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Health and Human Services Secretary Tom Price at today's House of Representatives hearing.

MICHAEL REYNOLDS/EPA/Newscom

## Trump wants 2018 NIH cut to come from overhead payments

By [Jocelyn Kaiser](#) Mar. 29, 2017 , 4:15 PM

The Trump administration could slash \$5.8 billion from the 2018 budget of the National Institutes of Health (NIH), yet still fund as least as much research by eliminating overhead payments to universities and research institutions, Secretary of Health and Human Services (HHS) Tom Price told lawmakers today.

The hearing, before the appropriations subcommittee in the U.S. House of Representatives that oversees the HHS budget, included several questions about the

18% cut to NIH's \$31.7 billion budget that President Donald Trump has proposed. (An addendum to that request also included a proposed cut of \$1.2 billion in the current fiscal year.)

Cuts of that size have outraged biomedical research groups and drawn opposition from both Democrats and many Republicans in Congress. The chairman of the subcommittee, Representative Tom Cole (R-OK), said today that "this committee, and certainly me personally, will be very hesitant about" the proposed cut to NIH and other parts of HHS.

NIH's work is "incredibly important," Price told the committee. But he said the agency's budget can be trimmed by finding "inefficiencies," including the overhead payments. "About 30% of the grant money that goes out is used for indirect expenses, which as you know means that money goes for something other than the research that's being done," Price said. The Trump budget, he explained, is "trying to ... be the first step in this process" of getting "a bigger bang for our buck."

Last year, NIH paid \$6.4 billion in overhead costs on top of the \$16.9 billion in extramural funds to support the direct costs of research projects and other awards (or 27% of the total). University and research institutions, which negotiate their indirect cost recovery rates with the federal government, say the amount they receive doesn't come close to covering the cost of the facilities needed to conduct federally funded research and the people needed to manage those grants. Earlier this month, *Science Insider* **reported on the Trump budget's proposed cut** to indirect costs.

Price noted that the \$6.4 billion now being spent is more than what Trump has proposed cutting. His comments were echoed by Representative Andy Harris (R-MD), who noted that many private foundations limit overhead payments to grantees to 10%, whereas others, such as the American Lung Association, pay nothing. "It's very interesting that the private sector doesn't hold these indirect costs to be so valuable as to pay them," Harris said.

A couple legislators hinted that they would resist any attempt to reduce indirect cost payments. Representative Katherine Clark (D-MA), who represents suburban Boston, a research powerhouse, said "We can have a long discussion about how we fund our universities and ... what the indirect costs really go to."

Price also said the president's proposal to fold the Agency for Healthcare Research and Quality (AHRQ) into NIH would not require retaining its \$334 million budget because NIH supports similar studies on improving health care delivery. "We envision the opportunity for the NIH to assume the important duties of AHRQ and then to decrease or reduce ... redundancies," Price said. He said it hasn't yet been decided whether AHRQ will become a standalone center at NIH.

Asked whether Trump's proposal for an NIH reorganization will involve structural changes or adjustments to funding priorities, Price responded with "both." But he added that he and his staff "apprecia[te] that NIH is a massive organization that does incredible work."