July 6, 2017

Dear Senator/Representative:

On behalf of the Associated Medical Schools of New York (AMSNY), which represents New York State’s 16 public and private medical schools, we would like to express our strong concerns about the Administration’s proposed $7.2 billion reduction to the National Institutes of Health (NIH) in the FY2018 budget, and the proposed 10% cap on NIH Facilities and Administration (F&A) expenditures. If enacted, either of these proposals would prove devastating to the biomedical community in New York and we urge you to strongly reject these cuts. AMSNY joins the hundreds of biomedical research and patient advocacy organizations around the nation seeking $36.2 billion for NIH in FY2018.

New York State is unmatched in its concentration of world-class research institutions, which contribute significantly to medical advances and to the state’s innovation economy. New York ranks third in the nation in NIH funding, with approximately $2.2 billion accruing annually to our medical schools, research institutes and biopharmaceutical ventures. NIH funding supports more than 31,000 jobs at 176 institutions across the state. An analysis commissioned by AMSNY found that every dollar invested in academic medical centers yields more than $7.50 in economic activity in the state. In short, biomedical research is fundamental to New York State’s economy; any reductions in funding will have very real impacts on employment and growth in our life sciences sector.

F&A expenditures are an essential component of the research enterprise. Although sometimes referred to as indirect costs, F&A costs are in fact very directly related to research, including the actual costs of the researcher’s own laboratory (e.g., key laboratory employees, high-speed data processing, energy, and utilities), as well as required institution-wide costs (e.g., security protections, patient safety measures and the personnel who provide administrative, regulatory and maintenance services). Academic institutions already make significant investments of their own resources in these types of expenditures. Universities are the second leading investor in academic research and development (R&D), comprising 24% of total academic R&D funding ($16.7B in FY2015). A substantial portion of universities’ investments pay for F&A costs not reimbursed by NIH.

The Administration has justified the proposed 10% cap by citing similar restrictions on private foundation grants such as the Bill and Melinda Gates Foundation and
The Ford Foundation. This comparison is inapt; indeed many foundations explicitly note that their categorizations of direct and indirect costs are different than those used by the federal government and should not be used for comparison. An analysis by the Council on Government Relations demonstrates that the effective F&A rate as a percentage of total funding is quite similar between the federal government and private foundations.

Any reductions in NIH F&A reimbursements represent real cuts to research, and will have the direct effect of shrinking research programs, reducing the number of scientists and support staff employed in the sector and slowing the pace of medical advancement. These proposed cuts would also be very dangerous in a global economy, in which other nations have recognized that increased investments in biomedical research drive both internal economic development and international stature. We risk losing not only scientists, but also scientific discoveries, spin off companies, new therapies, and manufacturing companies to these countries.

On behalf of all your constituents – including scientists, physicians and patients – who value the important work done by our research community, we urge you to reject these proposals in the FY2018 budget and support continued robust investment in the NIH. Thank you for your consideration of this important issue.

Sincerely,

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