

Ben Franklin Technology Development Authority University Research

Program Guidelines | January 2008

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Section I – General

A. Introduction

The Ben Franklin Technology Development Authority (BFTDA) is one of the largest single state technology development programs in the nation, providing a vital vehicle for investing in economic, community, and university-based innovation. BFTDA programs are a key component in the strategy and mission of the Technology Investment Office which is to serve as a catalyst for growth and competitiveness for Pennsylvania companies through technology-based economic development initiatives including funding, partnerships and support services. The BFTDA manages the following programs:

1. **The Ben Franklin Technology Partners** – a statewide network fostering innovation to stimulate Pennsylvania's economic growth and prosperity
2. **Venture Investment Program** – a program to address the financing needs of technology-oriented businesses by increasing the amount of venture capital available to early stage technology companies
3. **Technology Development Grants** – grants to help position groups or consortia of PA companies at the cutting edge of emerging technologies and establish a competitive advantage through the advanced e-business systems
4. **Keystone Innovation Zone (KIZ) Grants** – grants to provide administrative funding for the KIZs
5. **University Research Grants** – grants to promote stronger synergy between university-based research and development and the transfer of technology as it relates to economic and workforce development including the Pennsylvania Initiative for Nanotechnology

B. Mission & Focus

Pennsylvania's higher education institutions contribute significantly to the economic development of the Commonwealth by advancing human capital, increasing intellectual capital, and supporting physical capital—each a key component for sustainable economic development. Involved in this support are the partnerships with other private and public institutions which contribute to economic growth by being major engines for economic development.

To support these continuing higher education and economic development efforts, grants for university research are designed to: act as a catalyst to spur technology growth and development between Pennsylvania's higher education institutions and technology-oriented businesses; attract and retain the most talented undergraduate and graduate students; stimulate the ability of these entities to leverage other capacity building resources; and promote a stronger synergy between Pennsylvania's higher education institutions-based research and development, technology and related economic development. This will occur by commercializing new technologies, expanding and enhancing strategic alliances among new and existing companies with universities throughout the Commonwealth, and coordinating with other Commonwealth-funded, technology-based economic development activities.

The research activities and projects funded under this program contributes to the broad higher education mission of creating and disseminating knowledge or intellectual property—but engages the private-sector companies by licensing patented university inventions and other forms of new technology to industry for commercialization or for the developing of new university company spin-offs. Successful technology transfer policies have permitted Pennsylvania higher education institutions to become a forceful catalyst for new company formation, new industries, new products and new jobs for the Pennsylvania economy.

The primary strategies for the University Research Grant program are focused on the following areas:

- Developing and increasing new technologies, escalating technology transfer, and enhancing university-based resources and skills
- Increasing commercialization of applications and processes through university, industry and government collaboration
- Forming new spin-off companies that are deriving a significant portion of its commercial activities from the use of technology and/or know-how developed at a Pennsylvania higher education institution or another company collaborating with a Pennsylvania higher education institution
- Leveraging of funding by the federal, state and local government; philanthropic foundations; strategic investors; and industry sponsored research
- Creating consortia-driven, educational and workforce development programs
- Developing strategies for financial sustainability

C. Eligible Applicants

1. A Pennsylvania higher education institution located in Pennsylvania and legally authorized to grant degrees in the Commonwealth (www.pdehighered.state.pa.us/higher/lib/higher/OperatingInstitutions.pdf). Note: Eligible applicants exclude theological seminaries, institutions functioning through the authority of partner degree granting institutions, and specialized associate degree-granting institutions (private licensed schools offering specialized associate or occupational degrees, not academic associate degrees). The Pennsylvania Department of Higher Education will provide continuing updates to this document.
2. A consortium of Pennsylvania higher education institutions is particularly encouraged.
3. Any entity that proposes to establish a research project within the Commonwealth in collaboration with a Pennsylvania higher education institution.

D. Uses and Conditions for Grant Funds

1. Funds shall be used for the research and development (R&D) of technology, technology transfer, product development and design and other innovative initiatives arising from regional portfolios and state growth opportunities.
2. Exceptionally meritorious R&D proposals which will have an economic development impact.
3. A grant request for a multi-year project must seek BFTDA Board approval for the initial request and for each subsequent year of funding. Each annual funding request must contain deliverables and a detailed budget for the year under consideration and evidence that deliverables from the previous year's funding are being achieved. Grant funds from a single fiscal year appropriation may be utilized over three years. Additional funding beyond the fiscal year appropriation requires approval from the BFTDA Board.
4. Grant funds **may not** be used for the acquisition or construction of a new facility.
5. Grant funds may be used to pay for the cost of specialized equipment necessary to conduct the research project.
6. If any products developed with these funds are subsequently manufactured or produced, a significant presence of the manufacturing or production process should be located within Pennsylvania during the first five years of the manufacturing or production process.

7. Grantees will develop policies to encourage the technological transfer and commercialization of intellectual property. Such policies will be made available to BFTDA staff upon request.
8. Equipment priority will be placed on shared equipment and laboratory resources that provide service or research capability to a large portion of Pennsylvania institutions and industries.

Section II – The Application Process

A. General

1. The application for a University Research Grant shall be submitted to the Department of Community and Economic Development utilizing the Single Application form plus any additional background materials required by these parameters or requested by staff. Applications may be filed at any time during the fiscal year with approval subject to available funding and BFTDA Board approval.
2. The Single Application can be printed and or completed online (preferable) by accessing www.newPA.com. Click on “Funding & Program Finder”.
3. Copies of the Single Application kit may be obtained by contacting the Department of Community and Economic Development (DCED) Customer Service Center at 800-379-7448 or 717-787-3405 or emailing ra-dced@state.pa.us.
4. Applications are submitted to:

Department of Community and Economic Development
Technology Investment Office
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225
5. Program inquiries should be directed to:

Office of Policy and Technology Investment
Telephone: (717) 787-4147

B. Contents of the Application

1. An application shall be for/or in support of applied research.
2. All applications must include a letter of support from the institutions vice-president of research or similarly appointed official.
3. A joint application with multiple partners is strongly encouraged.
4. An application must demonstrate the following:
 - a. A clear technical focus, a description of the industry and its research need(s) and a clearly defined research agenda.
 - b. Evidence that the faculty and other participants in the project have the multidisciplinary technical capacity that is relevant to the company needs in the specific project(s) and the research field and

that the supporting university infrastructure (i.e. laboratories, equipment, instrumentation, students) and administrative policies and procedures are in place to support the project.

- c. Strong program or university and industry collaboration. This shall be demonstrated by private sector sponsorship to include the number of private sector partners and the level of the commitment of the private sector partners through matching funding or other levels of support.
 - d. Benchmarks, milestones, performance measures and deliverables including successful project implementation appropriate to the specific research project. These measurements must include a timeline for their completion. The measurements will be included in the contract that is signed with the grant recipient.
 - e. The usage and potential commercialization of new technologies and/or processes and a time frame for the development and commercialization of any products or processes that are developed with these funds.
 - f. A work plan for the research project(s) or program(s), including a description of the management structure and staffing for the project and a proposed budget for the project(s) or program(s).
 - g. An analysis of anticipated industry, university, state and other funding commitments.
 - h. A plan to establish affiliations, exchanges, partnerships or other cooperative efforts with postsecondary educational institutions to provide programs to train students in the respective field.
 - i. Outreach efforts directed toward informing businesses and business organizations regarding recent developments in research being conducted by the institutions.
5. Each grant application shall include a description of policies for intellectual property, royalty and equity agreements, land and equipment ownership or provide references to the institutional policies on these topics. Such policies will be made available to BFTDA staff upon request.
 6. Strong preference will be given to applications that have significant matching funds or include plans to procure significant matching funds from federal, industry or other sponsors.

C. Application Review and Approval Process

1. Upon receipt of an application and required supporting material, the BFTDA staff will review the application and the project proposed for funding. BFTDA staff will work with the applicant to obtain a full understanding of the project.
2. BFTDA staff will present the project to the BFTDA Board with a summary of the staff findings and reasons for recommendation of approval. The applications shall be for a project(s) or program(s) in which research has commercialization potential for the benefit of industry and economic impact in Pennsylvania. Approval of the project requires a majority vote of the BFTDA Board and is contingent upon available funding.
3. Approval of the application is based on the following criteria:
 - a. The content descriptions provided in the application.
 - b. The prospect for growth opportunities for the Commonwealth.
 - c. The research project must have a substantial research and development component in Pennsylvania in partnership with a Pennsylvania institution of higher education, if applicable, and with at least one industry partner.

4. The BFTDA Board will give a higher priority to an application that demonstrates one or more of the following:
 - a. Other forms of financial support; including, but not limited to:
 - A private sector match
 - University resource match
 - Funding from economic development organizations
 - Funding from not-for-profit and other organizations
 - Funding from other state and federal sources
 - b. An application that is filed by multiple Pennsylvania higher education institutions and industry and economic development partners.

D. Post-Approval Process

1. A grant shall not be finalized until all of the following have been resolved to the satisfaction of BFTDA staff:
 - a. The applicant must certify to BFTDA that it shall not discriminate against any employee or against any applicant for employment because of race, religion, color, handicap, national origin, age or sex.
 - b. The applicant and its principals must be current in payment of all state and local taxes unless they have entered into a workout agreement satisfactory to the respective taxing authority and are fully in compliance with the terms thereof.
2. Following the disbursement of funds, BFTDA staff will monitor the grant in order to insure that the applicant fulfills the conditions of the grant including obtaining the stated match. BFTDA staff will promptly advise the BFTDA Board of any failure in performance by the applicant. The BFTDA Board may empower staff to engage in any and all activities required in order to insure that the conditions of the contract are fulfilled, including but not limited to appropriate legal action when required.
3. The applicant shall maintain full and accurate records with respect to the project, and shall ensure adequate control over the records of related parties in the project. BFTDA staff shall have access to such records and be able to inspect all project work and all relevant records at reasonable time and places. Upon request, the applicant must furnish BFTDA staff all data, reports, contracts, documents and other information relevant to the project, as may be requested in the contract for the funds.
4. If an application is approved and it is subsequently determined that the application contained material misrepresentations, or funds were used for ineligible activities or activities not permitted under the terms of the contract, the contract will be considered in default and the DCED will demand immediate repayment. In addition, the matter may be referred to the appropriate authorities for criminal investigation.

E. Reports

1. Semi-Annual Report

All grant recipients will be required to provide semi-annual reports quantifying the progress toward accomplishing approved deliverables (reporting is due via e-mail bi-annually on or before January 10th and July 10th). Following the disbursements of funds, staff will monitor the use of the grants through the submission of semi-annual reports by the applicant. When a project becomes inactive (i.e. contract expires or is terminated), reporting shall continue for 3 years from the contract expiration date.

A semi-annual electronic reporting survey template will be provided to the grant recipient. All reports should be submitted directly to DCED's Technology Investment Office.

- a. The report template will include University Research Grant impacts within the following measures:
 - Increased Employment
 - Businesses Assisted
 - Leverage of Additional Funding—Private and Public
 - New Company Formation
 - Development and Introduction of New Products
 - Expanded Research, Development, Testing and Evaluation
 - Intellectual Property and Licensing
 - Increased Revenues
 - Increased Productivity
 - Graduates and Job Placement
 - Seed Capital Awards
 - Publications
 - Technology Development
 - Internships
 - Other Anecdotal Impacts
 - Deliverables
- b. Contracts, documents and other information relevant to the project, as may be requested.
- c. The Grant Agreement will require additional conditions with which the applicant must comply. These include but are not limited to: a project audit, competitive bidding requirements, the maintaining of records.

2. **Final Report**

- a. A final report for each funded project(s) shall be submitted to the BFTDA staff within six months at the close of the grant. The report shall include a review of the work and accomplishments of the project in the following areas:
 - The achievement of benchmarks, performance measures and deliverables for the project within the timelines established in the application.
 - A description of patents that have been developed and royalties and equity investment earnings of the project(s).
 - The progress made toward the commercialization of a technology, product or process(es).
 - University or program collaboration with industry.
 - Where applicable, the relationship of the project(s) to the regional portfolios and growth opportunities within the region and the Commonwealth.
- b. The project(s) may submit any other data, descriptions or material that documents the accomplishments of the project(s).