

VA R&D Climbs in House Plan

AAAS R&D Funding Update on VA R&D in FY 2008 House Appropriations

Highlights

- **The Department of Veterans Affairs (VA) R&D portfolio would increase \$41 million or 4.8 percent in the latest House appropriation to \$891 million in FY 2008 (see Table).**

VA R&D in FY 2008 House Appropriations

The Department of Veterans Affairs (VA) is one of the 10 largest R&D funding agencies in the federal government, with the 8th largest R&D portfolio in the FY 2008 budget, but receives relatively little attention because its entire R&D investment goes to its own nationwide network of VA hospitals. But the House Appropriations Committee gave the VA immediate attention on June 6 when it approved an FY 2008 Military Construction-Veterans Affairs appropriations bill (HR 2642) as the 2nd of its 12 2008 appropriations bills. The Democratic majority in the 110th Congress has made veterans programs a high priority for funding and has tried to turn around what it sees as years of budgetary neglect of the VA at a time when the Iraq war has created hundreds of thousands of new veterans, many with debilitating war-related injuries. The Military Construction-VA bill contains nearly \$65 billion in discretionary funding for the VA and military construction programs in the Department of Defense (DOD), \$4 billion more than the President's request and a tremendous \$15 billion or 30 percent more than the current fiscal year.

VA's R&D portfolio shares in the House's generosity to VA in general. **VA R&D would increase by \$41 million or 4.8 percent over the current year to \$891 million in the House bill** (see Table), a full \$69 million more than the VA's own request. The 2008 House increase would have been even larger in percentage terms, except that just a few weeks ago on May 25 VA received an extra \$33 million for 2007 for R&D relevant to Iraq War veterans' medical needs. VA's R&D is 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, although many VA investigators hold joint appointments with academic institutions, and much of VA research is collaborative with other institutions.

The Medical and Prosthetic Research budget account is the core of VA's research effort, but it funds just a portion of VA's total R&D, for support of direct R&D costs in a \$411 million request for FY 2008 upped to \$480 million in the House plan. Support costs, infrastructure, and other indirect costs as well as the salaries of clinician-researchers are funded out of other VA medical care accounts.

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. All these areas should enjoy 2008 increases under the House plan. Biomedical laboratory science is the largest direct R&D category with an estimated \$261 million in FY 2008 for investigator-initiated research projects in areas with special relevance for veterans such as aging, chronic disease, and environmental exposures. Rehabilitation research could receive \$61 million for science and technology to improve quality of life for the disabled, such as improved prosthetics. Health services research (\$76 million in FY 2008) focuses on improving the effectiveness and efficiency of health care services and translating research into clinical practice. Finally, clinical science research could receive \$82 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 \$975 million in R&D funding will come from other sources, mostly from VA scientists winning federal research grants, which could result in a total VA portfolio of \$1.9 billion when combined with VA appropriations.

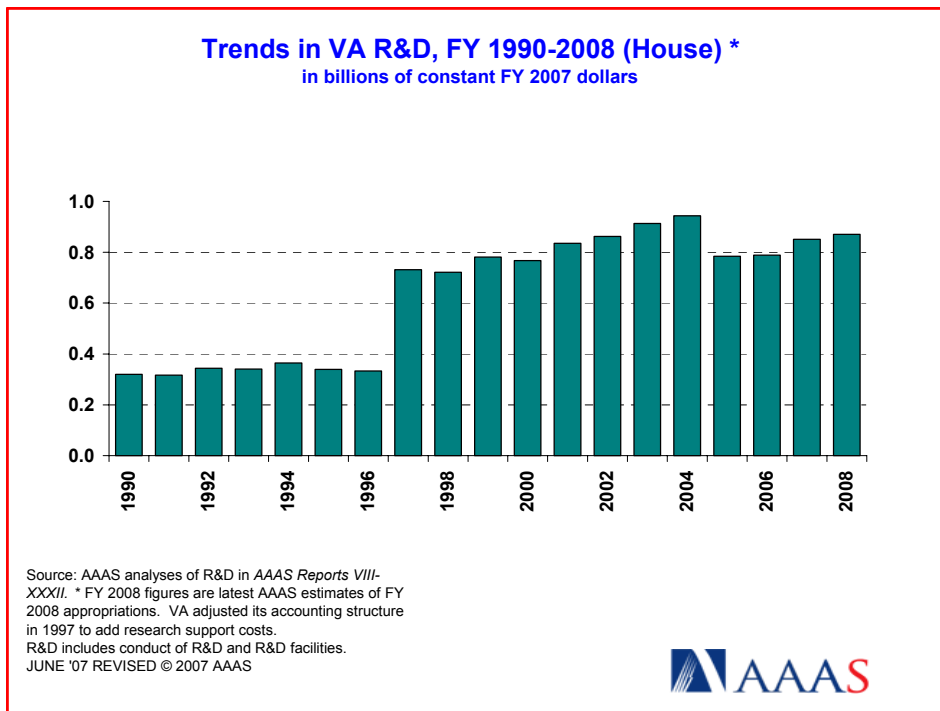


Figure 1. (click on the image for PDF)

VA federal R&D flattened out in recent years, but the new Congress is trying to put funding back on an upward path (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 remained there in 2006 and initially in 2007. But the 2007 supplemental appropriation and now the 2008 House appropriation represent a change of fortunes; if sustained, VA’s medical R&D spending would show solid real growth for two years in a row.

Next Steps and Outlook

The full House is expected to approve the Military Construction-VA bill this week (June 12) The Senate Appropriations Committee is expected to mark up its version of the bill within the next several weeks. A final version of the bill is expected to reach the President’s desk well before the October 1 start of FY 2008. Although the President has threatened to veto any 2008 appropriations that exceed his request, as the House does by \$4 billion, it may be difficult for him to veto a bill that funds the military and veterans.

(This analysis is one of a series of AAAS R&D Funding Updates on FY 2008 congressional appropriations. The complete series of AAAS R&D Funding Updates, including continually updated analyses of R&D in FY 2008 appropriations, is available on the AAAS R&D Web Site (<http://www.aaas.org/spp/rd>) in the “FY 2008 R&D” or the “What’s New” sections.)

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AAAS R&D Budget and Policy Program



Table. VA R&D in FY 2008 House Appropriations

**Table. Department of Veterans Affairs
House Appropriations Committee Action on R&D in the FY 2008 Budget
(budget authority in millions of dollars)**

	FY 2007 Estimate	FY 2008 Request	Action by House				
			FY 2008 House	Chg. from Request Amount	Chg. from Request Percent	Chg. from FY 2007 Amount	Chg. from FY 2007 Percent
Medical and Prosthetic Research 1/							
Biomedical laboratory science	249	231	261	30	13.0%	12	4.8%
Rehabilitation research	54	51	61	10	19.6%	7	13.0%
Health services research	68	62	76	14	22.6%	8	11.8%
Clinical science research	72	67	82	15	22.4%	10	13.9%
Research support 1/	406	411	411	0	0.0%	5	1.2%
BA Adjustment 1/	2	0	0	0	--	-2	-100.0%
Total VA R&D	851	822	891	69	8.4%	41	4.8%

AAAS estimates based on FY 2008 appropriations bills. Includes conduct of R&D and R&D facilities.

FY 2007 and FY 2008 request figures based on OMB R&D data and supplemental agency budget data.

FY 2007 figures include 2007 supplemental appropriations enacted in Public Law 110-28.

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.

June 12, 2007 - AAAS estimates of House Appropriations Committee action.

These figures may be modified or rejected by the full House.