September 17, 2026

The Honorable Gary C. Peters
United States Senate

The Honorable Elissa Slotkin
United States Senate

Members of the Michigan Congressional Delegation
United States House of Representatives
Washington, D.C.

Re: Request for Immediate Congressional Intervention Regarding NIAID Research Funds

Dear Senators Peters and Slotkin and Members of the U.S. House Michigan Delegation:

On behalf of MichBio and Michigan's biosciences community, we urge your immediate intervention concerning an interagency agreement that would enable National Institutes of Health (NIH) funds, particularly funds administered through the National Institute of Allergy and Infectious Diseases (NIAID), to be transferred to the Department of War (DOW) for the execution of military biodefense programs. This action threatens NIAID-supported research and development at early-stage Michigan companies and, in turn, the strength and growth of our state's life-sciences innovation economy.

MichBio recognizes the importance of protecting the United States against chemical, biological, radiological, nuclear, pandemic, and emerging infectious-disease threats. Civilian and military agencies should coordinate closely on these challenges. However, coordination is not the same as transferring congressionally appropriated biomedical research funds from NIH to a military department, particularly when Congress has separately funded the missions and capabilities of both agencies.

The agreement creates a ten-year mechanism through which NIAID funds could be used by the DOW to issue contracts, grants, cooperative agreements, and other transactions. It also contemplates NIH funding DOW program-management personnel and activities. Although NIH has stated that transfers would occur project by project and remain within NIH's mission, the agreement establishes an expansive pathway for moving civilian biomedical research resources and acquisition authority into a military organization. The agencies executed the framework agreement on August 5, 2026, and individual funding orders may now follow.

This initiative should be suspended immediately for several reasons.

First, the initiative threatens Congress's constitutional power of the purse. Congress appropriates NIH funds to advance civilian health and biomedical-research purposes. Those appropriations cannot be treated as a reserve account available to supplement military programs that the DOW cannot or does not wish to support from its own appropriations.

The Purpose Statute provides that appropriations may be used only for the objects for which Congress made them. A permanent restriction applicable to Labor-HHS-Education appropriations also states that funds may not be transferred from an HHS appropriation account except as authorized in an appropriations act or in the statute establishing the relevant program. The agencies should be required to identify precisely what authority satisfies this restriction for every contemplated transfer.

Second, reliance on the Economy Act does not resolve these concerns. That statute authorizes an agency to purchase goods or services from another agency only when several project-specific conditions are met. Funds must be legally available for the proposed purpose; the transaction must be in the government's best interest; the servicing agency must be capable of providing the requested goods or services; and the ordering agency must determine that those goods or services cannot be acquired from a commercial source as conveniently or economically. Federal acquisition rules require written findings supporting those conclusions for each order.

These are substantive safeguards, not administrative formalities. The published agreement contains broad assertions about future compliance but does not demonstrate, project by project, why the DOW possesses acquisition capabilities unavailable to NIH, why direct NIH awards would be less convenient or economical, or how each expenditure would advance the purposes of the particular NIH appropriation being charged.

Indeed, the agreement raises the very question the Economy Act requires NIH to answer: if NIH supplies the funding, scientific data, product pipeline, technical expertise, program oversight, and requirements, what specific service unavailable to NIH justifies transferring execution, and potentially substantial program-management costs, to the DOW?

Third, the end-of-fiscal-year timing warrants heightened scrutiny. Fixed-period appropriations may be used only for bona fide needs arising during their period of availability. Under the Economy Act, amounts must be de-obligated if the servicing agency has not performed or incurred a valid obligation before the source appropriation expires. The agreement cannot lawfully be used merely to prevent NIH funds from expiring or to extend their availability beyond the period Congress established.

Fourth, transferred funds retain the purposes and limitations of the original appropriation unless Congress expressly provides otherwise. The Economy Act cannot convert NIH funds into general DOW funds, augment a military appropriation beyond the level approved by Congress, or finance activities whose principal purpose is warfighter protection rather than civilian public health. The Government Accountability Office (GAO) has previously concluded that misuse of Economy Act agreements can violate the Purpose Statute and, depending on the resulting account balances, the Antideficiency Act.

Fifth, the proposed arrangement risks weakening the research system on which both civilian health and national security depend. NIAID has the scientific workforce, peer-review infrastructure, institutional relationships, and public-health mandate necessary to manage infectious-disease and medical-countermeasure research. Removing projects from that environment could:

- Fragment research portfolios and disrupt continuity across basic, translational, and clinical research;
- Introduce military classification, publication, data-access, contracting, or foreign-collaboration restrictions that discourage university and private-sector participation;
- Reduce transparency and public accountability;

- Displace investigator-initiated, peer-reviewed research with centrally directed acquisition priorities;
- Create uncertainty for existing grantees, employees, trainees, suppliers, and commercial partners;
- Interrupt early-stage company R&D before technical risk has been sufficiently reduced to attract private investment; and
- Make discoveries less accessible for broad civilian and commercial use.

These risks matter acutely in Michigan, especially for early-stage companies whose R&D programs are supported by NIAID grants, contracts, and partnerships. For these companies, NIAID funding is often foundational. It supports the experiments, validation studies, preclinical work, platform development, and specialized personnel needed to reduce technical risk and reach milestones that can unlock private investment, strategic partnerships, and later-stage financing.

A delayed, curtailed, or redirected award can do more than postpone a research project. It can force a young company to stop development, defer hiring, lose specialized talent, miss financing milestones, or abandon a promising product before the private market is prepared to support it.

The consequences would extend well beyond the directly affected recipients. Michigan's emerging biotechnology and medical-technology companies are connected to our universities, health systems, contract research organizations, laboratories, manufacturers, professional-service firms, investors, and suppliers. When an early-stage R&D program is disrupted, the effects move through that network, reducing company formation, commercialization activity, follow-on investment, high-skilled employment, and demand for local partners.

Weakening the pipeline of NIAID-supported companies would directly undermine Michigan's ability to translate discoveries into products, retain scientific talent, attract life-sciences capital, and compete as a national bioscience innovation hub.

The civilian biomedical enterprise is itself a strategic national-security asset. Its openness, scientific credibility, broad participation, and commitment to public benefit are strengths. The DOW should support its own biodefense requirements with the research, development, test, and evaluation funds Congress appropriates to it. If additional military funding is needed, the Department should present that need to Congress rather than obtain an indirect augmentation from NIH.

We respectfully ask every member of Michigan's delegation to take the following actions immediately:

1. Demand that NIH and the DOW suspend all funding orders, transfers, solicitations, awards, modifications, and personnel charges under the agreement pending congressional review.
2. Require production of the unredacted agreement and all related memoranda, legal opinions, communications, project lists, funding amounts, source-year information, Economy Act determinations and findings, acquisition strategies, and cost comparisons.
3. Ask GAO to determine whether the agreement and any resulting orders comply with the Purpose Statute, the Economy Act, the bona fide needs rule, HHS-specific transfer restrictions, the Antideficiency Act, applicable appropriations provisions, and congressional notification requirements.
4. Request parallel reviews by the HHS and DOW inspectors general, including an assessment of whether any proposed order would improperly augment a military appropriation or impair NIH's execution of funds as Congress directed.
5. Require NIH to identify all affected grants, contracts, cooperative agreements, research programs, institutions, and companies, including early-stage businesses in Michigan. NIH should disclose the

potential effects on project milestones, employment, commercialization, and follow-on financing and certify that no existing commitment, peer-reviewed award, investigator-initiated program, or congressionally directed activity will be reduced, delayed, terminated, or displaced.

6. Require public, project-level disclosure before any transfer, including the amount, statutory authority, source appropriation, period of availability, NIH mission served, DOW role, administrative cost, award mechanism, publication and data-access rules, and effects on current research.
7. Include appropriations language prohibiting the use of NIH funds for DOW programs or administration unless Congress expressly authorizes the transfer and receives advance notice.

This is not an objection to legitimate interagency scientific cooperation. It is an objection to creating a long-term mechanism that could shift substantial civilian research resources, decision-making, and accountability outside the institution Congress funded to perform that work.

At a minimum, no funds should move until Congress and GAO can determine whether each contemplated transaction is lawful, scientifically justified, cost-effective, transparent, and consistent with the public-health purposes for which the money was appropriated. Once awards are disrupted, research teams disperse, or expiring funds are improperly obligated, the damage may be difficult or impossible to reverse. Congressional action is therefore needed now, before the transfers occur.

We ask Michigan's delegation to act collectively and on a bipartisan basis to protect Congress's appropriations authority, the integrity of NIH, Michigan's early-stage life-sciences companies, and the stability of America's biomedical research enterprise.

Sincerely,

Stephen Rapundalo, PhD
President and CEO