

Mark S. Schlissel
President
2074 Fleming Administration Building
503 Thompson Street
Ann Arbor, MI 48109-1340
T: 734 764-6270 F: 734 936-3529

June 15, 2017

The Honorable Thomas Price
Secretary
U.S. Department of Health and Human Services
200 Independence Ave., SW
Washington, DC 20201

The Honorable Mick Mulvaney
Director
White House Office of Management and Budget
725 17th St., NW
Washington, DC 20503

Dear Secretary Price and Director Mulvaney:

The U.S. government's commitment to support university research has long made America the leader – and the envy – of the world. I write today in full support of American leadership, the futures of our children, and the lives we save and improve through university research. The University of Michigan opposes the proposed 10 percent cap for facilities and administrative costs on National Institutes of Health grants.

Every person in our nation benefits from the federal commitment to university research. We stop pandemics from taking lives in our community, discover innovative new ways to improve perinatal health, and unlock the secrets of DNA to develop new therapies to treat cancer and other diseases. Saving lives through advances in medical knowledge cannot be ignored in the quest to enhance national safety and security.

The notion that F&A costs do not *directly* support research is based in semantics, not substance. These vital funds are used to partially reimburse universities for costs needed to keep the lights on, purchase and maintain equipment, build facilities, and ensure the safety, compliance and security of our labs. They reimburse universities for investments in operation and infrastructure that make our labs world-leading places to study and conduct research.

The proposed cuts would not only threaten the quality of our research – and our ability to produce life-saving innovations and educate future scientists and physicians – they also would destroy the jobs created by university research. Universities use F&A funds to pay vendors that sell equipment such as computers, the plumbers and electricians who build labs, and the companies that dispose of hazardous waste.

The Honorable Thomas Price
The Honorable Mick Mulvaney
June 15, 2017
Page 2

These are often small- and medium-size businesses, the drivers of regional economies and creators of local jobs. Discoveries made in university research labs result in start-up companies and sometimes entirely new industries like biotech with enormous economic benefits for our nation.

The federal government currently has a strong system in place to ensure accountability in funding. Grants are competitive, and researchers must submit detailed proposals that get reviewed by panels of experts. Only the best and most promising ideas are funded. Close attention is paid to F&A costs that are reviewed carefully and audited by federal agencies.

Discovery for the benefit of our nation, economic stimulus, and rigorous accountability are the three essential qualities that have been hallmarks of the decades-long partnership between the federal government and universities conducting research for the public good.

This partnership has long been driven by the idea that federal support of university research should be a national priority to advance America's leadership. In 1988, President Ronald Reagan issued his "Radio Address to the Nation on the Federal Role in Scientific Research," stating his case for robust support of university research – despite budget challenges:

America has long been the world's scientific leader. Over the years, we've secured far more patents than any other country in the world. And since World War II, we have won more Nobel prizes for science than the Europeans and Japanese combined. We also support more of what is called basic research; that is, research meant to teach us rather than to invent or develop new products. And for the past 40 years, the Government has been our leading sponsor of basic research. The remarkable thing is that although basic research does not begin with a particular practical goal, when you look at the results over the years, it ends up being one of the most practical things government does. ... Major industries, including television, communications, and computer industries, couldn't be where they are today without developments that began with this basic research. We cannot know where scientific research will lead. The consequences and spin-offs are unknown and unknowable until they happen. In research, as Albert Einstein once said, imagination is more important than knowledge. We can travel wherever the eye of our imagination can see. But one thing is certain: If we don't explore, others will, and we'll fall behind. This is why I've urged Congress to devote more money to research. ... It is an indispensable investment in America's future.

The Honorable Thomas Price
The Honorable Mick Mulvaney
June 15, 2017
Page 3

The University of Michigan is our nation's most productive public research university. We are eager to continue our work to advance America's intellectual and innovative global leadership. I urge you to reconsider the proposed F&A cost cap. Your support of university research can drive our nation's economy, prepare our graduates for the best jobs, and help keep our nation safe.

If you wish, I would be delighted to discuss these issues in person in Washington or in one of our research facilities in Ann Arbor. Please don't hesitate to reach out if I can be of further assistance.

Sincerely,



Mark S. Schlissel
President