

## Eligibility

Only United States small businesses are eligible to participate in the SBIR/STTR programs. A small business must meet the eligibility requirements set forth in [13 CFR 121.702 "What size and eligibility standards are applicable to the SBIR and STTR programs?"](#) at the time of Phase I and II awards, which specify the following criteria

1. Organized for profit, with a place of business located in the United States
2. More than 50% owned and controlled by one or more individuals who are citizens or permanent resident aliens of the United States, or by other small business concerns that are each more than 50% owned and controlled by one or more individuals who are citizens or permanent resident aliens of the United States; and
3. No more than 500 employees, including [affiliates](#)

For SBIR awards from agencies using the authority under 15 U.S.C. 638(dd)(1), an awardee may be owned and controlled by more than one VC, hedge fund, or private equity firm so long as no one such firm owns a majority of the stock.

Phase I awardees with multiple prior awards must meet the [benchmark requirements for progress toward commercialization](#).

For STTR, the partnering nonprofit research institution must also meet certain eligibility criteria:

- Located in the US
- Meet one of three definitions:
  - Nonprofit college or university
  - Domestic nonprofit research organization
  - Federally funded R&D center (FFRDC)

STTR differs from SBIR in three important aspects:

1. The small business awardee and its partnering institution are required to establish an intellectual property agreement detailing the allocation of intellectual property rights and rights to carry out follow-on research, development or commercialization activities.
2. STTR requires that the small business perform at least 40% of the R&D and a single partnering research institution perform at least 30% of the R&D.
3. The STTR program allows the Principal Investigator to be primarily employed by the partnering research institution.

See the [Eligibility Guide](#) for more detailed information.

## The Three Phases of SBIR/STTR

The SBIR Program is structured in three phases:

*Phase I.* The objective of Phase I is to establish the technical merit, feasibility, and commercial potential of the proposed R/R&D efforts and to determine the quality of performance of the small business awardee organization prior to providing further Federal support in Phase II. SBIR/STTR Phase I awards are generally \$50,000 - \$250,000 for 6 months (SBIR) or 1 year (STTR).

*Phase II.* The objective of Phase II is to continue the R/R&D efforts initiated in Phase I. Funding is based on the results achieved in Phase I and the scientific and technical merit and commercial potential of the project proposed in Phase II. Typically, only Phase I awardees are eligible for a Phase II award. SBIR/STTR Phase II awards are generally \$750,000 for 2 years.

*Phase III.* The objective of Phase III, where appropriate, is for the small business to pursue commercialization objectives resulting from the Phase I/II R/R&D activities. The SBIR/STTR programs do not fund Phase III. At some Federal agencies, Phase III may involve follow-on non-SBIR/STTR funded R&D or production contracts for products, processes or services intended for use by the U.S. Government.