

Opening Statement of Representative Gingrey
Technology and Innovative Subcommittee
***“Small Business Innovation Research Reauthorization
On the 25th Program Anniversary”***

April 26, 2007

1:00 p.m. – 3:00 p.m.

2325 Rayburn House Office Building

Good Afternoon. I would like to thank everyone for attending today’s hearing of the Technology and Innovation Subcommittee.

Today we will be looking at the Small Business Innovation Research (SBIR) program as it goes forward to its Silver Anniversary. This hearing precedes this Subcommittee’s mark up of reauthorization language hopefully sometime this summer.

The SBIR program began in 1982 when our government saw a need to increase our national investment in research and development to specifically seek technological innovations in emerging areas. The ultimate goal of the SBIR program is to bring new products and technologies to commercialization in order to stimulate international competitiveness. This program is an important stepping stone in the overall goal to keep America’s competitive advantage in the worldwide marketplace.

Under the SBIR program, departments and agencies with R&D budgets of \$100 million or more are required to set aside 2.5% of these budgets to sponsor research at small companies. These awards are highly competitive with only the most pioneering and innovative companies receiving these federal monies.

Currently, 11 departments and agencies sponsor SBIR programs including: the Departments of Defense, Education, Health and Human Services, Homeland Security, and Energy, as well as the National Aeronautics and Space Administration, the National Science Foundation and the National Institutes of Health.

The SBIR program is divided up into three phases. The initial phase, Phase I, grants awards with a maximum amount of \$100,000 for exploration of the technical merit or feasibility of an idea or technology. Phase I awardees may then compete for a Phase II award which has a maximum award of up to \$750,000 for research that expands upon promising Phase I results. It is during this second phase of the program that the developer evaluates commercialization potential.

Phase III is the period during which Phase II innovation moves from the laboratory into the marketplace, this of course is the essence of technology transfer. It is important to note that no SBIR funds support this final phase. The small business must find funding in

the private sector or other non-SBIR federal agency funding in order to complete their technology's transition to commercialization.

I'm sure there are many people outside the federal government that are not familiar with the SBIR program. However, I am here to tell you it is a hidden gem. Agencies give a percentage of their major federal R&D budget to support our country's most groundbreaking and pioneering small businesses. I know I don't have to convince anyone here that small businesses truly are the engine that drives this thriving economy and the SBIR program is a crucial spark to initiate their success.

As a physician, I am keenly interested in the medical breakthroughs and innovative research headquartered at the NIH. The SBIR program at the Institute has helped spawn new hopes for the victims of a variety of diseases such as cancer, HIV/AIDS, Alzheimer's and diabetes.

Neural Signals is an example of one of the many SBIR success stories and is located in my home state of Georgia. Neural Signals allows severely paralyzed or locked-in individuals to control their personal computers via thought-control— eliminating completely the need for patient-initiated movement.

Another amazing advancement coming out of the SBIR program is from a company named, ABIOMed. AbioCor is a product which is the result of three decades of research, development and testing which produced the world's first completely self-contained replacement heart. AbioCor is an astounding innovation that makes real the day when heart failure will not mean the end of life or the ability to enjoy life.

We will also hear from Anthony Ignagni Biomedical, Inc. who will discuss their minimally invasive neuron-stimulation devices that will replace or assist mechanical ventilators.

Synapse is conducting multi-centered clinical trials at locations around the country including the Shepherd Center in Atlanta, which is the leading center for treatment of spinal cord injuries in the country.

I am excited to hear the testimony from all of our witnesses here today to discuss ways to improve upon the SBIR program. Mr. Chairman, I am looking forward to working with you as we move forward with reauthorization legislation.