



Chairman Tom Cole

*Subcommittee on Labor, Health and Human Services,
Education, and Related Agencies
House Committee on Appropriations*

Hearing: The Role of Facilities and Administrative Costs in Supporting NIH-Funded Research

October 24, 2017

Opening Remarks as Prepared

Good morning. It is my pleasure to welcome you all to the Subcommittee on Labor, Health and Human Services and Education for a hearing to discuss the role of facilities and administrative costs, sometimes referred to as “F&A” or “indirect” costs, in supporting NIH-funded research at universities and independent research institutions across the country.

Since World War II, the Federal government and research institutions have partnered in a cost-sharing relationship that has led to discoveries that have cured diseases and improved the quality of life for people around the world. That partnership made possible the creation of a biomedical research enterprise that has made the U.S. a leader in innovation and economic competitiveness.

We all acknowledge this cost-sharing relationship as valid and necessary to maintaining U.S. leadership in R&D. But as stewards of taxpayer dollars, it is our responsibility to examine whether the system as currently designed still works to fairly and efficiently support the costs of doing critical research given the increasing complexity of biomedical research today.

I have expressed great concern with the Administration’s proposal in the fiscal year 2018 budget to cap NIH indirect cost reimbursement at 10 percent of total research costs, a large reduction from the 28 percent spent by NIH in fiscal year 2017. Based on many discussions with researchers, administrators, and other research funders both in Oklahoma and across the country, I am very concerned that the proposed F&A rate cut would drastically reduce the amount and quality of research conducted in the U.S., and that public universities would be particularly hard-hit.

We are here today to examine the current policy and determine whether there are ways we can make it better, as well as whether we can take steps to reduce the administrative burden imposed by the Federal government on research institutions and scientists, so that researchers can spend more time doing research and less time doing paperwork.

We are fortunate to have four outstanding witnesses from universities and independent research institutions to help us understand these issues today.

First, Dr. Kelvin Droegemeier is the Vice President for Research, Regents' Professor of Meteorology, Weathernews Chair Emeritus, and Teigen Presidential Professor at the University of Oklahoma. He is serving in his second six-year term on the National Science Board, the last four years of which he has served as Vice-Chairman, and was appointed this year by Governor Mary Fallin as Oklahoma's fourth Secretary of Science and Technology.

Dr. Keith Yamamoto is a professor of cellular and molecular pharmacology at the University of California San Francisco and is UCSF's first vice chancellor for Science Policy and Strategy. He chairs the Coalition for the Life Sciences and sits on the National Research Council Governing Board Executive Committee and serves as the vice chair of the National Academy of Medicine's Executive Committee and Council.

Dr. Bruce Liang is an internationally-recognized cardiovascular physician-scientist and serves as Dean of the University of Connecticut School of Medicine. He also serves as the Chief of UConn's Division of Cardiology and as Director of the Pat and Jim Calhoun Cardiology Center at UConn Health.

Finally, Dr. Gary Gilliland is the President and Director of the Fred Hutchinson Cancer Research Center. Dr. Gilliland's has worked as a researcher and clinician specializing in blood cancers like leukemia.

As a reminder to everyone, we will abide by the 5 minute rule so that we will be able to keep closely to the schedule we outlined for Members. Before we begin, I'd like to turn to my Ranking Member for any remarks she'd care to make.

Before I turn it over to our first witness, Dr. Droegemeier has provided a comprehensive and informative paper on the history of the Federal government's role in partnering with universities to support research and the role of F&A cost reimbursement in supporting this research. I think this paper is an excellent resource for our members and ask unanimous consent to enter it into the record.

#####