

**MEMORANDUM**

**TO:** All Campus

**FROM:** Kimberly Andrews Espy, Ph.D.  
Senior Vice President for Research

**RE:** Reduction in Facilities & Administrative Costs Recovery Rate for Phase I SBIRs and STTRs

**DATE:** March 24, 2015

The Office for Research & Discovery is continuing the reduced Facilities & Administrative (F&A) Cost rate, approved on April 22, 2013, for Phase I Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) grant proposals. The rate is reduced from 52.5% to 15%.

Phase I grants have a limited total award maximum, but are a required steppingstone to the more generous Phase II grants. By reducing the F&A rate, the ORD is investing in the success of Phase I projects through increasing funds available for direct costs. It is anticipated that this action will encourage more Phase I activity and more successful conversions of Phase I projects to Phase II. The Phase II F&A rate will remain at the on-campus rate for research.