

**From:** James Prudent [mailto:prudent@centrosepharma.com]  
**Sent:** Tuesday, March 03, 2009 12:32 PM  
**To:** 'James Prudent'  
**Subject:** RE: Small Business Removed from Stimulus

Friends,

Thank you for sending letters to your representatives. A response from the NIH regarding why the SBIR program was removed from the Stimulus can be found below. Tammy Baldwin's office sent this to me this morning.

The NIH feels they are better at spending your money because they have better plans for it than small businesses do. The NIH says it would be difficult to send your money to small businesses due to the lack in high quality grant proposals.

What they fail to mention is their ability to simply increase the funding for those good grants through supplemental funding – this is a standard system within the NIH to send more money to good programs. Simply doubling the funds for those good programs would have spent all \$250 Million. They also fail to mention the statistics on SBIR. I have attached those stats.

If our Government is looking for ways to stimulate the economy, why would SBIR been left out? What better way to stimulate the economy and create jobs is there?

Thank you again for your support.

Jim

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In the guidance to the ICs, while they are not required to support the set-aside restriction of 2.8% (2.5% SBRR and 0.3% for STTR) we have encouraged them to support high quality awards in this area.

The concern raised that led to the request for this flexibility relates to the recent history of the program's success rate. The number of applications for this program has decreased and the success rate has increased while the overall NIH success rate has decreased over the same time frame.

Specifically the flexibility allows us to ensure we do not fund awards that might not be considered high quality nor potentially leave funds on the table that could otherwise support science. The information below was provided by the program office.

The number of applications submitted to the SBIR/STTR program has decreased significantly since FY 2003. Currently the success rate of SBIR applications is over 27% and at this high success rate NIH has funded most of the highly meritorious SBIR applications. An additional \$225,000,000 from the ARRA would raise the SBIR success rate to over 40% (with the assumption that there would not be additional applications) requiring that NIH fund applications of much lower quality that have less likelihood of success.

However, NIH institutes have been encouraged to fund SBIR/STTR applications with ARRA funds should they be meritorious but below the current pay line and meet the spirit of the act to promote jobs, economic growth, and advance science. In addition, all non-profits, including small businesses will be eligible for most of the RFAs that will be released by NIH under ARRA including the Challenge Grant program, giving them opportunity to compete for these funds along with other types of eligible institutions.

Report Date:2/19/2007

\* FY data data drawn from frozen files

**Statement of Request:**

Report # 49

Update table of FY 1995 - 2007 SBIR applications by FY and phase

FY	All SBIR				Phase 1				Phase 2			
	Number Reviewed	Number Awarded	Success Rate	Amount Awarded	Number Reviewed	Number Awarded	Success Rate	Amount Awarded	Number Reviewed	Number Awarded	Success Rate	Amount Awarded
1995	3,744	831	22.2%	\$131,554,136	3,200	619	19.3%	\$58,508,040	544	212	39.0%	\$73,046,096
1996	3,316	696	21.0%	\$111,804,628	2,808	524	18.7%	\$50,998,428	508	172	33.9%	\$60,806,200
1997	3,108	1,023	32.9%	\$177,545,919	2,568	742	28.9%	\$72,425,919	540	281	52.0%	\$105,120,000
1998	2,964	928	31.3%	\$155,251,782	2,503	703	28.1%	\$69,474,761	461	225	48.8%	\$85,777,021
1999	3,758	1,153	30.7%	\$210,168,503	3,173	874	27.5%	\$94,944,070	585	279	47.7%	\$115,224,433
2000	4,171	1,177	28.2%	\$215,876,258	3,582	946	26.4%	\$113,468,347	589	231	39.2%	\$102,407,911
2001	3,629	1,230	33.9%	\$262,655,129	2,972	885	29.8%	\$112,826,747	657	345	52.5%	\$149,828,382
2002	4,095	1,265	30.9%	\$279,031,110	3,411	930	27.3%	\$124,423,577	684	335	49.0%	\$154,607,533
2003	5,135	1,370	26.7%	\$307,181,916	4,384	1043	23.8%	\$151,079,961	751	327	43.5%	\$156,101,955
2004	6,109	1,334	21.8%	\$319,429,001	5,299	1032	19.5%	\$161,415,416	810	302	37.3%	\$158,013,585
2005	5,380	1,118	20.8%	\$289,911,889	4,511	806	17.9%	\$126,216,067	869	312	35.9%	\$163,695,822
2006	4,580	1,080	23.6%	\$309,217,486	3,723	725	19.5%	\$119,285,839	857	355	41.4%	\$189,931,647
2007	3,613	975	27.0%	\$266,131,441	2,947	696	23.6%	\$118,796,366	666	279	41.9%	\$147,335,075