but must create a company before the award can be received from the federal agency.

## Application Process

Applications for Kentucky SBIR/STTR Phase Zero grants will be accepted all-year-round, but **must be submitted at least two months prior to the deadline of the federal agency** to enable KSEF to complete the review and the decision making processes. If a Phase Zero application is submitted to KSEF less than two months prior to the federal agency deadline, KSEF reserves the right to decline the application. Only **Kentucky small businesses, university-affiliated businesses** and **college and university faculty** are eligible to seek Phase Zero funds.

Applications must be submitted **electronically** through our **online web form** which can be found on our website at <http://ksef.kstc.com>. In addition to the online application, the following three attachments must be included for both the SBIR and STTR Phase Zero submissions:

1. **Biographical information** on the **PI and other key personnel** (limit one page per person), uploaded in a single file via the web application form;
2. A **letter of commitment** from **non-profit or public institution team members and collaborators** (this letter should be a signed statement of the individual's commitment to participate in the project, uploaded in a single file via the web application form; and
3. (Optional): A diagram or diagrams to go with the project description, uploaded in a single file via the web application form.

In addition to the electronic submissions, the following **must be mailed** to the address below:

1. a **printed hard copy** of the online application signed by the President, Chief Executive Officer, or the Principle Investigator,
2. all appropriate **biographical information**,
3. all required, signed **letters of commitment**, and
4. all (optional) uploaded diagrams

**Mail to:**

SBIR-STTR Phase Zero Program  
Attn: Mahendra Jain, Executive Director, KSEF  
Kentucky Science and Engineering Foundation  
P.O. Box 1049  
Lexington, KY 40588-1049

**Or deliver to:**

Mahendra Jain, Executive Director, KSEF  
Kentucky Science and Technology Corporation  
200 West Vine Street, Suite 420  
Lexington, KY 40507  
859-255-3613 ext.245  
(859-246-3230 direct)

All applications will be treated in confidence and are subject to an independent review.

**Receipt of each online application will be acknowledged.** Applications with incomplete information may not be considered. Additional information may be requested of the applicant for clarification and responses must satisfy the KSEF Executive Director before the proposal is put before the review panel (see below).

### **Application Evaluation and Selection Process**

An independent, external review panel or external individuals will review submitted proposals. The KSEF Executive Director will constitute the review panel with one or more representatives from academia, local and state governments, economic development agencies or other similar entities. The names of the review panel will remain confidential. The review panel will evaluate the proposals based on the following criteria:

1. Match between soliciting agency's topic, proposed grant proposal and company's existing and past business experience;
2. SBIR/STTR proposal concept, novelty, innovativeness and the proposed work plan;
3. End product for commercialization and identification of its customers and market;
4. Knowledge of related R&D and the existence of previous intellectual property;
5. Applicant's ability in resource development and utilization (people, facilities, budget);
6. Qualifications of the project team;
7. Facilities to conduct the proposed work;
8. Previous experience in SBIR/STTR application submission;
9. Phase II work plan and duration and mode of commercialization; and
10. Level of risk involved in the concept and its impact.

The review panel will provide a numerical score for each proposal with a recommendation to fund or not to fund as well as subjective comments. Verbatim copies of the reviewer's comments will be sent to the applicant after a decision has been made on the application.

### **Grant Award Process**

Based on the recommendations of the review panel and other available information, the KSEF Executive Director will recommend to the KSTC Board of Directors funding Kentucky SBIR/STTR Phase Zero grant awards for only those small businesses and individuals that demonstrate the ability to prepare a competitive SBIR/STTR federal agency proposal. Final action is determined by KSTC. After a complete application is received by KSEF, the applicant will be **notified generally within six weeks** whether or not his/her application was approved for funding.

### **Review of the Phase I Draft**

After Phase Zero award notification, the applicant should send an electronic copy of the Phase I **final** draft proposal to the external service provider designated by KSEF/KSTC for **final** review. A copy of the e-mail should also be sent to KSEF ([dremper@kstc.com](mailto:dremper@kstc.com)). The critique of the draft will be returned within one week.

## Award Amount and Payment Schedule

The maximum amount of the award will not exceed \$4,000 for a single proposal and \$8,000 for up to three proposals by a single business. The following payment schedule, that includes two installments, will be used to ensure development and timely submission of high-quality SBIR/STTR proposals:

- **One half** of the award amount (less \$700 for the review of the Phase I final draft by the external service provider) will be paid within **four weeks** after KSEF's receipt of the signed Phase Zero Grant Agreement. KSTC will pay \$700 directly to the service provider upon completion of the review.
- **The remaining half** of the award amount will be paid within four weeks of receiving copies of:
  - The signed and submitted hard copy of the **SBIR/STTR Phase I final proposal**;
  - Accompanying **cover letter** to the federal agency; and
  - **Proof of online submission or receipt of the Phase I application** by the agency prior to the federally posted deadline.

The payment of the award amount will be contingent upon signing of a grant agreement between KSTC and the applicant small business. The **final half** of the award amount will not be paid if the **applicant fails to submit the SBIR or STTR Phase I proposal to the federal agency before the posted deadline.**

## Post Award Notification

The applicant is **required** to inform KSEF on the outcome of the Phase I Application. After receiving notification from the Federal Agency, an e-mail with the following information should be sent to KSEF ([drempfer@kstc.com](mailto:drempfer@kstc.com)):

### Funding Outcome

- Not funded
- Funded

### Funding Details

- Funding amount;
- Date of award;
- Term of award;
- Title of award, and
- Awarding agency.

**HYPOTHETICAL TIME LINE** of the Phase Zero and Phase I application Process.

Below is an example layout for a Federal Agency Due date of May 1. For actual deadlines contact the specific federal agency (see list on page 2).

<b>Time Line</b>	<b>Example Dates</b>	<b>Applicant's Action</b>
- 60 days	March 1	Submit Phase Zero application to KSEF online and mail signed hard copies at least <b>two months</b> prior to the federal agency Phase I deadline
	March 2	Work on Phase I application
- 16 days	April 15	Receive Phase Zero award notification; sign and return one copy of the executed grant agreement to KSEF; send Phase I <b>final</b> draft to the external service provider for <b>final</b> review via email, with cc to KSEF
- 7 days	April 22	Applicant receives critique back from the external service provider within one week of sending
Phase I Due Date	May 1	Submit final proposal to federal agency and send a copy to KSEF
	May 15	A check for the first half of the grant, less the \$700 fee paid directly to the external service provider, will be sent within four weeks of the signing of the Phase Zero grant agreement
	June 1	A check for the remaining half of the grant will be sent within four weeks of KSEF's receipt of documentation of Phase I submission to the federal agency
	November 1	...or thereafter, notify KSEF of the outcome of the Phase I application

**Contact Person**

For clarifications on the above program, please direct your inquiries to:

Mahendra K. Jain, Executive Director  
Kentucky Science and Engineering Foundation  
P.O. Box 1049  
Lexington, KY 40588-1049

Telephone: 859-255-3613 ext.230 (859-246-3230 direct)

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