

June 14, 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

Cc: Sen. Roy Blunt and Sen. Patty Murray

Dear Director Mulvaney and Secretary Price,

The National Association of College and University Business Officers (NACUBO) is writing to express our opposition to the fiscal year 2018 (FY18) budget proposal for the National Institutes of Health (NIH), as offered by President Trump, which proposes cutting 21 percent from the NIH budget and places a cap on facilities and administrative (F&A) costs for NIH grants of 10 percent.

NACUBO represents the chief business and financial officers at more than 2,100 colleges, universities, and higher education providers with the goal of advancing the economic viability and business practices of higher education institutions to support the fulfillment of their academic missions.

As you know, the decades-long partnership between institutions of higher education and the federal government has served to establish the U.S. as a world leader in research and innovation. Partnerships between universities and NIH specifically have directly resulted in cutting-edge research on some of our country's most devastating diseases, such as cancer, diabetes, and heart disease. This research has a direct impact on quality of life and life expectancy for millions of Americans who are suffering from incurable, or previously incurable, diseases. Additionally, university-researched medical innovations frequently create opportunity for business and economic growth in a wide range of industries throughout the country.

It is the goal of colleges and universities to continue making such research advances in pursuit of their public-serving missions. Beyond educating students, this is a service that higher education institutions provide to the public, including individuals who may never set foot on a school's campus or contribute a dollar to its operating funds. Colleges and universities conduct this research with the goal of creating a stronger and healthier American citizenry.

Research activities are not undertaken lightly. Costs incurred to engage in impactful research are often sizable; a research institution's chief financial or business officer must regularly undertake a difficult budget and planning process to consider what research areas the university can

reasonably afford to conduct while maintaining economic stability. For every lab or research area in use, a campus must budget for costs to provide essentials like water, lights, heating and cooling, safety gear, and janitorial staff, to say nothing of the costs of compliance with federal, state, and local regulations that touch almost every area of research a university engages in. Based on these extensive calculations, an institution negotiates an F&A reimbursement rate with its respective government auditing agency—although even with these funds, the cost to a university of running a lab almost always exceeds its reimbursed F&A amount, leaving universities to subsidize the expense the federal government does not cover. Without these funds, college and university business officers will be forced to reevaluate the level of research in which their institutions can engage in order to keep their campuses on fiscally sound footing. Capping F&A rates at 10 percent could potentially force smaller and geographically diverse institutions to abandon their research efforts entirely and would likely discourage institutions of all sizes from engaging in research that requires specialized and costly facilities.

The reality is that F&A costs are fundamental to and inseparable from the cost of doing groundbreaking research that saves American lives, fuels our economy, and trains innovative thinkers for the future. Capping F&A costs on NIH grants at 10 percent would have a chilling effect on research activities at colleges and universities throughout the country, and the U.S. higher education system would lose its position as a world leader in medical research and innovation. NACUBO strongly urges that Congress not adhere to the proposed cuts to NIH in the Administration's FY18 budget and forgo any plan to cap F&A reimbursements at 10 percent.

We appreciate your consideration in this matter and would welcome any questions you may have.

Sincerely,

A handwritten signature in black ink, appearing to read "John Walda". The signature is fluid and cursive, with a large loop at the beginning and a smaller loop at the end.

John Walda
President and CEO
NACUBO

Cc:

The Honorable Roy Blunt
Chairman, Labor, Health and Human Services, Education, and Related Agencies Subcommittee
on Appropriations
Committee on Appropriations
Room S-128, The Capitol
Washington, DC 20510

The Honorable Patty Murray
Ranking Member, Labor, Health and Human Services, Education, and Related Agencies
Subcommittee on Appropriations
Committee on Appropriations
Room S-128, The Capitol
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