


ENGINE STALLED: SEQUESTRATION'S IMPACT ON NIH AND THE BIOMEDICAL RESEARCH ENTERPRISE

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The National Institutes of Health's (NIH) role as a U.S. economic engine, helping maintain American competitiveness, has been well documented. NIH supports nearly half a million jobs across the country and remains the largest funder of life sciences research in the U.S.

Given that NIH funding consistently generates substantial, positive economic returns, it is critical to focus on the impact that the current fiscal and policy environment, including a possible sequester in January 2013, may have on our country's medical research enterprise—an enterprise which not only leads to improved health and quality of life for Americans but also spurs innovation, U.S. economic growth, and job creation.

Earlier this month, United for Medical Research released an updated analysis of the report entitled, "An Economic Engine: NIH Research, Employment, and the Future of the Medical Innovation Sector," which focused on the economic benefits of NIH extramural spending. The updated report clearly shows that in 2011 NIH remained a powerhouse driver of economic activity and jobs, but the lack of sustained investment in the agency affected its ability to sustain jobs. Using the Department of Commerce RIMS II model, the analysis projected that $23.7 billion in NIH extramural funding in 2011 directly and indirectly supported 432,092 jobs, a decrease of approximately 55,000 jobs from the previous year. This decrease in funding was due, at least in part, to the end of supplementary investment in NIH provided by the American Recovery and Reinvestment Act.

The following new chart provides a side-by-side comparison to demonstrate the number of jobs supported by NIH awards to states that would be lost if there were a 7.8 percent[1,2], reduction in non-defense, discretionary spending. Ultimately, the full impactof a sequester on NIH andthe life sciences enterprise couldexceed this initial estimate, withsome already projecting cuts ofmore than 9 percent. **The results are disturbing**: asseen in Column 1, projections suggestthat the total number of NIH awards would drop by 1,849. Additionally, total employment supported by NIH awards would fall by 33,704. Policymakers find themselves at ahistoric juncture where they mustbalance the tension between a fragile economic recovery and the need to reduce the federal deficit. At the same time, our nation's commitment to NIH has been, and must remain, an important factor in bolstering the nation's economy and driving U.S. global success. It is paramount that Congress preserveNIH funding and prevent an automatic, across-the-board spending cut.

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Footnotes

1 Source: Congressional Budget Office
2 Given that 2012 spending is yet to be fully determined, it bases new employment estimates on 2011 state-by-state NIH extramural spending patterns.

Jobs Supported by NIH Awards to States, Assuming a 7.8% Sequestration Cut

State	Difference in NIH Awards ($ million)	Difference in Intrastate Jobs	Difference in Interstate Jobs	Difference in Total Employment
Alabama	21	345	74	419
Alaska	0.7	12	24	36
Arizona	14.3	242	112	354
Arkansas	4.9	86	54	139
California	275.8	4,254	676	4,930
Colorado	24.9	402	95	497
Connecticut	37.4	437	70	508
Delaware	2.4	23	17	40
District of Columbia	15.8	33	9	43
Florida	38.5	685	328	1,014
Georgia	36.1	680	176	856
Hawaii	4.7	78	30	109
Idaho	0.7	11	24	35
Illinois	60.8	947	221	1,167
Indiana	16.9	279	113	392
Iowa	15.4	258	71	329
Kansas	8.2	115	51	166
Kentucky	12.2	215	73	287
Louisiana	13	236	107	343
Maine	5.8	114	28	142
Maryland	131.7	1,813	102	1,915
Massachusetts	195.6	2,578	120	2,699
Michigan	51.2	776	140	916
Minnesota	38.6	614	104	719
Mississippi	2.7	44	49	93
Missouri	37.2	501	82	585
Montana	3.1	55	20	75
Nebraska	6.5	98	41	139
Nevada	1.6	21	49	71
New Hampshire	6.9	88	21	109
New Jersey	19.5	263	155	417
New Mexico	8.3	126	33	159
New York	159.2	2,187	402	2,589
North Carolina	82.9	1,431	174	1,605
North Dakota	1.3	20	15	36
Ohio	55.5	963	198	1,161
Oklahoma	6.5	125	82	207
Oregon	23.7	401	74	475
Pennsylvania	113.5	1,699	195	1,894
Rhode Island	11.9	167	20	187
South Carolina	11.1	201	76	278
South Dakota	1.5	16	16	31
Tennessee	37.4	631	99	730
Texas	83.3	1,544	475	2,019
Utah	13.4	268	55	322
Vermont	4.1	70	13	83
Virginia	26	355	142	497
Washington	72.2	1,059	125	1,184
West Virginia	1.5	25	32	57
Wisconsin	31.4	520	108	627
Wyoming	0.5	8	20	27
50 states plus DC	1,849	28,118	5586	33,704

About United for Medical Research:
United for Medical Research represents leading research institutions, patient and health advocates and private industry, joined together to seek steady increases in federal funding for the National Institutes of Health. The coalition consists of the American Cancer Society Cancer Action Network, American Diabetes Association, American Heart Association, Association of American Universities, Association of Public and Land Grant Universities, BD, Biotechnology Industry Organization, Harvard University, Johns Hopkins University, Life Technologies, Massachusetts Institute of Technology, Melanoma Research Alliance, PhRMA, Research!America, Stanford University, The Endocrine Society, Thermo Fisher Scientific, University of Pennsylvania, University of Southern California, Vanderbilt University, and Washington University in St. Louis.