

Senate Adds to VA Medical Research

AAAS R&D Funding Update on R&D in Senate FY 2006 VA Appropriations

Highlights

- Both the House and the Senate would once again reject the Department of Veterans Affairs' (VA) proposal 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 \$805 million in FY 2006 in the Senate plan (see Table), up 2.7 percent from this year and a similar boost over the request.**

VA R&D in FY 2006 Senate Appropriations

On July 21, the Senate Appropriations Committee drafted its version of the FY 2006 Military Construction and Veterans Affairs appropriations bill (HR 2528). The House approved its version of the similar but not identical Military Quality of Life bill in June. This newly-created bill funds the Department of Veterans Affairs (VA) as well as military construction and other programs of the Department of Defense (DOD), but there are large differences between the House and the Senate over which DOD programs are included. In previous years, VA had been funded along with the National Science Foundation, NASA, and EPA in the now-eliminated VA-HUD appropriations bill while the DOD programs had been funded in the Military Construction bill. **VA R&D** would increase \$21 million or 2.7 percent to \$805 million in the Senate bill, \$19 million more than the request and the House appropriation (see Table). (For details of the President's request for VA R&D, please see Chapter 8 of *AAAS Report XXX: R&D FY 2006* or the March 3 VA R&D Funding Update. For details of House appropriations for VA R&D, see the June 3 R&D Funding Update.)

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 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. This year, the VA R&D portfolio is overshadowed even more than usual by other VA programs because multi-billion dollar operating deficits in VA medical care accounts have come to light in recent weeks, which have prompted Congress to allocate billions of dollars in emergency spending both for this year and next year to fully fund VA medical care costs.

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 proposed 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 \$402 million. After adjusting the 2005 budget for support costs, the 2006 request represented a \$2 million or 0.3 percent gain (see Table).

VA has requested this consolidation twice before, but Congress has kept funding under the old system. **Both the House and the Senate follow the pattern by rejecting this consolidation and keeping direct R&D costs only in the Medical and Prosthetic Research account.** Other costs would continue to be funded in other VA medical care accounts, for a total of \$805 million in the Senate (see Table).

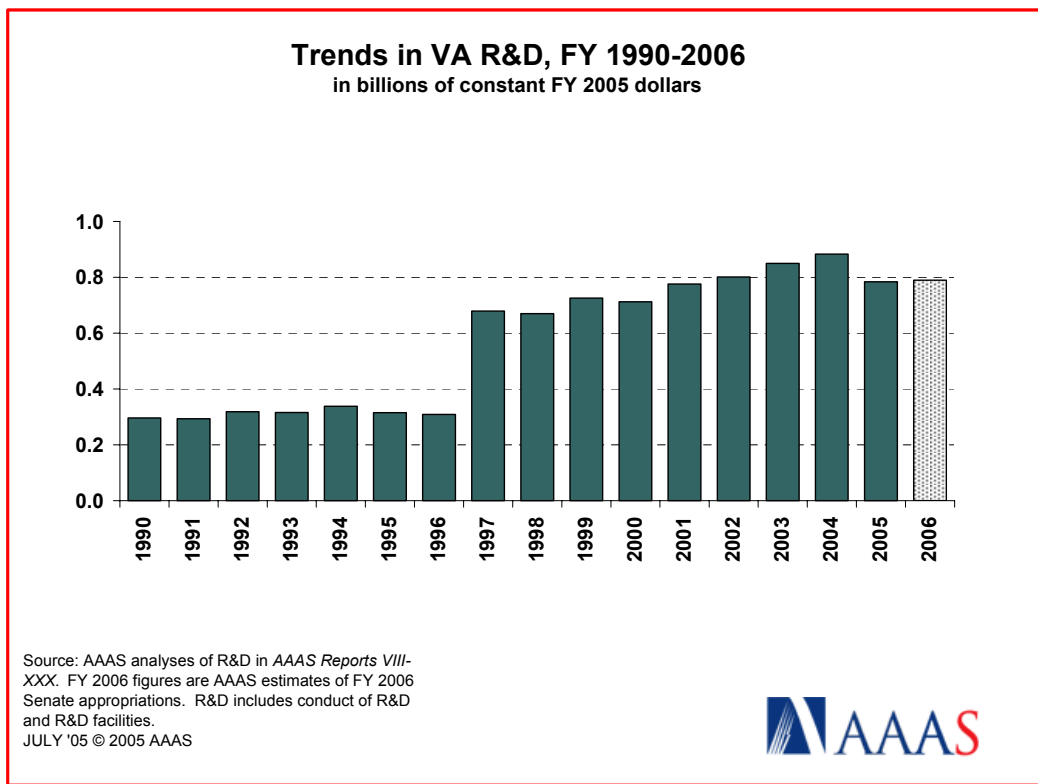


Figure 1. (click on the image for PDF)

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 level off in the 2006 Senate plan 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.

The Senate Military Construction and Veterans Affairs bill now goes to the Senate floor for debate and expected approval, but debate could be delayed until September because of a logjam of other legislation. A House-Senate conference may last well into the fall because of jurisdictional differences between the House and Senate versions of the bill.

- July 25, 2005

(This analysis is one of a series of AAAS R&D Funding Updates on FY 2006 congressional appropriations. The complete series of AAAS R&D Funding Updates, including continually updated analyses of R&D in FY 2006 appropriations, is available on the AAAS R&D Web Site (<http://www.aaas.org/spp/rd>) in the "FY 2006 R&D" or the "What's New" sections.)

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Table. VA R&D in FY 2006 Senate Appropriations

**Table. Department of Veterans Affairs
Senate Appropriations Committee Action on R&D in the FY 2006 Budget
(budget authority in millions of dollars)**

	FY 2005 Estimate	FY 2006 Request	FY 2006 House	FY 2006 Senate	Senate Action			
					Chg. from Request Amount	Chg. from Request Percent	Chg. from FY 2005 Amount	Chg. from FY 2005 Percent
Medical and Prosthetic Research ¹								
Biomedical laboratory science	454	452	452	462	10	2.2%	8	1.8%
Rehabilitation research	99	99	99	102	3	3.0%	3	3.0%
Health services research	121	120	120	123	3	2.5%	2	1.7%
Clinical science research	129	128	128	131	3	2.3%	2	1.6%
BA Adjustment	-19	-13	-13	-13	0	0.0%	6	-31.6%
Total VA R&D	784	786	786	805	19	2.4%	21	2.7%
- Direct costs	402	393	393	412	19	4.8%	10	2.4%
- Research support	382	393	393	393	0	0.0%	11	3.0%

AAAS estimates based on FY 2005 and FY 2006 appropriations bills. Includes conduct of R&D and R&D facilities.

FY 2005 and FY 2006 request figures based on OMB R&D data and supplemental agency budget data.

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

¹ Funding for laboratory facilities, support services, and some investigator salaries are in Research Support for all years; in obligations. BA adjustment converts obligations to budget authority.

July 25, 2005 - AAAS estimates of Senate Appropriations Committee-approved appropriations bill.