THE BUSINESS CASE FOR
FEDERAL RESEARCH FUNDING
Business leaders from all over the country are joining together to deliver one simple message: federally-funded research grows our economy.

FEDERAL FUNDING SPURS JOBS AND ECONOMIC GROWTH

In 2017, National Institutes of Health (NIH) spending extramurally in the 50 states and D.C. directly and indirectly supported 402,816 jobs nationally. However, that number is smaller than past years when funding levels were greater. For example, in 2010 NIH funding supported an estimated 487,900 jobs nationwide. Funding not only creates jobs, it stimulates billions in economic activity. In 2017, NIH grants alone supported $66.8 billion in economic activity — more than twice the $26.1 billion it distributed in grants. Twenty states experienced economic activity of $1 billion or more.¹

THE PAYOFFS FROM FEDERAL FUNDING

Although federal funding for research and development declined 22 percent in inflation-adjusted dollars between 2007 and 2017 (Figure 1), that trend shifted in 2018. Congress took a step in the right direction in the 2018 omnibus spending bill, which increased funding for research by over $12 billion.²

In fact, the annual investment in federal research funding pales in comparison to annual spending on the same issues researchers are working to address:

- Cancer costs the U.S. over $200 billion annually.
- Cybercrime cost the U.S. between $57 and $109 billion in 2016.
- Progress on these challenges is achievable.

THE NUMBERS

- Every $1 of NIH funding creates $2.64 in economic activity
- In 2017, NIH extramural funding supported over 400,000 jobs
- 1.7 million new cancer diagnoses expected in 2018
- 5 million Americans living with Alzheimer’s disease
- 109 billion in 2016
- The U.S. $2.64 cost the U.S. $259 billion
- Cancer costs the U.S.

COMPETITION ABROAD

Once a world leader, the U.S. now lags behind other countries in research spending. According to the OECD, total U.S. R&D spending in 2016 represented 2.7 percent of GDP, less than Finland, Germany, Japan, South Korea, and Sweden.³

In the coming year, we urge Congress to continue increasing its investments to tackle some of the country’s most difficult health challenges and scientific needs, and help maintain the U.S. as a world leader in science, medicine and innovation.

² American Association for the Advancement of Science, “Historical Trends in Federal R&D,” April 2018.
⁶ Ibid.
⁷ Organization for Economic Cooperation and Development, Main Science and Technology Indicators, March 2018.

¹ Figure 1 compares the R&D budget authority of select agencies to the total federal outlay in real dollars. Actual R&D expenditures differ from budget authority. The NIH budget is excluded from the HHS budget for this analysis.

Source: American Association for the Advancement of Science, “Historical Trends in Federal R&D,” April 2018.
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