

Talking points on Impact of Sequestration on Medical Research

The pending sequestration mandated by the Budget Control Act (BCA) will have serious negative consequences on the health of all Americans by slowing scientific progress against disease and disability.

Because of the failure of the Joint Select Committee on Deficit Reduction to identify an additional \$1.2 trillion in deficit reduction, the BCA mandates an across-the-board cut of defense and non-defense discretionary spending effective January 2, 2013. The Congressional Budget Office (CBO) has estimated that sequestration would reduce non-security discretionary spending in FY 2013 by 7.8 percent. For NIH, this would represent a \$2.4 billion reduction in the first year alone. Additional provisions would likely cut NIH funding in FY 2014-2021 if the BCA goes unchanged.

The impact of this cut on NIH-funded research would be immediate and devastating. Testifying March 28 before the Senate Labor-HHS-Education Appropriations Subcommittee, NIH Director Francis Collins, M.D., Ph.D., stated a cut of \$2.4 billion would mean NIH would fund approximately 2,300 fewer research grants in FY 2013, representing one quarter of new and competing grants the agency expects to fund. As a result, he indicated, success rates for new applications and competing renewals would fall “to historically low levels.”

On June 21, before the House Energy and Commerce Subcommittee on Health, Dr. Collins characterized the magnitude of sequestration on NIH research, “With \$2.4 billion being removed from the budget, there'd be no way to actually spare any field of medical research from at least some degree of cut.”

Even more troubling is that this cut would come at the end of a ten-year period that has seen the NIH budget fall by more than 19 percent after inflation, and on top of an additional \$900 billion in discretionary spending cuts mandated by the BCA over the next decade.

Medical research is a long-term effort. It takes time and a financial commitment from the institution to assemble the scientists, technicians, facilities and equipment, and other resources needed to conduct biomedical research. The uncertainty created by potential of sequestration impairs the ability of scientists and institutions to plan future research efforts.

Furthermore, the level of cuts proposed under sequestration may force institutions and scientists to close individual laboratories. Once a lab is closed, the personnel and other resources cannot be easily reassembled, which means sequestration would have a negative effect that lasts far beyond the initial cuts.

In addition, if sequestration occurs, NIH will be less able to fund high risk, high reward research science, as well as research taking advantage of newer technologies. As a result, the nation will waste the investment that has been made in the development of these technologies.

NIH also may be less able to fund longer, more expensive studies such the National Children's Study and other vital clinical trials, which will delay new treatments getting to patients.

In addition, sequestration will negatively affect job creation and seriously jeopardize America's leadership in medical research.

- A study released by the AAMC last year found that Federal- and state-funded research conducted at the nation's medical schools and teaching hospitals in 2009 added nearly \$45 billion to the nation's economy and that medical research conducted at AAMC-member institutions supports nearly 300,000 or 1 in 500 U.S. jobs.
- An analysis released in April by the Federation of American Societies for Experimental Biology (FASEB) states, "Since at least 75 percent of the grant budgets are for salaries, the impact on employment and local economies will be immediate and severe."

- A March report from United for Medical Research estimates a 7.8 percent reduction in the NIH budget “would result in 33,000 fewer jobs across the U.S. and a \$4.5 billion decrease in economic activity.”
- In May, Research!America warned that sequestration would negatively impact U.S. competitiveness just as other nations are aggressively boosting their investments in research and development.

If we are to address the health challenges of an aging and increasingly diverse population, and remain a vibrant force in the global economy, America needs more investment in medical research, not less.