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The Unacceptable Cost of Capping Indirect Costs

A letter from David A. Brenner, MD, President and CEO of Sanford Burnham Prebys

Recently, the National Institutes of Health (NIH) announced it would immediately cut the indirect cost rate to an across-the-board 15% cap on all biomedical research funding, current and future. The action is abrupt, arbitrary and ill-conceived—and it represents a profound and unacceptable threat to universities, hospitals and research institutions like Sanford Burnham Prebys.

We stand adamantly opposed to the NIH policy change and, in alliance with scientific institutions and organizations on the Mesa and across the country, we are working to have the policy change revoked, and the future of good science assured.

There is always room for reasoned discussion, reforms and remedies to all issues, but the NIH's decision creates a real and perhaps existential threat to the foundation, quality and prestige of U.S. science, now and in the years to come.

Since 1947, the federal government and thousands of research institutes, universities and hospitals across the country have benefitted from a strong and unshakeable partnership dedicated to advancing biomedical discovery in the search for and the development of new drugs, treatments and therapies for the common good.

This powerful collaboration has made U.S. science and medicine a global exemplar, from basic research that lays the foundations of knowledge and inspiration to translational and transformational science that results in the development and introduction of new and better treatments for everything from cancer to Alzheimer's to infectious diseases to the ubiquitous metabolic disorders of obesity, diabetes and fatty liver disease.

Biomedical research is our bulwark against and the remedy for current and future threats to our health, both as individuals and as a society.

There are only two categories of funding in biomedical research. The first is "direct costs," which are those easily ascribed to a specific research project, such as chemicals necessary for experiments and the salaries of those doing them.

Indirect costs cover the ways, means and tools necessary for scientists to do their work. They are the critical and unavoidable expenses related to the infrastructure of biomedical research, such as keeping the lights and heat on in laboratories, administering payrolls, purchasing specialized instruments, maintaining data cybersecurity and ensuring the safety of human participants.

A 15% cap on indirect costs support recklessly slashes biomedical research, negatively affecting almost every research institute, university and hospital, along with the biotechnology and pharmaceutical industries that rely upon our original and innovative efforts.

The ripple effect is immediate and long-term. The cap would measurably slow the pace of discovery and progress as scientists revised their goals, retrenched efforts, reduced investigations and, in some cases, just stopped doing or pursuing promising avenues of inquiry.

The cap poses particular impact in a place like San Diego, which has long been a hub for biomedical research. The region is home to nearly 2,000 leading universities, research institutes, hospitals, biotechnology companies and other life science enterprises that, according to **Biocom**. In 2023, these entities directly employed nearly 76,000 people (average annual salary: $163,177), supported more than 178,000 related jobs and generated more than $56 billion in total economic output.

The NIH and the National Science Foundation are major contributors to the region's scientific success. In 2023, they provided $2.2 billion in overall funding.

CA-50 is the U.S. congressional district represented by **Rep. Scott Peters**. The district encompasses a large swath of coastal San Diego County, from Carlsbad to the U.S.-Mexico border, including La Jolla and Sanford Burnham Prebys. In 2023, according to **FASEB**, NIH research funding in the district exceeded $1.3 billion to 61 research sites. This year, Sanford Burnham Prebys researchers will receive more than $72 million in NIH funding.

These numbers are even greater and more impressive **statewide**: 466,888 Californians directly employed in life sciences and 1.24 million jobs supported for a total economic output of more than $414 billion in 2023.

No plausible or viable alternatives can match federal scientific support. Foundations and philanthropy provide only a relative fraction and their funding often comes with restrictions and little or no support for indirect costs.

Our response to the NIH action has been multi-pronged and evolving. As an institute, we are in communication with local, state and national officials to provide context, information and help them leverage their specific abilities to reverse course.

We are collaborating with our Mesa partners and with organizations like the Council on Governmental Relations, the Association of Independent Research Institutes (AIRI) and the Association of American Universities (AAU) to multiply the power of our message and influence. We encourage those who share our commitment to scientific research to stay informed about this issue and engage with policymakers or organizations that advocate for sustained research funding.

Internally, we are assessing immediate and future effects of a 15% cut on programs and projects at Sanford Burnham Prebys, and developing plans and policies to mitigate adverse effects. This is an ongoing process that involves administration, faculty and staff.

The NIH's policy change imperils the future of science in California and across the country, not only the continued development of life-saving therapeutics and treatments, but the training and prospering of new generations of scientists.

With a cap of 15%, fewer scientists will embrace the mission because they will lack sufficient means to do so. New generations of scientists will not have the same opportunities. The nation's global leadership in life sciences will wither; the pipeline of new drugs, treatments and therapies will become a trickle.

No one advocates for such a future. The emergence of new tools like artificial intelligence, computational biology, machine learning and the rapid, maturing application of disciplines like epigenomics, transcriptomics and metabolomics have propelled biomedical research into a new era of unprecedented promise and potential.

Our mission and vision at Sanford Burnham Prebys embraces these opportunities and possibilities to excel—and we are determined to do so.

Sincerely,

David A. Brenner, MD
President and Chief Executive Officer
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