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Small Business Administration Thwarting Medical Research

(NAPSA)—A Florida-based biotechnology firm developing a breakthrough technology was forced to delay its research because of funding problems.

Company officials believed the research could have led to a promising new therapy for a genetic disease that affects children.

Another small biotech firm with promising technology in two disease indications had to put its projects—including treatments for many types of cancers—on hold.

Both companies ran afoul of new rules implemented by the Small Business Administration (SBA) regarding its Small Business Innovation Research program. The program had for years allowed venture capital-backed companies to apply, but in 2003 the SBA changed its interpretation of eligibility requirements, disqualifying companies primarily funded through venture capital from receiving certain research grants.

Many of the 1,500 biotechnology companies located in the U.S. are small firms with fewer than 50 employees charged with tackling big diseases such as cancer, Parkinson's and Alzheimer's—to name just a few.

These entrepreneurial companies often find their roots in laboratories deep inside universities. Therefore, an academic scientist who discovers a promising drug technology will take a risk, leave the university and raise venture capital funds—or private money—to support his research.

But the reality is that so-called VC money can't pay all the bills. These risk-taking scientists often need SBA support via the Small Business Innovation Research (SBIR) program to carryout expensive research.

It takes up to 10 years and about $800 million to get a life-saving or life-enhancing biotech drug to patients. Over the last 25 years, biotechnology has created 200 medicines and vaccines, benefiting more than 800 million people worldwide.

Help Save Biotechnology—Biotech research is an important part of American business.

Since it takes so long for products to get to the market, these small companies have little or no revenue for many years. As a result, young biotech companies require far more capital investment than any other industry, hence the need for SBIR grants. Ironically, under the rule, SBA is penalizing biotech firms that have the strongest science and likelihood for success—the very purpose of the SBIR program—by excluding them from the program designed to support development of technology that could attract further investment.

Because of the new interpretation, the applicant pool for grants is downsizing and the unveiling of lifesaving and life-enhancing technology may be postponed. Many companies are not applying for these grants or are holding SBIR submissions in hope that this issue will be resolved.

Legislation to correct the SBA's misinterpretation of eligibility standards was introduced June 16 in the House by Sam Graves (R-MO) and in the Senate by Kit Bond (R-MO). Ask your representative in Congress to help save America's biotech research by supporting House bill HR2943 and Senate bill S1263. For additional information, visit the Biotechnology Industry Organization's Web site at www.bio.org/actioncenter.