NIH Urged to Be a Smart Shopper

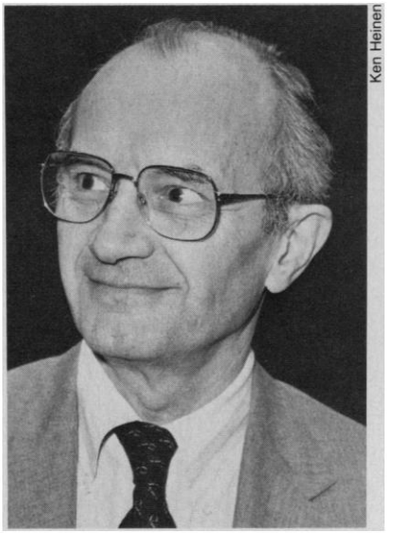
A congressional committee is suggesting cost be given more consideration when deciding which grants to fund

THE NATIONAL INSTITUTES OF HEALTH is considering a major overhaul in the way it awards research grants. Although scientific and technical merit will continue to be the guiding principle, another factor—always lurking in the background—may soon play a larger role in the decision-making process: cost. Nothing is final, but just the suggestion that money and merit could clash head on is already causing consternation among NIH officials and will certainly stir up the scientific community as news of the overhaul spreads.

Driving the changes NIH is considering is a complaint from Congress that despite ever-increasing budgets, legislators are hearing a chorus of griping from scientists about the level of federal support for biomedical research. The griping became particularly intense this year when NIH was able to award only some 4600 new grants, down from more than 6500 just 2 years ago.

The House appropriations committee concluded that part of the blame for this situation was poor planning, and in a report accompanying appropriation legislation it suggests several long-range strategies NIH could adopt to bring "stability and predictability" to its support of individual researchers: establish a stable pool of 6,000 new grants each year and 24,000 total grants; reduce the average length of grants to 4 years from the current 4.3 years; have peer-review committees consider both direct and indirect, or overhead, costs when ranking grant applications; and eliminate the practice of "downward negotiations" in which grants are cut back to save money after they have been approved for funding. The controversial bottom line: "Average costs should be controlled through which grants should actually be chosen for funding," the report states—in other words, to keep costs down, choose cheaper grants. Similar language has been inserted in a draft report currently awaiting approval by the Senate appropriations committee.

"That is really a new twist in the system," says Claude L'Enfant, director of the National Heart, Lung and Blood Institute, "and I am not so sure that the impact of that was fully appreciated when it was recommended." L'Enfant is particularly concerned about Congress's suggestion that peer-review study sections should consider the total cost of a grant when making a decision. At present, reviewers look only at direct costs—supplies, technicians, salaries, and the like—and, based on their experience, they decide whether a proposed project can be accomplished with the budget that has been requested. They do not even see the indirect costs, which institutions add on top of direct costs to pay for infrastructure and overhead. Because indirect cost rates vary widely from university to university, including them in the peer-review process might favor proposals from low-cost institutions. "I think the scientific community is going to be a little bit biased when they look at those institutions with a very high indirect cost," says L'Enfant. Acting NIH director William Raub adds that sharing indirect cost information with study sections would change the nature of the peer-review process by bringing in factors other than the technical merits of proposals. "I think there would be tremendous damage," he says.



No bargain hunter. *NHLBI director L'Enfant says proposals need more thought.*

The report also points to a recent statistical trend that may make the "crisis" in grant funding seem worse than it is. The proportion of new and competing proposals that make the first cut—those that are approved for review by study sections—has risen from 77.5% to 91.6% from 1979 to 1988. The appropriations committee argues that this has led to an artificial lowering of the "success" rate of approved grants that actually receive money. The committee's proposed fix: adopt a more stringent standard for approving grants so that only those that have a real chance of being funded are reviewed.

The Association of American Universities, which represents the 50 or so universities that have the most federal research grants, is predictably upset by some of the report's recommendations. Carol Scheman, who tracks biomedical research issues for the association, claims that by establishing specific targets for numbers of grants, and then spelling out cost containment measures, NIH will be driven to purchasing science the same way other agencies purchase desks and chairs—on a comparative cost basis. "There once was a consensus that we were doing research in universities not just for the results of a particular project, but to invest in the environment, to invest in the capacity, to invest in the teaching and training and research, and to develop a system that would be there in the next generation," says Scheman. "That has eroded."

None of the proposed changes are yet cast in stone. Indeed, Raub points out that NIH has some room to maneuver in dealing with Congress's suggestions. Raub has begun a series of in-house discussions and has plans for discussions with NIH's advisory councils and the scientific community at large. "If there emerges a consensus that NIH can endorse . . . I feel quite confident that even if it disagrees in some significant detail with the committee's proposals, they will say 'fine.'" But Raub has already begun to acknowledge that bringing "price competition"—competition between grants based on cost—into the grant-making process is a very real possibility.

If the House appropriations committee has rattled people with its proposed structural changes, it brought smiles for its financial largess. The House appropriations bill would give NIH $8.3 billion in 1991, $1 billion more than its current appropriation, and nearly $600 million more than the Bush Administration requested. The Senate appropriations committee is expected to come in with a mark somewhat lower. Unfortunately, however, none of these budget numbers mean much until White House and congressional leaders agree on a formula to reduce the deficit. That formula will almost certainly shave some off the NIH total. And if there is no agreement, the Gramm-Rudman deficit reduction act will kick in, chopping off a whole lot more.

■ JOSEPH PALCA