

VA Plans Flat Funding for Medical Research

AAAS R&D Funding Update on VA in the FY 2006 Budget

(This analysis is a preview of the VA section in the forthcoming *AAAS Report XXX: Research and Development FY 2006*, a comprehensive look at the President's budget for R&D in FY 2006. More tables and continually updated supplemental materials on R&D in the FY 2006 budget can be found on the AAAS R&D Web site at <http://www.aaas.org/spp/rd>.)

Highlights

- The Department of Veterans Affairs (VA) once again proposes to reorganize its budget to fully report all costs associated with its R&D portfolio, including support and personnel costs.
- **VA federal R&D would total \$786 million in FY 2006 (see Table II-19), up slightly by 0.3 percent.**

VA R&D in the FY 2006 Budget: Proposed Reorganizations, Flat Funding

The Department of Veterans Affairs (VA) is one of the 10 largest R&D funding agencies in the federal government, with the 10th largest R&D portfolio in the FY 2006 budget request, but receives relatively little attention because its entire R&D investment goes to its own nationwide network of VA hospitals.

VA's Medical and Prosthetic Research is a longstanding program of research aimed at improving health care for veterans through research on injuries and illnesses with special relevance to veterans. All scientists and engineers who receive VA funds must be VA employees, and thus its entire R&D investment takes place in VA hospitals and laboratories except for a small proportion of VA investigators who hold joint appointments with academic institutions. Most of the roughly 3000 investigators supported by VA are physician-scientists doing both clinical practice and research.

The Medical and Prosthetic Research budget account is the core of VA's research effort, but in the past it has funded just over half of VA's total R&D for support of direct R&D costs. Investigator salaries, support costs, infrastructure, and other costs have been funded out of other VA medical care accounts. The FY 2006 budget proposes to consolidate all these R&D costs into the Medical and Prosthetic Research account in a request of \$786 million, compared to a 2005 appropriation of \$406 million. After adjusting the 2005 budget for support costs, the 2006 request represents a \$2 million or 0.3 percent gain (see Table II-19). The meager increase would lead to a 2 percent cut in the number of funded projects down to 2,655. VA has requested this consolidation twice before, but Congress has kept funding under the old system.

VA classifies its R&D program into four major areas: biomedical laboratory science, rehabilitation research, health services research, and clinical science. Biomedical laboratory science is the largest category with \$452 million in FY 2006 for investigator-initiated research projects in areas with special relevance for veterans such as aging, chronic disease, and environmental exposures. Rehabilitation research would receive \$99 million for science and technology to improve quality of life for the disabled, such as improved prosthetics. Health services research (\$120 million in FY 2006) focuses on improving the effectiveness and efficiency of health care services and translating research into clinical practice. Finally, clinical science research would receive \$128 million next year to fund clinical trials and other medical research utilizing the large patient network in VA medical facilities.

VA scientists also compete for research funding from other agencies (such as NIH and DOD), foundations, and industry. Next year, VA projects that \$866 million in R&D funding will come from other sources, resulting in a total VA portfolio of \$1.7 billion when combined with VA appropriations (see Table II-19).

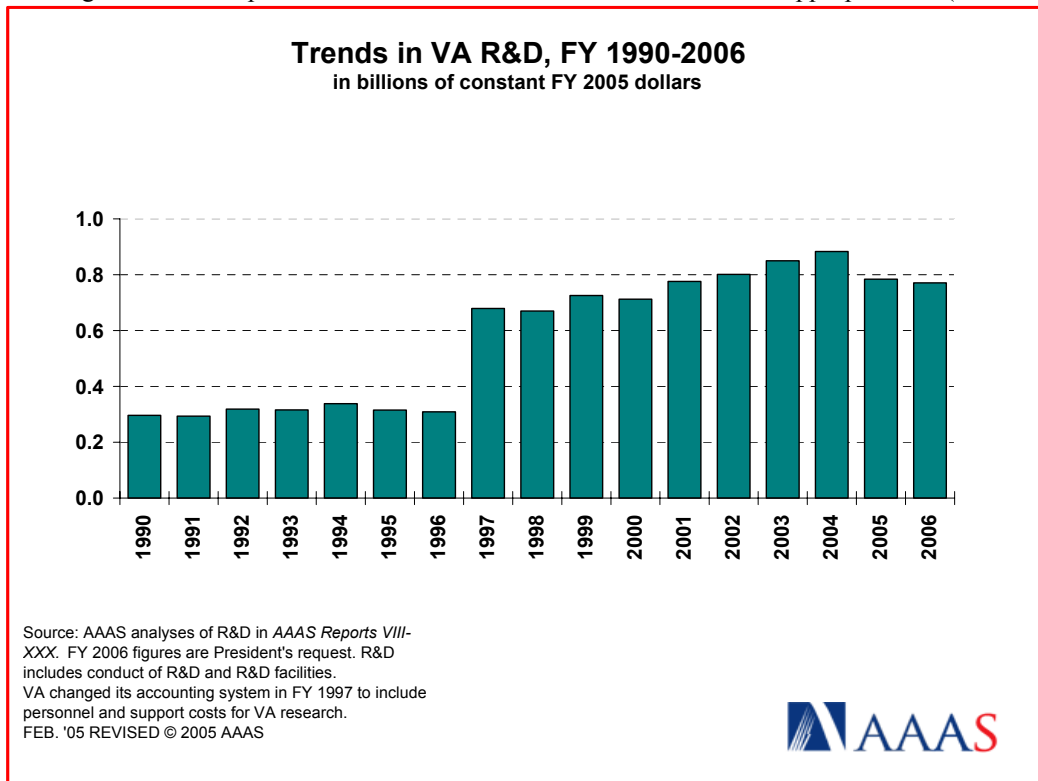


Figure 1. (click on the image for PDF)

VA federal R&D has mostly expanded in recent years as the overall VA budget has grown (see Figure 1). After peaking last year, VA R&D would fall in 2005 and 2006 because of tough budgetary pressures for domestic spending. Years ago, VA did not count support, salary, and infrastructure costs in its R&D funding. The big jump in FY 1997 represents VA's decision to add in these costs beginning that year. In FY 2006, VA will face the appropriations process in a new subcommittee, after both the House and Senate disbanded the VA-HUD-Independent Agencies subcommittee a few weeks ago. VA will be funded through a new Military Quality of Life and Veterans subcommittee, combining DOD military construction and other quality of life programs with VA programs.

Because of VA's mission focus on veterans health needs, nearly all (80 percent) of its research funding is in the life sciences, especially the medical sciences.

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(More materials on R&D in the FY 2006 budget, historical data and charts, and more information on *AAAS Report XXX: Research and Development FY 2006*, can be found on the AAAS R&D Web site.)

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Table II-19. Department of Veterans Affairs R&D

Table II-19. R&D in the Department of Veterans Affairs
(budget authority in millions of dollars)

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Budget	Change FY 05-06	
				Amount	Percent
Medical and Prosthetic Research ¹					
Biomedical laboratory science	486	454	452	-2	-0.4%
Rehabilitation research	105	99	99	0	0.0%
Health services research	128	121	120	-1	-0.8%
Clinical science research	137	129	128	-1	-0.8%
BA Adjustment	10	-19	-13	6	-31.6%
Total VA R&D	<u>866</u>	<u>784</u>	<u>786</u>	2	0.3%
Federal Grants (other agencies) ²	568	625	662	37	6.0%
Other grants (contributions) ³	177	195	204	10	5.0%
Total VA-Performed R&D	<u>1,612</u>	<u>1,604</u>	<u>1,653</u>	49	3.1%

Source: OMB data for R&D for FY 2006 and agency budget justification.

All figures are rounded to the nearest million. Changes calculated from unrounded figures.

¹ Funding for laboratory facilities, support services, and some investigator salaries, formerly in separate appropriations, included for all years; in obligations.

BA adjustment converts obligations to budget authority.

² Funding for VA investigators originating in other agencies (NIH, DOD, etc.)

These funds are included in the R&D totals for the sponsoring agencies.

³ Funding for VA investigators from non-government sources (foundations, etc.)

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Please see Chapter 8 for a discussion of the VA R&D budget.