

Innovation Grants

Program Guidelines | April 2009

> ready > set > succeed



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A. Introduction

The mission of the Department of Community and Economic Development (DCED) is to provide focused economic opportunity and growth throughout the Commonwealth. Through proactive investments in targeted growth areas we can continue to spur Pennsylvania's economy. These investments will require and foster collaboration between Pennsylvania's Institutions of Higher Education (IHEs), academic medical centers, non-profit research institutions, communities surrounding those institutions and businesses seeking the resources those institutions can provide. In April 2004 the Commonwealth set out to catalyze these collaborations by creating the Keystone Innovation Zone (KIZ) program. KIZs are designed to improve and encourage Pennsylvania's research and development efforts, technology commercialization and entrepreneurship programs.

The KIZ program focuses Pennsylvania's commitment to creating new technologies and entrepreneurs – using our IHEs to deliver economic development opportunities throughout the Commonwealth. The continuing success of the KIZ program leverages research at partnering KIZ-participating IHEs, academic medical centers, non-profit research institutions and companies for sustainable regional and state economic development.

The Innovation Grant Program is a companion program to the creation of the KIZs. Innovation Grants provide funding to encourage technology transfer and commercialization of intellectual property between Pennsylvania's KIZ-participating IHEs, academic medical centers, non-profit research institutions and technology-oriented businesses and entrepreneurs.*

DCED oversees the Innovation Grant Program, which aligns with the other entrepreneurial, workforce and technology development programs administered within DCED, including the Ben Franklin Technology Development Authority, and other state government departments.

*See Appendix I for Program Definitions

B. Overview

The primary purposes of the Innovation Grant Program are to provide seed capital in the form of grants or loans for faculty and students to perform proof of concept efforts; to hire staff in a technology transfer office or to create a shared resource to provide technology transfer assistance; and to provide support for services related to the technology transfer process at KIZ-participating IHEs, academic medical institutions, and non-profit research institutions. Funding will be awarded to successful applicants for the Innovation Grant Program contingent upon the Ben Franklin Technology Development Authority (BFTDA) appropriation from the General Assembly, and BFTDA Board approval of Innovation Grant funding. (See Frequently Asked Questions for total funding of the Innovation Grant Program, http://www.newpa.com/find-and-apply-for-funding/funding-and-program-finder/funding-detail/index.aspx? progId=165).

Three groups are eligible to apply for Innovation Grant funding:

- 1. Pennsylvania IHEs. IHEs that are participating in a KIZ will be given preference.
- 2. Academic Medical Centers
- 3. Non-Profit Research Institutions

The following guidelines provide descriptions of eligible uses of these funds.

Innovation Grants will assist Pennsylvania IHEs, academic medical centers and non-profit research institutions, to improve their performance in transferring technology to the marketplace. The areas of focus will be the same as the priority areas adopted by the KIZ Partnership.

Innovation Grants will be awarded to Pennsylvania IHEs, academic medical centers and non-profit research institutions and legally authorized to grant degrees in the Commonwealth (http://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. Innovation Grants are to be used for the following purposes:

- 1. To provide seed capital in the form of grants or loans for faculty and students to perform proof of concept efforts including business plan analysis, marketing analysis, prototyping, patent research and filing, intellectual property, licensing and royalty agreements and other uses to be approved by DCED upon request.
- 2. To provide seed capital in the forms of grants or loans for Keystone Innovation Zone companies that are licensing/ transferring technology from a Pennsylvania IHE, academic medical center and non-profit research institution.
 - Loans, rather than grants, should be considered especially if they are used to assist companies with the purchase of machinery or equipment for their project.
- 3. To provide financial support for services to include workshops, business planning, education, networking and other services related to the technology transfer process at a Pennsylvania IHE, academic medical center, and non-profit research institution.
- 4. To hire staff in a technology transfer office, to develop a technology transfer office, or to create a shared resource to provide technology transfer assistance. (Note: Applicants intending to use an Innovation Grant solely for this purpose must be able to demonstrate a sustainable funding source after the initial grant year). Funds may be used to support interns at partnering IHEs provided the KIZ coordinator has approved the job description and the duties assigned are directly in line with the activities of the KIZ. A copy of the job description must be on file in the office of the KIZ Coordinator.
- 5. To provide financial support for creating or updating of faculty, staff, student intellectual property policies at Pennsylvania IHEs, academic medical centers, and non-profit research institutions.
- 6. To provide financial resources for the creation of technology transfer invention management data bases for reporting and management of Pennsylvania IHE's, academic medical center's, and non-profit research institution's intellectual property.
- 7. Grant funds may not be used to:
 - Support general administrative overhead or indirect costs at participating colleges and universities.
 - Fund travel outside of the country.
 - Perform building construction or renovation.
 - Planned long-term (beyond grant-year) support of staff salaries.
 - Support non-KIZ companies with either financial assistance or to support internships at non-KIZ companies.

C. Program Eligibility

Three groups are eligible to apply for Innovation Grant funding:

- 1. Pennsylvania IHEs. IHEs that are participating in a KIZ will be given preference.
- 2. Academic Medical Centers
- 3. Non-Profit Research Institutions

KIZ-participating IHEs, with a letter of support from the KIZ Coordinator, may submit to DCED an application to be eligible to receive an Innovation Grant.** Pennsylvania IHEs not participating with a KIZ, academic medical institutions, their affiliates, and research institutions also may submit to DCED an application to be eligible to receive an Innovation Grant. **Each institution may submit only one application or grant request during this funding cycle.**

The total dollar amount limit per grant can be found in the Frequently Asked Questions (http://www.newpa.com/find-and-apply-for-funding/funding-and-program-finder/funding-detail/inde x.aspx?progId=165). Each grant must be matched by the applicant. The dollar-to-dollar match may be in-kind if DCED determines that the proposed match can be readily identified and tracked, and is directly related to the stated goals, objectives and milestones. As the eligible activities defined under this program are intended to be new activities to enhance technology transfer, it is expected that match funds will be a commitment of new resources by the IHE, academic medical institution, and research institution. The deadline for DCED receipt of applications can be found in the Frequently Asked Questions.

Please refer to Section II.B – Narrative, for specifics pertaining to the Innovation Grant proposal. The narrative with each Single Application should be **no more than ten pages. Pages must be numbered.** Font should be 12 pt. and set to Times New Roman.

Note: If a KIZ Coordinator's letter is submitted to DCED, the KIZ Coordinator's review must include: verification of the KIZ Partnership status in the form of an approval/support letter, which indicates the application's alignment with the KIZ goals and objectives, and stipulation that the application meets the KIZ's targeted industry sectors.

** See Appendix II for a list of approved KIZs & Coordinator Contact Information and Appendix III for a list of each KIZ's Target Industries. This information is continually updated and available at www.newPA.com/download.aspx?id=128.

Section II – The Application Process

A. Application Submission

The application for an Innovation Grant shall be submitted to DCED utilizing the Single Application
plus any additional background materials required by these parameters or requested by DCED staff.
 Application deadline and commitment expectations after the application deadline can be found in
the Frequently Asked Questions, contingent upon BFTDA appropriation from the General Assembly,
and BFTDA approval of Innovation Grant funding.

- 2. The Single Application must be completed online by accessing www.newPA.com. Click on "Find Incentives & Apply for Funding" then click on "Single Application for Assistance".
- 3. Applications must be submitted online to DCED from a KIZ-Participating IHE with a letter of support by the KIZ Coordinator. Applications from academic medical institutions, and non-profit research institutions should be submitted directly online to DCED.
- 4. 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

- 5. Please reference the WEB ID number on any documents with the signature page.
- 6. Program Inquiries should be directed to:

Technology Investment Office (TIO) 717-787-4147

 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. Narrative

Each Single Application should also include a detailed narrative or proposal of **no more than ten pages**. Pages must be numbered. **Font should be 12 pt. (Times New Roman).** To be eligible, the narrative should include:

- 1. A description of the applicant's existing technology transfer approach. This should include where appropriate:
 - a. Number of dedicated full-time equivalent employees (FTE's) dedicated to this function.
 - b. The level of success in patent filings, awards, licensing agreements, royalties received, products commercialized, new companies created, in the most recently recorded calendar or academic year. Any other measure that the applicant is currently collecting related to technology transfer that they deem appropriate to provide.
- 2. The technology transfer activities to be undertaken. The activities may include the addition of personnel who are directly related in transferring technology to the local businesses.
- 3. The milestones, quantifiable goals and objectives to be achieved including successful project implementation.
- 4. How the activities, goals and objectives will integrate with the strategic plan adopted for the KIZ. It is desired that a review team be created with members of the KIZ Partnership (if applicable) that will provide guidance and oversight as to the eventual reward of grants to specific projects.
- 5. The role of the applicant and other members of the KIZ partnership (if applicable).
- 6. Documentation of the KIZ Coordinator's review, verification of the KIZ Partnership status (if applicable) in the form of an approval/support letter, and stipulation that the application meets the KIZ's targeted industry sectors.

C. Budget

- 1. Define the specific use of Innovation Grant funds; expected match sources and their uses, and sustainability plan for the activities described under the narrative section.
- 2. Detailed budget of the use of Innovation Grant funds. Matching funds committed to the Innovation Grant \$1 to \$1 match is required. Cash match may include private sector, federal award, foundation, other non-profit funds, etc. At least 50% of the cash match must be from non-state sources. In-kind match is acceptable as long as the DCED determines that the proposed match can be readily identified and tracked, and is directly related to the stated goals and objectives.

D. Approval Process

- 1. **Receipt.** Upon receipt of the application and required supporting material the Technology Investment Office (TIO) will review the application.
- 2. **Review.** TIO will review the application and determine whether it meets the required parameters outlined in these guidelines. Higher priority will be given to applications which contain or address the following:
 - a. A project that demonstrates broad collaboration within their KIZ partnership and with other Keystone Innovation Zone IHEs.
 - b. A project involving a college or university currently lacking capacity to facilitate the transfer of technology.
 - c. A project with strong cash match.
 - d. A plan for sustainability of the program beyond the receipt of the Innovation Grant.
- 3. **Approval.** DCED will approve funding of the applications contingent upon BFTDA appropriation from the General Assembly and BFTDA Board approval of Innovation Grant funding.
- 4. Notification. Technology Investment Office will notify the successful applicants.
 - a. The applicant must certify that it will comply with the Commonwealth's non-discrimination policy.
 - 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.

E. Post-Approval Process

- 1. Following review and notification of approval of the Innovation Grant application, 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 within the Innovation Grant application and will be subject to any conditions or contingencies dictated by the 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. When the grant has been fully executed by the applicant and the Commonwealth, the applicant may request payment in advance. Specific invoicing procedures will be provided with the contract.
- 6. Payments typically require at least six weeks to process from the date of payment request submission to DCED.
- 7. 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.

F. Penalties for Noncompliance

- 1. The Department shall impose a penalty upon a recipient of a grant for any of the following:
 - a. 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.
 - b. If the recipient's membership in the KIZ Partnership (if applicable) is terminated voluntarily or involuntarily.
- 2. DCED may waive the penalty if it determines that the failure was due to circumstances outside the control of the grant recipient.
- 3. A penalty imposed under this paragraph shall be equal to the full amount of the grant received. The penalty shall be payable in one lump sum or in installments, with or without interest, as DCED deems appropriate.

DCED reserves the right to amend these guidelines without further notice.

Section III – Reporting Requirements

- A. 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. The reports may include, but are not limited to, the following information:
 - 1. Progress narrative toward reaching the project milestones/goals.
 - 2. Budget reconciliation/Use of Innovation Grant funds for the reporting period.
- B. A semi-annual reporting template will be provided to the grant recipient. All reports should be submitted directly to TIO. The report template will include Innovation Grant impacts in 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
 - Technology Development
 - Internships
 - Other Anecdotal Impacts
 - Creation of Technology Transfer Office or Infrastructure
 - Case Studies
- C. Contracts, documents and other information relevant to the project, may be requested.
- D. An electronic reporting survey template will be provided to the grant recipient by TIO staff. All reports must be submitted directly to TIO via e-mail (ra-techinvestment@state.pa.us) using the template provided.
- E. Innovation Grants utilized for the purposes of making loans should be reported in detail to include: name of recipient, amount and terms of the loan, repayments made, use of the loan and its impacts for job creation and leverage of additional funding.

- A. Academic Medical Center: A hospital or other medical center and its affiliates that combines patient care, research, and teaching.
- B. **Institution of Higher Education:** A higher education institution located in Pennsylvania and legally authorized to grant degrees in the Commonwealth (www.pdehighered.state.pa.us/higher/lib/higher/Operating Institutions.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. The term includes branch or satellite campuses of the institution.
- C. **Keystone Innovation Zone:** An approved geographical area by DCED comprised of portions of one or more political subdivisions.
- D. Keystone Innovation Zone Company: A for-profit business entity which is all of the following:
 - 1. Located within a KIZ;
 - 2. Has been in operation for less than eight years; and
 - 3. Falls within one of the targeted industry segments adopted by the KIZ Partnership in its strategic plan.
- E. **Keystone Innovation Zone Coordinator:** An employee of a non-profit organization which is all of the following:
 - 1. Not an Institution of Higher Education;
 - 2. Chosen by a KIZ Partnership, with DCED approval, to administer the activities of a KIZ.
- F. Keystone Innovation Zone Partnership: Any association or group which is all of the following:
 - 1. Compromised of at least one institution of higher education and a combination of private businesses, business support organizations, commercial lending institutions, venture capital companies, angel investor networks or foundations.
 - 2. Formed for the creation and administration of a KIZ.
- G. **Targeted industries or focus areas of technology:** A select group of industries within KIZs expected to lead economic development in the 21st century for the region and the Commonwealth. Please see Appendix III and Pennsylvania's Global Competitiveness Report.

Appendix II – KIZ Coordinator Contact Information*

KIZ Name	KIZ Coordinator	Phone	E-mail
Beaver County KIZ	Doug Campbell	724.847.6440	doug@starting-gate.com
BioLaunch611+ KIZ	Karen Hanson	215.780.1532	khanson@salus.edu
Bucks County Biotechnology KIZ	Ethan J. Byler	215.589.6426	ethan.byler@ihvr.org
Chester County KIZ	Erika Crawford	610.458.5700 x262	ecrawford@cceconomicdevelopment. com
Delaware County KIZ	John Dixon	610.499.7534	john.dixon@crozer.org
Erie KIZ	Perry Wood	814.451.1172	perry.wood@technwpa.org
Fayette-Washington KIZ	Joe Podolinski	724.437.7913	joep@faypenn.org
Greater Johnstown KIZ	Amy Noon	814.535.8675	anoon@jari.com
Greater Oakland KIZ	Justin Driscoll	412.918.4281	jdriscoll@pghtech.org
Greater Reading KIZ	Jennifer T. Leinbach	610.376.6766 x102	jleinbach@greaterreadingchamber.org
Greater Susquehanna KIZ	Kelly O'Brien-Gavin	570.245.0096	kelly@asetsolar.com
Harrisburg Market KIZ	Linda Goldstein	717.213.5031	lgoldstein@hbgrc.org
Huntingdon County KIZ	Amy Sheaffer	814.641.6690	sheaffa@juniata.edu
I-99 Innovation Corridor KIZ	David Wise	814.234.1829	dwise@cbicc.org
Indiana County KIZ	Byron G. Stauffer, Jr.	724.465.3870	byronjr@ceo.co.indiana.pa.us
Lackawanna County KIZ	Chris Haran	570.341.8099	charan@greatvalleyalliance.com
Luzerne County KIZ	Robert Watts	570.341.8099	rwatts@greatvalleyalliance.com
Navy Yard KIZ	Alice Cathcart	215.496.8157	acathcart@pidc-pa.org
Northwest Lancaster City KIZ	Ramon Escudero	717.397.3531	rescudero@lcci.com
Northwest PA KIZ	Sue Smith	814.677.4800	susans@nwcommission.org
Pittsburgh Central KIZ	William Generett Jr., J.D.	412.281.0102	wgenerett@pckiz.org
Pocono Mountains KIZ	Mary Frances Postupack	570.422.7920	mpostupack@po-box.esu.edu
Southside Bethlehem KIZ	Stephen Melnick	610.266.7535	smelnick@lehighvalley.org
Tri-County KIZ	John Weible	814.371.1506	jweible@ncentral.com
University City KIZ	Kristen Fitch	215.966.6156	kfitch@uckiz.com
Waynesburg KIZ	Donald Chappel	724.852.2965	dchappel@evergreenepark.com
Westmoreland KIZ	Donna Bates	724.830.3604	dbates@egcw.org
Williamsport/Lycoming KIZ	Katie Bell	570.329.3200 x8083	katieb@imcpa.com
York KIZ	Aeman Bashir	717.846.8310	abashir@ycedc.org

* KIZ Coordinator Contact Information as of September 1, 2009

Appendix III – KIZ Core Target Industries*

Keystone Innovation Zones	Back Office/ Finance/ Shared Services	Life Sciences	Adv./Div. Mfg., Materials, Plastics & Nanotech.	Comm., Info. Tech. & New Media	AG/Food Process./ Food Sciences	Opto / Microele- ctronics	Homeland Security	Environ. Tech.
611 Corridor		\checkmark	\checkmark	\checkmark				
Beaver County		\checkmark						
Bucks County		\checkmark	\checkmark	\checkmark				
Chester County		\checkmark		\checkmark				
Delaware County		\checkmark	\checkmark	\checkmark			\checkmark	
Erie		\checkmark	\checkmark	\checkmark			\checkmark	
Fayette/Washington				\checkmark			\checkmark	\checkmark
Greater Johnstown		\checkmark	\checkmark	\checkmark				\checkmark
Greater Oakland		\checkmark	\checkmark	\checkmark				
Greater Reading	\checkmark		\checkmark		\checkmark			
Greater Susquehanna		\checkmark	\checkmark	\checkmark				
Harrisburg Market		\checkmark	\checkmark	\checkmark				
Huntingdon County		\checkmark		\checkmark				
I-99 Innovation Corridor		\checkmark	\checkmark	\checkmark				
Indiana		\checkmark	\checkmark	\checkmark			\checkmark	\checkmark
Lackawanna County	\checkmark	\checkmark	\checkmark	\checkmark				
Luzerne County	\checkmark	\checkmark	\checkmark	\checkmark				
Navy Yard		\checkmark	\checkmark	\checkmark				
Northwest Lancaster City		\checkmark		\checkmark	\checkmark		\checkmark	
Northwest PA		\checkmark	\checkmark	\checkmark				\checkmark
Pittsburgh Central		\checkmark	\checkmark	\checkmark				
Pocono Mountains		\checkmark	\checkmark	\checkmark			\checkmark	
Southside Bethlehem City		\checkmark	\checkmark			\checkmark		
Tri-County			\checkmark	\checkmark				
University City (Phila.)		\checkmark	\checkmark	\checkmark				
Waynesburg			\checkmark	\checkmark			\checkmark	\checkmark
Westmoreland		\checkmark	\checkmark	\checkmark				
Williamsport / Lycoming			\checkmark	\checkmark				
York County		\checkmark	\checkmark	\checkmark	\checkmark			