



# DOE SBIR/STTR PHASE 0 BUDGET ASSISTANCE FAQ (COMBINED)



## FAQs – Labor

Q1. Whose labor goes into what sections of the budget?

A1. Labor may be in the form of these categories:

- a) Senior/Key Person
- b) Other personnel
- c) Consultants
- d) Subawards
- e) Independent contractors (1099s)

Senior/Key Person budget is reserved for the Small Business PI and any others identified in the technical narrative as a Key Person. These would be individuals working for the small business as a W2 employee. In the case of an STTR, the PI labor budget may be with the STTR partner as a Key Person.

Other Personnel budget is for those small business employees not mentioned in the technical narrative.

Consultants are typically 3<sup>rd</sup>-party individuals whose budget would fall under Section F. of the budget. Consultants may be identified as “Key Persons” in the Technical Narrative.

Subaward labor will reside within the total budget from the subawardee, Section F.

Independent contractors (1099s) budget would also be shown in Section F.

Q2. How should LLC members be shown in the budget?

A2. LLC members can generate an hourly rate as if they were “salaried” individuals for purposes of calculating labor costs.

Q3. What are the rules and limitations for the PI?

A3. They must be a U.S. citizen and employed by the small business at least half time. They must work on the SBIR/STTR project a minimum of 156 hours.

Q4. How much salary should I propose for the budget?

A4. While there is no formal cap on salary, salary levels will be evaluated as being “fair and reasonable.” One objective measure of salary is the Bureau of Labor Statistics database. The DOE will also accept



salary data from website such as Salary.com and Glass.door.com. Other resources may be professional organization salary surveys, or other reputable HR resource you can access.

Q5. How is labor actually calculated?

A5. The common method is to select a reasonable annual salary, then divide by 2,080 standard work hours in a year to derive an hourly rate. Do this even if you only work part time. Estimate the hours dedicated to the project. Multiply those hours by the hourly rate to derive the labor budget.

Q6. How are fringe benefits and payroll taxes related to labor?

A6. Fringe would not be part of an individual's salary or hourly rate when calculating the budget. See the FAQs for [Fringe](#).

Q7. Should the PI have more time than other employees? Can the PI be part-time but other employee can be full time?

A7. As long as the PI is otherwise employed half time by the small business, their only requirement is performing a minimum of 156 hours on the project. It's not unusual for PI hours to be substantially less than others.

Q8. When it comes to scoring Workshare to meet the SBIR and STTR requirements, how are these elements of labor scored?

A8. An SBIR small business must perform at least 67% of the work. An STTR small business must perform a minimum of 40% of the work. It's very important to keep this in mind when developing a budget, especially with labor:

- a) Company W2 and LLC member labor – Contributes to small business workshare
- b) Consultants, Subawards, 1099s – Considered 3<sup>rd</sup> party contributors, non-small business workshare

Q9. Can labor and therefore compensation be in the form of company equity?

A9. Government grants presume company employees are either compensated via normal W2 payroll or guaranteed payments. The cost allowability rules surrounding equity as compensation are so complex as to make this approach impractical.

Q10. What are the requirements for foreign nationals working on an SBIR/STTR project?



A10. According to the FOA, "Non-U.S. citizens are eligible to perform work on SBIR/STTR projects provided they are legally empowered to work in the U.S. at the time that an award is made and throughout the duration of the project. That is, a foreign national working on an SBIR/STTR project must NOT be an illegal alien and must be an immigrant alien or a foreign national visiting the U.S. on an approved visa."

Q11. Can eligible personnel work from overseas?

A11. Not unless it is pre-approved by DOE during the application cycle.

Q12. As a small business, an employee can perform many different tasks. Can that employee have different hourly rates for each task?

A12. No, an employee can only have one labor rate.



## FAQs – Fringe Costs

Q1. What are considered fringe costs?

A1. Fringe costs can include the following:

- a) Employer-paid payroll taxes, typically 7.65% of gross wages
- b) Paid Time-off
- c) Company-paid health care insurance premiums
- d) Company 401k contributions
- e) Worker's compensation insurance
- f) State and local payroll tax

Q2. How should fringe be shown in the budget?

A2. There are two options.

Option 1 - You can show fringe as being added to the project salary as a percentage of that salary (by individual). This would have to be explained in some detail in the budget justification form.

Option 2 – Assume that fringe costs will be part of the total indirect costs shown later in the budget.

Q3. Is there a limit for a fringe rate or fringe costs?

A3. The only limitation is that costs must be "fair and reasonable." The test of reasonableness: A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person in the conduct of competitive business. (FAR 31.201-3).

Q4. Can fringe benefits/rates be different for different employees?

A4. Yes, as long as it's legally allowed. However, unless you have a very large operation, all fringe costs would normally be collected in a single cost pool in order to calculate a single fringe rate. In other words, you would not have a fringe rate for an individual that's different for another individual. You would have one fringe rate for the company.



## FAQs – Equipment

Q1. How is equipment defined?

A1. The Funding Opportunity Announcement defines equipment as:

“...an article of tangible, nonexpendable, personal property, including exempt property, charged directly to the grant, having a useful life of more than one year and an acquisition cost of \$5,000 per unit or more.”

In layman’s terms it means laboratory, industrial, electrical equipment of a specialized use for research and development that costs more than \$5,000 each.

Q2. Are there any limitations for equipment purchase?

A2. There are many:

- a) All government agencies, including the DOE, expect applicants for grants and contracts to provide their own capitalized equipment. However, agencies may make exceptions and allow equipment as a budgeted cost.
- b) Preference for American-made equipment.
- c) Primarily or exclusively used in scientific research.
- d) Title to the equipment will be retained by the DOE until such time that it may be transferred to the grantee.

Option 1 - You can show fringe as being added to the project salary as a percentage of that salary (by individual). This would have to be explained in some detail in the budget justification form.

Option 2 – Assume that fringe costs will be part of the total indirect costs shown later in the budget.

Q3. Is a laptop computer considered equipment?

A3. A laptop computer typically is not since they are rarely over \$5,000. They may be considered Materials and supplies if the computer is strictly dedicated to performing under the research grant.



## FAQs – Travel

Q1. Is travel mandatory?

A1. Yes. Applicants are expected to attend a two-day PI meeting in the Washington DC metro area.

Q2. What costs can I budget for the PI meeting?

A2. Eligible PI meeting travel costs:

- a) Registration cost of \$250 for the PI.
- b) Registration cost of \$250 for an additional person from the small business representing the commercialization interest for the firm.
- c) Lowest-price airfare.
- d) Mileage, if local
- e) Lodging.
- f) Meals and incidentals.
- g) Airport parking.
- h) Taxi, ride-share costs.

Q3. What are the limitations on the number of trips during the project?

A3. There are no limits to the number of trips as long as they can be justified as part of the technical approach.

Q4. What are the limitations on travel costs?

A4. Allowable costs are those defined by government sources such as the [GSA travel portal](#).

Q5. Are trips to conferences allowed?

A5. Yes, but only as it directly relates to the project or presenting results.

Q6. Is foreign travel allowed?

A6. Not normally. It would have to be rigorously justified and require written approval by the DOE Grant Officer. However, travel to Canada and Mexico is considered domestic travel.

Q7. How is travel typically calculated? How detailed do you have to be?



A7. Here are the typical elements to budget travel:

- a) Originating location
- b) Destination
- c) Justification
- d) Number of trips
- e) Number of people
- f) Number of days
- g) Airfare (lowest available restricted coach)
- h) Lodging cost per day (GSA limit)
- i) Meals costs per day (GSA limit)
- j) Other costs – taxi's, mileage, gas, rental car

Q8. Where does subaward travel go?

A8. Subaward travel should be in the subaward budget.

Q9. Do subawardee travel budgets follow similar GSA guidelines?

A9. Yes.





## FAQs – Material and Supplies

Q1. Does a large amount of material raise red flags?

A1. No, as long as they can be justified by your technical narrative.

Q2. We will be buying a lot of small items (nuts, bolts, glassware, shop material) Do I have to list costs for every one?

A2. You are permitted to aggregate or estimate like items for general categories of materials and supplies. Categories less than \$1,000 do not have to be itemized.

Q3. Will I require a quote for any items budgeted?

A3. Be prepared to offer some justification for the budget item either with a quote, an electronic snip of a web-based catalogue, or past experience with similar items.

Q4. Can I just cut and paste the web address of the items I find online into the budget justification form?

A4. No, DOE reviewers are not allowed to click on links for security reasons. Best to snip an image from a website and include in the budget justification form.

Q5. Can I purchase a laptop computer as Material and Supplies?

A5. You can as long as it will be dedicated to the performance of the grant. If for personal or general use, this cost may be included as an indirect expense.

Q6. Do material and supplies have to be sourced from US manufacturers?

A6. They do not. US source limitations only apply to labor and equipment.

Q7. Do material and supplies include machined parts, plating of other material processes, and quality control testing?

A7. Yes



## FAQs – Publication Costs

Q1. What are allowable publication costs?

A1. Costs of documenting, preparing, publishing, or otherwise making available to others the findings and products of the work conducted under the award.

Q2. What are my options for selecting a Data Management Plan?

A2. Applicants must select one of two options:

- 1) All data generated will be protected as SBIR/STTR data and will not be shared outside the government for 20 years after the grant is over. In this case, there are no publication costs.
- 2) Publicly disclose technical data. In this case, publication costs can be budgeted.

Q3. How do I notify the DOE which option I choose for publication costs?

A3. The default assumption is applicants will want data rights protected under SBIR/STTR regulations. If this is the case, no action is required. If an applicant intends to publish or disclose their technical data publicly, they will need to follow the directions in the Funding Opportunity Announcement for developing a Data Management Plan.



## FAQs – Consultant Services

Q1. How are consultant services defined?

A1. The Funding Opportunity Announcement (FOA) defines consultants this way:

A consultant is generally an individual who is not using any institutional or organizational facilities and is acting as a direct agent. The individual usually bills by the hour, submitting invoices. Invoices occasionally include additional direct expenses incurred. Consultants are normally subject matter experts and are not directly supervised by the awardee.

Q2. I've named a consultant as a Key Person in the Project Narrative? Where do they go in the budget?

A2. Even though a consultant has been declared a Key Person in the Project Narrative, their budget goes into Section F.3 under Other Direct Costs in the budget form. Since they are not employees of the firm they should not be in Section A (Senior/Key Person) of the budget.

Q3. How do I calculate consultant costs?

A3. The consultant should provide or quote an hourly rate and any travel or materials needed. It's up to you to negotiate the hours and other costs.

Q4. What will I need to justify the consultant on the budget justification form?

A4. You should estimate the total number of hours, the consultant's hourly rate, and any travel costs to derive total estimated costs. The consultant may be asked during negotiations to provide verification that this rate is consistent with, or more favorable than, recent billings for similar work, e.g., copies of paid invoices. Informally, consultants with hourly rates less than \$150 may not require this extra scrutiny.

Q5. Do consultants need a letter of commitment (LOC)?

A5. Yes.

Q6. Can I use a consultant from outside the U.S.?

A6. No.

Q7. Are Technical and Business Assistance (TABAs) vendors considered consultants, even if they may not meet the precise definition (such as attorneys)?

A7. Yes. All TABA service providers should be designated as a consultant in the budget.



Q8. Are consultants considered part of the small business research costs when calculating the SBIR/STTR Workshare Level of Effort?

A8. No, according to the FOA:

The research or analytical effort is defined as the total requested funding minus the cost of any work performed by a consultant, a DOE National Laboratory contractor, and any other subcontractor, including TABA.



## FAQs – ADP/Computer Services

Q1. Does ADP stand for the ADP payroll service?

A1. No. ADP means Automated Data Processing (for those born after 1980). Payroll processing costs will be included in your indirect rate(s).

Q2. What can be budgeted in this category?

A2. Typical costs would be monthly fees for machine-based or cloud-based data generation and storage.

Q3. How do I calculate ADP/Computer Services costs?

A3. You would typically use either a current quote from a vendor or justify by costs of prior efforts.

Q4. Would we estimate computer desktop, laptop or server costs here?

A4. No. Those costs would be included with Material and supplies.



## FAQs – Subawards/Consortium/Contractual Costs

Q1. What's the difference between subawards, consortium, contractual and consulting costs?

A1. Consulting costs would not be included in this budget category. The DOE defines consultants this way:

A consultant is generally an individual who is not using any institutional or organizational facilities and is acting as a direct agent. The individual usually bills by the hour, submitting invoices. Invoices occasionally include additional direct expenses incurred. Consultants are normally subject matter experts and are not directly supervised by the awardee.

Consortium costs are rare but should be self-explanatory. That leaves the difference between a subaward and contractual or subcontract costs.

The Code of Federal Regulations 2 CFR 200.92 defines subawards:

Subaward means an award provided by a pass-through entity (grantee) to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.

In addition, the Code of Federal Regulations 2 CFR 200.300 provides a list of subaward/subrecipient characteristics which includes:

- 1) A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient.
- 2) In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity (grantee).

In general, a subaward is one where the subrecipient performance is unique and crucial to the research and development being conducted.

In contrast, 2 CFR 200.300, subcontractors and vendors have characteristics where:

- 1) The grantee has a procurement relationship with a business entity versus flowing down "federal assistance" requirements.
- 2) The subcontract business entity provides the goods and services within normal business operations;
- 3) Provides similar goods or services to many different purchasers;
- 4) Normally operates in a competitive environment;
- 5) Provides goods or services that are ancillary to the operation of the Federal program; and
- 6) Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.



Q2. How is the maximum subaward amount calculated of a Phase I SBIR/STTR?

A2. There are a number of factors to consider before calculating either a maximum (in the case of an SBIR grant) or minimum (in the case of an STTR grant) budget for a subawardee or combination of subawardees. These factors are:

- 1) Grant total, based on the technical topic selected, can be either \$200,000 or \$250,000.
- 2) The maximum SBIR budget for all third party subawards, consultants, TABA vendors and 1099 independent contractors combined cannot exceed 33% of the total grant amount.
- 3) A minimum STTR budget for a single Research Institution must be 30% of the total budget. The minimum small business budget is 40% of the total budget.

Q3. Is there an easier way to estimate or calculate the minimum or maximum subaward budget?

A3. Yes. The ReliAscent DOE Budget worksheet contains a SubBudget tab that derives eight (8) results for subaward maximums and minimums for both an SBIR and STTR budget given a variety of start conditions.

Q4. Does the ReliAscent DOE Budget worksheet also calculate the minimum and maximum subaward budget if we're applying for both an SBIR and STTR?

A4. Yes. The ReliAscent DOE Budget worksheet SubBudget tab derives four (4) results for subaward maximums and minimums when applying for both an SBIR and STTR.

Q5. Is a university partner considered an STTR?

A5. A university partner or other research institution can be considered a subaward on either an SBIR or STTR.

Q6. Do subaward costs get added to the same budget categories as the applicant?

A6. No. The subaward budget should reflect all their own costs, with only their total being recorded on the applicants budget.

Q7. How do subawardees fill out a budget?

A7. Subawardees should fill out a budget on the same type of form that the applicant does – the SF424 budget form.

Q8. Where do subawardees get their budget form?



A8. Applicants must activate the Subaward section of their grant application in Grants.gov. They may then download a PDF version of the subaward budget and send to the subawardee to fill out. The subawardee then sends it back to the applicant who then uploads the budget document into Grants.gov.

Q9. Grants.gov gives me an error when I try to upload a subawardee budget?

A9. Typically this is because the applicant did not set up the Subaward section in Grants.gov and did not send them a PDF budget file. This budget file contains a specific electronic key so that this document, and none others, can be loaded back into applicant's Subaward section in Grants.gov.

Q10. Can I give a subawardee "Participant" right to access their budget online via Grants.gov?

A10. Yes. This can be done in lieu of sending them the PDF file.

Q11. Can a subawardee include a fee in their budget?

A11. No. Subawardees are prohibited from including a fee in their budget. However, vendors and subcontractors are allowed fee.

Q12. Can there be more than one subaward on the budget?

A12. Yes, for both SBIR and STTR applications. However, for the STTR one of the subaward budgets must be at least 30% of the total budget.





## FAQs – Equipment or Facility User Rental Fees

Q1. How is this different from the equipment budget?

A1. This category could have been better described as User Rental Fees for Equipment or Facilities. Instead of asking the DOE to finance the purchase of a piece of equipment, see if that equipment can be borrowed or rented from a third-party.

Q2. Should rental of space be considered an indirect cost or a project cost?

A2. This depends on your rental agreement. If you are renting space, say at an incubator, month-to-month, then this can be a direct cost, since those costs end when the project ends. On the other hand, if you have a rent/lease agreement longer than the grant term, then these costs are considered indirect.

Q3. Can I be reimbursed for the use of my home office in a similar manner as a tax deduction?

A3. This question involves so much complexity/uncertainty to document as an allowable cost we prefer you not pursue this approach.



## FAQs – Alterations or Renovations

Q1. How are these costs defined?

A1. The FOA implies these are costs to your existing facilities, equipment, or operations to accommodate grant performance. Example of costs are: "...repairs, painting, removal or installation of partitions, shielding, or air conditioning."

Q2. We were instructed that machined parts should be part of the alterations and renovations budget?

A2. This seems to conflict with the FOA and DOE SBIR/STTR Application Guide. This is typically discussed after award and during the budget review and negotiation. Our view is machined parts should be in the Materials and Supplies section of the budget.



## FAQs – Technical and Business Assistance (TABA) Vendor (Commercialization services)

Q1. Do I have to have a TABA vendor?

A1. Yes, you will have a TABA vendor. But there are two options:

- 1) The default condition is you will be assigned the current DOE TABA vendor (LARTA.org) upon notice of award. LARTA is primarily assigned to assist you with your commercialization plan for a Phase II application, along with other useful services. There is no formal notification on your part for selecting this option and there is no budget impact. LARTA is paid directly by the DOE so it's up to you to engage with LARTA to the extent required.
- 2) You may choose your own third-party TABA vendor. If you do, the DOE will allow you to budget up to \$6,500 for those services. You are also allowed to increase your grant limit by \$6,500.

Q2. Where would I reflect the TABA vendor in the budget?

A2. Your TABA vendor will be considered a consultant.

Q3. Can I submit \$6,500 as a placeholder in my budget if I can't identify a third-party TABA vendor?

A3. No. Since all consultants must have a Letter of Commitment, you'll need to select and identify your TABA consultant with your application.

Q4. Are there restrictions on what the TABA funds can be used for?

A4. Yes. Those questions can be answered in the FOA, search term "TABA".

Q5. How is the TABA vendor scored as far as an applicant's SBIR/STTR Level-of-Effort?

A5. Since TABA vendors are considered consultants in the budget, they do not contribute to the small business's workshare. Care should be taken, especially when budgeting for other consultants and subawards, that the small business still meets its workshare requirements.

Q6. For TABA vendor selection, is there a stated preference in DOE's evaluation and selection process for award?

A6. There is not.



Q7. Can TABA funds subsidize IP attorney fees, and are those fees limited to \$150/hour?

A7. Yes, TABA funds can be used to pay for an IP attorney for those items articulated in the FOA. Fees are not limited to \$150/hour. Additional documentation may be require after notification of award to justify hourly rates over \$150/hour.



## Indirect Rate FAQs

1. What is the difference between direct costs and indirect costs? In general, direct costs are costs directly related to the performance of the grant or contract. Indirect costs are not a result of a specific grant or contract, but rather in support of overall company operations.
2. What is the difference in a pool and a base? A pool is a collection of costs. In this context, an indirect pool is a collection of all indirect costs. The base is another collection of costs, in this case project costs, that have some causal relationship to the pool. In a single indirect rate system, the pool is the numerator and the base is the denominator. This ratio yields the indirect rate.
3. Can fringe costs be considered project costs? Yes, if you chose an indirect rate structure where fringe can be included as a project cost.
4. When calculating a fringe rate, what is the pool and what is the base? The pool consists of allowable fringe benefits, such as employer-paid payroll taxes, paid time-off, insurance premium subsidies, retirement fund contributions, and the like. The base is all productive, "at-work" labor.
5. What's the typical indirect rate structure for a small firm just starting out? Typically, a single G&A rate system is suitable, where indirect costs are applied to all project costs. You may wish to also consider a modified G&A base, and a separate fringe rate.
6. What do you mean by a modified G&A base? The typical G&A base, or denominator, includes all direct or project costs. This is called the Total Cost Input, or TCI base. The G&A can also be calculated using a Modified Base, where costs such as subawards are excluded from the G&A base. Another example of a modified base is where G&A is only applied to project labor.
7. What are the typical or appropriate indirect rate amounts for small firms? Indirect rate development is a process unique to each small business. The overall goal is to provide an indirect rate that provides for common and allowable business costs over the life of your productive grants and contracts. Other factors to consider are agency limitations, your competitive environment, and the extent to which you outsource project costs to others.
8. Can I switch indirect rate structures? Unless you have legitimate reasons to do so, it's not advised to change to a different indirect rate structure. Legitimate reasons would include company growth and financial competitiveness. In any case, you should always alert your



government grant or contract manager to a change, assuring them that final projected grant or contract costs will not be affected.

9. Does DOE have a "safe rate"? Unlike some grant agencies, the DOE does not have a "safe rate" whereby an arbitrary indirect rate percentage limit is expressed. Indirect rates above the limit require agency review, whereas indirect rates falling below the limit do not get scrutinized. In the DOE case, all applicants are required to state a unique indirect rate. Documentation justifying the rate is only required if the budgeted fringe costs plus indirect costs are higher than 50% of the budgeted labor. (See Question 14)
10. Do I have to use the DOE rate models? No, but if you do, see the tutorial at <https://youtu.be/OuDTgRL-xiE>. You can also use any rate model as long as you can verify the model is calculating correctly and it makes sense to a reviewer. ReliAscent, LLC can provide you with theirs upon request.
11. Which DOE Indirect Rate Model should I choose? The DOE rate model you choose depends on the indirect rate structure you'd like for your business. In general, unless you have multiple projects and over 10 or so employees, you can probably use either the "One-Pool" or "Two Pool" model. The "Three-Pool" model should only be used by those who have practical experience calculating and justifying indirect rates.
12. Where in the grant application can I find indirect rate submittal instructions? In the budget justification form, Section H.
13. What if I already have indirect rates established with other agencies? The budget justification form addresses this. The DOE will generally accept these indirect rate calculations, but they may still be reviewed for accuracy.
14. Do I have to submit an indirect rate proposal with an SBIR/STTR Phase I application? The FOA allows indirect rate proposals to be submitted upon notification of grant award. In addition, DOE guidance suggests that if indirect costs plus fringe benefits do not exceed 50% of direct salaries and wages, no documentation is required. If documentation is required, delivery may be deferred until notice of award.
15. If I only have one grant and no other revenue, why do I have to jump through these hoops? Aren't all costs considered "direct"? A single grant source of income is the exception, not the rule. Government cost principles assume you are or will soon be a successful partner in bringing forth technological solutions resulting in many such contracts or grants. When you have multiple projects, indirect costs are "allocated" to each project by applying the indirect rates to the project costs.



16. Can I have no indirect rate(s) or propose a de minimus 10% G&A? You can, but that won't make your budget coach very happy. Remember, the government will reimburse you for broadly allowable fringe and administrative costs through your indirect rate(s). For example, for c-corporations and some LLCs, employers must pay roughly 7.65% of employee gross wages in payroll taxes. A de minimus rate or no indirect rate puts the small business at a cashflow disadvantage. We believe a rate of 25% is the absolute minimum for a small business just starting out.
  
17. What, then, would be the maximum indirect rate the government can tolerate? Again, that depends on many factors related to the small business. Mature businesses may have a large lab with associated indirect costs that places a high burden on project budgets. Pre-revenue, equity-funded firms may have astronomical indirect rates, so they may have to offer the government a discounted rate. One benchmark where the government might apply some scrutiny to indirect rates is if budgeted indirect costs exceed project costs. They may ask what value the government derives when one dollar of project cost is burdened with one dollar or more of indirect costs.
  
18. What data is required to complete an indirect rate model? That depends. If you have reliable accounting data from a prior year, this can be used to justify indirect rates. You may also develop a budget for the coming year using projections for your project and indirect expenses.



## FAQs – Fee

Q1. What is fee?

A1. Fee is considered unrestricted funding for the grant. It is the DOE's way to attract for-profit businesses to participate in the SBIR/STTR program.

Q2. How is fee calculated? Isn't it a percentage of the total grant?

A2. No. Fee is calculated as a percentage of your total direct and indirect costs. Your total costs plus this fee becomes your grant total.

Q3. Is there a limit on the fee percentage?

A3. Yes, according to the FOA, the fee percentage cannot exceed 7%.

Q4. Can I submit a budget with no fee?

A4. You can, but that sends the DOE a signal that offering a fee may not be attractive to for-profit firms.

Q5. Can for-profit subcontractors and vendors include fee in their budgets?

A5. Yes, according to the FOA.

Q6. What's the difference between fee and profit?

A6. Fee is a budgeted amount that represents unrestricted funding. Profit is what you have left over after paying expenses for the job. On one hand, you can preserve all of your fee as company profit, or you can spend your fee dollars to subsidize project costs, indirect costs, or unallowable costs, resulting in no profit.

Q7. How is the fee paid out?

A7. You are permitted to "draw down" funds from a U.S. Treasury account to cover your project cost as you go. Project costs, plus the application of indirect rates and fee can be part of that draw down calculation.





Q7. Is this a fixed fee?

A7. Yes, you are entitled to draw down funds representing the entire fee amount estimated in your budget.

Q8. Part of the application wants a figure for "Program Income". Is that the same as fee?

A8. No, according to the FOA, fee is not program income. Program Income should be "zero".



## FAQs – Budget Justification Form

Q1. What's the purpose of the Budget Justification Form?

A1. This is a narrative that contains details that justifies the amounts proposed in the budget.

Q2. Can I just use my own format?

A2. The DOE provides a Budget Justification Form template. If you provide your own format, it should address the same data required by the DOE form.

Q3. Is the Budget Justification Form mandatory?

A3. The FOA says it is.

Q4. Do subawardees have to use the DOE Budget Justification Form?

A4. They do not.

Q5. When should the Budget Justification Form be filled out?

A5. Best practice is to finish the form after all budget figures are known and agreed on final. Figures in the Budget Justification Form must match figures in the budget. Starting the form too early will require additional effort to make sure it reconciles precisely with the budget.

Q6. Do budget figures have to be rounded to the nearest dollar?

A6. Yes, according to the FOA.

Q7. Where does the TABA vendor go in the Budget Justification Form?

A7. Either as a subaward or more likely a consultant.

Q8. Where does the Budget Justification Form go in the budget documents?

A8. You'll see at the end of the budget form a box where you can upload the file.



Q9. Will you provide assistance in filling out Section H – Indirect Rates?

A9. Yes.

Q10. How much data is required for Material and Supplies? Can costs of small parts/equipment be aggregated?

A10. Major items over \$1,000 should be itemized and justified with vendor quotes, similar items purchased, or from past experience. Raw materials, small parts, lab equipment having small individual value may be aggregated.

Q11. Should hyperlinks to catalogue pricing be included?

A11. Hyperlinks will not be accepted since these represent a security threat. Best to take a screenshot. These can either be included in the body of the form or collected as a separate document and added as an attachment.

Q12. Does the Budget Justification Form need to be converted to a PDF form?

A12. Yes.



## FAQs – Allocating Workshare

Q1. What are the workshare requirements for an SBIR?

A1. Small business entities must perform 2/3rds of the work as expressed in the budget. Subawardees, consultants, and 1099 independent contractors are not considered part of the small business workshare.

Q2. What are the workshare requirements for an STTR?

A2. A minimum of 30% of the budget must be dedicated to one designated STTR partner. The small business must perform a minimum of 40% of the work.

Q3. What are the workshare requirements if submitting for both SBIR and STTR?

A3. The budget bandwidth narrows for both the small business and STTR partner to a few thousand dollars. This makes budgeting much more challenging. Workshare depends on the grant amount and the use of a 3<sup>rd</sup> party TABA vendor, for which there are four different scenarios. Consult the DOE Budget Worksheet, SubBudget tab for details.

Q4. How does the DOE score workshare?

A4. The DOE provides an LOE (Level-of-Effort) Worksheet. This worksheet is also integrated into the DOE Budget Worksheet.

Q5. Does the LOE Worksheet get submitted with the application?

A5. Yes, the LOE Worksheet should be converted to a PDF file and added to the Research and Related: Other Project Information Form, "Field 12 - Other."



## FAQs – Patent Costs

Q1. Are patent costs allowed on a Phase I budget?

A1. Yes, but only as budgeted if using a 3<sup>rd</sup> party TABA vendor., and only as a result of IP discovered under the grant.

Q2. Are private patent costs allowable?

A2. No.

Q3. What are the rules for patent costs under a Phase II?

A3. TABA funding up to \$50,000 can be used for patent costs for those discovered under the Phase I or Phase II efforts.

Q4. DoD routinely allows patent costs (discovered under a contract) as an indirect expense. Why is DOE different?

A4. The DOE has set up a regulatory conflict by amending FAR Cost Principles with the statement from 2 CFR 910.352:

*For For-Profit Entities, the Cost Principles contained in 48 CFR 31.2 (Contracts with Commercial Organizations) must be followed in lieu of the Cost principles contained in 2 CFR 200.400 through 200.475, except that patent prosecution costs are not allowable unless specifically authorized in the award document. This applies to For-Profit entities whether they are recipients or subrecipients.*

Whereas the Patent clause in each DOE SBIR/STTR grant compels the grantee to allocate a non-exclusive, nontransferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the U.S. the subject invention throughout the world, the DOE doesn't appear to want to pay the grantee for establishing those rights unless "specifically authorized in the award document".