

Academic Research and Development (R&D) Grant Program Guidelines

The Academic R&D Grant is a competitive grant program that supports Nebraska businesses partnering with a Nebraska college or university to fund research and development activities leading to new or improved products, processes, and innovations which might not occur without state assistance.

Any Nebraska based for-profit business may request financial assistance to pay a Nebraska public or private college, university, educational institution, or college/university research center to undertake academic research and product development on their behalf. R&D Grant funding may be used for **applied** research, new product development, testing and validation, or new uses of intellectual property already generated by a private or public college or university in Nebraska (i.e., tech transfer).

R&D Grant funds may be used for related expenses (not considered ongoing expenses) that are incurred by the business seeking federal agency approval, certification, or considered supportive in achieving the scope of work contemplated by the participating Nebraska college or university. The research and development must be directed toward the commercialization of new products, modification of existing products that lead to substantially improved marketability, or the improvement of existing processes that may provide a new source of revenue to Nebraska business.

Applicants seeking financial assistance must identify the sources and uses of funds outlining the anticipated expenditures, need for funding, and purpose and value of any funding that is directed for work occurring outside of Nebraska but considered critical to the project. The Department prioritizes projects where costs are directed to Nebraska colleges, universities, and businesses. Project costs related to equipment purchases, fabrication, or consultation with contractors, vendors, or resources located out of state are a lower priority.

Academic R&D Funding Provisions

- Phase I R&D awards are capped at \$100,000.
- Phase II R&D awards are capped at \$400,000. Businesses are eligible to apply for Phase II awards if they have successfully completed a Phase I award as determined by the Department.
- DED will not grant more than two awards in any four-year period per project.
- R&D Grant funding must be matched at 100% (1:1) of the requested grant amount with eligible matching funds. R&D Grant funding for Value-Added Agriculture projects must be matched at 25% (4:1) of the requested grant amount with eligible matching funds. Please discuss project details with DED staff to determine if the project meets the Value-Added Agriculture category requirements.
- Generally, each phase will be completed within 24 months of award.

Eligible matching funds include any non-state source including private foundations, federal or local governments, quasi-governmental entities, commercial lending institutions, investors, or other sources provided they are not using funds appropriated by the Nebraska Legislature.

Eligible Businesses and Project Costs

Any for-profit business that has physical operations facilities in Nebraska may be considered for Academic R&D funding. A project will be defined through the scope of work and the reasonable costs associated with the academic research and development activities undertaken by a business in cooperation with a Nebraska college, university, or faculty member as they research and develop new

products/processes or make modifications to existing products and/or licensed technology.

Phase I Projects: In the first phase, a business may be considered for a grant of up to \$100,000. The first phase usually represents the first time a business requests or receives assistance through the R&D Grant program. Generally, a first phase application is associated with the product development activities included in the proof-of- concept stage but may include activities associated with the product design and development stages (see below).

Phase II Projects: If the first phase is successful (as determined by the Department and the business), the business may apply for a grant of up to \$400,000 from which to fund a second phase project. Generally, second phase funding will represent technical assistance associated with the product design and development stage(s) but may include some activities associated with the proof-of-concept stage. Phase two grants are primarily geared toward projects with an active and demonstrable commercialization goal.

The Department will require that the business complete a new application and identify an additional source of matching funds. However, the Department may identify in the Phase I contract the conditions under which the Nebraska college, university, or faculty member may commence the Phase II scope of work in anticipation of another award of R&D Grant funding. This assumes successful completion of the scope of work associated with the first phase of funding. Until the Department formally approves funding for the second phase, the business will be at risk for any obligation it incurs for work performed by the business, or the Nebraska college or university on their behalf.

The Department may not award funding for a second phase of work until the business provides additional exhibits clearly demonstrating the first phase was successfully completed. The continuation of the project, as outlined in the second-phase application, must identify the clear connection between the business and academic institution and commercialization goals of the product, service, or technology. A separate scope of work and matching funds will be identified with each phase of funding.

Research and Development Grant eligible expenses that may be reimbursed include project related costs that are incurred by the Nebraska college or university; expenses incurred by the business directly supporting the research and development; certification, licensing, and commercialization of the product or process that results from the R&D Grant funding activities. Reasonable one-time fee(s) associated with licensing intellectual property previously developed by the same college or university may be eligible if they are required to successfully complete the modifications or new developments anticipated by the project. Other eligible costs include, but are not limited to, research and technical staff compensation expenses, supplies, materials, test subject purchases and fees, limited equipment expenditures, limited travel costs, college facility costs related to the project, and documented indirect costs. Facilities and Administration (F&A) fees charged by a Nebraska college or university may be eligible for reimbursement if the fee is equal to or less than 10% of the total non-facility and non-administration project costs **or** if the costs are separate, itemized expenses. The Department understands that F&A fees generally exceed 10%. However, the Department will not provide state R&D grant funds to reimburse indirect project costs over 10% unless costs are separated and itemized. The Department retains discretion on what constitutes an eligible reimbursable expense.

The R&D Grant program anticipates that a professor(s) will only contract for work that is permitted by their employment contract with the Nebraska college or university. The Department will disburse funds to the applying Business as reimbursements for eligible expenses incurred by the Business and or by the Nebraska college or university participating in the contract. Other terms for reimbursing eligible expenses will be contained in the R&D Grant contract.

Application Process

The steps listed below apply to the Academic R&D program:

1. Business may meet with a member of the Department Field Staff or Innovation Staff to develop an understanding of the project.
2. Business identifies the need and potential cost for business side-by-side support and Nebraska college research and development activities.
3. Business identifies the participating Nebraska college, or requests assistance from the Department in identifying the appropriate resource.
4. Business cooperates with Department Innovation or Business Development Field Staff to complete the application.
5. The Department's project review team will evaluate the R&D Grant application and determine if an award will be made. The project review team may also request additional information from the business to assist with the review process.
6. If funding is approved, the project review team will instruct staff to cooperate with the business in preparing an R&D Grant contract that identifies: the scope of work, milestones, approximate budget and other elements including a requirement that the Business use E-Verify to hire persons filling new jobs that result from the award of R&D Grant funding as per Nebraska statute or executive order.
7. The Department will forward a final draft of the R&D Grant contract to the business. The business will be instructed to execute the contract along with submitting a Nebraska W-9/ACH payment form and names of persons authorized to request reimbursements.

Application Timing

The Department will accept applications in an open cycle until such time as all of the funding appropriated by the Nebraska Legislature is fully committed. If R&D Grant funds are unavailable to the business, they will be notified by the Department and given an opportunity to forward the application to the next date where funds are available, select a different funding source, or to withdraw the application.

An application will not be considered complete until all of the required forms and attachments have been submitted to the Department via the NEDED grant portal, which can be found at <https://opportunity.nebraska.gov/program/nebraska-academic-research-and-development-grant/>. If an application is incomplete, the Department will notify the Business how they may complete the application process. If the required exhibits are not submitted within 30 days of notification, at its discretion the Department may return the incomplete application to the business without further review. The Department reserves the right to deny applications based on incomplete information and or lack of project viability.

Project Selection Criteria

Criteria used in evaluating applications under the R&D Program include, but are not limited to the following:

- Total cost of the project
- Measurable goals to benchmark progress
- The commercial relevancy of the desired product

- Market potential for the product that results from the project research
- The potential of the business opportunity that may be realized by employing the product or process
- The potential for a Nebraska-based business to result from a successful project
- Partnership or expertise of subject matter at the college or university chosen to conduct research

DED PROGRAM CONTACT PERSON

For additional information or clarifications of this program, please direct your inquiries to:

Brad Kulwicki

Business Innovation Consultant

Telephone: 402-480-9380

E-mail: bradley.kulwicki@nebraska.gov

Website: <http://opportunity.nebraska.gov/bia>

Nebraska Dept. of Economic Development Academic R&D Grant Frequently Asked Questions

When can I apply for the Academic R&D matching grants?

The program operates on a fiscal year that runs from July 1st to June 30th of every year. DED accepts and reviews applications on an ongoing basis until program funding is exhausted. It is highly recommended that anyone interested in the grant reach out to program staff to determine funding status prior to applying.

What documentation do I need for the application?

The application requires a draft of the statement of work from the university outlining the scope of work, deliverables, cost, and timeline. This contract will not need to be executed prior to award. It is recommended that it is not executed until receipt of notice of award. Also required is proof of funds available to cover the matched portion of the grant.

What does the review process entail? Will I get a chance to pitch the project?

Program staff will typically do an initial review of application and interview the applicant to collect additional information or provide clarification. Program staff will then forward application materials to a project review committee which consists of DED staff for them to review. The project review committee will then provide a funding recommendation.

Businesses do not directly pitch the project directly to the project review committee.

How quickly will my application be reviewed?

DED typically reviews project proposals every other week and responds to applications within 3-5 weeks. This can vary during periods of higher demand, but projects are typically reviewed in the order they are received.

If approved, how do I access the funding?

This grant functions on a reimbursement basis. The business must pay for the qualified expenses and then request reimbursement for those expenses from DED through the grant management system DED utilizes. This reimbursement request must be accompanied by documentation of expenses and proof of payment (payroll records, vendor invoices, material receipts, cancelled checks, etc). If the reimbursement request is approved, DED will reimburse eligible costs up to the award amount. Payments are made through ACH transfer to the company's business account after approval of the payment request.

What expenses are allowed for reimbursement?

The expenses that are allowed are typically expenses that the company will incur that relate directly to furthering the milestones. This includes items such as project related costs that are incurred by the Nebraska college or university; expenses incurred by the business directly supporting the research and development; certification, licensing, and commercialization of the product. In the reimbursement process, priority is given to expenses incurred by the college or university. Approved project expenses will be decided by the project review committee.

Is a business eligible if directly contracting with a university professor to advise the project?

If the contract is directly with the professor, then this will not qualify the company for the grant. There must be a formal agreement with the university or college (typically a sponsored research agreement).

Other qualifying activities would be the usage of core facilities located on a campus for R&D or licensing a technology from a university with the intent to further develop and commercialize the technology.

What are the milestones that are required in application?

The application requests three to seven milestones for the project. These milestones should be attainable, time-bound goals that relate specifically to the research and development project that is being proposed. The milestones will be translated into the contract and dictate of project success.

Can historical expenses be reimbursed?

Expenses can only be reimbursed if they were incurred within the contract period. All expenses incurred prior to this date cannot be reimbursed through the grant. You may begin development on the project prior to the date of the grant, but those funds will not be eligible for reimbursement.

Who makes the final decision for the funding through the grant?

The decision is ultimately made by an internal project review committee. The BIA program staff will act as an advocate and present all applications to the committee. After an application is submitted, a member of the program staff will set up a meeting with the applicant to ensure that a clear picture of the project is brought to the committee.

Does the business applying need to be formed in Nebraska?

No, the business does not need to be formed in Nebraska, but it will need to be qualified to do business in the State of Nebraska and have primary operations within the state. The qualification to conduct business will be done by registering with the Nebraska Secretary of State's office and the company will need to maintain a good standing status.

Are there any restrictions on moving the business after receiving the grant?

Yes, the company cannot move its primary business from Nebraska during the contract term. This includes any merger or acquisition that the company may undertake in the future. If the company moves, the Department may immediately terminate the contract and all program funds the company received will be immediately due for repayment.

Who will see my application materials?

Typically project materials are only reviewed by the program staff and the project review committee that makes funding decisions. DED does reserve the right to seek outside counsel for technical review.

Is my application/business plan subject to public records requests?

Per Nebraska Revised Statute 81-12,166, all application materials may be considered confidential, and DED may elect to not release them upon request. Award information such as the name of business, location, award amount, etc. are not considered confidential.

Will DED sign a non-disclosure agreement?

No, DED staff cannot sign NDAs.

I have a question not covered here.

Please contact program staff to discuss.