

Ben Franklin Technology Development Authority Technology Development Grant

Program Guidelines | November 2008

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Section I – General Information

A. Introduction

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

- **The Ben Franklin Technology Partners** – a statewide network fostering innovation to stimulate Pennsylvania's economic growth and prosperity.
- **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.
- **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.
- **Keystone Innovation Zone (KIZ) Grants** – grants to provide up to four rounds of operational funding for Pennsylvania's 29 designated KIZs. The KIZs are designed to improve and encourage Pennsylvania's research and development efforts, technology commercialization and entrepreneurship programs within specific geographic areas - using Pennsylvania's world-class colleges and universities as economic drivers for development opportunities throughout the Commonwealth.
- **Technology Development Grants** – grants to advance the adoption and use of technology, foster innovation, and support the creation of companies and high-wage, high-skilled jobs to strengthen Pennsylvania's economy.

B. Mission & Focus

Technology is broadly defined and consists of industry sectors, including, but not limited to, information technology, life sciences, advanced manufacturing and materials, and alternative energy/environmental technology. Regardless of its form, technology can transform communities, empower citizens, and stimulate business growth. The BFTDA Technology Development Grant (Tech Development Grant) program helps to ensure that all regions of Pennsylvania share in those benefits.

The Tech Development Grant program provides grant funding to not-for-profit entities to implement regional or statewide strategies that advance the adoption and use of technology, foster innovation, and support the creation of companies and high-wage, high-skilled jobs to strengthen Pennsylvania's economy. Specifically, the Tech Development Grant program seeks to:

- Accelerate the adoption and utilization of technology solutions by Pennsylvania businesses
- Expand market opportunities and visibility of Pennsylvania technology companies
- Spur innovation and facilitate new product development and translational research by entrepreneurs, existing companies, and universities

- Engage community, government, industry, university, and other stakeholders in identifying and addressing technology gaps
- Build capacity and expertise within the state to position Pennsylvania at the cutting edge and establish a competitive advantage within the global economy
- Facilitate long-term business attraction and retention opportunities by increasing and enhancing technology integration within the state
- Create a greater pool of highly skilled technology talent for Pennsylvania businesses

C. Eligible Activities

Eligible activities under the Tech Development Grant program include the following:

1. Entrepreneurial and technology business development
2. Technical assistance to Pennsylvania businesses relating to technology
3. Promotion and increased visibility of Pennsylvania technology sectors
4. Electronic access to community, educational, business, government, and healthcare resources
5. Organizing communities of interest, targeting specific sectors for a specific purpose
6. Applied research and commercialization projects in collaboration with industry and/or universities
7. New product development, technology transfer, and commercialization
8. Curriculum development, education, training, and outreach programs focused on technology
9. Workforce development, including internships and apprenticeships
10. Programs which increase the financial capacity and/or leverage outside resources to serve technology businesses
11. Other compelling technology development projects that promise significant impact for Pennsylvania (evaluated on a case-by-case basis)
12. Operation grants to designated KIZs that have received and successfully implemented four funding cycles through the BFTDA consistent with the KIZ program guidelines and are seeking funding for cycles five through eight.

Grant funds may **not** be used for:

1. Acquisition, construction, or renovation of a facility
2. Travel outside the country
3. Indirect costs

D. Eligibility Requirements

1. For Eligible Activities #1-11 (listed in Section I. C., above), the applicant must be a not-for-profit organization or educational institution located within Pennsylvania.
2. For Eligible Activity #12 (KIZ operations, see Section I. C., above), the applicant must:
 - a. Be a not-for-profit organization located within Pennsylvania, whose mission is technology-based economic development. The applicant cannot be an institution of higher education.
 - b. Demonstrate that a broad partnership is established and committed to the continued success of the KIZ.
 - i. KIZ partnerships must continue to be comprised of a combination of:
 - At least one institution of higher education
 - Private businesses
 - Business support organizations, including: economic development organizations and workforce development/training organizations
 - Commercial lending institutions
 - Venture capital networks, including angel investors
 - Foundations
 - ii. In addition, partnerships are encouraged to have representatives from:
 - Local government organizations
 - Agencies which provide services to the neighborhood/community, such as a Community Action Agency, Community Development Corporation, or similar entity
 - iii. The partners must maintain a formal Statement of Cooperation or Memorandum of Understanding that defines the roles, responsibilities, and contributions (financial or non-financial) of each participating partner to the KIZ.
 - iv. The KIZ partnership must retain a KIZ Coordinator who, under the direction of the KIZ Board, will be responsible for:
 - Day-to-day administration of the KIZ
 - Coordinating services and resources for KIZ companies
 - Maintaining the KIZ partnership
 - Ensuring that the required match is secured
 - Participating in regular statewide meetings conducted by DCED for the purpose of disseminating best practices, networking, training, and sharing program information
 - Networking and communicating with other KIZs statewide to share resources and effective practices
 - Reporting performance progress to DCED as required and as otherwise requested by TIO staff
 - Serving as liaison between the KIZ partnership and DCED

E. Match Requirements

All applicants must provide a minimum of a 1:1 match in funding for the project. In addition:

1. For Eligible Activities #1-11 (listed in Section I. C., above), the applicant must further demonstrate that at least 50% of the required 1:1 match is in the form of cash. Otherwise stated, no greater than 50% of the required 1:1 match may be in the form of in-kind support.
2. For Eligible Activity #12 (KIZ operations, see Section I. C., above), the applicant must further demonstrate that:
 - a. At least 50% of the required 1:1 match is in the form of cash
 - b. The other 50% may be in the form of grants (federal, state, or local) to members of the KIZ partnership, provided the grants are active, directly related to the activities of the KIZ, and have not been previously reported as match for the project

F. Program Priorities

Preference will be given to applications that demonstrate:

1. Significant economic impact in terms of job creation, job retention, new company formation, the leverage of additional funding from the private and public sources, and assistance to businesses.
2. Matching funds from federal, industry, or other sponsors in excess of the 1:1 requirement and/or consisting of a significant proportion of cash.
3. Strong collaboration with relevant economic development partners, such as the *Ben Franklin Technology Partners (BFTPs)*, *Keystone Innovation Zones (KIZs)*, *Industrial Resource Centers (IRCs)*, *Life Sciences Greenhouses (LSGs)*, *Idea Foundry*, *Pennsylvania Technical Assistance Program (PennTAP)*, *Center for eBusiness and Advanced Information Technology (eBizITPA)*, *The Technology Collaborative (TTC)*, *Small Business Development Centers (SBDCs)*, *Workforce Investment Boards (WIBs)*, *Local Development Districts (LDDs)*, institutions of higher education, industry partners, state and federal agencies, and others as applicable.
4. Regional or statewide coverage and impact.
5. A project model that can be replicated in other regions of the state.
6. The need for continued funding to administer and operate a KIZ, which has received and successfully completed four funding cycles through the BFTDA consistent with the KIZ program guidelines.

BFTDA reserves the right to solicit proposals for pre-defined projects that align with the intent and priorities of the Tech Development Grant program, in an effort to target specific statewide or regional issues. If BFTDA exercises this option, project specifications will be publicly released by DCED and responses will be evaluated in a competitive manner by TIO staff for possible recommendation to the BFTDA Board.

G. Funding Limits

1. For Eligible Activities #1-11 (listed in Section I. C., above): Varied.
2. For Eligible Activity #12 (KIZ operations, see Section I. C., above):
 - a. Eligible KIZ applicants that have received and successfully implemented four funding cycles through BFTDA consistent with the KIZ program guidelines may apply for up to four additional funding cycles through the Tech Development Grant program to support rounds five through eight; and
 - b. The requested amount for rounds five through eight shall not exceed the award amount of the KIZ's fourth funding cycle, unless otherwise agreed to by TIO staff and approved by the BFTDA Board.

Section II – Application Process

A. Application Submission

1. Applications for consideration under the Tech Development Grant program may be submitted at any time during the fiscal year with approval subject to available funding, TIO staff recommendation, and BFTDA Board approval.
 - a. Program-related inquiries should be directed to the DCED Technology Investment Office (TIO) at 717-787-4147.
2. All applications shall be submitted to DCED utilizing the Single Application for Assistance
 - a. The Single Application must be completed online. Visit www.esa.dced.state.pa.us.
 - b. Attach to the online application all required documentation (see “Contents of Application” below).
 - c. The application signature page must be submitted in hard copy to:

Department of Community and Economic Development
Technology Investment Office
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225
 - d. Please reference the Web ID number on any documents sent with the signature page.
 - e. All inquiries related to completion and submission of a Single Application, including technical difficulties with the website, shall be directed to the DCED Customer Service Center at 1-800-379-7448, 717-787-3405, or ra-dced@state.pa.us.

B. Contents of the Application

All applications must include the following components:

1. Background on the applicant and its partners (i.e., history of the organizations, mission statements, etc.)
2. Statement of need
3. Mission/vision of the project for which funds are being requested
4. Work plan for the project, including a description of the management structure and staffing
5. Analysis of how the proposed project relates to other existing initiatives, ensuring no duplication of effort
6. Plan to engage relevant stakeholders, partners, and constituents
7. Timeline, including benchmarks and milestones for project completion
8. Quantitative deliverables and performance measures appropriate to the project. Applicants requesting additional funding for a previously funded project shall include data on their performance to date (committed versus actual impact) for the project's previous funding cycle(s).
9. Support letters from relevant project partners and stakeholders
10. Budget and match funds
 - a. Amount of BFTDA funding request, proposed uses, and detailed budget
 - b. Amount, expected sources, and proposed uses of matching funds committed to the project
11. Plan for sustainability
12. Other data, descriptions, or information relevant to the proposal
13. In addition, KIZ applicants must submit the following information:
 - a. Statement of Cooperation or Memorandum of Understanding, which defines the current roles, responsibilities, and contributions (financial and non-financial) of each participating partner to the KIZ. This document shall be submitted in hard copy (with original signatures) to DCED along with the application signature page.
 - b. Curriculum Vitae for the KIZ Coordinator, who will be charged with day-to-day administration of the KIZ.
 - c. Street-level map (i.e., Google Earth, Map Hub) which clearly identifies the existing geographic boundaries of the KIZ. Including the location of KIZ companies on this map is encouraged, but not required.
 - d. Focus area(s) of the KIZ, including targeted industry sectors and proposed programmatic elements to support the development and growth of the KIZ.

C. Application Review & Approval Process

1. Upon receipt of an application and required supporting material, TIO staff will review the application and communicate with the applicant to obtain a full understanding of the proposed project.
2. The applicant may be asked to submit additional background information or materials in support of its proposal. These documents will become part of the applicant's official Single Application for Assistance.
3. If TIO staff finds the project to be meritorious, preparations will be made to take the project before the BFTDA Board for funding consideration.
4. TIO staff typically present new projects to the BFTDA Board on behalf of the applicant, providing: an overview of the proposed scope of work, deliverables, and budget; a summary of TIO staff findings; and recommendation for approval. However, applicants representing KIZs and other established projects will be responsible for the presentation before the BFTDA Board, unless otherwise indicated by TIO staff.
5. Approval of funding for the project is contingent upon the availability of funds and requires a majority vote of the BFTDA Board.

D. Post-Approval Process

1. Following approval by the BFTDA Board, TIO staff will issue a funding commitment letter to the applicant, which must be signed and returned to DCED as instructed in the commitment letter.
2. Following receipt of the signed commitment letter, TIO staff will initiate a grant contract agreement between BFTDA and the applicant. This agreement will include the scope of work, budget, and match as approved by the BFTDA Board and will be subject to any conditions or contingencies dictated by the BFTDA Board or TIO staff. The grant contract agreement will detail additional requirements with which the applicant must comply, including but not limited to: competitive bidding and subcontracting requirements, project audit or financial grant closeout report, maintenance of records, and investment of grant funds in an interest bearing account.
3. The contract agreement will not be executed until all of the following have been resolved to the satisfaction of TIO staff:
 - a. The applicant must have a valid SAP vendor number and profile on record with Pennsylvania's Central Vendor Management Unit (CVMU), which matches the address used on the application. Applicants can create a new profile in this system or add a new location to an existing profile by registering online at <https://www.vendorregistration.state.pa.us/cvmu/paper/GranteeRegistration.aspx>.
 - b. The applicant must be in compliance with DCED's Audits and Compliance Division relative to the submission of audits and/or financial grant closeout reports on any previous contracts with DCED, regardless of the program or funding source.
 - c. The applicant must be current in payment of all state and local taxes unless it has entered into an agreement satisfactory to the respective taxing authority and is fully in compliance with the terms thereof.
 - d. The applicant must certify to BFTDA that it will not discriminate against any employee or against any applicant for employment because of race, religion, color, handicap, national origin, age, or sex.

4. Once a contract agreement is executed, DCED will make payments to the grantee through the Pennsylvania Electronic Payment Program (PEPP). Within 10 days following execution of the grant contract, the grantee must submit or must have already submitted a PEPP Enrollment Form. This form is available online at http://www.oit.state.pa.us/bfm/lib/bfm/ACH_Enrollment_Form_05-2007.pdf.
5. TIO staff will monitor the project to ensure that the grantee fulfills the conditions of the grant, including obtaining the stated match. Upon request and as required by the grant contract agreement, the grantee must furnish TIO staff with all data, reports, contracts, documents, and other information relevant to the project.
6. TIO staff will promptly advise the BFTDA Board of any failure in performance by the grantee.
 - a. The BFTDA Board may empower TIO staff to engage in any and all activities required in order to ensure that the conditions of the contract are fulfilled, including, but not limited to, appropriate legal action when required.
 - b. If it is determined that the application contained material misrepresentations or funds were used for activities not permitted under the terms of the grant, the contract will be considered in default and DCED will demand immediate repayment. In addition, the matter may be referred to the appropriate authorities for criminal investigation.

E. Reporting Requirements

1. Semi-Annual Reports

- a. All Tech Development Grant recipients are required to provide semi-annual reports quantifying the progress toward accomplishing approved deliverables.
 - i. Reporting periods run from 07/01/20XX to 12/31/20XX and 01/01/20XX to 06/30/20XX.
 - ii. Semi-annual reports are due on or before January 15th and July 15th for the reporting period immediately preceding the due date.
- b. Performance data provided in the semi-annual reports shall be limited to the impact that occurred as a result of and attributable to BFTDA's Tech Development Grant investment in the project. The semi-annual reporting metrics for the Tech Development Grant program include:
 - i. Increased Employment (job creation)
 - ii. Retention of Existing Jobs (job retention)
 - iii. Businesses Assisted
 - iv. Leverage of Additional Funding - Private and Public
 - v. New Company Formation
 - vi. Development and Commercialization of New Products
 - vii. Expanded Research, Development, Testing, and Evaluation
 - viii. Intellectual Property and Licensing
 - ix. Increased Revenues

- x. Increased Productivity
- xi. Pennsylvania Graduates and Job Placement
- xii. Placement of Internships and Fellowships
- xiii. Case Studies
- xiv. Other project-specific deliverables as requested by TIO staff
- c. The grantee may submit any other data, descriptions, or material that documents the accomplishments of the project.
- d. An electronic reporting survey template will be provided to the grant recipient by TIO staff. All reports must be submitted directly to DCED's Technology Investment Office (TIO) via e-mail (ra-techinvestment@state.pa.us) using the template provided.
- e. Upon completion of the project, reporting shall continue for a minimum of three (3) years from the grant contract agreement expiration date or as otherwise required by TIO staff.

2. **Financial Grant Closeout**

- a. All Tech Development Grant recipients will be required to submit financial documentation to close out the project
 - i. If the grant amount is \$100,000 or greater, the grantee must submit an independent project audit to DCED no later than 120 days after expiration of the contract.
 - ii. If the grant amount is less than \$100,000, the grantee must submit a Grant Closeout Report to DCED no later than 30 days after expiration of the contract.
- b. Non-compliance with this requirement may prevent the applicant from obtaining funding or payment from any DCED-administered grant and/or loan programs.