

## VA R&D Flattens Out in 2008 Budget

### AAAS R&D Funding Update on R&D in the FY 2008 VA Budget

(This analysis is a preview of the VA section in the forthcoming *AAAS Report XXXII: Research and Development FY 2008*, a comprehensive look at the President's budget for R&D in FY 2008. This analysis contains AAAS estimates of VA R&D. More tables and continually updated supplemental materials on R&D in the FY 2008 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) R&D portfolio would stay flat at \$822 million in FY 2008, an increase of just \$4 million or 0.5 percent (see Table II-19).** Planned funding from other sources would bring total VA-performed R&D to \$1.8 billion.

#### VA R&D in the FY 2008 Budget

The Department of Veterans Affairs (VA) is one of the 10 largest R&D funding agencies in the federal government, with the 8<sup>th</sup> 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.

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, although many VA investigators hold joint appointments with academic institutions, and much of VA research is collaborative with other institutions. Three-quarters of the roughly 3,000 investigators supported by VA are physician-scientists doing both clinical practice and research. More than half of all VA research is for investigator-initiated research projects, with the remainder a mix of centers of excellence, career development, and service-directed research.

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. 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. **After including support costs, total federally funded VA R&D would be \$822 million in FY 2008, up just 0.5 percent from the final 2007 funding level (see Table II-19).** The effects of inflation would result in the funding of approximately 2,094 research projects, down by nearly 100 from last 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 \$231 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 would receive \$51 million for science and technology to improve quality of life for the disabled, such as improved prosthetics. Health services research (\$62 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 would receive \$67 million next year to fund clinical trials and other medical research utilizing the large patient network in VA medical facilities. Within these categories, the top research areas for FY 2008 would be: mental illness,

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health systems, cancer, aging, and heart disease, all areas with particular relevance to the veteran population.

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, resulting in a total VA portfolio of \$1.8 billion (up 3.0 percent) when combined with VA appropriations (see Table II-19).

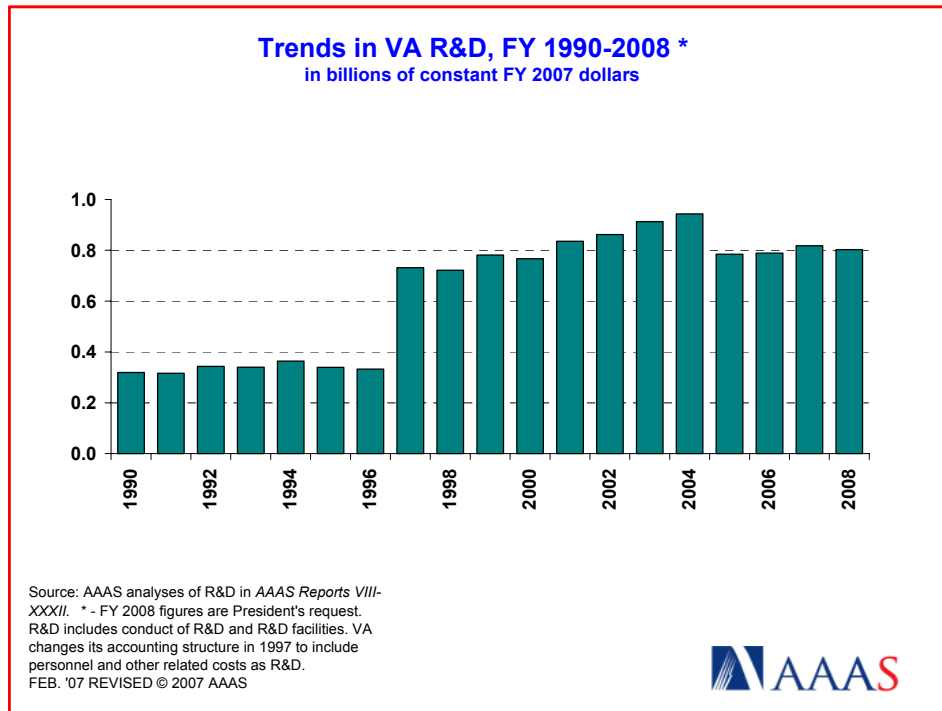


Figure 1. (click on the image for PDF)

VA federal R&D has flattened out in recent years even 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 have remained roughly even in constant dollars since then. On the brighter side, VA scientists are increasingly competitive for external funds; from roughly half VA and half non-VA funding a few years ago, external funding has pulled ahead to become a majority of all VA-performed R&D. (Note: Years ago, VA did not count support, salary, and infrastructure costs in its R&D. 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 2008 budget, historical data and charts, and more information on AAAS Report XXXII: *Research and Development FY 2008*, 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 2006 Actual	FY 2007 Estimate *	FY 2008 Budget	Change FY 07-08	
				Amount	Percent
Medical and Prosthetic Research 1/					
Biomedical laboratory science	229	249	<b>231</b>	-18	-7.2%
Rehabilitation research	51	54	<b>51</b>	-3	-5.6%
Health services research	61	68	<b>62</b>	-6	-8.8%
Clinical science research	67	72	<b>67</b>	-5	-6.9%
Research support 1/	357	406	<b>411</b>	5	1.2%
BA Adjustment	4	-31	<b>0</b>	31	-100.0%
<b>Total VA R&amp;D</b>	<u>769</u>	<u>818</u>	<u><b>822</b></u>	4	0.5%
Federal Grants (other agencies) <sup>2</sup>	684	725	<b>769</b>	44	6.1%
Other grants (contributions) <sup>3</sup>	198	202	<b>206</b>	4	2.0%
<b>Total VA-Performed R&amp;D</b>	<u>1,651</u>	<u>1,745</u>	<u><b>1,797</b></u>	52	3.0%

Source: OMB data for R&D for FY 2008 and agency budget justification.

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

<sup>1</sup> 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.

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

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

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

\* FY 2007 figures reflect AAAS estimates of final FY 2007 appropriations (P.L. 110-5).

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