



Innovate Rhode Island Small Business Fund

SBIR/STTR Matching Grant Phase I and II

Program Guidelines

Approved April 21, 2025

INTRODUCTION

About the Rhode Island Science and Technology Advisory Council (“STAC”)

STAC is a legislatively established council, comprising a group of business and academic leaders, which was created to “support the state’s research institutions, promote entrepreneurial development, enable all organizations to become more innovative, and perform any other advisory functions as the legislature may designate.” With this charge, STAC’s efforts work to promote collaboration across all institutions of higher education, maximize state and federal investments in research, enhance the state’s research and development (“R&D”) efforts, support tech-based economic development, and encourage entrepreneurship, leading to new company creation through the transfer of technologies and discoveries in the marketplace. STAC’s efforts take an ecosystem approach to encourage cutting-edge research, innovation and technology development that improves the economic vitality of Rhode Island.

About the Innovate Rhode Island Small Business Fund (IRSBF)

The Innovate Rhode Island Small Business Fund was established in 2013 to leverage state funds to encourage and support Rhode Island entrepreneurial participation in the federal SBIR/STTR programs, increase the amount of federal research dollars received by Rhode Island firms, sustain companies through the early stages of product development, encourage the establishment of high potential, high quality, high growth ventures in Rhode Island and enhance the talent pipeline in the life sciences and engineering fields. Through IRSBF, eligible Rhode Island small businesses may apply for grants and loans to defray the cost of applying for SBIR/STTR awards, to match SBIR/STTR Phase I and Phase II awards and to hire interns.

Availability of Funds

The Innovate Rhode Island Small Business Account is a special revenue fund to be administered by STAC. The State of Rhode Island FY24 budget appropriated \$1,000,000 to this account to support IRSBF programs.

Release of Information

All applicants are advised that any and all records (documents, correspondence, memoranda, etc.), received or maintained by Rhode Island Commerce Corporation (“Corporation”) may be a matter of public record and subject to release upon a request from a member of the public under the Rhode Island Access to Public Records Act (“APRA”), R.I. Gen. Laws Section 38-2-1 et seq. In response to a request, the Corporation has the right, in its sole discretion, to redact or withhold information which is exempt from disclosure under APRA, including trade secrets and commercial or financial information which is of a privileged or confidential nature. The Corporation recommends that any portion of any attachment in the application that contains such information be clearly labeled with the legend “Confidential Information.”

MATCHING GRANTS FOR SBIR/STTR PHASE I & II

Overview

The federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Programs represent the largest source of early-stage, high-risk technology financing in the United States. Eleven federal agencies participate in this program which provides funding for early stage R&D projects leading to commercialization of resulting products or services. The programs are designed to benefit entrepreneurs and small businesses -- while increasing the competitiveness of the U.S. economy -- by funding the development of innovative products and services.

The Federal SBIR/STTR program is constructed in phases:

- Phase I Awards aim to establish the technical merit, feasibility and commercial potential of the proposed Federal Research/Research & Development (R/R&D) efforts and to determine the quality of the performance of the small business awardee organization prior to providing further Federal support in Phase II. SBIR Phase I awards generally range from \$50,000 to \$150,000 for a six-twelve (6-12) month period.
- Phase II Awards aim to continue the R/R&D efforts initiated in Phase I. Funding is based on the results achieved in Phase I and the scientific and technical merit and commercial potential of the project proposed in Phase II. Only Phase I awardees are eligible for a Phase II award. SBIR Phase II awards generally range from \$750,000 to \$1,650,000 for a two-year period.

IRISBF Program Eligibility

Recipients of a SBIR/STTR Phase I or Phase II Federal Award are eligible to apply. In addition, they must satisfy all the following conditions:

- Is a for-profit Rhode Island based-business with fifty (50) or fewer employees. For purposes of this program, a Rhode Island-based business is one that has its principal place of business and at least fifty-one percent (51%) of its employees residing in this state;
- Has received an SBIR/STTR Phase I or Phase II award credited to Rhode Island from a participating federal agency.

Requirements of IRISBF Awardees

Upon successful application, companies will receive an award letter outlining the terms of the grant, and include the following:

- For a Phase I matching grant, terms will include the intent of the company to conduct fifty-one (51%) percent of the research described in the Phase II award in Rhode Island and to remain a Rhode Island business for the duration of the Phase II project.
- For a Phase II matching grant, terms will include the company's intent to remain a Rhode Island based company during commercialization of the innovation.

Upon agreement to the terms stipulated in the award letter, the company will receive an initial payment equal to 75% of the federal SBIR/STTR award. Applicants may apply for the remaining 25% of the grant upon meeting the following additional conditions for each stage of the federal SBIR/STTR award:

Phase I

- Submitted an accepted final Phase I report;
- Demonstrated that the sponsoring agency has interest in the Phase II proposal;
- Submitted a Phase II proposal to the agency
- Submitted a STAC Final Report

Phase II

- Submitted an accepted Phase II report
- Submitted a STAC Final Report

Amount of Award and Restrictions

For Phase I awards, applicants may receive a matching grant of 50% of the amount of the recipient's federal award with a maximum matching grant not to exceed \$75,000. Example: ABC Company receives a \$175,000 SBIR/STTR Phase I award. The total amount of Phase I match the company is eligible to receive is \$75,000. Upon successful application to IRISBF, ABC Company receives a \$37,500 matching grant. Upon completing the additional conditions required by the award letter, the company receives a second payment of \$18,750 bringing the total state matching funds received to \$75,000.

For Phase II awards, applicants may apply for a matching grant of 15% of the Phase II award not to exceed \$150,000. Example: ABC Company receives a \$1,250,000 SBIR/STTR Phase II award. The total amount of Phase II match the company is eligible to receive is \$150,000. Upon successful application to the Innovate Rhode Island Small Business Fund, ABC Company receives a \$112,500 initial matching grant. Upon completing the additional conditions required by the award letter, the company receives a second matching grant of \$37,500 bringing the total state matching funds received to \$150,000.

A business may receive only one grant per calendar year and may receive only one grant with respect to each federal proposal submission. Over its lifetime, a business may receive a maximum of six (6) awards.

Use of matching funds is restricted to costs that are directly related to the project funded by the federal Phase I or II SBIR/STTR award. These costs include but are not limited to direct costs for additional technical work, product testing and validation, intellectual property protection, market research, patent search, business development plan, hiring of new high paying technical and business employees and small equipment.

Intellectual Property

The Principal Investigator representing the applicant business must have demonstrated the Freedom to Operate and perform research and commercialization activities related to the proposed activity funded by the SBIR/STTR award. Acceptance of this grant does not transfer any intellectual property rights. All information and findings derived from activities funded by the STAC and the IRISBF remain the property of the grantee.

Reporting Requirements

Businesses receiving matching funds must submit a Final Report to STAC. For Phase I matching grant recipients, a final Report is due within 30 days of notification that a Phase II award will or will not be granted. If the Phase II is granted, the Final Report should include the amount of the award, a description of how the matching funds contributed to the business receiving the award and any plans for expansion or investment due to the receipt of the award. For a Phase II matching grant recipient, upon completion of the Phase II project, a final report shall be submitted that includes a description of how the matching funds contributed to the business developing an innovative product, any plans for expansion or investment due to the receipt of the award and jobs created/retained.

Businesses receiving matching funds must agree to provide STAC with information on an annual SBIR/STTR Matching Funds Program survey for five (5) years. Failure to file reports as required or participate in the survey may cause the recipient to be barred from receiving future grant funding.

Businesses must also agree to maintain records and accounts that properly document and account for the use of STAC funds for a period of five (5) years and agree to comply with any audit requests. In the event that an audit results in the determination that the recipient has expended contract funds on unallowable costs, they shall reimburse STAC in full for all such costs.

Any funds unused before notification or denial of a Phase II award must be returned to STAC. Businesses may request to keep the funds by submitting a budget justification outlining how the unused funds will be used to continue the goals of the research project. STAC may approve or deny the request based on its sole determination whether the continuation of funding supports the original goals of the Matching Funds program.

Application Instructions

Solicitation notices will be posted on the STAC website. Eligible companies that have received a federal SBIR/STTR Phase I or II award during the time period noted in the solicitation and are still in active grant performance status may apply for matching funds. If the amount of funding requested exceeds the amount of funding available, a lottery will be conducted. Solicitation notices will be posted pending available funding.

Businesses seeking to apply for matching funds should electronically submit an application form found in the Appendix of these Guidelines to STAC following the directions on the STAC website. A copy of the official notice of award from the federal funding agency or a copy of the executed contract and a W9 to support the tax ID number on the application must also be submitted.

STAC will review applications to confirm compliance with the requirements stated in these Guidelines and has the discretion to request supplemental materials from applicants as part of its review.

Applicants will be notified if their application meets compliance with all requirements and is approved or if the application does not meet compliance and is denied.

Phase I & Phase II - Application Checklist

- ✓ Completed Application Form (below)
- ✓ Official Notification of Award from the federal funding agency or a copy of the executed Phase 1 or Phase II contract with the contract number and the total award amount.
- ✓ Certification of Application form filled out.
- ✓ Section of the grant proposal that explains the nature of the project or project abstract.
- ✓ Current company W9 (if first time applicant or change in business address since the last application).
- ✓ ACH form for direct deposit (if first time applicant or change in business account since the last time application).

Please submit an electronic copy of this application using the application portal on the stac.ri.gov website.

Application for SBIR/STTR Phase I & Phase II Matching Grant

To qualify for funding, applications must be complete and in full compliance with all stated requirements. Applications that are incomplete or non-compliance may be returned to the applicant without further review. Below is an outline of the application information needed. Applicants are required to use the portal found on the [STAC website](#) to submit.

- Applicant Firm:
- Firm Address:
- Tax ID #:
- Type of Business:
- Date Established:
- Principals, Titles & Percent of Ownership:
- Telephone:
- Email:
- Website:
- NAICS Code:
- PI Name:
- Federal Agency to which proposal was submitted:
- Proposal Abstract:
- Topic number
- Identify:
 - Phase I
 - Phase II
- RI House District:
- RI Senate District:
- Total # of Employees
 - Scientific
 - Managerial
 - Technical
 - Skilled
 - Unskilled
- Use of Match (%)
 - Salaries/Wages
 - Supplies
 - R&D Equipment
 - Computer
 - Consultants
 - Other

CERTIFICATION OF APPLICATION

SBIR/STTR Phase I & Phase II Matching Grant

Eligibility for funding under the Innovate Rhode Island Small Business Fund will be determined by the information presented in the application. Any changes in the status of the proposed project from the facts presented herein could disqualify the project.

Certification and Acknowledgment

I hereby represent and certify that the information submitted in the application, to the best of my knowledge, is true, complete and accurately and fairly describes the project for which financial assistance is requested.

I further certify that I understand the following terms and conditions and accept these terms and conditions as a basis for financial assistance and the continuation of any such funding.

1. The applicant is current with all federal taxes.
2. The applicant is current with all state taxes.
3. The applicant is current with all city/town taxes.
4. The applicant is a for-profit, RI based business with 50 or fewer employees.
5. The applicant shall not receive concurrent funding support from other sources that duplicate the purposes of this award.
6. At least 51% of the research described in the federal SBIR/STTR Phase II will be conducted in RI.
7. The applicant will remain in RI for the duration of the SBIR/STTR Phase II.
8. The PI of the proposal has the Freedom to Operate and perform research and commercialization activities related to the proposed activity funded by the SBIR/STTR award.
9. The applicant hereby certifies that the applicant or his/her spouse or any member of the ownership of the applicant, in the event that the applicant is a corporation or a limited liability company or a limited partnership, is not related by blood through marriage, to any member of or staff of the Rhode Island Science & Technology Advisory Council.

Signed:

Title: