

VA R&D Remains Flat in 2007 Budget

AAAS R&D Funding Update on R&D in the FY 2007 VA Budget

(This analysis is a preview of the VA section in the forthcoming *AAAS Report XXXI: Research and Development FY 2007*, a comprehensive look at the President's budget for R&D in FY 2007. This analysis contains AAAS estimates of VA R&D. More tables and continually updated supplemental materials on R&D in the FY 2007 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) would maintain a flat R&D budget of \$765 million in FY 2007**, but planned funding from other sources would bring total VA-performed R&D to \$1.6 billion (see Table II-19).

VA R&D in the FY 2007 Budget

The Department of Veterans Affairs (VA) is one of the 10 largest R&D funding agencies in the federal government, with the 9th largest R&D portfolio in the FY 2007 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 percentage of VA investigators who hold joint appointments with academic institutions. Most of the roughly 3,000 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 it funds just over half of VA's total R&D for support of direct R&D costs. Support costs, infrastructure, and other indirect costs as well as the salaries of clinician-researchers who both treat patients and perform research are funded out of other VA medical care accounts. Although past budget requests have proposed to consolidate all these R&D costs into Medical and Prosthetic Research, the FY 2007 budget bows to congressional preferences in keeping them separate. **After including support costs, total federally funded VA R&D would be \$765 million in FY 2007, exactly even with the 2006 budget (see Table II-19).** The effects of inflation would result in the funding of approximately 2,045 research projects, down 66 from this year.

VA classifies its R&D program into four major areas: biomedical laboratory science, rehabilitation research, health services research, and clinical science. The other line item, the largest one, is for research support costs. Biomedical laboratory science is the largest direct R&D category with \$230 million in FY 2007 for investigator-initiated research projects in areas with special relevance for veterans such as aging, chronic disease, and environmental exposures. Rehabilitation research would receive \$51 million for science and technology to improve quality of life for the disabled, such as improved prosthetics. Health services research (\$61 million in FY 2007) focuses on improving the effectiveness and efficiency of health care services and translating research into clinical practice. Finally, clinical science research would receive \$67 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 \$885 million in R&D funding will come from other sources, mostly from VA scientists winning federal research grants, resulting in a total VA portfolio of \$1.6 billion (up 1 percent) when combined with VA appropriations (see Table II-19).

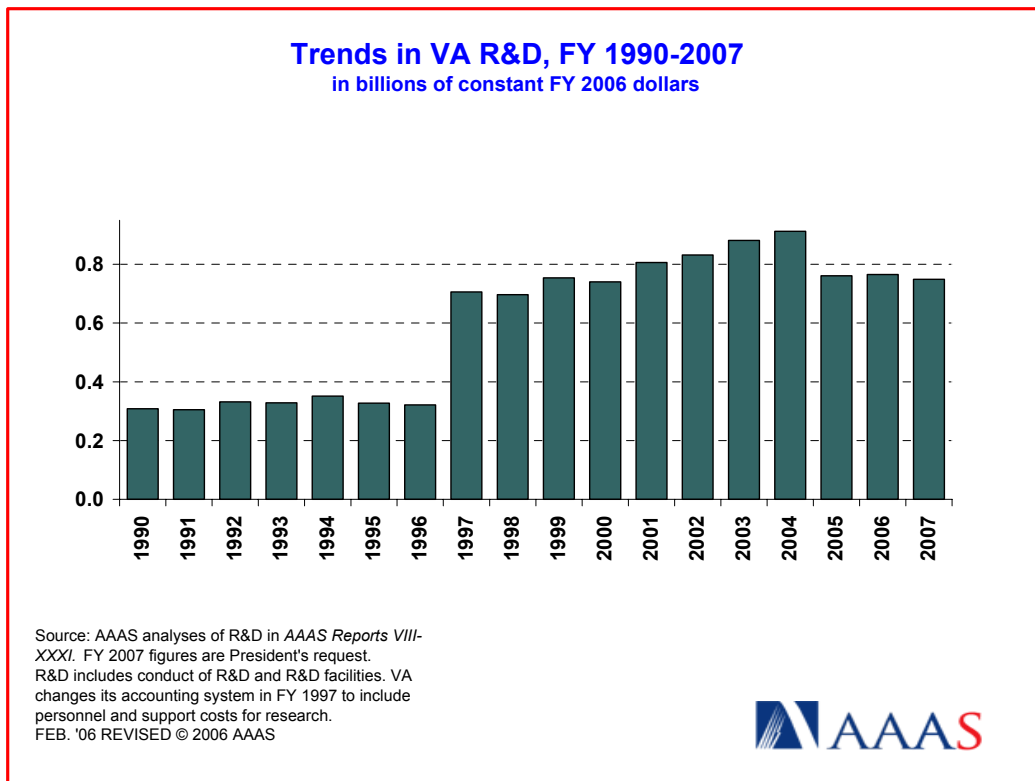


Figure 1. (click on the image for PDF)

VA federal R&D has mostly expanded in recent years as the overall VA budget has grown (see Figure 1). After peaking in 2004, VA R&D fell in 2005 because of tough budgetary pressures for domestic spending in general and veterans spending in particular, and the 2006 and 2007 budgets would continue funding at the reduced 2005 level. 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.

(More materials on R&D in the FY 2007 budget, historical data and charts, and more information on *AAAS Report XXXI: Research and Development FY 2007*, can be found on the AAAS R&D Web site at <http://www.aaas.org/spp/rd>.)

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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 2005 Actual	FY 2006 Estimate	FY 2007 Budget	Change FY 06-07	
				Amount	Percent
Medical and Prosthetic Research 1/					
Biomedical laboratory science	233	240	230	-10	-4.2%
Rehabilitation research	51	53	51	-2	-3.8%
Health services research	62	65	61	-4	-6.2%
Clinical science research	68	70	67	-3	-4.3%
Research support 1/	341	353	366	13	3.7%
BA Adjustment	-13	-16	-10	6	-37.5%
Total VA R&D	<u>742</u>	<u>765</u>	<u>765</u>	0	0.0%
Federal Grants (other agencies) ²	625	662	676	13	2.0%
Other grants (contributions) ³	195	204	209	4	2.0%
Total VA-Performed R&D	<u>1,561</u>	<u>1,632</u>	<u>1,649</u>	17	1.1%

Source: OMB data for R&D for FY 2007 and agency budget justification.

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

¹ Includes funding for laboratory facilities, support services, and some investigator salaries from other VA accounts under Research Support; 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.