

Frequently Asked Questions (FAQs) About the Coronavirus Disease 2019 (COVID-19) for NSF Small Business Innovation Research Program (SBIR) and Small Business Technology Transfer Program (STTR) Grantees

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This document addresses questions that may arise in relation to COVID-19 for small businesses and Principal Investigators (PIs) with active NSF SBIR or STTR grants. Given that COVID-19 and the associated impacts continue to evolve, grantees are strongly encouraged to monitor [NSF's COVID-19 website](#) for updates.

- 1. Is there a possibility that budgetary or fiscal changes at the Federal level might have consequences for my ongoing NSF award?**

When NSF makes an SBIR/STTR award, the full amount of award funds needed for the project are set aside for the project. There is no chance that they can be taken back or otherwise lost as a result of subsequent budget considerations or other Federal policy changes.

- 2. My SBIR/STTR project timeline will have to be extended as a result of the COVID-19 crisis. What flexibility does NSF offer in terms of project extensions?**

No-cost extensions are always permitted with sufficient justification but require approval of your NSF Program Director. Our Program Directors are prepared to be extremely flexible in terms of project timelines and no-cost extensions in light of the current situation. Learn [how to apply for a no-cost extension](#).

- 3. Due to constraints resulting from the COVID-19 crisis, some employees of my company are unable to work on the project or will be forced to work fewer hours. How does NSF view such a situation?**

You may continue to charge employee wages or salary (for employees who have been part of the project) to your NSF award, even if the current extraordinary circumstances prevent them from executing project tasks as usual. The level of compensation for a given employee (e.g. in terms of level of effort or hours/week) should be consistent with the level of effort that they were committing to the project over the past six months. Note that this flexibility is available to your small business only if your company policy so dictates, and only if the policy is applied consistently across all sources of funding.

- 4. The COVID-19 crisis may create significant cash flow issues for my company. Can NSF help?**

It is not allowable to use NSF funding as a kind of bridge loan to cover shortfalls in other company operations. However, Phase II awardees whose spending on the award exceeds the total amount of funds drawn to date, are encouraged to submit an interim report, even if not on the normal six-month schedule, so that your cognizant Program Director can consider whether release of additional funds is warranted.

5. Can we participate in the NSF SBIR/STTR program and apply for assistance under the Paycheck Protection Program (PPP)?

Yes, but the funding from each program must be tracked separately, and your company may not receive or request compensation for the same costs from both programs: if a cost is covered by your NSF SBIR/STTR award, you may not use PPP funds for that same cost.

6. Would R&D-related payroll costs that we attribute to our Phase I/II funds (or other Phase I/II direct and indirect costs) be a separate pool of money than loan money collected from the Paycheck Protection Program (PPP)?

Yes – funds from the PPP must be considered a separate direct cost activity/final cost objective. PPP costs must be tracked accordingly in the company's timesheets and accounting records by a different account code. This will also assist the company in documenting the use of the PPP funds for the intended purpose in accordance with that program's requirements.

7. How would participation in the Paycheck Protection Program affect the SBIR/STTR Phase II Administrative and Financial Review?

Due to the potential for forgiveness, participation in the PPP should be separately identified from other liabilities and will be considered differently than a normal liability (such as a traditional bank loan). PPP liabilities that exist on the balance sheet will be discounted for the purposes of the CAP financial viability review, assuming that the small business can provide evidence that they are still in line for PPP forgiveness.

8. How would participation in the PPP affect any other aspect of our NSF award?

Participation in the PPP is not anticipated to have negative consequences for active SBIR/STTR awardees.

9. Due to economic changes related to COVID-19, our indirect rate/costs (or salaries) may need to change. How do we handle this with respect to the NSF award?

NSF cannot allow changes to approved indirect cost rates for existing awards on a fixed amount award.

10. We have other questions about how to deal with NSF award-related accounting or other changes. Where should we send these questions?

Questions should be sent to your Program Director or sbir@nsf.gov.