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Multi-Year Funding's Dramatic Impact on Biomedical Research and Federal Grant Distribution

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Commentary Overview

- Multi-year funding (MYF) provides an entire grant award payment at once instead of paying it out over time, dramatically reducing the number of studies that the National Institutes of Health (NIH) can fund each year.
- MYF contravenes NIH's training, transparency and accountability goals, limiting oversight of long-range studies and discouraging early-career investigators.
- The FY 2026 budget contains bill and report language aimed at restricting NIH's use of multi-year awards.

Grants from the National Institutes of Health (NIH) are instrumental in the successful conduct of biomedical research in this country. As of 2023, nearly 82 percent of NIH's funding is awarded for extramural research, through about 50,000 competitive grants to more than 300,000 researchers at over 2,500 universities, medical schools, and other research institutions in every state.

Disruptions to grant delivery in the first half of 2025, following the change in administrations in Washington, DC, posed a major challenge for researchers. New grant awards lagged by more than $2 billion compared to historical norms, reflecting a substantial slowdown in funding availability.

Multi-Year Funding is Destabilizing Biomedical Research

The NIH employs a variety of grant delivery systems. In the past, most grants were funded incrementally with some special awards being “forward funded." Forward funding, also known as multi-year funding (MYF), provides the entire payment for a grant award at once instead of in installments over an extended period of time. However, since June 2025, the NIH has been transitioning to a primarily MYF model, following the release of the “The NIH Congressional Justification." The reasoning behind the change is outlined in the following excerpt from the **letter**:

“Traditionally, most NIH research grants have been awarded for more than one year and funded incrementally; each year’s commitment is obligated from that year’s appropriation. Under this incremental funding approach, grants are classified as competing in the first year of award or renewal, and noncompeting in the remaining years of each award. Providing the grantee with funding for every year of the RPG [Research Project Grant] from the start will increase NIH budget flexibility by no longer encumbering large portions of each year’s appropriation for the continuation of research projects that were initiated in previous years.”

This sudden switch to MYF has had immediate negative effects. To illustrate the impact, consider a four-year, $2 million dollar grant. Before MYF, such a grant could fund four studies at once by paying out $500,000 on a year-by-year basis. Under MYF, one study receives the entire $2 million up front, dramatically reducing the number of studies that the NIH and National Cancer Institute (NCI) are able to fund each year.

With a reduced pool of funds available for new NCI awards, we saw a markedly lower number of funded grants in Fiscal Year (FY) 2025 than initially projected. Despite the growing number of grant applications to the NCI, the agency can only fund about eight percent, far below the rate at other NIH institutes and centers. Many innovative studies and treatments with broad potential benefit to Americans are being shelved, not due to a lack of appropriated funding, but because MYF constrains the funds available for new awards.

MYF Undermines NIH Priorities, Weakens U.S. Global Standing

NIH Director **Jay Bhattacharya, MD, PhD**, outlined NIH priorities in a **statement** issued in August 2025. His call for a unified strategy to advance the NIH’s mission includes training future biomedical scientists and prioritizing transparency and accountability in biomedical research.

He wrote, “NIH training programs should focus on training future physicians and scientists to lead American preeminence in biomedical research in the 21st century. Programs should allow trainees to design and conduct the highest quality scientific studies.”

Unfortunately, MYF contravenes these training, transparency and accountability goals in several ways:

- Principal investigators have less time to spend grants, reducing their financial flexibility, while the number of grants that can be funded has been constricted significantly
- Oversight and accountability of long-range studies are limited since funding is provided in a lump sum
- Early-career investigators are disproportionately harmed due to diminished support at the start of their research careers, when they are most vulnerable
- MYF’s unpredictability discourages trainees from entering research careers, creating long-term risks to the U.S. biomedical and cancer research workforce and undermining America’s global competitiveness in research and development

Responding to the sudden transition to MYF and its negative ramifications, AACI took swift action, issuing sign-on letters, conducting meetings on Capitol Hill, and educating Congress on how research has been harmed by MYF. AACI’s voice was heard, as reflected in the FY 2026 appropriations bill.

New Federal Budget Continues, But Limits, MYF

The **FY 2026 budget agreement** signed into law on February 3 provides a budget increase of $415 million for NIH compared to FY 2025, including $128 million for NCI. It also contains bill and report language aimed at restricting NIH's use of multi-year awards.

Specifically, the bill limits the total amount NIH may obligate in FY 2026 for awards that fund more than one year of performance to no more than the amount obligated for such awards in FY 2025. This is estimated to be 39 percent of NIH's grant portfolio. This cap applies broadly across grants, cooperative agreements, contracts, and other funding mechanisms.

The accompanying report language raises strong concern with NIH's FY 2026 budget proposal which would continue to reserve roughly half of competing RPG funding for awards that fully fund out-year commitments at the time of award. Appropriators cite the negative impact of this approach on application success rates, the total number of grants NIH can support, and the disproportionate effects on institutions that receive only a small number of NIH awards.

To address these concerns, the agreement directs NIH to:

- Fund as many new and competing awards as possible based on meritorious applications;
- Use any FY 2026 funding increases to support additional new and competing RPGs;
- Submit a report detailing the types of research funded under the multi-year model in FY 2025 and the criteria used to select those grants; and
- Provide monthly briefings to the appropriations committees throughout FY 2026 on grant announcements, applications, awards, continuations, terminations, and cancellations, including data by Institute or Center on awards that extend beyond the current year of performance.

While this language does not roll back MYF to earlier levels, it represents a meaningful guardrail and increased congressional oversight intended to prevent further expansion of practices that reduce grant availability.

Despite these positive developments, the work isn't done. There remains a large decline in both the number of grants awarded and success rates due to the transition to a MYF grant distribution model. AACI supports a grant delivery system that offers the most opportunities for the largest number of researchers.

Our Mission

The Association of American Cancer Institutes (AACI) represents over 100 premier academic and freestanding cancer centers in the United States and Canada. AACI is accelerating progress against cancer by enhancing the impact of academic cancer centers and promoting cancer health equity.

About AACI *Commentary*

To promote the work of its members, AACI publishes *Commentary*, a monthly editorial series focusing on major issues of common interest to North American cancer centers, authored by cancer center leaders and subject matter experts.