

June 28, 2017

The Honorable Mick Mulvaney  
Director, White House Office of Management & Budget  
725 17th St., NW  
Washington, DC 20503

The Honorable Thomas Price  
Secretary, U.S. Department of Health and Human Services  
200 Independence Ave., SW  
Washington, DC 20201

Dear Director Mulvaney and Secretary Price:

We write to express our concern regarding President Trump's fiscal year 2018 (FY18) budget proposal for the National Institutes of Health (NIH), which proposes to reduce the NIH budget by \$7.2 billion, or 21 percent, in part by restricting facilitates and administrative (F&A) costs to 10 percent on NIH awards. These cuts would have devastating impacts on our nation's ability to perform health and biomedical research that leads to advances in medical treatments and cures.

For several decades, NIH-funded initiatives at Iowa State University have underpinned a powerful biomedical research enterprise covering a gamut of programs in immunology, nutrition, genomics, virology, plant biology, molecular biology, neuroscience, animal science, veterinary medicine, computation/data science, chemical and biological engineering, and science education. Current awards, in excess of \$14 million, support cutting-edge research that enhances our understanding of an array of health issues, including autoimmune diseases and cancers, neurological diseases such as Parkinson's and Alzheimer's, metabolic disorders such as diabetes, cardiovascular diseases, and communicable bacterial and viral diseases. NIH funded interdisciplinary research projects and centers, such as Iowa State's Nanovaccine Institute, are forging novel solutions and new therapeutic strategies for controlled delivery of drugs, proteins, and vaccines to combat diseases.

F&A costs are an integral part of the cost of conducting research. Research cannot be performed in the absence of specialized facilities and laboratories, utilities, high-speed data processing and storage, human and animal research review boards, centralized facilities and shared instrumentation and services for safety activities, and other infrastructure and compliance activities and administration required for the conduct of federally funded research. These costs are more efficiently managed at the institutional level. F&A reimbursement for costs incurred by institutions for the conduct of federal awards is implemented through a process that is tightly

regulated and audited by the federal government to ensure the government funds only that portion of costs that are attributable to the performance of federally funded research. This reimbursement is subject to restrictions which, when combined with growing federal requirements, result in significant unreimbursed F&A costs: \$4.8 billion in FY15, according to the latest federal data. Universities, medical centers and research institutions are struggling to sustain this level of support even at current F&A rates. The reductions proposed in the President's FY18 budget would likely result in closures of research programs and significant reductions in the conduct of research at U.S. institutions that could not recoup the substantial unpaid federal costs through tuition, state appropriations or other sources.

At Iowa State University (ISU), the impact of a 10 percent cap on F&A would have far-reaching and potentially irreversible consequences on the research enterprise. From an operational revenue perspective, a 10 percent F&A rate would create severe institutional hardship because of the lack of other funding sources. Appropriations from the state of Iowa continue to decline, and tuition, which is being increased to offset these declines, is not available as a new revenue source as it would erode access to public education and would be unfair to students. Philanthropic foundations and donors are generally more willing to make investments in more tangible research efforts rather than support daily operational costs. While ISU benefits from some royalty income from intellectual property developed through research, the income stream is quite variable and limited, and it is used to support the staff and administration required to evaluate new discoveries and manage patents and licenses for existing technologies. Additionally, truncating the capacity and quality of required services and facilities to support research projects could potentially place ISU employees, research subjects, and Iowa's citizens and environment at greater risk. Our capacity for prevention, training, and monitoring would be reduced. For example, we would not be able to properly handle hazardous chemicals and biohazards. The pace of approvals and support would need to be slowed in order to balance risk with limited resources, further hampering the productivity of researchers as they seek solutions to today's complex problems. Without another source of funding readily available, the reduction associated with a 10 percent F&A rate would severely limit the productivity of ISU's research mission.

The partnership between federal government and research universities is world renowned for its productivity and innovation—and for the tremendous improvements in human health that it has produced through basic and translational research. Reductions in F&A costs will erode this ecosystem over time, make it difficult to pursue cutting-edge science, and endanger future success. At ISU, we take pride in research that keeps the U.S. a global leader in medical advancements, basic scientific discovery, and innovation. This research has led to significant economic benefits, job growth, and advances in healthcare that benefit all Americans. As such, we respectfully ask that every effort is made to maintain stable and consistent funding of the entire spectrum of research infrastructure and activities.

Sincerely,



Benjamin J. Allen  
Interim President