



APR 01 2009

The Honorable Olympia J. Snowe
Ranking Member, Committee on Small Business &
Entrepreneurship
United States Senate
Washington, D.C. 20510

Dear Senator Snowe:

Thank you for your letter of March 10, 2009, to Acting Secretary of Health and Human Services Charles E. Johnson requesting information about how the National Institutes of Health (NIH) will meet the requirements of the Small Business Act, particularly in reference to the American Recovery and Reinvestment Act (ARRA).

The NIH is grateful to the President and Congress for recognizing the role of research in stimulating the economy, and in particular, for providing \$8.2 billion in extramural funding that will facilitate the NIH's efforts to advance biomedical science and create public health benefits. The NIH remains fully committed to supporting small businesses through the SBIR/STTR program, as well as through several other NIH funding opportunities supported by ARRA to which small businesses may apply.

Please be assured that NIH will continue with its well-established SBIR/STTR program to fulfill its mandate to use 2.5 percent and 0.3 percent, respectively, of its FY 2009 appropriated extramural research and development funds to support SBIR and STTR projects. Although the number of applications for the program has dropped significantly over the years (about 40 percent since FY 2004) resulting in a climbing success rate, we expect to have sufficient high-quality applications to expend these funds appropriately.

In addition to applying for funding through the SBIR/STTR program, small businesses are also eligible to apply for NIH funding through grant opportunities supported by ARRA that our agency has already announced. For these reasons, we expect that in FY 2009, more NIH funds will be directed towards small businesses than in prior years.

For example, the NIH encourages small businesses to apply for funding through the recently announced Challenge Grant opportunity (http://grants.nih.gov/grants/funding/challenge_award/), which is supported by funds provided to the NIH under ARRA. Another program supported by ARRA funds to which small businesses may apply is the newly established Research and Research Infrastructure "Grand Opportunities," or "GO" grants, which are for applicants proposing to develop and implement critical research innovations to advance the research enterprise, stimulate future

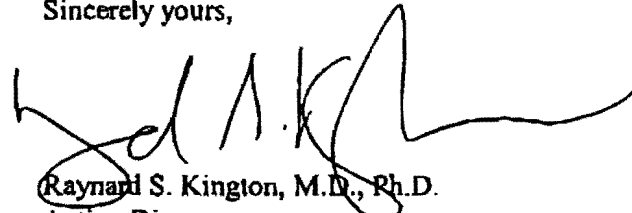
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growth and investments, and advance public health and health care delivery. Since small businesses are anticipated to compete for these new programs, the NIH intends to have appropriate representation from the SBIR/STTR community on the scientific review groups

In an effort to accelerate the tempo of ongoing science through targeted funding to current grants, the NIH has also announced administrative supplements and competitive revision (formerly known as "competitive supplements") funding opportunities under which small businesses may apply. In fact, the NIH Institutes/Centers intend to support SBIR/STTR administrative supplements and competitive revisions and to continue to support recently peer-reviewed, meritorious SBIR and STTR applications from FYs 2008 and 2009 that were approved but not funded, if those applications meet the program needs and scientific priorities of the individual Institute or Center.

Again, thank you for the opportunity to make science and health research part of the recovery process and for your interest in the NIH. This response will also be sent to Senator Landrieu.

Sincerely yours,



Raynard S. Kington, M.D., Ph.D.
Acting Director