

September 18, 2008

Honorable Harry Reid
Majority Leader
United States Senate
S-221 United States Capitol Building
Washington, DC 20510

Honorable Mitch McConnell
Minority Leader
United States Senate
S-230 United States Capitol Building
Washington, DC 20510

Dear Senator Reid and Senator McConnell:

As members of the health advocacy community, we urge you to reauthorize the Small Business Innovation Research (SBIR) program before the close of the 110th Congress with the restoration of majority venture capital-backed companies' eligibility to compete for these grants. The SBIR program is a set-aside of federal research and development grant monies that are reserved for innovative, small business applicants. These funds provide critical "seed" money for early stage research and development being undertaken by small companies with fewer than 500 employees.

After twenty years of participating in the program, the Small Business Administration (SBA) ruled in 2003 that small companies that are majority venture capital-backed could no longer apply for grants regardless of how few employees the companies have. Because of the unique capital needs of small biotechnology companies, most are now ineligible to compete for these grants. As a result of SBA's reinterpretation, the SBIR applicant pool is shrinking at the National Institutes of Health (NIH). In addition, without SBIR program support, other sources of funding for this kind of cutting-edge, patient-oriented research are difficult, if not impossible, to obtain. As NIH Director Dr. Elias Zerhouni stated in a letter to the SBA, "NIH must turn away many deserving applicants, and the goals of the SBIR program are being undermined."

The current eligibility guidelines are prohibiting many of the most innovative companies from competing for crucial early stage research and development funding. These limitations negatively impact Americans living with rare diseases, diabetes, Parkinson's, lupus and leukemia, among other diseases, who ultimately need better treatments and cures. From a patient perspective it does not seem logical, and is in fact scary, that we eliminate from eligibility research projects that otherwise merit funding, because of the financial structure of the company. These companies need both federal grants and

venture capital to support the high cost of biomedical research. To eliminate the very ones that are strong enough to attract private money doesn't penalize companies, it penalizes patients. We respectfully urge you to restore SBIR eligibility for majority venture-backed companies.

We applaud your efforts to reauthorize and enhance SBIR grants by making them more competitive and responsive to research opportunities. We strongly urge you to do everything in your power to ensure passage of this legislation in the coming weeks, before the close of the 110th Congress.

Sincerely,

AIDS Institute
Alliance for Aging Research
Alpha-1 Association
Alpha-1 Foundation
Alzheimer's Drug Discovery Foundation
American Association of Neurological Surgeons
American Autoimmune Related Diseases Association
American Gastroenterological Association
American Osteopathic Association
American Society of Nephrology
American Tinnitus Association
APBD Research Foundation
Association for Research in Vision and Ophthalmology
Association of American Medical Colleges
Autism Society of America
C3: Colorectal Cancer Coalition
Candlelighters Childhood Cancer Foundation
Children's Tumor Foundation
Christopher and Dana Reeve Foundation
Coalition of Heritable Disorders of Connective Tissue
Community Health Charities of America
Congress of Neurological Surgeons
COPD Foundation
Cutaneous Lymphoma Foundation
Cystic Fibrosis Foundation
Easter Seals
Epilepsy Therapy Project
FasterCures
Foundation Fighting Blindness

Foundation for Sarcoidosis Research
Genetic Alliance
Genetic Alliance BioBank
Hemophilia Federation of America
Huntington's Disease Society of America
Hydrocephalus Association
Infectious Diseases Society of America
International Cancer Advocacy Network
Kidney Cancer Association
Men's Health Network
Michael J. Fox Foundation for Parkinson's Research
Multiple Myeloma Research Foundation
Muscular Dystrophy Association
National Alliance Mental Illness
National Alopecia Areata Foundation
National Health Council
National Hispanic Medical Association
National Indian Health Board
National Multiple Sclerosis Society
National Psoriasis Foundation
New York Stem Cell Foundation
Parkinson's Action Network
PXE International
Research!America
RetireSafe
Society for Women's Health Research
Sturge-Weber Foundation
TII CANN - Title II Community AIDS National Network
Vietnam Veterans of America
ZERO - The Project to End Prostate Cancer