

National Cancer Advisory Board (NCAB)  
Subcommittee on Planning and Budget

Hyatt Regency Bethesda Hotel  
Diplomat/Ambassador Room  
1 Bethesda Metro Center  
Bethesda, MD  
February 26, 2014  
6:30 p.m. – 8:00 p.m. EST

SUMMARY

Subcommittee Members Present:

Mr. William Goodwin, Chair  
Dr. Elizabeth Jaffee  
Mr. Patrick McGarey, NCI, Executive Secretary  
Dr. Jennifer Pietenpol  
Dr. Charles Sawyers  
Dr. William Sellers

NCAB Members:

Dr. Tyler Jacks

Other Participants:

Ms. Susan Erickson, NCI  
Ms. Blair Feldman, NCI  
Dr. Waun K. Hong, M.D. Anderson  
Dr. Deborah Winn, NCI  
Viviane Callier, Rapporteur, The Scientific Consulting Group, Inc.

**Call to Order and Opening Remarks**

Mr. William Goodwin, Subcommittee Chair, opened the meeting at 7:15 p.m. He welcomed participants to the meeting of the Subcommittee and suggested an informal format for the meeting, encouraging participants to ask questions. He introduced the Subcommittee's Executive Secretary, Mr. Patrick McGarey, Director, Office of Budget and Finance.

**NCI Budget Overview**

Mr. McGarey provided a presentation on the 2014 NCI Budget. He said that he would share information about the budget for FY 2014 and FY 2015. The operating plan is still in review at the Office of Management and Budget (OMB), and the summary of results for both fiscal years will be available on March 4, 2014.

The January 2014 appropriation for NCI is \$4.9 billion (B), which represents an increase of \$144 million (M) (2.8%) over the FY 2013 budget. Because of the global budget agreement, there will

not be sequestration in FY 2014, but the research community is still experiencing the effects of sequestration; funding levels have not returned to pre-sequestration levels. Furthermore, some salary and infrastructure costs are increasing at the rate of 4.5 percent, but the budget has only increased by 2.8 percent. Because the price index for biomedical research is 2.7 percent for 2014, the inflation-adjusted budget is essentially flat.

Mr. Goodwin asked whether the \$144 M budgetary increase was accompanied with requirements that would change expenses. Mr. McGearly responded that the TAPS and assessments vary between years. The greatest impact on the budget is the mandatory spending (i.e., intramural salaries and infrastructure), which represent fixed costs. Ms. Blair Feldman said that fixed costs increased by \$70 M from FY 2013 to FY 2014, thus accounting for approximately one-half of the \$144 M budget increase. This underscores a fundamental problem whereby fixed costs rise faster than increases in the budget, leading to a "constant erosion" of research funding. It was noted that salaries were increased by only 1 percent. It also was noted that the cost of some biomedical research is increasing at the rate of approximately 4 percent, faster than inflation (~2%). The cost of biomedical research is driven by the cost of pensions, increased salaries as faculty are replaced, and aging infrastructure.

Mr. McGarey explained that an agreement in December 2013 allowed a \$63 Billion increase in spending for FY 2014 and FY 2015, but this increase in spending is not permanent and does not represent a higher "baseline." Beyond FY 2016, there is no change in the spending caps. Most of this increase was effected in FY 2014, and the FY 2015 budget on average represents a 0.01 percent increase, which means that it is essentially flat. Mr. McGarey expressed optimism that a robust economic recovery would fuel support for biomedical research. Although funding levels are below that of pre-sequestration levels, they are on an upward trend.

A participant remarked that although the budget in absolute dollars is increasing, the inflation-adjusted budget has decreased by 25 percent between 2002 (the peak) and 2014. In inflation-adjusted dollars, funding rates currently reside at 1999 levels. This accounts for why the budget feels constrained. The cost of biomedical research is increasing faster than the rate at which budgets are growing. In inflation-adjusted terms, the budget is projected to remain flat for FY 2015 and beyond.

It was noted that the current funding situation is the result of history. The NCI has existed for more than 35 years but has not changed fundamentally. The current funding constraints may require extensive restructuring. Although inflation-adjusted funding is at the 1999 levels, there are currently more people in the biomedical research system than there were in 1999. When funding levels peaked in 2002, institutions hired more faculty and staff.

Mr. Goodwin summarized that biomedical research funding is in a static situation and not in decline, but there is little growth.

## **Adjournment**

**Mr. Goodwin thanked attendees and adjourned the Subcommittee meeting at 8:00 p.m. EST.**