

Written Testimony for the Record Submitted by
Association of Independent Research Institutes
for the
Subcommittee on Labor, Health and Human Services, Education and Related Agencies
Committee on Appropriations, United States Senate

Fiscal Year 2018 Funding for the
National Institutes of Health, Department of Health and Human Services

June 2, 2017

The Association of Independent Research Institutes (AIRI) thanks the Subcommittee for its long-standing and bipartisan leadership in support of the National Institutes of Health (NIH) and the \$2 billion increase NIH received in fiscal year (FY) 2017. We continue to believe that science and innovation are essential if we are to continue to improve our nation's health, sustain our leadership in medical research, and remain competitive in today's global information and innovation-based economy.

AIRI is extremely concerned by the Administration's FY 2018 budget proposal to reverse these investments in the NIH with a \$7.2 billion (21 percent) cut, which the Administration estimates would lead to approximately 2,000 fewer research grants compared to FY 2016. **AIRI urges the Subcommittee to provide \$36.1 billion, an increase of \$2 billion above FY 2017 enacted levels, for NIH in FY 2018. Additionally, we urge you to reject the Administration's problematic proposal to cap the indirect cost rate for NIH grants at 10 percent, as it would hinder critical research efforts and the support needed to discover tomorrow's cures.**

The Subcommittee's leadership in support of NIH is demonstrated by the \$2 billion increase provided in the final FY 2017 omnibus appropriations bill. The continuing resolution (CR) in FY 2017 created significant budget uncertainty for NIH, making it difficult for the agency to predictably fund new and ongoing grants and consider new initiatives necessary to improving human health. To ensure cutting-edge research at independent research institutes is not disrupted, AIRI strongly supports predictable funding in FY 2018 with \$36.1 billion for NIH.

AIRI is particularly troubled by the Administration's proposal to cap the indirect cost rate (also known as facilitates and administrative costs, or F&A costs) for NIH grants at 10 percent. These F&A costs are real and essential costs of conducting research, and this proposed drastic cut would simply result in less life-enhancing research. Many independent research institutes would be forced to close under this proposal, and the research they are conducting will end, losing potential treatments and cures.

AIRI is a national organization of more than 80 independent, non-profit research institutes that perform basic and clinical research in the biological and behavioral sciences. AIRI institutes vary in size, with budgets ranging from a few million to hundreds of millions of dollars. In addition, each AIRI member institution is governed by its own independent Board of Directors, which allows our members to focus on discovery-based research while remaining structurally nimble and capable of adjusting their research programs to emerging areas of inquiry. Researchers at independent research institutes consistently exceed the success rates of the overall NIH grantee pool, and they receive about ten percent of NIH's peer-reviewed, competitively-awarded extramural grants.

The partnership between NIH and America's scientists, research institutions, universities, and medical schools is a unique and highly-productive relationship, leveraging the full strength of our nation's research enterprise to foster discovery, improve our understanding of the underlying cause of disease, and develop the next generation of medical advancements that deliver more treatments and cures to patients. Not only is NIH research essential to advancing health, it also plays a key economic role in communities nationwide. Approximately 84 percent of the NIH's budget goes to more than 300,000 research positions at over 2,500 universities and research institutions located in every state.

The federal government has an irreplaceable role in supporting medical research. No other public, corporate, or charitable entity is willing or able to provide the broad and sustained funding for the cutting edge research necessary to yield new innovations and technologies of the future. NIH supports long-term competitiveness for American workers, forming one of the key foundations for U.S. industries like biotechnology, medical device and pharmaceutical development, and more. Unfortunately, continued erosion of the national commitment to medical research threatens our ability to support a medical research enterprise that is capable of taking full advantage of existing and emerging scientific opportunities.

The NIH model for conducting biomedical research, which involves supporting scientists at universities, medical centers, and independent research institutes, provides an effective approach to making fundamental discoveries in the laboratory that can be translated into medical advances that save lives. AIRI member institutions are private, stand-alone research centers that set their sights on the vast frontiers of medical science. AIRI institutes are specifically focused on pursuing knowledge around the biology and behavior of living systems and applying that knowledge to improve human health and reduce the burdens of illness and disability.

AIRI member institutes are especially vulnerable to reductions in the NIH budget, as they do not have other reliable sources of revenue to make up the shortfall. In addition to concerns over funding, AIRI member institutes oppose legislative provisions – such as directives to reduce the salary limit for extramural researchers – which would harm the integrity of the research enterprise and disproportionately affect independent research institutes. Such policies hinder AIRI members' research missions and their ability to recruit and retain talented researchers.

AIRI also does not support legislative language limiting the flexibility of NIH to determine how to most effectively manage its resources while funding the best scientific ideas.

AIRI member institutes' flexibility and research-only missions provide an environment particularly conducive to creativity and innovation. Independent research institutes possess a unique versatility and culture that encourages them to share expertise, information, and equipment across research institutions, as well as neighboring universities. These collaborative activities help minimize bureaucracy and increase efficiency, allowing for fruitful partnerships in a variety of disciplines and industries. Also, unlike institutes of higher education, AIRI member institutes focus primarily on scientific inquiry and discovery, allowing them to respond quickly to the research needs of the country.

AIRI members are located across the country, including in many smaller or less-populated states that do not have major academic research institutions. In many of these regions, independent research institutes are major employers and local economic engines, and they exemplify the positive impact of investing in research and science.

The NIH initiatives focusing on career development and recruitment of a diverse scientific workforce are important to innovation in biomedical research and public health. However, one of the most destructive and long-lasting impacts of the decline in the NIH budget is on the next generation of scientists, who see training funds slashed and the possibility of sustaining a career in research diminished. The continued success of the biomedical research enterprise relies heavily on the imagination and dedication of a diverse and talented scientific workforce.

In addition, strong support for NIH is critical to the nation's competitiveness. This country still has the most robust medical research capacity in the world, but that capacity simply cannot weather repeated blows such as persistent below-inflation funding levels, sequestration, and budget uncertainty from the CR, which jeopardize our competitive edge in an increasingly innovation-based global marketplace.

AIRI thanks the Subcommittee for its important work dedicated to ensuring the health of the nation, and we appreciate this opportunity to **urge the Subcommittee to provide \$36.1 billion, an increase of \$2 billion above FY 2017 enacted levels, for NIH in FY 2018. Additionally, we urge you to reject the Administration's problematic proposal to cap the indirect cost rate for NIH grants at 10 percent, as it would hinder critical research efforts and the support needed to discover tomorrow's cures.**