

Final FY 2000 Appropriations:

Congress Agrees on \$2.2 Billion Boost for NIH, But Withholds \$3 Billion Until Next September

(The complete series of AAAS R&D Funding Updates is available on the AAAS R&D Web Site (<http://www.aaas.org/spp/R&D>) in the "FY 2000 R&D" or the "What's New" sections.)

On November 18, Congress and President Clinton finally reached a final agreement on the FY 2000 Labor-HHS appropriations bill providing funding for the Departments of Labor, Health and Human Services, and Education. In order to keep FY 2000 spending from dipping into a projected Social Security surplus, the FY 2000 omnibus appropriations bill (into which the Labor-HHS bill was bundled) **imposes a 0.38 percent across-the-board cut on all FY 2000 discretionary spending**, and employs numerous accounting tricks to shift spending to FY 2001. Despite tight restrictions on total spending, the Labor-HHS bill demonstrates strong congressional support for biomedical research by providing **\$17.8 billion in FY 2000 for the National Institutes of Health (NIH), an increase of \$2.2 billion or 14.3 percent over FY 1999** (after adjusting for the across-the-board cut; see Table 1). However, **\$3 billion is withheld until September 29, 2000**, a day before the end of FY 2000, in order to shift spending to FY 2001.

The House and the Senate both proposed substantial increases for R&D funding in the National Institutes of Health (NIH). The House proposed \$16.9 billion for NIH in FY 2000, \$1.3 billion or 8.5 percent above the FY 1999 funding level. The Senate would have been even more generous with an appropriation of \$17.6 billion, exactly \$2 billion above the FY 1999 level for an increase of 12.8 percent. Both these appropriations were well above the President's request of \$15.9 billion, which would have represented an increase of 2.1 percent. The Senate-proposed increase would have kept pace with a \$2 billion increase awarded in FY 1999, and would have kept NIH nearly on track to double its NIH budget in five years.

The final Labor-HHS bill follows the higher Senate appropriation but adds even more money, for a total of **\$17.8 billion for NIH's budget** (after factoring in the across-the-board cut), **\$2.2 billion or 14.3 percent more than FY 1999** (see Table 1). Excluding research training and overhead costs, **NIH's R&D** totals \$17.1 billion, 14.4 percent more than FY 1999. The generous appropriation, however, comes with a bizarre catch. The final bill **delays the release of \$3.0 billion of NIH's FY 2000 budget until September 29, 2000**, one day before the end of FY 2000. The bill does not specify how this total should be distributed among the institutes, but it amounts to 17 percent of the total appropriation. This is an improvement, however, over the original proposal of \$7.5 billion in delayed obligations included in the original Labor-HHS bill vetoed by the President. This budgeting trick allows Congress to appropriate a generous increase to NIH, but ensures that some of it will not actually be spent in FY 2000, helping to hold down federal spending in FY 2000 and thus keep the government from dipping into the Social Security surplus. The money will become available on September 29, but NIH will not be allowed to obligate it until that date; that is, NIH will not be able to award any grants or make commitments on how to spend the money until the end of the year. Because it will take NIH weeks to months to then disperse these funds, this money will not be spent until FY 2001.

For all practical purposes, then, the Labor-HHS bill forces NIH to operate for nearly all of FY 2000 on less than its FY 1999 budget. The \$2.2 billion increase would be canceled out by the withheld \$3.0 billion in funds, **leaving \$14.8 billion for the first 364 days of FY 2000 compared to \$15.6 billion for all of FY 1999**.

Every institute (except the Office of the Director) **receives an increase greater than 12 percent** in the final bill (including the withheld funds), and five receive increases greater than 20 percent. The bill provides \$90 million for the National Institute of Nursing Research (NINR), an increase of 28.4 percent; the Fogarty International Center (FIC), the unit of NIH with the smallest budget, receives \$44 million, up 23.0 percent; the National Center for Research Resources (NCRR) receives \$678 million, an increase of 22.1 percent, including \$75 million for extramural facilities construction; and a 26.9 percent increase to the National Human Genome Research Institute (NHGRI) for a total of \$336 million. NHGRI is on schedule to publish a "working draft" sequence of the human genome in spring 2000 and the complete sequence by 2003. The largest percentage increase goes to the newest institute, the National Center for Complementary and Alternative Medicine (NCCAM), which receives \$68 million for its second year of existence, a substantial increase of \$18 million or 37.0 percent. These appropriations are similar to the Senate-proposed levels, and all are well above the request.

The National Cancer Institute (NCI) once again has the largest budget with \$3.3 billion, an increase of 13.4 percent or \$392 million. The National Heart, Lung, and Blood Institute (NHLBI) exceeds \$2 billion for the first time with an appropriation of \$2.0 billion, 13.3 percent more than FY 1999.

In addition to the regular NIH appropriation, there are additional funds from an account in the Office of the HHS (Health and Human Services) Secretary (see Table 2). The bill approves a transfer of \$20 million from the Public Health and Social Services Fund to NIH. The \$20 million funds a new program providing matching funds for cooperative R&D between NIH and the biotechnology, pharmaceutical, and medical device industries. The funds are planned to go toward R&D activities in biomedical research and biotechnology with commercial potential or promising therapies, and would become available if industry matched the federal funds.

Both the House and the Senate appropriated NIH **HIV/AIDS research** funds within individual institute budgets, instead of in a consolidated account as the Administration proposed, and the final bill retains this structure. Total NIH AIDS research is expected to be well over \$2 billion.

Although the Senate bill originally contained a provision that would have allowed federal financing of research using **stem cells**, the provision was removed before the bill reached the Senate floor, and was left out of the final bill also. The provision would have reflected recent recommendations from the National Bioethics Advisory Commission, which recommended that NIH should finance research on stem cells derived from embryos created during fertility treatments that would otherwise have been destroyed. A separate bill will be introduced in the next session of Congress that will address this subject. The final Labor-HHS bill retains a ban on NIH using its funds to create **human embryos for research purposes** or to perform any research in which human embryos are destroyed.

The Labor-HHS bill provides increases for R&D programs in other agencies within the **Department of Health and Human Services** (HHS; see Table 2). R&D in the Centers for Disease Control and Prevention increases by 10.5 percent to \$484 million, with an additional \$49 million provided by transfer from the Office of the Secretary for bioterrorism-related R&D activities. Congress boosts R&D in the Health Care Financing Administration (HCFA) by \$13 million to \$63 million. HCFA finances R&D on health-care outcomes and alternative health-care delivery systems in Medicare and Medicaid. R&D in the Health Resources and Services Administration (HRSA) increases dramatically to \$54 million because of a large increase in funding for rural health research. Total HHS R&D rises 14.9 percent to \$18.1 billion.

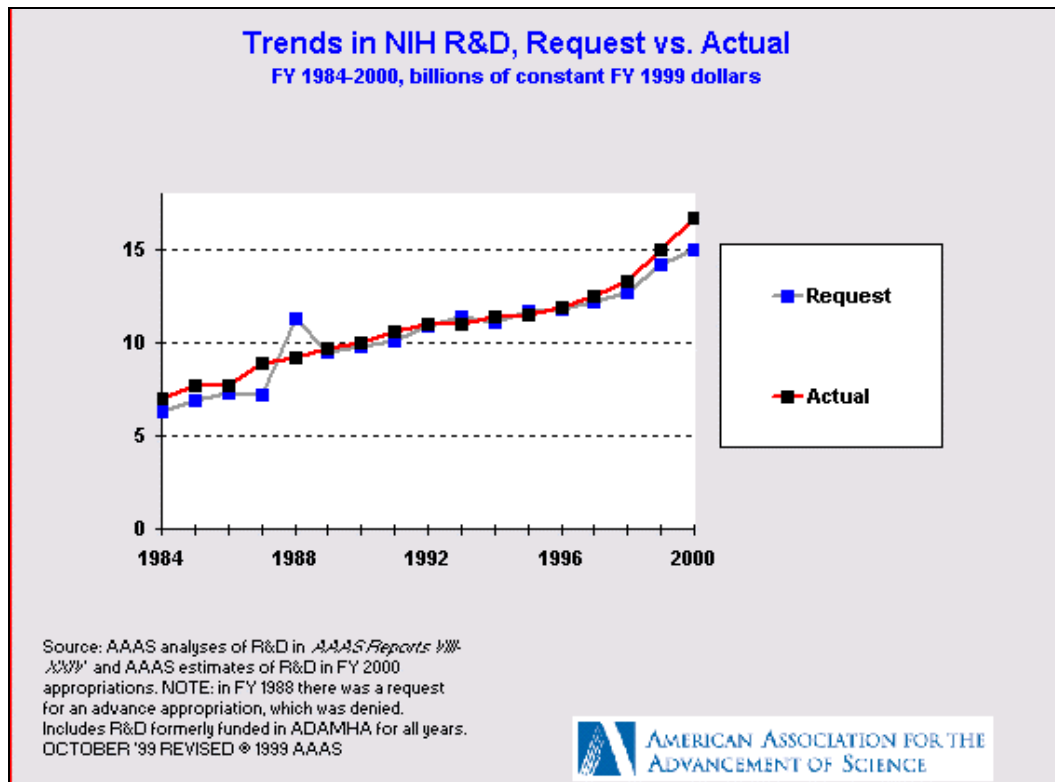


Figure 1.

Although other R&D funding agencies have struggled to maintain their budgets in the past several years, NIH has enjoyed extraordinary success on Capitol Hill and its budget growth is accelerating even as discretionary budgets get tighter. As shown in Figure 1, NIH has enjoyed steady growth in its R&D budget over the past two decades, and in many years Congress has awarded more than the request. NIH's budget growth has accelerated in the last few years, and in the most recent two years NIH has won increases of \$2 billion, far more than the Clinton Administration had requested. These increases are intended as the first and second installments of a plan to double the budget in five years.

NIH's growth has been good for the life sciences, for which NIH is by far the largest federal supporter. Federal support for life sciences has expanded dramatically over the past few decades, while support for other disciplines, which rely on agencies other than NIH, has stayed constant or declined. **NIH now accounts for nearly two-thirds of all federal support for R&D in colleges and universities, and in FY 2000 NIH, for the first time, will fund more than half of all federal support for basic research.**

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**Table 1. National Institutes of Health
Congressional Action on R&D in the FY 2000 Budget (FINAL)
(budget authority in millions of dollars)**

	FY 1999 Estimate	FY 2000 Request	Action by Congress				
			FY 2000 FINAL	Chg. from Request Amount	Percent	Chg. from FY 1999 Amount	Percent
Cancer	2,927	2,973	3,320	347	11.7%	392	13.4%
Heart, Lung and Blood	1,794	1,826	2,033	207	11.3%	239	13.3%
Dental Research	234	244	269	25	10.3%	35	14.9%
Diabetes, Digestive and Kidney	994	1,021	1,143	122	12.0%	149	15.0%
Neurological Disorders and Stroke	903	921	1,031	110	11.9%	128	14.1%
Allergy and Infectious Diseases	1,570	1,614	1,796	182	11.3%	226	14.4%
General Medical Sciences	1,198	1,227	1,356	130	10.6%	159	13.2%
Child Health & Human Development	751	772	860	88	11.4%	109	14.5%
Eye	396	407	451	44	10.9%	55	13.9%
Environmental Health Sciences	376	398	443	45	11.4%	67	17.9%
Aging	597	615	688	73	11.8%	91	15.3%
Arthritis & Musculoskeletal & Skin	308	315	351	36	11.4%	42	13.7%
Deafness and Comm. Disorders	230	237	264	27	11.4%	34	14.9%
Mental Health	861	876	975	99	11.3%	113	13.2%
Drug Abuse	603	623	687	64	10.3%	84	13.9%
Alcoholism and Alcohol Abuse	260	265	293	27	10.3%	33	12.7%
Nursing Research	70	72	90	18	25.0%	20	28.4%
Research Resources	555	568	678	109	19.3%	123	22.1%
Human Genome Research	265	276	336	60	21.9%	71	26.9%
Fogarty International Center	35	36	44	7	20.1%	8	23.0%
National Library of Medicine	181	186	214	29	15.5%	33	18.2%
Office of the Director	257	263	282	20	7.5%	26	10.1%
Office of AIDS Research ¹	0	[1,834]	0	--	--	--	--
Buildings and Facilities ²	198	148	175	26	17.7%	-23	-11.5%
Complementary & Alternative Med. ³	50	51	68	17	33.8%	18	37.0%
Total NIH Budget	15,612	15,933	17,845	1,913	12.0%	2,233	14.3%
<i>subtract:</i>							
- Estimated Research Training	511	512	573	61	12.0%	62	12.2%
- Other Non-R&D	130	132	147	16	12.0%	17	13.2%
Total NIH R&D	14,971	15,289	17,125	1,835	12.0%	2,153	14.4%

AAAS estimates of R&D in FY 2000 appropriations bills. Includes conduct of R&D and R&D facilities.

All figures are rounded to the nearest million. Changes calculated from unrounded figures.

¹ The Office of AIDS Research (OAR) provides pass-through funding to the other institutes for AIDS research.

Congress in FY 1999 allocated OAR funds directly to the institutes. The FY 2000 request consolidated all AIDS research funded by the institutes under the OAR line. The final Labor-HHS bill allocates AIDS research funds directly to the institutes. The FY 2000 request figures distribute the OAR request among the institutes for comparability.

² FY 2000 figures include \$40 million in advance appropriations.

³ New center created in FY 1999.

Totals do not include amounts transferred from Departmental Administration for matching funds (see Table 2).

Includes across-the-board reduction.

Note: The FY 2000 omnibus bill delays the release of \$3 billion in FY 2000 NIH funds until September 29, 2000, one day before the end of FY 2000. The bill does not specify the distribution of the total among institutes.

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**Table 2. Department of Health and Human Services
Congressional Action on R&D in the FY 2000 Budget (FINAL)
(budget authority in millions of dollars)**

	FY 1999 Estimate	FY 2000 Request	Action by Congress				
			FY 2000 FINAL	Chg. from Request Amount	Percent	Chg. from FY 1999 Amount	Percent
National Institutes of Health ¹	14,971	15,289	17,125	1,835	12.0%	2,153	14.4%
Centers for Disease Control ¹	438	478	484	6	1.2%	46	10.5%
Food and Drug Administration	104	111	105	-6	-5.8%	1	0.5%
Health Care Financing Administration	50	55	63	8	13.9%	13	25.3%
Health Resources and Services Admin.	25	25	54	29	115.2%	29	115.2%
Health Care Policy and Research	100	27	109	82	301.9%	9	8.5%
Administration for Children & Families	27	28	38	10	35.2%	11	40.2%
Office of Aging	18	18	32	14	80.2%	14	80.2%
Departmental Administration ¹	17	16	86	70	435.5%	69	404.0%
Total HHS R&D	15,750	16,047	18,094	2,047	12.8%	2,344	14.9%

AAAS estimates of R&D in FY 2000 appropriations bills. Includes conduct of R&D and R&D facilities.

All figures are rounded to the nearest million. Changes calculated from unrounded figures.

¹ The Labor-HHS bill provides \$20 million in the Office of the Secretary's Public Health and Social Services Fund for transfer to NIH for partnerships with pharmaceutical and biotechnology companies to accelerate new antibiotics development.

There is also \$49 million for CDC for bioterrorism-related R&D. These funds are listed under Departmental Administration. Includes across-the-board reduction.

Note: The FY 2000 omnibus bill delays the release of \$3 billion in FY 2000 NIH funds until September 29, 2000, one day before the end of FY 2000. The bill does not specify the distribution of the total among institutes. The bill also delays \$500 million in CDC funds and \$450 million in HRSA funds until September 29, 2000.

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