

Statement from Louis P. Kassa III, MPA, Chief Executive Officer

I would like to thank the committee for this opportunity to discuss Pennsylvania as an Innovation Leader and specifically nurturing early-stage companies.

My name is Lou Kassa and I'm the Chief Executive Officer of the Hepatitis B Foundation, the Baruch S. Blumberg Institute and the Pennsylvania Biotechnology Center, three related non-profits. We also manage and operate B+Labs at the Cira Centre with our partners Brandywine Realty Trust. The Pennsylvania Biotechnology Center and B+Labs are life sciences incubators, with a total of 74 companies on site. We've had quite a bit of success the last few years with eight IPO's, a few billion dollars in company value created, and consistently ranked in the top 10 nationally for life sciences incubators.

Over the past 10 years, I have witnessed firsthand all Pennsylvania has to offer in the life sciences industry. We have all the tools and ingredients to lead the nation in life sciences. We are top five in NIH funding and patents, and we are the birthplace of cell and gene therapy.

Pennsylvania is also a large part of the "Pharma Belt," which stretches from North Jersey down to Philadelphia and Delaware. Within 100 miles of this location is 80% of all U.S. Pharma. So, we have the talent, we have the academic institutions, we have everything it takes to be a thriving life sciences cluster. But, over the last several years, we have fallen from number five in life sciences cluster ratings to number nine. What is missing? Quite simply, state investment and venture capital.

States such as Massachusetts, Texas, New Jersey, Maryland and others are investing in life sciences and experiencing great returns from their investments. For Pennsylvania to retain and recruit life sciences entrepreneurs and companies, compete with other states, and grow the industry, a significant investment is needed to push our cluster to the top. Once the state's investment is made, the venture capital will follow. Venture capital wants to invest where their dollar goes the furthest.

Currently, the 74 companies that we incubate are having a hard time surviving without this funding. This impacts their science by delaying or stopping the potential for the next big breakthrough medicine or cure.

Since 2022, 500 people in life sciences have been laid off in the Greater Philadelphia area. Most all of these layoffs are due to lack of funding.

In 2021, we bootstrapped our own 50-million-dollar venture capital fund, the HatchBio Fund, to help these companies in need. To date, we have raised 32 million dollars and have started investing in Pennsylvania companies. Others, such as Ben Franklin Technology Partners, are also trying their best to make our industry thrive, but it's simply not enough. We are fortunate to have such great support from our local and state legislators, we have some great champions, but for Pennsylvania to make an impact, we need investment, incentives, and workforce development to grow our biotech cluster.

The Pennsylvania Biotechnology Center had a 7.3-billion-dollar economic impact on the state over the last five years, including an average of 127 million dollars spent by our companies in Pennsylvania. It is my opinion that we can do so much more. States such as Massachusetts, Texas and New York have made billion-dollar investments and provide many incentive programs to attract companies and retain them. These states are also seeing billions of dollars in economic impact from these investments.

It's time for Pennsylvania to leverage the life sciences industry and move from the bottom part of the top ten in the country, to the upper half, while also creating great discoveries for humankind and thousands of jobs and opportunities for our citizens.

Thank you for the time today to discuss these issues.