

Modular Grants

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Thank You

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Main Questions for BSA/NCAB

- Should we reduce or eliminate the current reduction from modular grants (13% for <\$175K; 17% for \$175-250K)? If yes, should we do it all at once, or over more than 1 year?
 - NCI can determine these decisions
- Should we increase the maximum amount of modular grants (currently \$250K)? If yes, by how much?
 - This decision requires NIH approval

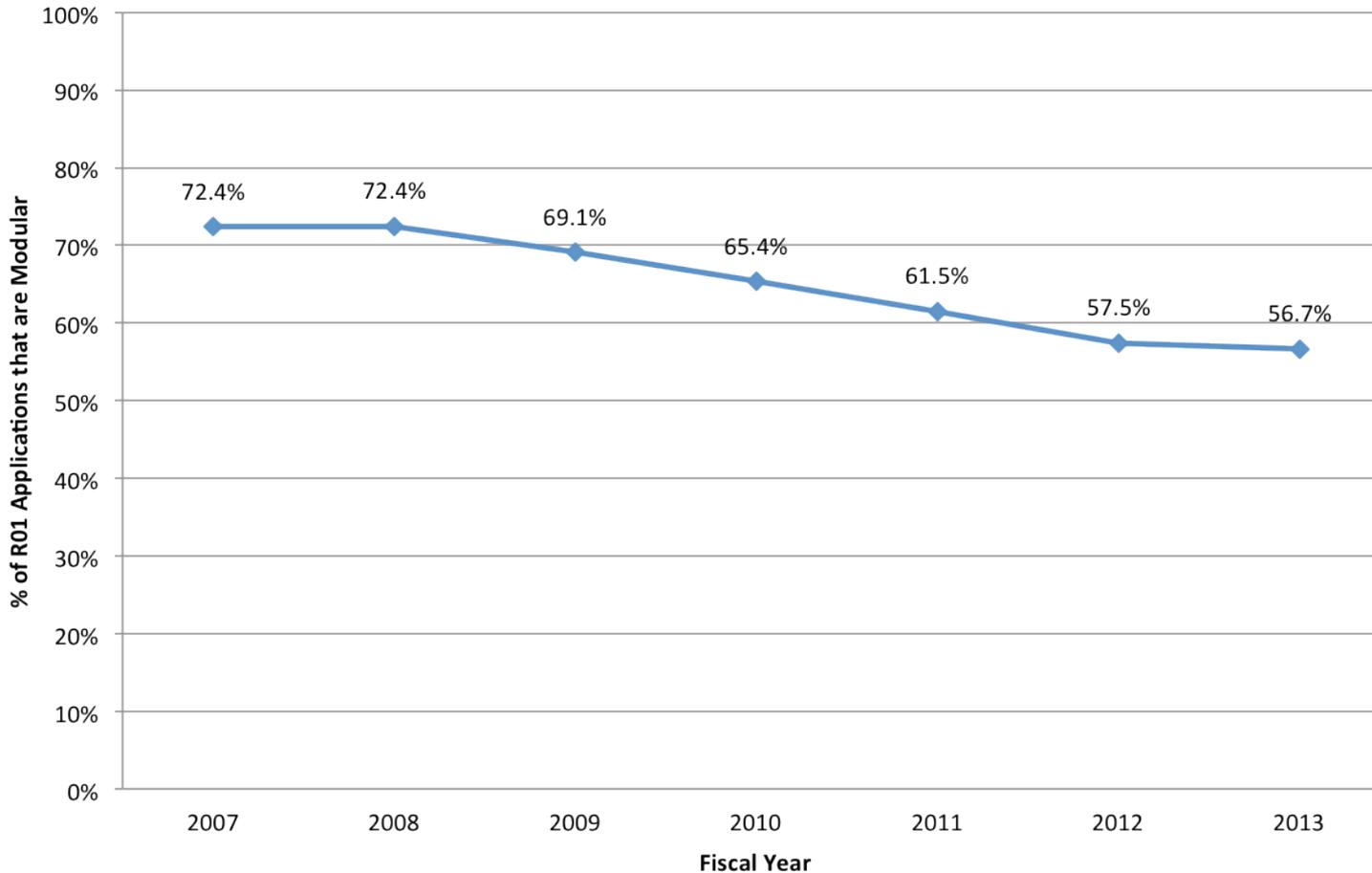
NIH Recommendations for Modifying Maximum Amount of Modular Grants

- NIH Extramural Activities Working Group (EAWG) recommendation: raise the maximum amount of modular grants from \$250K to \$275K
- No consensus among IC Directors at August 28 meeting: opinions ranged from recommending an even larger increase to no change (and even to eliminating modular grants)

Modular Grants: Theory vs. Practice

- Modular applications and awards were developed to: 1) reduce the workload for applicants and reviewers; 2) enable reviewers to focus on evaluating science rather on budgets
- In reality, they now function largely to contain costs (the NCI 13%/17% reduction of the award is higher than the 13% average IC reduction)
- The proportion of modular applications is decreasing

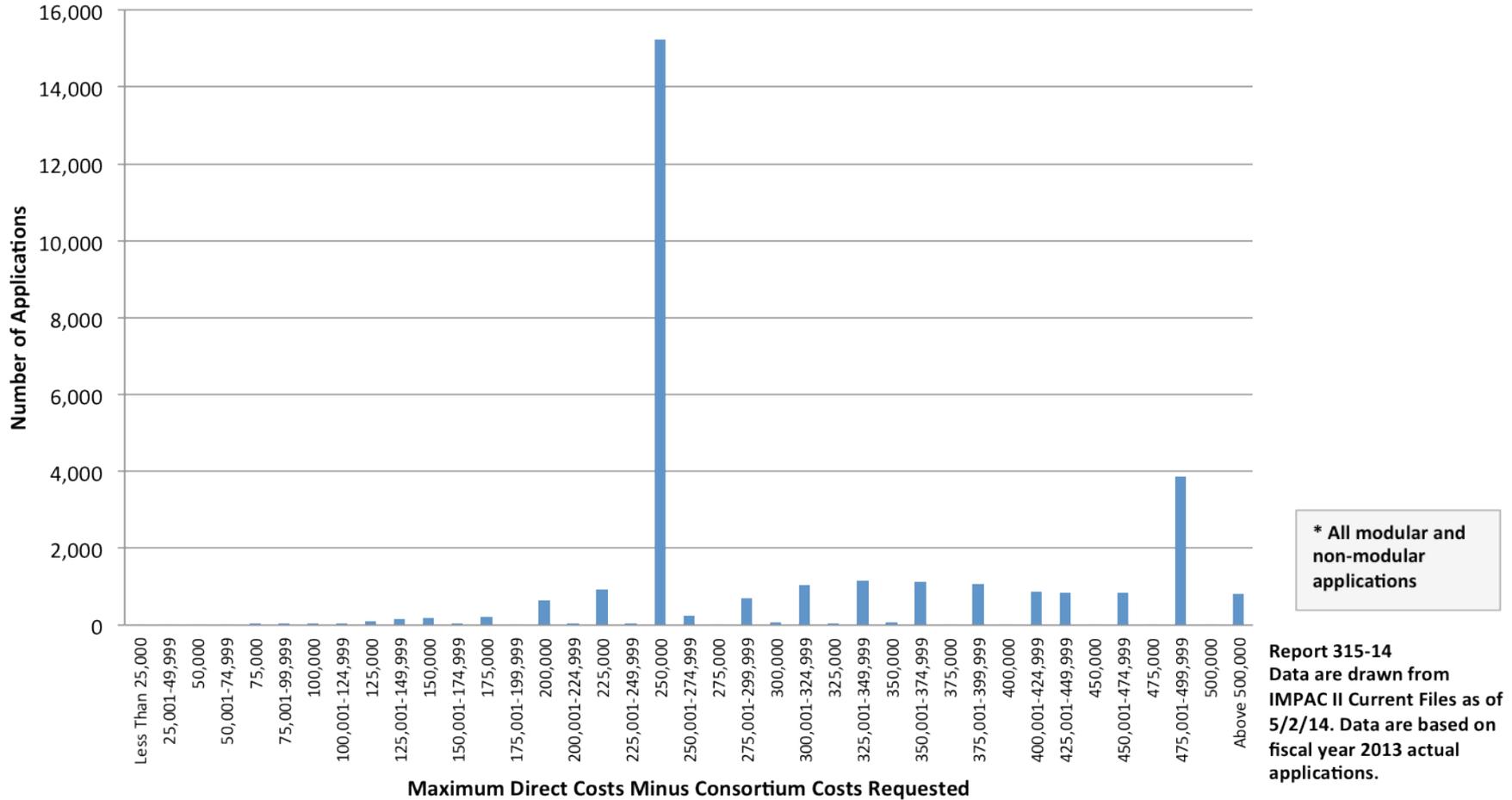
Percentage of Modular R01 Applications, * FY07-13



Report 315-14
Data are drawn from
IMPAC II Current Files as
of 7/2/14. Data are based
on fiscal year 2013 actual
applications.

***An application was considered modular if it met the policy definition of requesting, for each year, a maximum of \$250,000 in direct costs minus consortium costs in increments of \$25,000.**

FY13 Distribution of R01 Applications



Purchasing Power of \$250K: FY03 vs. FY13

- \$250K in FY03 = \$181K in FY13 (a 28% reduction)
- To keep pace with inflation (adjusted with BRDPI*), it is estimated the modular budget would need to increase to \$345K (a 38% increase)

*BRDPI = Biomedical Research and Development Price Index

NCI Modular vs. Non-Modular R01 Competing Awards: FY12-FY14

- FY12: modular 61%, non-modular 39%; 661 awards, \$257 million (average award: \$389K)
- FY13: modular 58%, non-modular 42%; 611 awards, \$241 million (average award: \$394K)
- FY14: modular 54%, non-modular 46%; 629 awards, \$264 million (average award: \$420K)

Costs of Modular vs. Non-Modular R01 Competing Awards: FY14

- **Modular:** 342 awards, \$113 million total (average award: \$330K)
- **Non-modular:** 287 awards, \$151 million (average award: \$527K)
- **Removal of 17% reduction:**
 - from *modular* awards: Costs an additional \$23 million (average award: \$398K);
 - from *non-modular* awards: Costs an additional \$31 million (average award: \$635K)
- **The increased costs will continue for the duration of each award**

Possible Solutions for Modular and Non-modular Awards

- Phase out the 13% reduction immediately (only affects awards <\$175K, little impact on R01 costs [~\$2 million])
- Phase out the 17% reduction for modular awards over 1 or 2 years; costs \$23 million more when phase out is complete = 8% of total competing R01 spending
 - at \$400K per award, \$23 million = 57 modular awards = 44 non-modular awards
- How to handle non-modular awards (>\$250K)?

Recommend Increasing the Maximum Modular Amount?

- This change requires NIH approval; the current 250K maximum is NIH-wide
- NIH EAWG recommends increasing the maximum to \$275K
- A greater increase may be needed to try to maximize the proportion of awards that are modular
- Each \$25K increase would cost ~\$9 million for 350 fully funded modular grants or ~\$7 million for 350 grants with the 17% reduction

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