

UNIVERSITY OF ILLINOIS

Urbana-Champaign • Chicago • Springfield

Office of the President
364 Henry Administration Building
506 South Wright Street
Urbana, IL 61801-3689

June 26, 2017

The Honorable Mick Mulvaney
Director, White House Office of Management and Budget
725 17th Street, NW
Washington, D.C. 20503

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

Dear Director Mulvaney and Secretary Price:

We write to express our strong opposition to proposed cuts to both National Institutes of Health (NIH) research funding and the associated facilities and administrative (F&A) funding that supports these awards. This proposed action would severely restrict our ability to conduct NIH-funded research and education, jeopardizing the discovery and innovation on which the American people depend.

The University of Illinois System is responsible for a research and development enterprise with combined expenditures of nearly \$1 billion annually. Our universities in Urbana and Chicago play a major role in conducting research and clinical trials on behalf of the Federal government and NIH. Illinois research in biology, medicine, drug discovery, neuroscience, physical and mental health, toxicology, public health, technology and aging funded by the NIH fuels discovery and advances in medical treatments and disease cures for the nation. NIH also entrusts us with the training and research experience of nearly 1300 postdoctoral research associates and graduate students, whose pursuit of careers in medicine, industry and education will serve future generations.

While it is clear to many that a smaller NIH budget will necessarily reduce medical research activity, the effects of a reduction in F&A reimbursement are not as widely understood. F&A costs (also known as indirect or overhead costs) are an essential component of conducting advanced, ground-breaking medical research – research that requires specialized, state-of-the-art facilities and laboratories, high speed data processing and storage, human and animal research review committees, radiation and chemical safety, and other infrastructure and compliance activities.

If, under a current proposal, the U of I System were required to cap our F&A rate at 10%, then we would receive only 18% of the facilities and administration costs needed to support our NIH-funded research. This would severely hinder our ability to

- fund core staff who monitor and support a safe research environment
- address federal compliance requirements for research involving human subjects and animals and training in the responsible conduct of research
- maintain our laboratories, instrument facilities, and other physical infrastructure

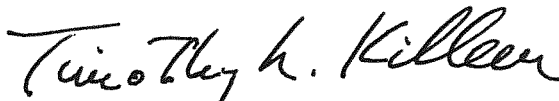
- support needed high performance computing, data and information capabilities required for path finding research and development
- meet federal requirements for the financial management and control of our NIH grants and contracts

These costs are not optional – they must be met for us to conduct research. We estimate that a 10% cap would result in a loss of \$46M in reimbursement to the U of I System. Without this reimbursement, it would be necessary *immediately* to drastically reduce our research programs, as we do not have funds to make up for this shortfall. Not only would this curtail activity by our 1037 principal investigators conducting NIH-funded research, it would also severely diminish the educational and training opportunities for the postdoctoral and graduate students who will conduct the medical research of tomorrow. In addition, loss of support for compliance with federal regulations would dramatically increase the regulatory burden on our faculty, already a disincentive to careers in higher education, and require us to close research laboratories and other facilities due to lack of funds to ensure their environmental health and safety.

F&A reimbursement for federal research awards is governed by a process that is highly regulated and audited by the federal government to ensure it only reimburses the portion of these costs that is directly allocable to the performance of federally funded research. The current system has proven effective for both our institution and the federal government, and should not be modified without careful study and consideration of the impact on the research enterprise and its many stakeholders.

We thank you for considering these comments and we affirm our intention to continue to conduct world-class, groundbreaking research as we work with you to steward the use of NIH funding and reduce the regulatory burden on our researchers.

Sincerely yours,



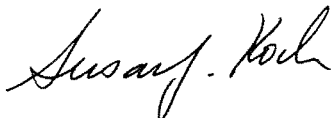
Timothy L. Killeen
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