

**Christopher P. Molineaux, Life Sciences Pennsylvania  
Testimony – April 1, 2025  
Senate Committee on Institutional Sustainability & Innovation  
Hearing on Life Sciences Innovation in Pennsylvania**

Chairman Farry, Chairman Kearney, and Members of the Senate Committee on Institutional Sustainability & Innovation:

Thank you for the opportunity to provide testimony for today's hearing on Life Sciences Innovation in Pennsylvania.

Life Sciences Pennsylvania is the statewide trade association representing nearly 960 member organizations in the Commonwealth's life sciences ecosystem. Those members are comprised of small biotech companies, large pharmaceutical manufacturers, academic research institutions, medical device and diagnostics makers, patient advocacy organizations, and myriad service providers related to the development of groundbreaking therapies and cures.

This sector, which is made up of more than 3,000<sup>1</sup> life sciences establishments in total, is researching, developing, and manufacturing novel medicines and technologies for millions of patients around the world facing thousands of unmet medical needs.

In addition to their efforts to help individuals live longer, healthier lives, those 3,000 organizations – academia, manufacturers, and R&D intensive companies – makeup a robust ecosystem that directly employs more than 102,000<sup>1</sup> individuals and accounts for more than \$61 billion<sup>1</sup> in direct annual economic impact in the Commonwealth. Additionally, there is a significant multiplier effect of approximately three to four times those numbers.

However, of the 3,000 life sciences establishments in the state, approximately 67 percent<sup>1</sup> of them are organizations with fewer than 10 employees. While the statistics I just referenced relay a positive picture of the state's life sciences economy – indeed, Pennsylvania has organically built a strong foundation for its life sciences community – it is critical that policymakers know this is largely a start-up ecosystem fraught with failure.

The likelihood of success in the life sciences (particularly the biopharmaceutical sector) industry is low – almost 90<sup>2</sup> percent of the new drug applications filed with the FDA fail to receive approval.

Science is incremental, and many companies will work tirelessly for the better part of a decade only to find they must start all over again, and all the resources – costs that can be in excess of \$2 billion<sup>2</sup> – poured into their work are sunk costs.

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<sup>1</sup> [Pennsylvania Life Sciences Industry](#), KPMG, September 2022

<sup>2</sup> [Research and Development in the Pharmaceutical Industry](#), Congressional Budget Office (CBO), April 2021

Those statistics are one of the reasons why these hearings are so important – policies put forth by government at the state (and federal) level have a significant effect on life sciences company growth, which is largely based on their ability to attract investment. Because of the long timelines and capital intense nature of life sciences development, investors often look for alternative options with quicker rates of return when a policy climate does not exist to incentivize investment.

For instance, Biotech companies and specifically those involved in new modalities to treat disease – like cell and gene therapies – have significant increases in cost as they move a therapy from the discovery phase to the clinical trial process. Obtaining scientific data from preclinical research (laboratory and animal testing that answers basic questions about safety) into the clinical trial process (where you're generating human clinical data) is expensive. The data generated ultimately determines whether the product will fail or succeed. The more time it takes to obtain that data, the more resources you're burning through.

Reducing the time, it takes for companies to file that initial application with the Food and Drug Administration (FDA) and to generate clinical data is key to keeping costs down for companies. When you fail in this industry, the faster you can do it the better.

State government intervention can help accelerate this process, and can be a real catalyst for success – especially in light of uncertainty emanating from proposals in Washington, D.C.

We're supportive of the Governor's budget proposal that includes life sciences and innovation funding. Specific to life sciences, anything the state can do to help accelerate those timelines is critical. Ideas we know the Secretary has mentioned, such as derisking the manufacturing of novel medicines help companies reach needed milestones faster.

The Secretary has also suggested using this funding to create a clinical trial network across the state. This policy will drive patient enrollment and recruitment in clinical trials – a process that can take considerable time and resources. Additionally, and specific to the remit of this committee, information about clinical trials in rural hospitals and health systems, can help patients access groundbreaking therapies and cures they may not have otherwise known about.

In addition to the funding put forth by the Governor, Life Sciences PA is supportive of several existing initiatives such as Life Sciences Greenhouses, expanding the Research & Development Tax Credit program, and continuing to lower the Corporate Net Income Tax. These are all necessary for innovative sectors like ours to thrive.

They become especially important when you realize other states are not sitting idly by in their efforts to attract these companies – and the talent they employ – to their borders. Life sciences, and other growth industries, faces steep competition from our peer states (e.g. Massachusetts, New York, Ohio, and North Carolina) if we simply remain content with the industry as outlined above.

Specific to the life sciences our programs pale in comparison to what other states – such as the \$1 billion fund (now up to approximately \$2.5 billion<sup>3</sup>) Massachusetts created in 2008 – have put forth to attract investment. The Massachusetts Life Sciences Center is widely thought of as the gold standard in life sciences state government support.

But other states are jumping on board: Governor Hochul in New York recently announced an investment of \$150 million in Nation-Leading Cell and Gene Therapy Innovation Hub<sup>4</sup>; Ohio recently initiated a \$120 million Innovation Hub program<sup>5</sup>; and Novo Nordisk announced \$4.1 billion expansion in North Carolina<sup>6</sup> with strong investments in BioWork “a statewide certification program that teaches the fundamentals of working as a process technician in biotechnology, pharmaceutical, or chemical manufacturing facilities.”

This kind of support for innovative companies is helpful and noticed by investors. By comparison, the only direct support the state offers early-stage life sciences companies is the \$3 million – one million each – that goes to the state’s three life sciences greenhouses. A program that was created more than 20 years ago under the tobacco settlement agreement.

Even relatively “small” efforts, such as creating an SBIR Matching program (currently offered by 27 other states), an Angel Investor Tax Credit (offered by at least 21 states), and allowing associations such as ours to operate association health plans (offered by at least 30 other states) will help small companies allocate more resources to support their R&D efforts and build upon the strong foundations I previously outlined.

That is why conversations like this one are so helpful to generate new ideas and policies that can forge a path forward for Pennsylvania’s growth.

The benefits of investing in this ecosystem are not solely confined to individuals with an MD, or Ph.D. behind their name. Life sciences investment benefits many Pennsylvanians. Supporting industries like manufacturing, logistics and agriculture, and individuals in the building trades and construction industries benefit significantly from the expansion of life sciences.

Further these developments are not confined to Philadelphia and Pittsburgh. Though life sciences activity tends to be most heavily concentrated around urban areas, there are many projects throughout Pennsylvania that benefit from investment in the ecosystem, such as:

- A medical device manufacturer that just completed a \$200 million expansion at its facility in Allentown<sup>7</sup>. (B. Braun)

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<sup>3</sup> [Governor Healey sings Mass Leads Act](#), Massachusetts Life Sciences Center, November 2024

<sup>4</sup> [Governor Hochul announces \\$150 million for Cell and Gene Therapy Hub](#), Office of NY Governor, October 2024

<sup>5</sup> [Ohio Initiates Innovation Hub Program](#), Ohio Dept of Development, November 2023

<sup>6</sup> [Novo Nordisk announces \\$4.1 billion expansion in NC](#), NC Biotech Center, June 2024

<sup>7</sup> [B. Braun invests \\$200 million in Lehigh Valley](#), LVEDC, September 2022

- A designer and manufacturer of packaging and delivery systems for injectable medicines that is investing \$60 million and creating 225 new jobs at a facility in Lycoming County<sup>8</sup>. (West Pharmaceutical Services)
- A worldwide leader in lab supplies that is expanding its Millersburg facility with a \$40 million investment in its manufacturing of critical materials used in developing new and existing biologics and vaccines<sup>9</sup>. (Thermo Fisher Scientific)

These projects are indicative of the robust ecosystem Pennsylvania and Pennsylvanians enjoy. They're also the type of significant, long-term capital investments born out of supporting early-stage companies in this sector and the ecosystem more broadly.

Life Sciences PA and its member organizations – a number of whom you'll hear from today – are happy to be a resource to you and look forward to working with this Committee, the General Assembly and Governor's administration on policies that support Pennsylvania's life sciences economy.

Christopher P. Molineaux  
President & CEO  
Life Sciences Pennsylvania

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<sup>8</sup> [West Pharmaceuticals expands in Lycoming County](#), The Express, June 2022

<sup>9</sup> [Thermo Fisher expands Millersburg, PA facility](#), Thermo Fisher Scientific Press Release, February 2022