

BUSINESS FOR FEDERAL RESEARCH FUNDING

National Institutes of Health (NIH)

NIH emerged from the post-Civil War era when a scientific laboratory examining infectious diseases, including yellow fever and cholera, among merchant seaman and passengers was established within the Marine Hospital Service (MHS). It was [officially renamed the National Institutes of Health in 1948](#), and is the primary way that the federal government supports and engages in biomedical and behavioral research. For decades, NIH has been the second largest source of federal research funding – after the Department of Defense – a recognition of the vital role health care plays in the quality of Americans’ lives. Congress, the President, advocacy groups, and NIH leadership are responsible for setting specific areas of research – including medical conditions and diseases – to be prioritized for funding. Today, there are more than 300, including Alcoholism, Alcohol Use and Health, Alzheimer’s Disease, Celiac Disease, Chronic Pain, Rural Health, Sepsis, and Tickborne Diseases.¹

Federal research funding directly supports scientific training and research, entrepreneurship and scientific innovation, but it also creates jobs and economic opportunities in every state and locality in the country. Only 11% of NIH’s budget supports research conducted in-house from approximately 6,000 NIH scientists (known as *intramural research*). The vast majority – 83% of NIH’s budget – supports research conducted at research institutions, universities, hospitals, medical schools, and other facilities by more than 300,000 individuals outside of government (known as *extramural research*).²

Funding Categories Include:

Research Training & Career

Development funding supports specialized training and education, for students and other early career scientists – training the next generation of scientists, engineers, inventors, and entrepreneurs. These awards undergo rigorous peer review and are awarded to individuals preparing for careers in biomedical, behavioral, social, and clinical research, as well as institutions that offer an institutional training program (such as a teaching hospital or medical school).

Research and Development funding supports capacity building, conferences and meetings, research projects (including funds for salaries, equipment, and supplies), and resources to enable information sharing and

Small Business funding provides support for small businesses to stimulate technological innovation, R&D, and commercialization of biomedical products. NIH is required to reserve a portion of its extramural budget for projects developed under the SBIR/STTR programs – America’s Seed Fund – which is organized through the Small Business Administration. These awards undergo rigorous peer review, and applicants must meet a strict set of criteria, including workload distribution and partnership with a research institution (only STTR).

Contracts funding supports the fulfillment of contracts to acquire goods and services to support research and research activities. Awarded contracts must meet a strict set of criteria, including the cost of the proposal bid,

¹ [“About Research, Condition, and Disease Categorization,”](#) NIH Research Portfolio Online Reporting Tools.

² [Federal Research and Development \(R&D\) Funding: FY2025](#), Congressional Research Service Report, Library of Congress.

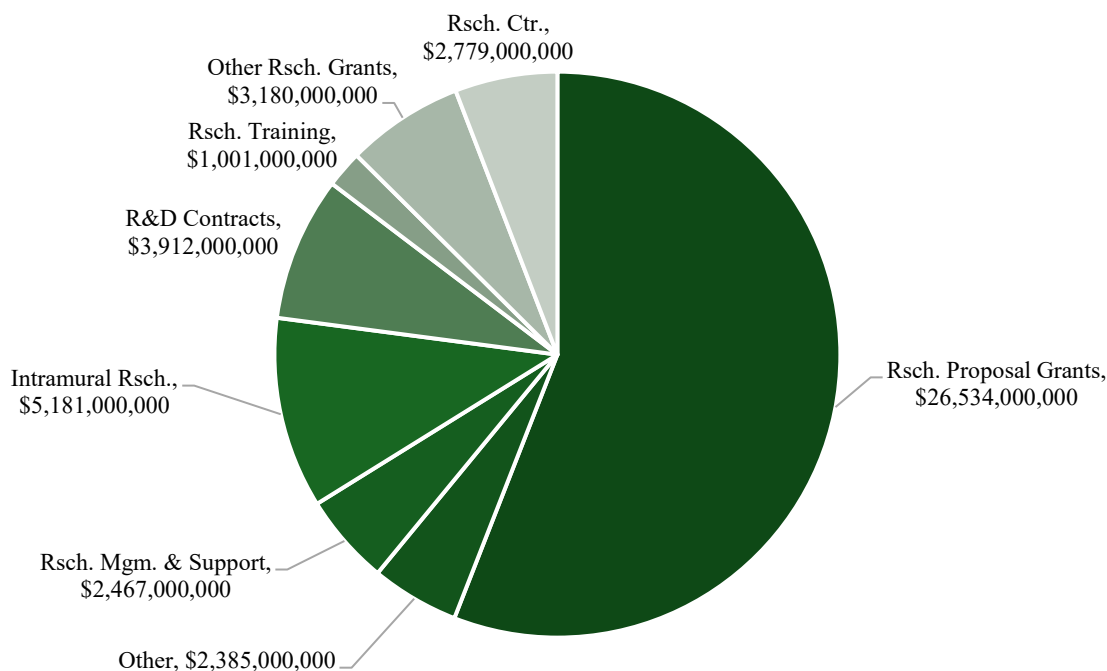
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collaboration. These awards undergo rigorous peer review, and eligible institutions including universities, hospitals, small businesses, and other research organizations, among others.

the past performance of the business, and the technical expertise and capacity of the business (both staff and facilities).

NIH FY2024 Budget Authority



Economic Impact

- In FY 2024, every \$1 of NIH funding generated approximately \$2.56 of economic activity – a total of \$94.58 billion in economic activity across the country.
- NIH awards support more than 300,000 researchers at more than 2,500 institutions
- Every \$100 million of NIH funding generates 76 patents
- More than 30% of NIH grants produce a scientific article that contributes to a commercial patent.³

See Spending in Your Community

Universities, health care institutions, research centers, and small businesses in all 50 states receive research funds through NIH. Track spending in your home state or congressional district [NIH's RePORT \(Research Portfolio Online Reporting Tools\) database](#).

³ ["Direct Economic Contributions"](#), National Institutes of Health, 2025.