April 28, 2025

The Honorable Michael Kratsios
Director
Office of Science and Technology Policy
White House
Washington, DC 20006

Dear Director Kratsios:

On behalf of the National Venture Capital Association (NVCA), U.S.-based venture capital firms, and the infinite entrepreneurs across the country who leverage venture capital (VC) support, I write to provide the perspective of the American startup ecosystem regarding the value of investment to public research funders like the National Institutes of Health (NIH), National Science Foundation (NSF), and university research institutions for continued R&D across the country.

Founded over 50 years ago, NVCA is the trade association that represents the U.S. venture capital ecosystem.[1] Our organization advocates for policies that encourage American innovation and reward long-term investment across all critical technology areas. Our goal is to empower the next generation of American companies that will fuel the economy of tomorrow.

A common misconception persists that venture capital's success in fueling breakthrough innovation is an independent phenomenon, driven purely by private risk-taking and entrepreneurial grit. While VC investment plays a vital role in scaling transformative ideas, the reality is that venture-backed R&D does not and cannot occur in a vacuum.

At the earliest stages, scientific discovery and foundational technology development are overwhelmingly driven by public institutions. Federal agencies like the NIH and NSF, along with America's network of public and private research universities, serve as the bedrock of the innovation economy. These institutions enable basic science and early technology validation, often long before venture investment is viable.

Universities are where groundbreaking discoveries are made, often through government grants that support faculty labs and fund tech transfer offices, incubators, and translational research hubs. These academic settings allow exploration without immediate commercial pressure, leading to fundamental advances in areas like genomics, AI, energy storage, or cancer immunotherapy. Once these innovations have shown early promise, venture capital can step in to shepherd them through the difficult translation into viable commercial products.

It is important to view the innovation pipeline as a public-private continuum. Public investment de-risks early discovery, while venture capital de-risks commercialization.

[1] About NVCA. https://nvca.org

Cutting public funding at the front end of this pipeline, whether through reduced NIH budgets or declining university research support, undermines the entire system. Without a steady flow of validated, peer-reviewed discoveries coming out of federally supported research, the venture community has fewer innovations to fund and scale.

This interconnected system is one of America's greatest competitive advantages. Countries around the world are now working to replicate it, pairing government-funded science with targeted innovation strategies. If the U.S. fails to continue investing in the public research backbone that fuels VC activity, it risks falling behind in the global race for scientific and economic leadership.

In conclusion, innovation is not spontaneous. It is the result of intentional, sustained collaboration between the public and private sectors. From the perspective of investors, university research is not only a pipeline of opportunity — it is a public good. It de-risks early scientific exploration, trains the next generation of scientific entrepreneurs, and catalyzes regional innovation ecosystems. We must protect our leadership in life sciences and frontier technologies by protecting the integrity of this partnership.

NVCA has long-advocated for the government's continued commitment to federal basic research investment and the value of public-private partnerships in the commercialization pipeline.[2][3][4] This shared responsibility from the government, universities, and the private sector that has shaped our innovation-forward economy, which has made our country the envy of the world. We hope that the integrity of the full pipeline of scientific innovation is upheld.

Furthermore, we support public sector engagement later in the development pipeline. Agencies like the FDA ensure that novel therapies and technologies are safely and effectively brought to market. A well-resourced, responsive regulatory system is essential for startups navigating complex approval pathways in biopharma, medical devices, digital health, and beyond. Delays or underfunding at the FDA will directly impact startup viability and investor willingness to commit capital.

We urge policymakers, funders, and academic leaders to continue prioritizing strong support for basic and university research. These investments are critical to our shared goals of prioritizing the nexus between technological progress and new company formation and paying dividends across health, economic resilience, and global leadership. We welcome the opportunity to work together and provide our perspective on the impact of these innovations on the venture economy.

Sincerely,

Bobby Franklin
President and CEO
National Venture Capital Association (NVCA)

[2] NVCA Letter on USICA and America COMPETES Act. https://nvca.org/document/nvca-letter-us-competition-bill-conference/
[3] CHIPS and Science Act. https://www.congress.gov/bill/117th-congress/house-bill/4346/text
[4] NVCA Support for Endless Frontier Act, https://nvca.org/wp-content/uploads/2021/04/NVCA-Support-for-Endless-Frontier-Act.pdf