



July 26, 2017

2159 INDIA STREET
SUITE 200
SAN DIEGO, CA 92101
858-568-7777

cleantechsandiego.org

MISSION:

To accelerate
clean technology
innovation and
adoption of sustainable
business practices
for the benefit of
the economy and
the environment

The Honorable Scott Peters
U.S. House of Representatives, CA 52nd District
1122 Longworth House Office Building
Washington, DC 20515

Dear Congressman Peters:

On behalf of Cleantech San Diego and UC San Diego, I write to express our concern for the Administration's proposal in the FY 2018 budget to establish a 10 percent cap on facilities and administrative (F&A) expenses for National Institutes of Health (NIH) research. Cleantech San Diego and our research partners believe there would be extensive, unintended consequences with respect to loss of jobs, economic prosperity, life-changing discoveries, and training the next generation of discoverers and entrepreneurs who have been the foundation of the biotechnology, life sciences, communications, information technology, and cleantech communities that are prominent in the San Diego region.

As you may know, F&A costs are an essential element of the cost of conducting federally-funded research, which cannot be performed in the absence of specialized facilities and laboratories, utilities, high-speed data processing and storage, human and animal research review boards, radiation and chemical safety activities, and other infrastructure and compliance requirements. At UC San Diego, F&A costs are competitive in the open marketplace.

Cleantech San Diego members and other industry partners view university-based research as a critical element of their R&D portfolios. In 2016, industry partners sponsored more than 1,200 research agreements with UC San Diego totaling approximately \$145 million, paying the approved 55 percent rate, which is the approved federally negotiated rate between UC San Diego and HHS (their cognizant agency), in order to access the university research infrastructure and services needed to support the federal projects.

If the proposed F&A cap of 10 percent were to be enacted, UC San Diego and the region would see both measurable and immeasurable impacts. Specifically, UC San Diego would see a reduction in NIH research awards by \$99 million per year. This translates into the following impacts on jobs and the economy in the San Diego region:

- UC San Diego employees: more than 890 jobs could be eliminated
- UC San Diego students: more than 600 students (undergraduate, graduate, and post-doctorate) would no longer receive support, impeding their education and professional development
- Regional economic impact: \$195 million loss to the San Diego region
- Regional jobs: 1,700 regional jobs could be lost

Cleantech San Diego is a member-based trade organization that positions the greater San Diego region as a global leader in the cleantech economy. Our members include more than 115 local businesses, universities, governments, and nonprofits committed to advancing sustainable solutions for the benefit of the economy and the environment.

The proposal to cap F&A costs at 10 percent would have tangible, damaging effects at UC San Diego that would negatively impact our regional economy.

We strongly urge you to consider an F&A model that sustains and enhances the unique relationship forged decades ago between the federal government and San Diego research universities to meet national needs, foster innovation and efficiencies, create local jobs, and improve our regional quality of life.

Sincerely,

A handwritten signature in black ink, appearing to read "Jason Anderson", written over a vertical line.

Jason Anderson
President and CEO
Cleantech San Diego