

NIH Small Business 101: Building Your Budget

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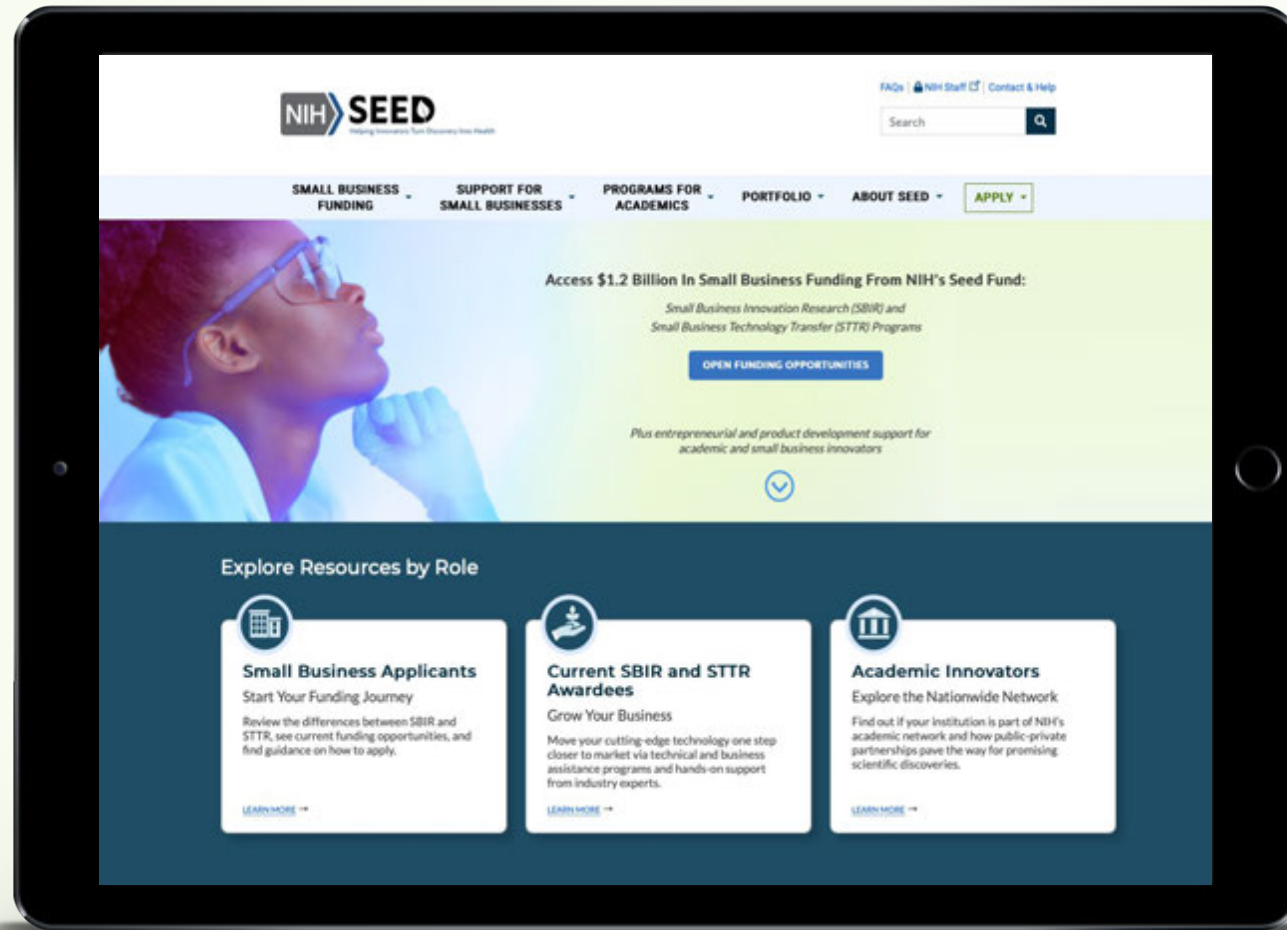
Small Business Policy Manager

SEED (Small business Education & Entrepreneurial Development)

OFFICE OF EXTRAMURAL RESEARCH | OFFICE OF THE DIRECTOR | NATIONAL INSTITUTES OF HEALTH

This presentation may include presenter's notes.

Small Business Program Website



[seed.nih.gov - Website](https://seed.nih.gov)

[seed.nih.gov/faqs - Budget FAQ](https://seed.nih.gov/faqs)

HHS Mission and Divisions

To enhance the health and well-being of all Americans, by providing for effective health and human services and by fostering sound, sustained advances in the sciences underlying medicine, public health and social services.



Food and Drug Administration
SBIR \$6.5 million



National Institutes of Health
SBIR and STTR \$1.35B



Centers for Disease Control and Prevention
SBIR \$9 million

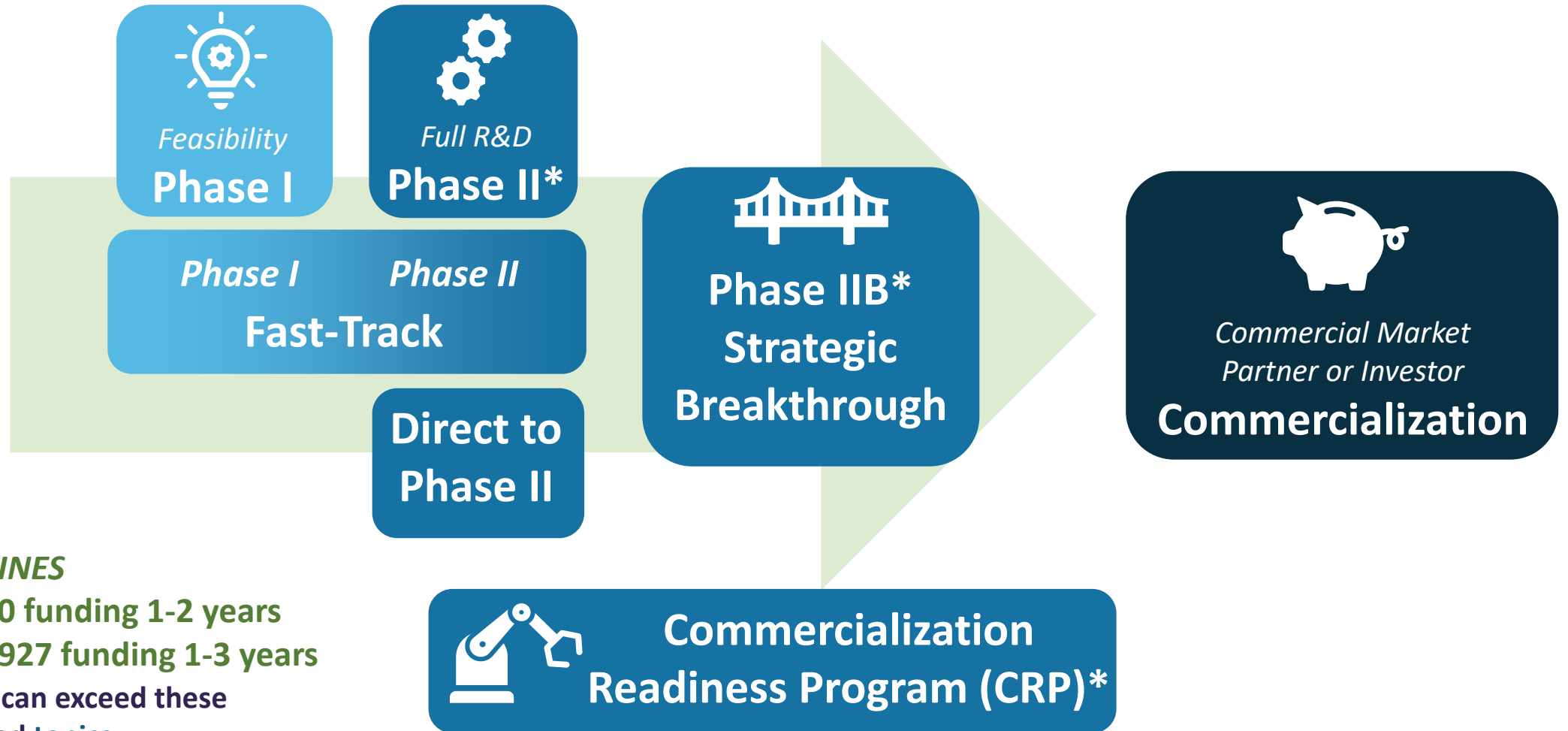


Advanced Research Projects Agency for Health
SBIR and STTR \$37 million



Administration for Community Living
SBIR \$3.5 million

Phased Programs



BUDGET GUIDELINES

Phase I: \$323,090 funding 1-2 years

Phase II: \$2,153,927 funding 1-3 years

NIH, CDC, ARPA-H can exceed these budgets for selected [topics](#)

**Only available to SBIR and STTR recipients*

Funding Opportunities

Parent Notices of Funding Opportunity (NOFOs)

- Parent SBIR: [PA-27-100](#)
- Parent STTR: [PA-27-102](#)
- Phase IIB Strategic Breakthrough (SBIR): [PA-27-101](#)
- Commercialization Readiness Pilot (CRP): [PAR-27-098](#)



Some Institutes/Centers (ICs) will support clinical trials through these NOFOs. For details, *Review the [Small Business Funding Considerations and Contacts](#) Webpage!*

Notice of Funding Opportunity (NOFO) Includes:

Table of Contents

Part 1. Overview Information

Key Dates

Due Dates

Participating Institutes/Centers

Part 2. Full Text of Announcement

Section I. Notice of Funding Opportunity Description

Purpose/Objectives

Section II. Award Information

Budget Guidance

Section III. Eligibility Information

Section IV. Application and Submission Information

NOFO Specific Budget Instructions

Section V. Application Review Information

Review Criteria

Section VI. Award Administration Information

Section VII. Agency Contacts

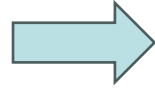
Scientific/Research Contacts

Section VIII. Other Information

Notice of Funding Opportunity (NOFO) Section II:

Award Budget

General Guidance
See seed.nih.gov
sbir.gov

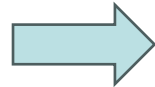


Total funding support (direct costs, indirect costs, fee) normally may not exceed the [current SBA budgetary guidelines](#). For specific topics, NIH and CDC may exceed these total award amounts. For approved waiver topics, see [Small Business Funding Considerations and Contacts](#).

Budget guidelines can vary by participating component. Total funding support provided by NIH participating components normally may not exceed the budget guidelines in the table below. Total funding support provided by CDC and FDA participating components normally may not exceed the current SBA guidelines. Applicants are strongly encouraged to contact the appropriate participating component(s) prior to submitting any application in excess of the [SBA budgetary guidelines](#) early in the application planning process. See [NIH Institutes, Centers, and Offices](#) for Institute, Center, and Office (ICO) specific missions, interest areas, funding priorities, and funding considerations. In all cases, applicants should propose a budget that is reasonable and appropriate for completion of the research project.

NIH Participating Component	Phase I Budget	Phase II Budget
National Cancer Institute	\$700,000.00	\$2,500,000.00
National Eye Institute	\$400,000.00	SBA Guideline
National Heart, Lung, and Blood Institute	\$400,000.00	\$3,000,000.00
National Human Genome Research Institute	\$400,000.00	SBA Guideline

IC-specific Guidance
See [Funding Considerations page](#)



Award Project Period

According to statutory guidelines, award periods normally may not exceed 6 months for Phase I and 2 years for Phase II. Applicants are encouraged to propose a project duration period that is reasonable and appropriate for completion of the research project.

Budget Guidelines and Waiver Topics

- Statutory Phase I and II Guidelines –**Total Costs** (Direct Costs, Indirect Costs, Fee, TABA)
 - **Phase I: \$323,090 funding**
 - **Phase II: \$2,153,927 funding**
 - Phase IIB Strategic Breakthrough and CRP do not use these guidelines
 - Adjusted annually for inflation by the [Small Business Administration \(SBA\)](#)
- IC Specific Budget Guidelines for projects that address specific topics listed in the [Small Business Funding Considerations and Contacts](#) page
 - An application must address a topic to request higher levels of funding
 - Determined by your Program Officer at time of award
- Statutory Project Period Guidelines are listed in each NOFO
- Applicants are encouraged to propose a project duration that is reasonable and appropriate
 - Review [SEED Guidance](#) regarding typical timelines for Phase I and II
 - ICs may have additional guidance

Small Business Funding Considerations and Contacts

On this page:

- NIH
- Other HHS Components



CDC/FDA guidance

This page provides ICO-specific interest areas, due dates, and contacts related to small business.

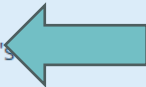
NIH

The information found in the [Small Business](#) overview applies across all NIH institutes, centers, and offices (ICOs).



Looking for other institute, center, or office grants and funding information?

Visit our [Institutes, Centers, and Offices page](#) and browse our ICO profiles to discover each ICO's interest areas, and funding practices.

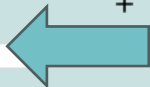


General IC information

Expand All

National Center for Advancing Translational Sciences (NCATS)

+



National Center for Complementary and Integrative Health (NCCIH)

+

IC SBIR/STTR Guidance

Small Business Funding Considerations and Contacts

Important information that is critical for developing an optimal budget

- Interest Areas (all ICs)
- **Approved Topics for Awards Over Statutory Budget Guidelines (All ICs)**
 - Required for any budget exceeding SBA Guidelines
 - Identified by Program Officer at time of award; suggestions are allowed
- Phase IIB & Commercialization Readiness Pilot (CRP) (All ICs)
- Clinical Trials (All ICs)
- **Budget Considerations (some ICs)**
 - Additional budget guidance
 - Priority areas and set-aside funding
- **Project Period Considerations (some ICs)**
 - Specific guidance around project length
- **Contacts (All ICs)**
 - Confirm fit for your project if needed
 - Discuss budget guidance

R&R Budget Form

- SBIR and STTR applications use the the standard R&R Budget Form
- This form is included as part of each application package
- Subawards use the same form

RESEARCH & RELATED BUDGET - Budget Period 1

OMB Number: 4040-0001
Expiration Date: 12/31/2022

ORGANIZATIONAL DUNS: Enter name of Organization:

Budget Type: ☐ Project ☐ Subaward/Consortium Budget Period: 1 Start Date: End Date:

A. Senior/Key Person

Prefix	First	Middle	Last	Suffix	Base Salary (\$)	Cal.	Months	Acad.	Sum.	Requested Salary (\$)	Fringe Benefits (\$)	Funds Requested (\$)

Project Role:

Additional Senior Key Persons:

Total Funds requested for all Senior Key Persons in the attached file

Total Senior/Key Person

B. Other Personnel

Number of Personnel	Project Role	Months			Requested Salary (\$)	Fringe Benefits (\$)	Funds Requested (\$)
		Cal.	Acad.	Sum.			
	Post Doctoral Associates						
	Graduate Students						
	Undergraduate Students						
	Secretarial/Clerical						
	Total Number Other Personnel						

Total Other Personnel

Total Salary, Wages and Fringe Benefits (A+B)

Budget Elements – Detailed Instructions

- All Budget elements are discussed at length in the “[How to Apply – Application Guide – \[B\]](#)”
- Please read and follow and the instructions, include the **Additional Instructions for SBIR/STTR**.
- Instructions in Section IV of the NOFO supersede the Application Guide
 - Only the CRP NOFO (PAR-27-098) currently has additional budget instructions
- The [Annotated Forms Set](#) may also be helpful figuring out how to enter information when

J. Fee

Do not include a fee in your budget, unless the NOFO specifically allows inclusion of a "fee." If a fee is allowable, enter the requested fee.



Additional Instructions for SBIR/STTR:

A reasonable fee, not to exceed 7% of total costs (direct and indirect) for each Phase (I and II) of the project, is allowed to be included in SBIR / STTR awards. The fee is intended to be a reasonable profit factor available to for-profit organizations, consistent with normal profit margins provided to profit-making firms for research and development work.

Example:

\$70,000 direct costs (includes all third party costs) + \$28,000 F&A costs (40% * 70,000) = \$98,000.

Maximum allowable fee = 7% * \$98,000 = \$6,860 fee.

Total award = \$104,860.

Applicants must explain the basis and the amount requested for the fee in [Section L. Budget Justification](#).

The amount requested for the fee should be based on the following guidelines:

- it must be consistent with that paid under contracts by the PHS for similar research conducted under similar conditions of risk;
- it must take into account the complexity and innovativeness of the research to be conducted under the SBIR/STTR project; and
- it must recognize the extent of the expenditures for the grant project for equipment and for performance by other than the recipient organization through consultant and subaward agreements.

The fee is not a direct or indirect "cost" item and may be used by the small business concern for any purpose, including additional effort under the SBIR/STTR award. The fee applies solely to the small business concern receiving the award and not to any other participant in the project. However, the recipient may pay a profit/fee to a contractor providing routine goods or services in accordance with normal commercial practice.

Note: The electronic system automatically rounds up. If you get an error "The fee must be less than 7%," try using 6.99% as the rate.

Budget Elements – SBIR and STTR

The R&R Budget Form comprises the following information:

- Direct Costs
 - Personnel Costs - Senior/Key Person AND Other Personnel
 - Equipment Description
 - Travel
 - Participant and Trainee/ Support Costs
 - Other Direct Costs
- Indirect Costs
- Fee
- Budget Justification

RESEARCH & RELATED BUDGET - Cumulative Budget	
	Totals (\$)
Section A, Senior/Key Person	
Section B, Other Personnel	
Total Number Other Personnel	
Total Salary, Wages and Fringe Benefits (A+B)	
Section C, Equipment	
Section D, Travel	
1. Domestic	
2. Foreign	
Section E, Participant/Trainee Support Costs	
1. Tuition/Fees/Health Insurance	
2. Stipends	
3. Travel	
4. Subsistence	
5. Other	
6. Number of Participants/Trainees	
Section F, Other Direct Costs	
1. Materials and Supplies	
2. Publication Costs	
3. Consultant Services	
4. ADP/Computer Services	
5. Subawards/Consortium/Contractual Costs	
6. Equipment or Facility Rental/User Fees	
7. Alterations and Renovations	
8. Other 1	
9. Other 2	
10. Other 3	
Section G, Direct Costs (A thru F)	
Section H, Indirect Costs	
Section I, Total Direct and Indirect Costs (G + H)	
Section J, Fee	
Section K, Total Costs and Fee (I + J)	

Budget Periods

- NIH grants and cooperative agreements (including SBIR/STTR) are awarded in annual increments called **budget periods**; all budget periods combine into one **project period**.
- Applicants should generally plan around year long budget periods
 - The final (or only) budget period can be shorter – for example, Phase I might only be 6 months

For Fast-track applications, plan Phase I and Phase II budgets separately

- Example: A Fast-track proposal with a 6 month Phase I component and 2 year Phase II component should include 3 budget periods:
 - Budget Period 1: Phase I: July 1 – December 31, 2027
 - Budget Period 2: Phase II, Year 1: January 1 – December 31, 2028
 - Budget Period 3: Phase II, Year 2: January 1 – December 31, 2029

Direct Costs - Personnel

- **Senior/Key Person**

- Includes project essential company employees (only) contributing effort directly to the R&D project, starting with SBIR PD/PI, and should be consistent with employees listed on the Senior/Key Person form
- Should not include subrecipient staff – including STTR PD/PI if they are employed by the partnering Research Institution
- Consultants should not usually be included here

- **Other Personnel**

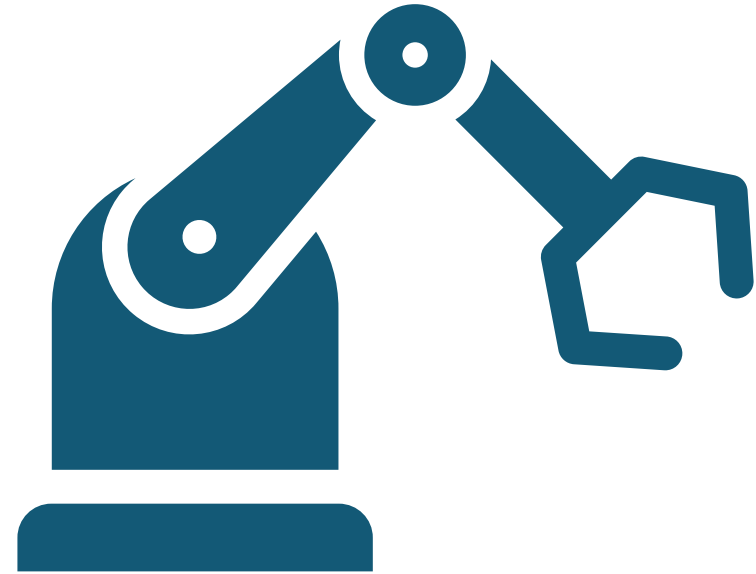
- Additional R&D personnel roles expected on the project; do not need to be named

An **employee** is any individual employed on a full-time, part-time, or other basis, so long as that individual works a minimum of 40 hours per month. This includes employees obtained from a temporary employment agency, leasing concern, through a union agreement, or co-employed pursuant to a professional employer organization agreement

See [SEED FAQ](#) for additional details; information about independent contractors (i.e. 1099 workers)

Direct Costs – Equipment, Travel, Participant

- Equipment and Travel are allowed for SBIR/STTR applications
 - Equipment is tangible property with useful life > 1 year, and cost >\$10,000
 - Must be justified; applicants should discuss significant equipment purchases with a program officer
 - Review NIH/HHS Policy on equipment purchases by for-profit organizations. See [NIH Grants Policy Statement 18.4.1. Equipment Accountability](#)
- Participant/Trainee Costs should not be used unless specifically indicated in the NOFO (no SBIR/STTR NOFOs use these at present)



Direct Costs - Other Direct Costs

- **Materials and Supplies** – additional apparatus, disposables and supplies required to execute on the proposed work
- Publication Costs
- **Consultant Services** (included when assessing SBIR and STTR work requirements)
 - Include Consultants here (a letter of support detailing the consulting rate is expected)
- Automatic Data Processing (ADP)/Computer Services:
- **Subawards/Consortium/Contractual Costs (included when assessing SBIR and STTR work requirements)**
 - Includes subrecipients, other subcontracted services, etc
 - Subrecipients should usually complete a [subaward budget form](#) that breaks down specific costs
- Equipment or Facility Rental/User Fees
- Alterations and Renovations
- **Other**
 - Technical and Business Assistance (TABAs) goes here

Technical and Business Assistance (TABA) Funding

Technical and Business Assistance (TABA) Funding - seed.nih.gov/TABA

Support for companies to identify and address product development needs with new or existing staff, vendors, consultants, or subawards (See [NOT-OD-26-075](#)).

Small businesses may request per project (Phase I, II and IIB):

- **Phase I: \$6,500**
 - **Phase II: \$50,000**
 - **Phase IIB: \$50,000**
 - **CRP – Not allowed**
-
- Label the requested cost "Technical Assistance" on the Other Direct Cost lines (8-17)
 - Budget Justification should describe of work provided, name of vendor or staff supported, and the expected benefits and results

Indirect Costs – Facilities & Administrative (F&A)

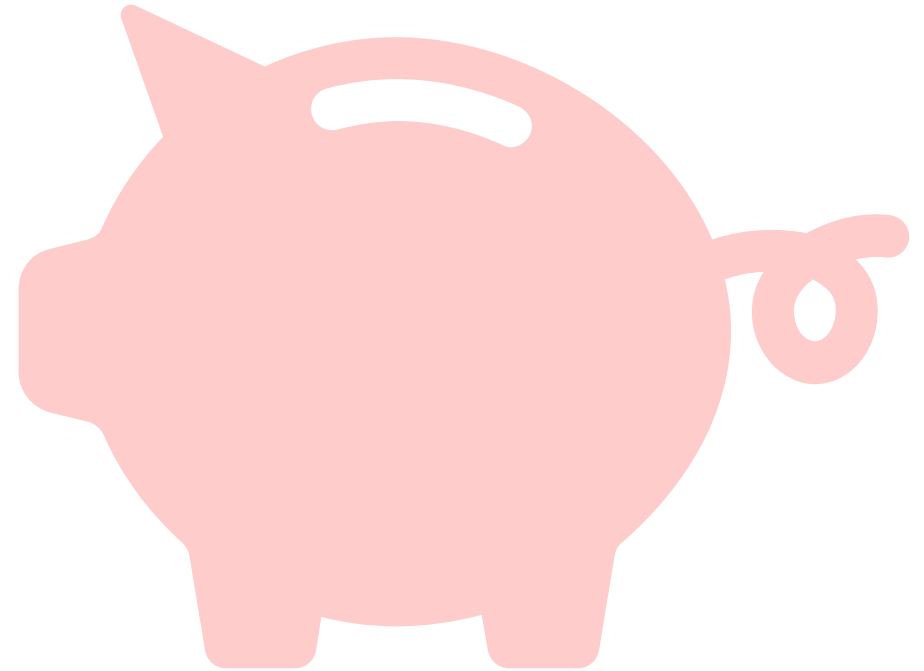
Indirect costs are any costs that cannot be directly attributed to a specific project or activity, such as administrative and overhead costs.

- SBIR/STTR applicants should use a negotiated federal rate agreement if available
- If no rate has been negotiated, applicants should estimate their F&A costs; rate not to exceed **40% of Total Direct Costs**
 - Phase I: NIH will not negotiate a rate agreement
 - Phase II: NIH will not request additional documentation for proposed rates at 40% or less; awardees proposing more can negotiate with NIH Division of Financial Advisory Services ([DFAS](#))
- Keep in mind: F&A Costs charged to the award should represent actual costs incurred during performance of the project, and cannot exceed the awarded rate

SBIR and STTR Fee

A reasonable fee (profit) of up to 7% of total costs for use by the small business for any purpose, including commercialization activities

- Applicants are encouraged to take advantage of the fee!
- Can support project related costs, including those not otherwise allowable for SBIR/STTR
- Typically accessed proportionally to use of direct and indirect costs



Reminder: SBIR and STTR Critical Differences

Partnering Requirement

SBIR

Permits partnering

STTR

Requires a **single**, non-profit research institution partner (e.g., university)

Work Requirement

Guidelines: May outsource 33% (Phase I) 50% (Phase II)

Minimum Work Requirements:
40% small business
30% research institution partner

Principal Investigator

Guidelines: Primary employment (>50%) with the small business

Employed by either the research institution partner or small business

Work Requirements – Budget Considerations

- Effort is assessed at time of award based on the total costs attributed to the company vs all costs outsourced to 3rd parties (subrecipients/consultants). Applicants may be asked to revise budget to meet requirements.
- Work requirements typically apply to each budget period
- Fee-for-service/CRO costs are attributable to the company's effort. The provider should:
 - provide a routine service (e.g. equipment fabrication, routine testing services, etc)
 - provide the goods or services as part of its normal business operations
 - operates in a competitive environment (i.e. not provide unique services)
 - provides similar goods or services to many different customer
- Fast-Track Applications: Work requirements apply separately to Phase I and II budget periods
- Deviations
 - SBIR: In rare circumstances, deviations can be considered by an IC on a case-by-case basis
 - STTR: Deviations are not allowed

Post-Award: Prior Approval and Rebudgeting

Awardees can make changes to the award budget after they receive their award

- Significant Rebudgeting requires prior approval from the awarding IC
 - Occurs when a single direct cost category changes by 25% or more from award
 - Smaller changes can be made at awardee's discretion
 - TABA funds cannot be rebudgeted into other categories
- Funds can be carried over into subsequent budget periods with prior approval
- Funds (including TABA) can be added using an [Administrative Supplement](#)

[July 28 Webinar - Managing Your SBIR/STTR Award Effectively](#) will address these concepts and more!

Application Resources



**New to
SBIR &
STTR?**

**The Road to SBIR or STTR Funding Starts
Here**

Explore the grant process from idea to award.

[Apply](#) [READ FAQs](#)

[Prepare Your Application \(seed.nih.gov/howtoapply\)](https://seed.nih.gov/howtoapply)

- [Application Instructions](#)
- [Annotated Form Set](#)
- [Sample Applications](#)
- [Statement of Work
Samples \(TABA\)](#)
- [State Resources through
SBA FAST Program](#)

Electronic Submission

Grant applications **and** SBIR contract proposals must be submitted **electronically**.

- Grants submit via **ASSIST** (recommended) or Grants.gov Workspace
- For contracts, submit proposals with [electronic Contract Proposal Submission](#) (eCPS) website

REQUIRED REGISTRATIONS

- System for Award Management (SAM)
- Grants.gov
- eRA Commons (Company and all PD/PIs)
- SBIR.gov

**Common Forms for Biographical Sketch is
REQUIRED**

All Senior/Key Personnel must have an [ORCID](#) ID and link it to the eRA Commons Personal Profile

APPLY EARLY! No Late Submissions for SBIR or STTR ([NOT-OD-26-064](#))

Most Important Piece of Advice



Small Business Research Areas

24 of the NIH's Institutes fund small business R&D projects through the SBIR and STTR Programs.

[Learn More](#)



Small Business Funding Considerations and Contacts

The information found in the [Small Business](#) overview applies across all NIH institutes, centers, and offices (ICOs). This page provides ICO-specific interest areas, due dates, and contacts related to small business.

[Expand All](#)

National Center for Advancing Translational Sciences (NCATS)	+
National Center for Complementary and Integrative Health (NCCIH)	+
National Cancer Institute (NCI)	+
National Eye Institute (NEI)	+
National Human Genome Research Institute (NHGRI)	+
National Heart, Lung, and Blood Institute (NHLBI)	+

Talk to a Program Officer at least a month before the application deadline!

[Small Business Funding Considerations and Contacts](#)

Not sure who to contact?

NIH RePORTER: reporter.nih.gov

Email: SEEDinfo@nih.gov

Connect with SEED



seed.nih.gov/



SEEDinfo@nih.gov

**NIH Central Resource for Research
Grants and Funding Information:**
grants.nih.gov



National Institutes of Health
NIH Innovates



@NIH
@NIH_Innovates