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

*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

Report 315-14
Data are drawn from IMPAC II Current Files as of 5/2/14. Data are based on fiscal year 2013 actual applications.

* All modular and non-modular 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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