

Office of Research Policy on SBIR/STTR Phase I Proposal F&A Rates

FINAL – 08/18/2026

Purpose – To define the procedure for waiving F&A (indirect) on SBIR Phase 1 proposals.

Definitions:

SBIR/STTR – Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) projects are sponsored by federal government agencies and involve partnerships involving a small business acting as the lead. When UC participates on an SBIR project, it can only be as a subawardee. SBIR projects include three phases – Phase I (proof of concept) is a 6-12 month period with minimal funding (\$50,000 - \$275,000). Phase II offers larger funding for technology development (up to \$1.8 million) and Phase III involves commercialization of the developed technology. This policy applies only to Phase 1 project.

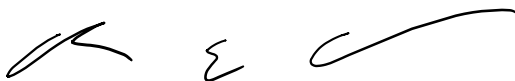
F&A Rates– Also referred to as Indirect Costs or Overhead, F&A (Facilities and Administrative) rates are negotiated with the federal government that dictate the reimbursement of expenses incurred by an institution but cannot be specifically allocated to a single project. Examples include the cost to maintain buildings, utility costs, and administrative support costs.

Background – The University of Cincinnati negotiates F&A rates quadrennially with the federal government that dictate the reimbursement of indirect costs to the University. While these rates may be reduced or waived in certain cases when working with non-federal sponsors at the discretion of the Vice President for Research (VPR), federal agencies are held to the negotiated rates, per our agreement.

Exception for SBIR Phase I projects – Because of the limited resources available in SBIR/STTR Phase I proposals, and the potential for follow-on funding in Phase II, the Office of Research has traditionally made an exception for Phase I SBIR projects. Upon request, waiver requests for Phase I projects will be considered by the Office of Research, and approved if reasonable justification is provided, per the standard process.

Process – If a Principal Investigator wishes to reduce or waive F&A on an SBIR/STTR Phase I project, the standard process for requesting a waiver should be followed. Approval of the waiver is not automatic and remains at the discretion of the VPR.

Scope – This policy applies only to SBIR/STTR Phase 1 projects. Waiver requests will not be considered for SBIR/STTR Phase 2 or other federal projects.



Patrick Clark, Sr AVP for Research