

Congress and President Clinton Agree on 14 Percent Boost for NIH

(This analysis is part of a series of AAAS R&D Funding Updates on the FY 2001 congressional appropriations process. This analysis includes information on final FY 2001 R&D appropriations for the National Institutes of Health. The complete series of AAAS R&D Funding Updates, including continually updated analyses of R&D by agency in FY 2001 appropriations, is available on the AAAS R&D Web Site (<http://www.aaas.org/spp/R&D>) in the "FY 2001 R&D" or the "What's New" sections.)

Just before bringing to a close the work of the 106th Congress, and more than two months into fiscal year (FY) 2001, President Clinton and Congress came to a final agreement on the FY 2001 Labor-HHS appropriations bill providing funding for the Departments of Labor, Health and Human Services, and Education. The bill, the last of the 13 appropriations bills to be decided, grants **\$20.4 billion in FY 2001 for the National Institutes of Health (NIH), an increase of \$2.6 billion or 14.4 percent over FY 2000** (see Table 1).

The final appropriation of \$20.4 billion keeps NIH on track to double its budget between FY 1998 and FY 2003, and is \$1.6 billion above the President's request. In February, President Clinton's proposed FY 2001 budget requested \$18.8 billion for NIH in FY 2001. Although this would have been a \$1 billion increase for the agency, the percentage increase of 5.6 percent would have been well below the nearly 15 percent increases of the past two years. Many Members of Congress are committed to doubling the NIH budget in five years, with FY 2001 as the third year in an effort that began with large increases in FY 1999 and FY 2000. Keeping NIH on a five-year doubling track required a 14 percent increase to \$20.4 billion, a target the original Senate bill and now the final bill meets.

NIH classifies 96 percent of its budget as R&D; the remainder is for research training and overhead costs. The final Labor-HHS bill provides \$19.6 billion for NIH R&D, up \$2.5 billion or 14.6 percent from the FY 2000 total.

Every institute receives an increase greater than 13 percent, and three receive increases greater than 20 percent (see Table 1). The largest percentage increase goes to the new National Center for Complementary and Alternative Medicine (NCCAM), which receives \$89 million for its third year, a substantial increase of \$20 million or 29.3 percent reflecting strong congressional support for its work in rigorously reviewing complementary and alternative therapies. Most of the other institutes receive increases between 13.4 and 14.7 percent. The National Institute of Environmental Health Sciences (NIEHS) sees its budget jump 27.8 percent to \$566 million. In addition to its regular appropriation in the Labor-HHS bill, NIEHS receives an additional \$63 million in the already-enacted VA-HUD bill for research it performs on behalf of the Environmental Protection Agency's Superfund program. The National Human Genome Research Institute (NHGRI), NIH's contributor to the Human Genome Project, receives a 21.1 percent boost to \$382 million to help it finish its work sequencing the human genome.

The National Cancer Institute (NCI) once again has the largest budget with \$3.8 billion, an increase of \$446 million or 13.5 percent. The budget of the National Institute of Allergy and Infectious Diseases (NIAID), NIH's primary supporter of HIV/AIDS research, exceeds \$2 billion for first time with an appropriation of \$2.0 billion, 13.7 percent more than FY 2000. The final bill appropriates **HIV/AIDS research** funds within individual institute budgets, instead of in a consolidated account as the Administration proposed. The Administration proposed \$2.1 billion within a consolidated account, but the final bill provides \$2.3 billion for

HIV/AIDS research dispersed among the institutes, for an increase of 13 percent over the comparable FY 2000 investment.

The final bill grants \$154 million for Buildings and Facilities, which will allow construction to begin on NIH's proposed National Neuroscience Research Center (\$47 million in FY 2001). The Administration also requested \$26 million in FY 2002 funds for the center, but the final bill does not include an advance appropriation. In addition to these intramural construction funds, the bill provides \$75 million in the National Center for Research Resources (NCRR) budget to support extramural research facilities construction, slightly above \$73 million in FY 2000. The NCRR appropriation also provides \$100 million (up dramatically from \$40 million) for the Institutional Development Award (IDeA) program designed to broaden the geographic distribution of NIH grants by enhancing the research competitiveness of institutions which have traditionally been less successful in obtaining NIH funding. IDeA is similar to the Experimental Program to Stimulate Competitive Research (EPSCoR) programs run by the National Science Foundation and other agencies.

There are two new NIH institutes in FY 2001. On November 22, President Clinton signed into law a bill (Public Law 106-525; the Minority Health and Health Disparities Research and Education Act) creating the **National Center on Minority Health and Health Disparities**. The new Center will fund research targeting diseases and conditions that disproportionately affect minority groups and other populations with health disparities, and will also fund research on why some minority groups suffer disproportionately from certain diseases. Funding for these programs was formerly in the Office of the Director; in FY 2001, this funding is moved to the Center and augmented, for a total FY 2001 budget of \$130 million. The budget of the Office of the Director drops to \$214 million to reflect the funding shift. On December 29, President Clinton signed into law another bill creating a National Institute of Biomedical Imaging and Bioengineering; because this happened after FY 2001 appropriations were already complete, FY 2001 funding for the new institute will be transferred from the budgets of other institutes.

Although NIH has come under increasing congressional scrutiny over the past year because of several controversies in areas such as gene therapy research, stem cell research, and the use of fetal tissue, the final Labor-HHS bill is relatively free of legislative provisions to restrict the types of research NIH can fund. The only major provision is the restatement of an existing ban on NIH using its funds to create **human embryos for research purposes** or to fund any research in which human embryos are destroyed.

Left out of the final bill is any provision blocking NIH from funding **stem cell research**, although lawmakers had threatened to try to attach one. To forestall such provisions and objections from anti-abortion lawmakers, who object to embryonic stem cell research because it requires the use of cells from aborted fetuses or discarded human embryos, Senators Specter (R-PA) and Harkin (D-IA) introduced legislation this spring to allow government-funded scientists to perform research on privately derived stem cells. The legislation did not get through Congress this year. This past summer, NIH proceeded on its own with plans to eventually allow federally funded stem cell research. Following on an earlier legal opinion finding that stem cell research did not violate the existing ban on federally funded human embryo research, NIH issued guidelines on stem cell research drawing a fine line between the derivation of stem cells, which must be with private funds under specific conditions, and the use of stem cells in research, which can be publicly funded. NIH also set up a review board to approve stem cell research, which could begin approving experiments in early 2001. But obstacles to federally funded stem cell research still remain: President-elect Bush has stated that he may seek to block such research when he assumes office.

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 22.7 percent to \$585 million. R&D in the Agency for Healthcare Research and Quality (AHRQ) increases dramatically to \$229 million (up 36.4 percent), with a special emphasis on research on medical errors reduction. The Health Resources and Service Administration (HRSA) receives \$47 million for its R&D, triple the FY 2000 funding level, primarily because of a \$25 million congressional earmark for construction of a biotechnology science center in West Virginia. Total HHS R&D rises 15.2 percent to \$20.8 billion.

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. 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 three years NIH has won increases of \$2 billion, far more than the Clinton Administration had requested. These increases are intended as the first three installments of a plan to double the budget in five years.

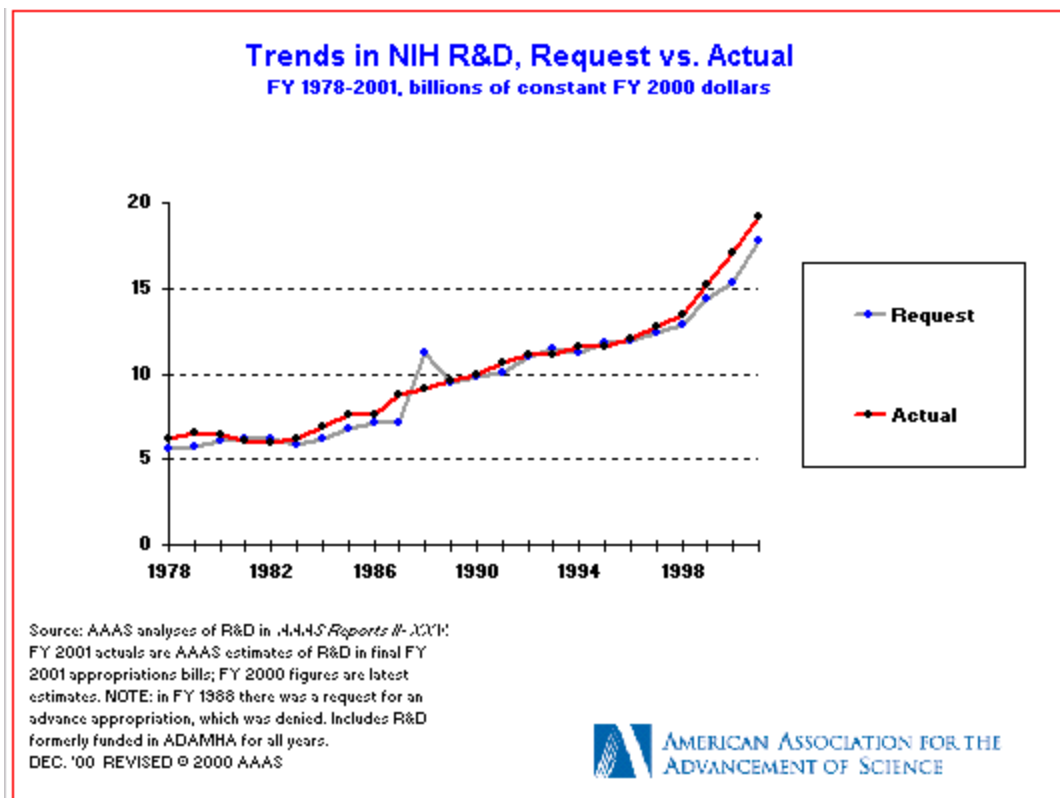


Figure 1.

NIH's growth has been good for the life sciences, for which NIH is by far the largest federal supporter. As shown in Figure 2, NIH provides more than 80 percent of all federal support for the life sciences sub-disciplines of the biological sciences and medical sciences. NIH is also the dominant federal supporter of psychology research. For other science and engineering disciplines, NIH plays a relatively minor funding role except for chemistry, for which the National Institute of General Medical Sciences (NIGMS) is a major sponsor. 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 two-thirds of all federal support for R&D in colleges and universities. Figure 3 shows that a majority of NIH R&D funds go to colleges and universities; because of the size of the NIH budget in comparison to other federal agencies, NIH is the dominant funding source for nearly all colleges and universities with medical schools. NIH's intramural laboratories, mostly in Maryland, perform a fifth of total NIH R&D. Nearly all of the 16 percent of NIH's R&D which goes to 'other' performers (see Figure 3) goes to independent nonprofit institutions, including non-university research hospitals.

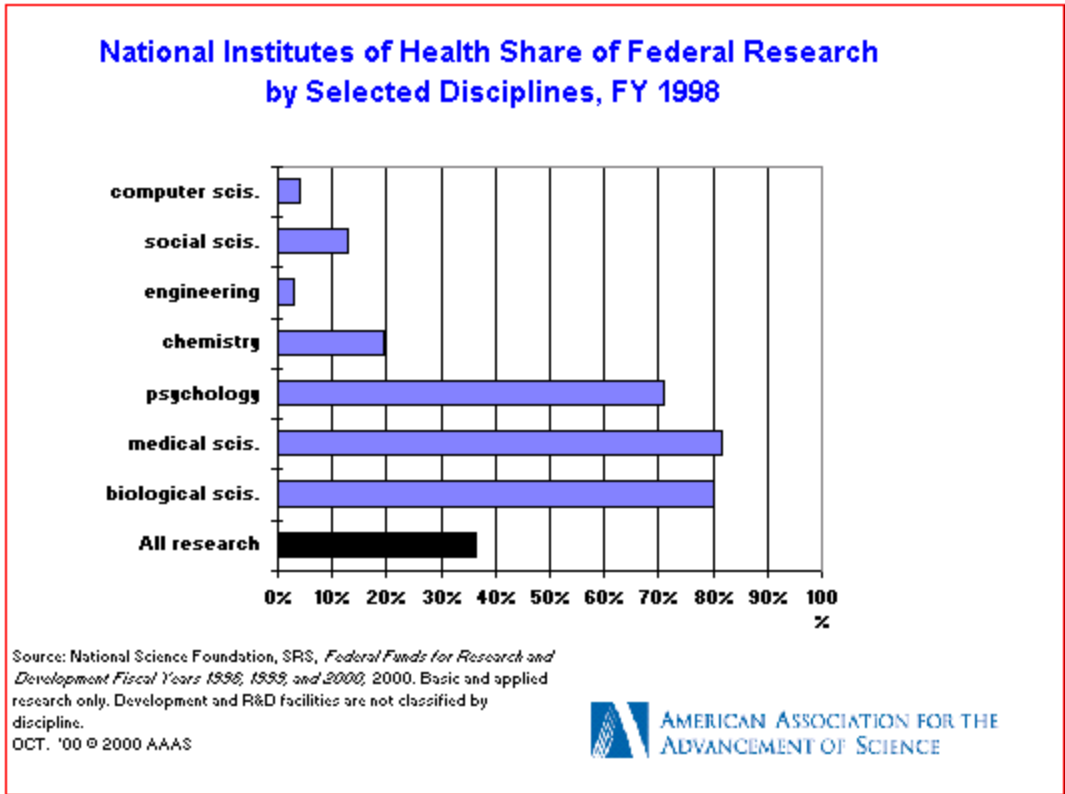


Figure 2.

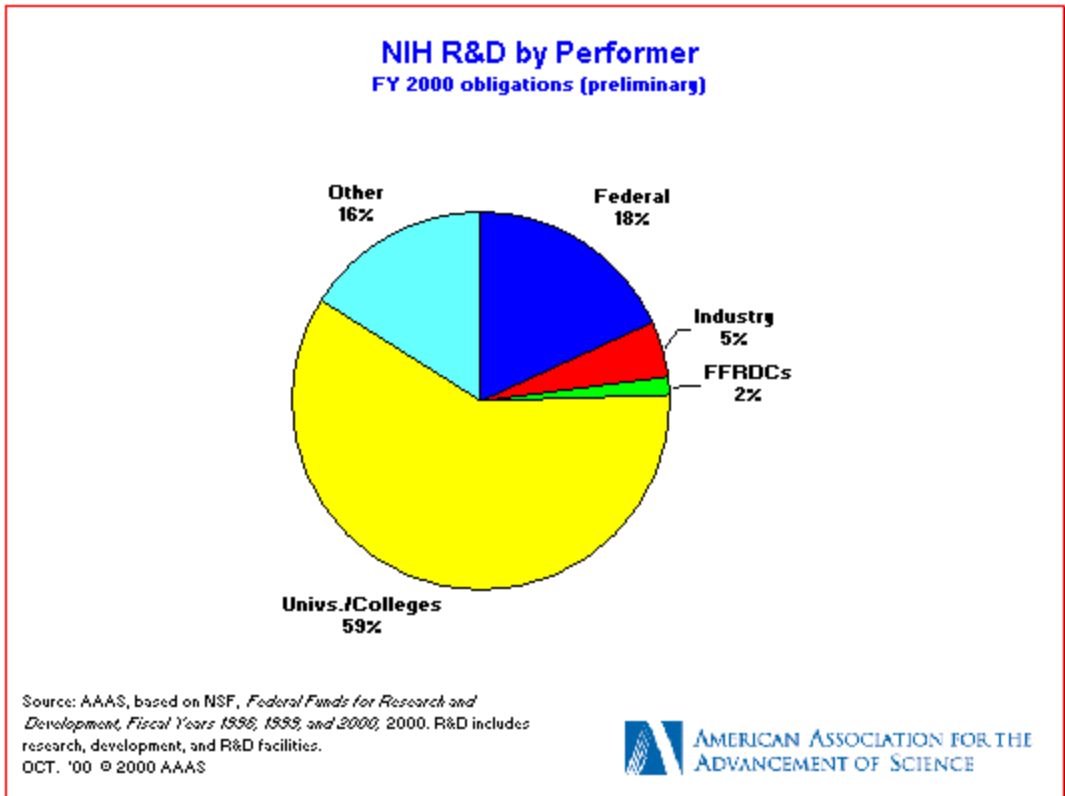


Figure 3.

The final Labor-HHS bill was negotiated as part of a year-end omnibus appropriations bill bringing the FY 2001 budget process to a close. Although final funding levels for NIH and most other agencies within the bill had been settled months ago, congressional leaders delayed filing the final bill because of disputes over the level of education spending and non-appropriations provisions on ergonomics. Congressional leaders also withheld the bill to use as a legislative vehicle for other non-appropriations legislation. In the meanwhile, NIH and other agencies operated under a series of continuing resolutions (temporary appropriations bills) at FY 2000 funding levels. The bill was delayed into a lame-duck session, and the final legislative package was only settled when President Clinton and Congress finally reached an agreement on education spending. The final Labor-HHS bill functions as an omnibus appropriations bill, incorporating three other bills that had already been given final approval by Congress but had either been vetoed by or never sent to the President. The bill also incorporates numerous other legislative provisions, including changes to the Medicare and Medicaid programs. President Clinton signed the bill into law on December 21.

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AAAS R&D Budget and Policy Program
1200 New York Ave, NW
Washington, DC 20005
(202) 326-6607; -6600
science_policy@aaas.org
www.aaas.org/spp/R&D

**Table 1. National Institutes of Health
R&D in the FY 2001 Budget (FINAL)
(budget authority in millions of dollars)**

	FY 2000 Estimate	FY 2001 Request	House-Senate Conference				
			FY 2001 FINAL	Chg. from Request Amount	Chg. from Request Percent	Chg. from FY 2000 Amount	Chg. from FY 2000 Percent
Cancer	3,312	3,505	3,757	252	7.2%	446	13.5%
Heart, Lung and Blood	2,026	2,137	2,300	163	7.6%	273	13.5%
Dental and Cranofacial Research	269	284	306	22	7.8%	37	13.8%
Diabetes, Digestive and Kidney	1,141	1,209	1,303	94	7.8%	162	14.2%
Neurological Disorders and Stroke	1,030	1,085	1,176	92	8.4%	147	14.3%
Allergy and Infectious Diseases	1,797	1,906	2,043	137	7.2%	247	13.7%
General Medical Sciences	1,354	1,428	1,536	108	7.5%	182	13.4%
Child Health & Human Development	859	905	976	72	7.9%	117	13.6%
Eye	450	474	511	37	7.7%	61	13.4%
Environmental Health Sciences	443	469	566	97	20.7%	123	27.8%
Aging	688	726	786	60	8.3%	98	14.3%
Arthritis & Musculoskeletal & Skin	349	369	397	28	7.6%	47	13.5%
Deafness and Comm. Disorders	264	278	301	23	8.1%	37	14.0%
Mental Health	975	1,031	1,107	76	7.3%	132	13.6%
Drug Abuse	687	725	781	56	7.7%	94	13.7%
Alcoholism and Alcohol Abuse	293	309	341	32	10.4%	47	16.2%
Nursing Research	90	93	104	12	12.8%	15	16.6%
Research Resources	675	714	817	103	14.5%	142	21.1%
Human Genome Research	336	358	382	25	6.9%	47	13.9%
Fogarty International Center	43	48	51	3	5.2%	7	16.6%
National Library of Medicine	215	230	247	17	7.2%	32	14.7%
Office of the Director	282	309	214	-95	-30.9%	-68	-24.3%
Office of AIDS Research ¹	0	[2,111]	0	--	--	--	--
Buildings and Facilities ²	165	149	154	5	3.3%	-12	-7.0%
Complementary & Alternative Med.	69	72	89	17	23.2%	20	29.3%
Minority Health & Health Disparities ³	0	0	130	130	--	130	--
Total NIH Budget	17,813	18,813	20,376	1,563	8.3%	2,563	14.4%
<i>subtract:</i>							
- <i>Estimated Research Training</i>	<i>550</i>	<i>564</i>	<i>611</i>	<i>47</i>	<i>8.3%</i>	<i>60</i>	<i>11.0%</i>
- <i>Other Non-R&D</i>	<i>161</i>	<i>155</i>	<i>168</i>	<i>13</i>	<i>8.3%</i>	<i>7</i>	<i>4.4%</i>
Total NIH R&D	17,102	18,094	19,597	1,503	8.3%	2,495	14.6%

AAAS estimates based on FY 2001 appropriations bills. Includes conduct of R&D and R&D facilities.

FY 2000 and FY 2001 request figures based on OMB R&D data and supplemental agency budget data.

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

¹ The FY 2001 request consolidates NIH-wide AIDS research into the Office of AIDS Research (\$2.1 bil.). FY 2001 request figures adjusted for comparability with FY 2000 and FY 2001 FINAL figures, which distribute AIDS funds among institutes.

² FY 2000 includes advance appropriation of \$40 million. FY 2001 does not include \$26 million advance appropriation (FY 2002).

³ New institute for FY 2001. Comparable FY 2000 and FY 2001 request funding is in the Office of the Director.

Another new institute, the National Institute of Biomedical Imaging and Bioengineering, was created in December, 2000.

FY 2001 funding will be transferred from other institutes' budgets.

FY 2001 FINAL figures include \$63 million appropriated to NIEHS in the VA-HUD bill.

January 4, 2001 - House-Senate Conference funding levels.

These appropriations are FINAL for FY 2001.

**Table 2. Department of Health and Human Services
R&D in the FY 2001 Budget (FINAL)
(budget authority in millions of dollars)**

	FY 2000 Estimate	FY 2001 Request	House-Senate Conference				
			FY 2001 FINAL	Chg. from Request		Chg. from FY 2000	
				Amount	Percent	Amount	Percent
National Institutes of Health	17,102	18,094	19,597	1,503	8.3%	2,495	14.6%
Centers for Disease Control	477	518	585	67	13.0%	108	22.7%
Food and Drug Administration	135	146	140	-6	-4.3%	5	3.4%
Health Care Financing Administration	61	55	139	84	153.3%	78	128.4%
Health Resources and Services Admin.	15	15	47	32	213.3%	32	213.3%
Healthcare Research and Quality ¹	168	209	229	20	9.6%	61	36.4%
Administration for Children & Families	41	43	51	8	19.6%	10	25.4%
Office of Aging	33	38	40	2	4.6%	7	20.4%
Departmental Administration	50	50	50	0	0.0%	0	0.0%
Total HHS R&D	18,082	19,168	20,879	1,711	8.9%	2,797	15.5%

AAAS estimates based on FY 2001 appropriations bills. Includes conduct of R&D and R&D facilities.

FY 2000 and FY 2001 request figures based on OMB R&D data and supplemental agency budget data.

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

¹ Formerly the Agency for Health Care Policy and Research.

December 18, 2000 - House-Senate Conference funding levels.

These appropriations are FINAL for FY 2001.