

VA R&D Falls Slightly in 2009 Budget

AAAS R&D Funding Update on R&D in the FY 2009 VA Budget

(This analysis is a preview of the VA section in the forthcoming *AAAS Report XXXIII: Research and Development FY 2009*, a comprehensive look at the President's budget for R&D in FY 2009. This analysis contains revised AAAS estimates of VA R&D, different from figures originally presented in the President's budget. More tables and continually updated supplemental materials on R&D in the FY 2009 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, after climbing the past two years from emergency appropriations, would decline slightly by 0.8 percent to \$884 million in the FY 2009 budget (see Table II-19).**

VA R&D in the FY 2009 Budget

The Department of Veterans Affairs (VA) is one of the 10 largest R&D funding agencies in the federal government, 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, two-thirds of whom are clinicians-researchers. The 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. 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 \$442 million request for FY 2009. 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 \$884 million in FY 2009, down \$7 million or 0.8 percent from the final 2008 funding level (see Table II-19).** The final 2007 and 2008 funding levels include \$33 million in 2007 and \$69 million in 2008 emergency appropriations for R&D related to Iraq war veterans' needs, so the 2009 request would be an increase over non-emergency appropriations.

VA classifies its R&D program into four major divisions: biomedical laboratory science, rehabilitation research, health services research, and clinical science. The other budget line, the largest one, is for research support costs. Biomedical laboratory science is the largest division with \$259 million in FY 2009 for investigator-initiated research projects in areas with special relevance for veterans such as aging, chronic disease, and environmental exposures. Rehabilitation research would receive \$57 million for science and technology to improve quality of life for the disabled, such as improved prosthetics. Health services research (\$71 million in FY 2009) focuses on improving the effectiveness and efficiency of health care services and translating research into clinical practice. Finally, clinical science research would receive \$75 million next year to fund clinical trials and other medical research utilizing the large patient network in VA medical facilities. VA estimates that the 2009 budget would allow funding for 1,956 research projects,

down from the 2,000+ projects in recent years. Among research topics cutting across the four major divisions, most topics would receive flat funding, but funding for several research topics tied to the 2008 war supplemental such as combat-related mental health, environmental exposures, and acute and traumatic injuries would fall.

VA scientists also compete for research funding from other agencies (such as NIH and DOD), foundations, and industry. Next year, VA projects that \$961 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 \$1.8 billion when combined with VA appropriations.

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. Emergency appropriations in 2007 and 2008 have allowed VA R&D to show growth again in recent years. It remains to be seen whether Congress will reverse the cut in the 2009 VA R&D request, either in regular appropriations or through emergency supplementals. (Note: Years ago, VA did not count support, salary, and infrastructure costs in its R&D. The big jump in FY 1997 in Figure 1 represents VA's decision to add in these costs beginning that year.)

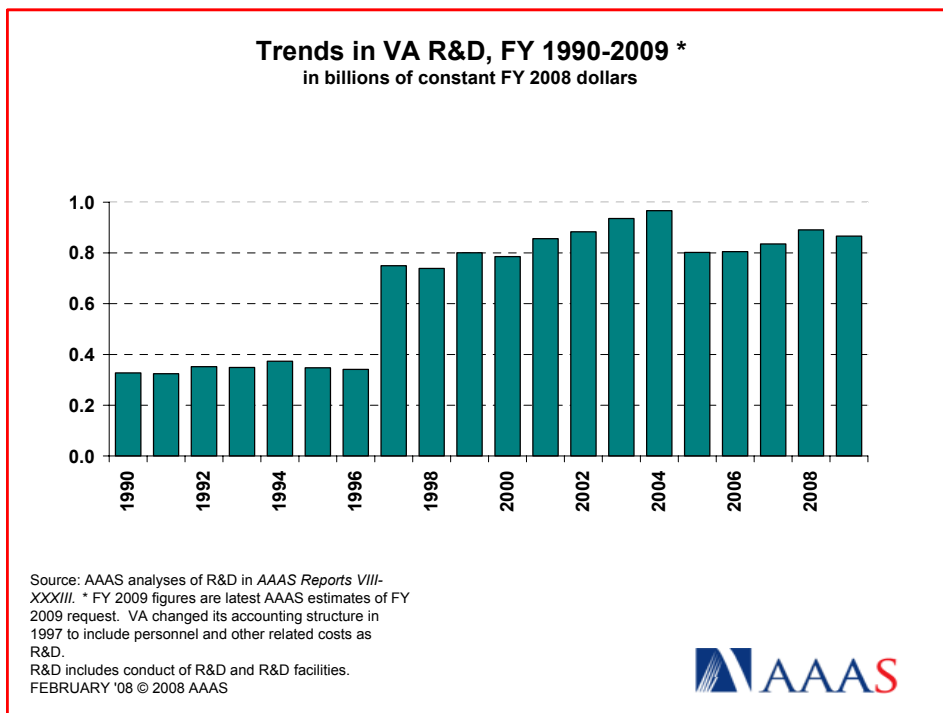


Figure 1. (click on the image for PDF)

(More materials on R&D in the FY 2009 budget, historical data and charts, and more information on AAAS Report XXXIII: Research and Development FY 2009, 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 2007 Actual	FY 2008 Estimate	FY 2009 Budget	Change FY 08-09	
				Amount	Percent
Medical and Prosthetic Research 1/					
Biomedical laboratory science	242	280	259	-21	-7.5%
Rehabilitation research	53	61	57	-4	-6.6%
Health services research	65	76	71	-5	-6.6%
Clinical science research	71	82	75	-7	-8.5%
Research support 1/	373	411	442	31	7.5%
BA Adjustment	15	-19	-20	-1	5.3%
Total VA R&D	<u>819</u>	<u>891</u>	<u>884</u>	-7	-0.8%
Federal Grants (other agencies) 2/	668	708	751	43	6.0%
Other grants (contributions) 3/	202	206	210	4	2.0%
Total VA-Performed R&D	<u>1,690</u>	<u>1,805</u>	<u>1,845</u>	40	2.2%

Source: OMB data for R&D for FY 2009 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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