RA07 Small Business Technology Transfer (STTR) Collaboration

Policy Status: Active

Policy Steward: Vice President for Research and Corporate Controller

Contents:
- Purpose
- Background
- Definitions
- Scope
- Policy
  - Disclosure and Reporting Requirement
  - General Principles
- Further Information
- Cross References

PURPOSE:
To establish policies and guidelines for participation in the Small Business Technology Transfer (STTR) program by Penn State and its employees.

BACKGROUND:
The U.S. Government funds various scientific research and development projects through its Small Business Technology Transfer (STTR) program. The purpose of the program is to promote research by U.S. companies engaged in innovation and commercialization of technology.

Only small for-profit businesses are eligible to apply for these Federal awards. Small businesses receiving STTR awards must collaborate with a non-profit research institution, like a university. Although STTR awards, like Small Business Innovation Research (SBIR) awards (Policy RA06 “SBIR Collaboration Policy”), facilitate innovative research and technology development, the STTR program has different criteria to accomplish those goals. The Principal Investigator for an STTR award, unlike for an SBIR, need not be a full-time employee (at least 51%) of the small business. The Principal Investigator needs to be a full-time employee (at least 51%) of either the collaborating research institution or the small business, and must have a formal relationship with the small business. The Principal Investigator for an STTR award must, however, devote at least 10% of his or her effort to
the STTR project. STTR awards also require that the collaborating research institution perform at least thirty percent (30%) of the award. At least forty percent (40%) must be performed by the small business. The remaining thirty percent (30%) of an STTR award may be performed by the small business, the research institution, or additional third parties.

As a non-profit research institution, the University is not permitted to apply for STTR grants on its own. The University does, however, collaborate as a subcontractor with small businesses and receives funds through STTR subawards. University faculty and other members of the campus research community are encouraged to participate in STTR-funded research. Startup companies formed by University inventors routinely seek STTR funding.

While small business-related research is encouraged, it can give rise to specific conflict of interest and conflict of commitment concerns. The University's Policy on Disclosure and Management of Significant Financial Interests (Policy RP06/(policies/rp06), Formerly RA20, hereafter as the “University's Conflict of Interest Policy”), addresses conflicts of interest in research. Additional conflicts and issues surrounding the use of University resources in connection with the performance of an STTR award can also arise where the University Personnel and/or their immediate family are a co-founder and/or have an ownership interest in the small business awardee. The purpose of this policy is to assure compliance with federal regulations and the University's policies.

DEFINITIONS:

Unless otherwise defined herein, all terms in this Policy should have the same meaning as defined in the University's Conflict of Interest Policy/(policies/rp06) and the University's SBIR Collaboration Policy/(policies/ra06).

"Immediate Family" means a spouse, domestic partner, or dependent children.

"Subcontract" means "Any agreement, other than one involving an employer-employee relationship, entered into by an awardee of a funding agreement calling for supplies or services for the performance of the original funding agreement" (STTR Policy Directive (https://www.sbir.gov/sites/default/files/sttr_pd_with_1-8-14_amendments_2-24-14.pdf), p. 7).

"University Personnel" means any faculty, investigator, employee, staff, and/or any researcher, whether paid or unpaid, and including temporary or “visiting” researcher or scientist appointments.

SCOPE:

This Policy applies to all University Personnel, whether as a University employee or otherwise, in any research funded under a STTR award.

POLICY:

All University Personnel who intend to participate in an STTR subaward in any way with any small business must comply with this Policy, and all other applicable laws and University Policies.

DISCLOSURE AND REPORTING REQUIREMENT:
All faculty members, employees, staff, investigators, and researchers are responsible for disclosing financial interests in accordance with the University's Conflict of Interest Policy. In addition, faculty members, employees, investigators, and researchers are obligated to seek advice from the Office for Research Protections to discuss any possible conflict of interest prior to the University's acceptance of any STTR subaward. Faculty members, employees, investigators, and researchers must also consult with the Office of Technology Management regarding any potential licensing or intellectual property issues prior to the University's acceptance of any STTR award.

GENERAL PRINCIPLES:

Participation in the STTR program requires observing the following principles:

1. All work performed for, or in connection with, any small business using University facilities, equipment, materials, employees, and/or students related to an STTR must be performed under a fully negotiated and executed: (a) sponsored research agreement or (b) other agreement approved by the Office of Sponsored Programs, that is in compliance with the University's Policy on the Use of University Tangible Assets, Equipment, Supplies, and Services (Policy FN14 (/policies/fn14)); the University's Policy on Fees and Rates for Facilities and Services (Policy AD15 (/policies/ad15)); and the University's Policy on Private Consulting Practice (Policy AC80 (https://policy.psu.edu/policies/ac80)).

2. No University Personnel with an ownership interest, or whose Immediate Family has an ownership interest, in a small business entity may have sole responsibility to direct research at the University or use University resources (including facilities, equipment, employees, students, or other personnel) over which they exercise control (e.g., University assigned lab space and equipment and/or students and employees assigned to work with such University personnel) related to an STTR award involving that same small business.

3. If University Personnel with an ownership interest, or whose Immediate Family has an ownership interest, in a small business entity proposes to direct research at the University or use University resources (including facilities, equipment, employees, students, or other personnel) over which they exercise control related to an STTR award involving that same small business, then appropriate controls must be in place to ensure appropriate oversight. For example, if University Personnel proposes to act as the Principal Investigator on an STTR subaward from a small business in which they (or their Immediate Family) have an ownership interest, such an arrangement might be approved if, without limitation to other and/or additional requirements, reviews and controls, the following controls are in place:
   a. The scope of the work to be performed by the University Personnel is deemed appropriate and in line with the research efforts within the University laboratory of the University Personnel serving as the Principal Investigator for the University's subaward; and
   b. The Conflict of Interest Committee reviews and approves subject to a management plan that could require a non-conflicted co-investigator and an independent statistician for data review.

4. The Principal Investigator for the University's subaward may not personally submit any proposals for any work to be performed using University facilities, equipment, materials, employees, and/or students to be included in any submission by the small business to a funding agency for an STTR application. Only University personnel with delegated signature authority to submit proposals on the University's behalf may submit such proposals. (See RA20 (/policies/rp06) "Proposal Submission").

5. A full-time (at least 51%) employee of the University may not be the Principal Investigator for a small business' STTR prime award.
6. The Principal Investigator for a small business and the Principal Investigator for the University subaward must be separate individuals, and may not be Immediate Family members.

7. No University Personnel are permitted to hold a management or officer position, a position as a member of the Board of Directors or the Scientific Advisory Board, or undertake any responsibilities with a small business having received STTR grants absent prior approval as required by University Policy AC80 (https://policy.psu.edu/policies/ac80). Any such position or responsibilities must also be consistent with all other University policies, including the University’s Policy on Engaging in Outside Professional Activities (Conflict of Commitment) (Policy AD77 (https://policies/AD77)), and the University’s Conflict of Interest Policy (https://policies/rp06).

8. No University student, staff member, or visiting researcher or visiting scientist may perform research related to the University’s portion of a small business’ STTR award, and concurrently serve as an employee or intern of that small business.

9. If a small business applicant for an STTR award might require a license from the University for intellectual property prior to commencing research under the STTR award, the University requires that the small business promptly contact the University’s Office of Technology Management sufficiently in advance of submitting its proposal to the sponsoring agency, in order to discuss the availability of relevant intellectual property and whether a license is needed.

10. No University Personnel may utilize their position at the University to influence or participate on behalf of a small business in making business decisions, or negotiating agreements, between that outside entity and the University.

11. Should any violation or potential violation of these principles arise or be discovered at any time after the application for and/or award of STTR-funded research, it is the obligation of the Investigator who discovers or becomes aware of such violation or potential violation to notify immediately the Office for Research Protections so that appropriate remedial action, if necessary, can be taken.

FURTHER INFORMATION:

For questions, additional detail, or to request changes to this policy, please contact the Office of the Vice President for Research, or the Office of the Corporate Controller.

CROSS REFERENCES:

Other Policies may also apply, especially:

AC80 (https://policy.psu.edu/policies/ac80) - Private Consulting Practice
AD15 (https://policies/ad15) - Fees and Rates for Facilities and Services
AD77 (https://policies/ad77) - Engaging in Outside Professional Activities (Conflict of Commitment)
AD83 (https://policies/ad83) - Institutional Financial Conflict of Interest
FN14 (https://policies/fn14) - Use of Tangible Assets, Equipment, Supplies and Services
HR91 (https://policies/hr91) - Conflict of Interest
RA06 (https://policies/ra06) - Small Business Innovation Research (SBIR) Collaboration
RA20 (/policies/ra20) - Proposal Submission

RP03 (/policies/rp03) - The Use of Human Participants in Research

RP06 (/policies/rp06) - Disclosure and Management of Significant Financial Interests

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- October 5, 2018 - Added definition of subcontract
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