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Anti-NYC Bias Dooms State's Biotech Strategy

Testimony of Jonathan Bowles Before State Assembly Legislative Commission on Science and Technology

by Jonathan Bowles

Good afternoon. Thank you for the opportunity to testify before the Commission.

My name is Jonathan Bowles and I am the research director of the Center for an Urban Future, a Manhattan-based public policy institute. The Center is a non-profit organization that issues policy reports on topics that are important to New York City, particularly economic development and workforce issues. Over the past four years, I have authored several reports and papers on the potential for growth in the city's biotechnology industry, most recently a report released in August of last year titled "A Prescription for Failure: Albany's $200 million Biotech Plan Bypasses NYC."

I'm thrilled to see the Assembly's interest in the biotechnology industry, which, despite its past difficulties in this city andstate, holds extraordinary promise for the five boroughs and for the entire New York City metropolitan region.

There are a number of reasons why it makes sense for the state and the city to focus attention on the biotech sector. Most importantly, at a time when both the state and city are in a protracted economic slump and when economists are predicting slow or no growth ahead for traditional fields like finance and manufacturing, biotech is one sector that has significant potential for growth. Biotech is expected to be one of the fastest growing sectors of the U.S. economy over the next few decades and both New York City and the surrounding region truly do have the potential to capture part of this growth. In addition, a larger biotech sector would lead to more jobs, strengthen New York's health care industry and help diversify the local economy at a time when we desperately needs to become less reliant on Wall Street.

It's clear that the Legislature and Governor Pataki have begun to realize biotech's potential. In the past few years, the state has dedicated significant funds for biotech-related economic development projects. So far, however, the state's strategy has

been misguided for focusing so few of those resources on New York City and the surrounding suburbs.

Unlike most other industries, biotech has flourished in only a handful of metropolitan areas around the country. For instance, in California, the nation's leading state for biotech activity, companies in the industry are primarily clustered around the San Francisco Bay Area and San Diego. In Massachusetts, the industry is largely centered around the Boston/Cambridge area. The same goes for other places, like the Research Triangle Park in North Carolina.

It's an industry that's notorious for clustering-—in close proximity to where biomedical research institutions are, where other biotech firms are, where there's enough scientists to support the industry's growth and where the money is. On all of those measures, the New York City region is far ahead of any where else in the state and the New York City region is the only place in the state that has the potential to produce any meaningful biotech sector anytime soon.

Here are a few reasons why:

- 72 percent the state's biotech companies are located in the New York City metro area. The city itself has morebiotech companies than anywhere else in the state, with Long Island second and Westchester third.
- 84 percent of the members of the New York Biotechnology Association are based in the New York City metro area.
- Ten biomedical research institutions from New York State are among the top 100 recipients of NIH grants. Eight of the 10 are based in New York City.
- New York State has 196 scientists that are members of the prestigious National Academy of Sciences. At least 102 of these scientists (52 percent of the state total) are affiliated with institutions in New York City.
- 49 of the 57 major teaching hospitals in the state (86 percent) and eight of the state's 12 major medical schools (67 percent) and 86 percent of the jobs associated with the state's "academic medical infrastructure" are located in the New York City metropolitan region.
- In 1999, the most recent year for which figures are available, the New York City metro area granted 519 life sciences PhDs, more than anywhere else in the nation. In contrast, Rochester granted 51 life science PhDs and Buffalo granted 45.
- Finally, a report released last June by the Brookings Institution found that nine metropolitan areas in the U.S. account for three-fourths of the nation's largest biotech firms and three-fourths of the biotech firms formed in the past decade. The New York City metro area is one of the nine areas across the country. Two other metro regions in this state-—Buffalo and Rochester-—are among 42 other areas with some biotech activity, according to the Brookings report. But the nine biotech "centers" have eight times as much research activity, about ten times as many large and newly established biotech firms and about 30 times more venture capital funding than each of the other 42 metro areas.

I'm not going to tell you that New York City and the surrounding region is without problems when it comes to biotech. Thecity has missed a lot of opportunities and there needs to be quite a bit more leadership from City Hall and the city's biomedical institutions. Yet the city has been getting its act together: more than half of the city's biomedical institutions have put forth viable proposals for building commercial biotech facilities, the New York City Partnership has made the development of a larger biotech sector one of its top priorities and there has been government support for a biotech development in Lower Manhattan.

State support could help the region's biotech sector get to the next level. Specifically, it could help fund the incubators and research parks that are desperately needed in the city.

But if the governor and the Legislature truly want New York State to capture some of the expected growth in the biotech sector in the years ahead, it'd be wise to focus its biotech strategy on New York City and the surrounding region.

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