

Business Oregon

SBIR/STTR Matching Grant Program

Request for Proposals

Background

The U.S. Small Business Administration (SBA) administers the Small Business Innovation Research (SBIR) Program and the Small Business Technology Transfer (STTR) Program under which federal agencies provide grants to small businesses to conduct research and development and prove out the technical and commercial viability of their innovations to prepare them for production and marketing. These federal programs provide funding competitions in two phases: Phase I to conduct feasibility research (typically ~\$200,000 per grant) and Phase II to expand on Phase I results and develop a commercially viable product (typically ~\$1,500,000 per grant). In 2020, Oregon companies won almost \$45 million in SBIR/STTR awards. These are non-dilutive investments that preserve a company's flexibility for raising funds during later phases.

The SBIR/STTR funding alone, however, leaves gaps in areas critical to getting early-stage companies to the point of producing revenue and becoming viable businesses. SBIR/STTR grants support the development of a commercially viable product but limit a company's ability to spend funds on critical areas, such as business plan development, marketing and intellectual property protection. Furthermore, companies at the end of Phase I projects often struggle to stay viable until they are able to win and receive Phase II grant funds. In addition, as companies reach the end of the federally funded projects, they may still not be at the stage of having enough customers or production capability to meet customer demand. These situations put promising early-stage companies in difficult positions where it can be challenging or impossible to reach their full potential. As part of the state's efforts to assist innovative companies and address gaps in the federal program, Business Oregon's SBIR/STTR Matching Grant Program provides funding to help businesses build on projects and advance technologies developed using federal SBIR/STTR funds to help companies reach their next stage of growth.

Matching Grants

This Request for Proposals (RFP) is seeking applications for matching grants of either federal Phase I SBIR/STTR awards or Phase II awards. An Oregon company that has received a Phase I SBIR/STTR award may submit a proposal for projects up to \$50,000. A company with a Phase II or Fast-track award may submit a proposal for projects up to \$100,000. Business Oregon has funds available for these grants in this biennium, but it is likely not all of the available funds will be given out in this first round of grants. Some of the funds will likely be reserved to do another matching grant RFP later in the funding cycle.

Business Oregon's funds are intended to complement federal dollars and better position the company for future fundraising and growth after the federal grant is completed. Business Oregon's matching grants can be used on activities that cannot be covered by the federal SBIR/STTR grant funds and for things necessary for the company to move beyond the federally funded project and get closer to commercial production. The funds can be applied to expenses that help a company

stay and grow in Oregon by furthering development of new technologies or products. Examples of eligible expenses include, but are not limited to, the following:

- facilities for expansion
- specialty testing or production equipment
- additional employees to support commercialization activities or production
- business development expertise or consultants
- intellectual property protection
- marketing and customer engagement

Ineligible Uses

In general, expenses incurred for regular costs of doing business that are not directly related to furthering the development and/or commercial readiness of the new technology or product that was the basis of the federal SBIR/STTR award are not eligible. Indirect costs, however, can be included up to 15% of the budget.

Eligibility Requirements

- Applicant must be a traded-sector business. "Traded sector" businesses are defined in Oregon statute as "industries in which member firms sell their goods or services into markets for which national or international competition exists."
- Applicant must be an Oregon-based business. "Oregon-based" is defined as "more than 50% of the company's employees are based in Oregon."
- Applicant must be registered to do business in Oregon
- Applicant must meet all federal SBIR/STTR guidelines including:
 - have fewer than 500 employees
 - be independently owned and operated
 - be legally organized as a for profit
 - be at least 51% owned by a U.S. citizen(s) or a lawfully admitted permanent resident alien(s), and
 - be the primary place of employment of the principal investigator (PI)
- Applicant has provided clear project description and budget justification showing how the grant will help the project advance beyond the federal award.
- The federal SBIR/STTR grant award date must be on or after September 1, 2020. If the federal award has closed, provide additional information in the matching grant project description on how the state-funded work will relate to the work done with the federal award.
- If an applicant is a sub-awardee and the prime awardee is not "Oregon-based," the applicant must sufficiently explain how the IP will be developed and commercialized in Oregon. In addition, the maximum match amount allowed will be prorated according to how much of the original federal award that the sub-awardee is receiving.

Selection Process & Preferences

Applications will be reviewed under the direction of Business Oregon's Innovation & Entrepreneurship team. Since this grant program is part of the Oregon Innovation Council's (Oregon InC's) broader program, a subcommittee of Oregon InC will be convened to review applications and recommend awardees. Meeting the above Eligibility Requirements does not guarantee a grant award. There will be factors and criteria used in the review process to compare proposals and identify the most deserving companies.

Examples of the criteria that will be used to evaluate applications are as follows:

- level of commercial readiness of applicant's technology or product and level of readiness after the matching grant project based on proposed milestones
- experience and expertise of the company leadership
- amount of other funds being used to support the development of the technology or product
- applicant is developing technology or a product with significant market and/or job creation potential
- technology or product is related to one of Business Oregon's target industry groups or Oregon InC's focus areas
- the number of federal Phase I, Phase II and/or Fast Track SBIR/STTR grants applicant has been awarded in recent years
- whether applicant has received a previous Business Oregon award

Submission Requirements

In order to allow sufficient evaluation of a grant application, the following documents are required to be submitted (additional information is provided on the application form):

- Signed Matching Grant Application form
- Matching Grant project description (no more than 6 letter-size pages with at least 11-point font and 3/4" margins)
- Matching Grant project line-item budget with budget justification
- Key personnel biographical sketches (no more than 2 pages per person)
- Approved SBIR/STTR proposal or funding agreement with the federal agency (Note: The form of this documentation varies by federal agency so there is not one particular format for this. At a minimum, provide final/approved versions of the scope of work and budget for the federal award.)
- Copy of federal SBIR/STTR award notification

The matching grant project description must explain the work to be done with the state grant including, as appropriate, objectives, timeline, milestones, performance measures, how the work will move the technology closer to commercial production and/or improve the market potential of the technology, and anything else useful to convey how the matching grant will be put to appropriate and productive use. This section must also describe progress the company has made to date on commercializing technology as well as what the company's plans are to fund future commercialization work after the matching grant project ends. If an applicant has received four or more SBIR/STTR grants since January 1, 2019, the project description must include an explanation of why all the SBIR/STTR awards were necessary and proof of progress toward commercialization of technologies or products after the federal awards.

The budget documentation must provide information on how the matching grant will be spent by line item, include how each item was calculated and provide justification for each item. If applicable, briefly describe any other funding (besides the federal award) that will also be used on the project. Budget information can, but is not required to, follow the format used in the SBIR/STTR application to the federal agency.

The documentation on the federal award is needed to ensure the work to be done with the Business Oregon matching grant is **in addition to** the work to be done with the federal award and provide additional information on the company and technology or product.

If any of this documentation includes proprietary information, please mark those sections as such, and we will protect that proprietary information to the extent allowed by law.

How to Apply

Applications are due **no later than 11:59 pm on Thursday, October 14, 2021**. Business Oregon will have “office hours” when potential applicants can set up short phone calls to ask questions about the RFP. If you would like to schedule one of those calls, please email Mark Brady at mark.brady@oregon.gov. Calls can be scheduled the September 16, 2021 (9am-2pm) or September 23 (9am-3pm). Written questions can be emailed to Mark Brady at the same email address but must be submitted by the end of the day on September 30, 2021.

To apply, complete an application form, which can be accessed at: <https://www.oregon4biz.com/sbir/> and submit the signed application **along with the additional required documentation** to Business Oregon by email to mark.brady@oregon.gov. If an applicant needs another means of submitting an application, please reach out to Mark via that email address to make accommodations.

All materials must be received **no later than 11:59 pm on Thursday, October 14, 2021**.

Grant Agreement

Once a grant has been approved, the company will enter into an agreement with Business Oregon. Among other items, the contract will set forth the process that will be used to disburse grant funds and the reports and other documentation that will need to be submitted throughout the course of the project. The agreement will also include certain commitments that companies will have to complete in order to avoid repayment of the grant (e.g., maintain majority of employees in Oregon for two years after execution of contract, submit periodic progress reports to the agency, etc.).