

National Institutes of Health in the FY 2001 Budget

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HIGHLIGHTS

- The President's FY 2001 budget would increase the National Institutes of Health (NIH) budget by \$1.0 billion or 5.6 percent over FY 2000, for a total of \$18.8 billion (see Table II-9). This would follow a nearly 14 percent increase in FY 2000. NIH's support of R&D would increase by 5.8 percent to \$18.1 billion.
- Many Members of Congress are committed to doubling the NIH budget in five years, and FY 2001 would be the third year of that effort which began with large increases in FY 1999 and FY 2000. The President's budget projections, however, show the NIH budget reaching \$19.0 billion in FY 2003, far short of double the FY 1998 level of \$13.7 billion.
- NIH is by far the largest federal supporter of R&D at universities and colleges. In FY 2001, NIH support of academic R&D would total \$10.9 billion and would account for more than 60 percent of the total federal investment (see Table I-7). The federal government sponsors 60 percent of all R&D performed at colleges and universities; NIH alone would fund more than one-third of all academic R&D in FY 2001.
- NIH funds more than half of all federal support for basic research. NIH basic research would total \$10.4 billion in FY 2001, an increase of 5.8 percent. NIH is also the largest funding source for applied research.

INTRODUCTION AND POLITICAL ENVIRONMENT

The National Institutes of Health (NIH) is the second-largest supporter of R&D in the federal government, after the Department of Defense. In its mission to promote biomedical research and other fundamental inquiries that may lead to medical advances, it is by far the largest federal supporter of basic research, applied research, and R&D at colleges and universities, and has a disproportionate impact on support for the life sciences and related fields.

The FY 2001 budget request of \$18.8 billion for NIH would be a \$1.0 billion (or 5.6 percent) increase (see Table II-9). NIH classifies 96 percent of its budget as R&D. (The remainder is for overhead and research training.) Its FY 2001 R&D would total \$18.1 billion, a 5.8 percent increase.

The proposed increase would follow increases of nearly 15 percent in both FY 1999 and FY 2000. For the past several years since the Republican Party gained control of Congress in 1994, Congress has added to the President's request and given NIH far more than it had requested. In FY 2000, for example, NIH requested only a 2.1 percent increase but Congress awarded an increase of nearly 14 percent. This year's proposed 5.6 percent requested increase, though smaller than last year's actual increase, is nevertheless larger than last year's requested increase and at \$1 billion is far larger than any other agency's requested R&D increase in dollar terms.

The outyear projections in the President's budget, however, call for the NIH budget to remain flat at \$18.8 billion in FY 2002 and rise only slightly to \$19.0 billion in FY 2003 despite projected real increases in overall discretionary spending for those two years. These projections represent a reversal of the Administration's stated goal in the past two budget requests to reach a \$20 billion NIH budget by FY 2003.

In response to the President's request, Congress is likely to once again provide even more money to NIH. Key lawmakers have publicly endorsed the goal of doubling the NIH budget in five years, and the substantial FY 1999 and FY 2000 increases represent the first two years' steps on the path from a \$13.7 billion budget in FY 1998 toward \$27.3

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billion in FY 2003. Congress may try for a 15 percent increase to \$20.5 billion in FY 2001 to stay on track toward the goal. Representative John Porter (R-IL), the outgoing chairman of the House Appropriations subcommittee in charge of NIH appropriations, has publicly endorsed the doubling effort. Although he will retire at the end of this year, he will undoubtedly try to claim an expanded NIH budget as one of his legislative legacies. His Senate counterpart, Senator Arlen Specter (R-PA), is also committed to the doubling goal. His current Senate term expires in 2004.

NIH's success on Capitol Hill is far from assured, however. Although NIH remains popular in Congress, there are increasing questions about whether NIH can adequately absorb these large funding increases while still supporting the highest quality science. In appropriations hearings in early 2000, NIH officials were repeatedly asked for assurances that the agency can use the extra funds productively, and there were also questions as to whether the research infrastructure in the nation's colleges and universities can absorb the surge in funding.

NIH is also in an awkward legislative situation because its research activities touch on several controversial areas. This year, Congress will be giving increased scrutiny to fetal tissue research, research on embryonic human stem cells, and gene therapy research, all of which are funded directly or indirectly by NIH. In the past few months, these areas have received heightened scrutiny because of highly publicized deaths and other adverse reactions by patients in gene therapy trials, and the emergence of fetal tissue research as an issue in the 2000 presidential campaign. Stem cell research, using stem cells derived from either embryos or from adults, has emerged as a promising area for future medical discoveries but is a highly controversial field because the most common source of stem cells for research is discarded human embryos. A coalition of mostly anti-abortion groups opposes the use of embryos in research while a coalition of disease-oriented patients groups strongly favors it. Although NIH funding levels will probably not be affected by these controversies, these issues may be fought out in the appropriations process. Contentious legislative provisions may end up attached to NIH appropriations language, which could delay approval of the NIH budget.

There is also a left-over issue from the FY 2000 budget process. The final FY 2000 appropriation for NIH includes a provision to delay the

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release of \$3 billion of NIH's FY 2000 budget until September 29, one day before the end of FY 2000. This budgeting trick allows NIH to receive a generous increase but holds down actual FY 2000 spending by ensuring that \$3 billion will not actually be spent until next year, a move that was designed to keep the FY 2000 budget in surplus. This year, however, budget projections have improved to the point that a non-Social Security surplus is almost certain, so the President's request includes a proposal to remove this provision.

FUNDING REQUEST AND PRIORITIES

NIH's highest priority among its funding mechanisms in FY 2001 would be Research Project Grants (RPGs), which are investigator initiated, peer reviewed, and competitively awarded. (NIH funding by institute is found in Table II-9; its budget by funding mechanism is found in Table II-10.) RPGs, which make up the majority of NIH funding, would increase by 6.1 percent in FY 2001 to reach \$10.3 billion. These funds would support more than 31,500 RPGs, a record number, but within that total the number of new and competing grants would decline sharply from 8,950 to 7,641 because of what NIH describes as a record number of continuation grants. To accommodate the increased number of RPGs the average cost increase per grant would be held to about 2 percent, even with the general inflation rate.

The FY 2001 budget proposes \$614 million for research training grants, 3.8 percent above the FY 2000 level. With the request, NIH expects to be able to increase its support to 15,944 full-time research trainees and give stipend increases of 2.2 percent.

NIH distributes more than 80 percent of its budget to extramural performers; approximately 10 percent to intramural research, mostly at NIH's Bethesda, Maryland, campus; and the remaining 10 percent to management, administration costs, and intramural facilities. The majority of NIH's extramural support goes to colleges and universities.

NIH is by far the largest federal supporter of R&D at universities and colleges, for an FY 2001 total of \$10.9 billion (up 6.1 percent; see Table I-7). Four institutes would each provide more than \$1 billion in academic R&D support. In the FY 2001 budget, NIH would account for more than

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60 percent of total federal R&D to colleges and universities. The federal government sponsors 60 percent of all R&D performed at colleges and universities, more than all other sources (state and local governments, institutional funds, industry) combined. Thus, NIH is expected to fund one-third of all academic R&D in FY 2001 and continue to be the majority source for many universities with medical schools.

FY 2001 would be the second year of an interdisciplinary Biomedical Information Science and Technology Initiative (BISTI) to support the emerging field of bioinformatics which combines biology, computer science, and mathematics to better utilize the enormous amounts of information and large databases being created by today's medical research. The initiative, funded in several of NIH's institutes, would receive \$147 million in FY 2001, up from \$110 million in FY 2000, and would develop new tools and technologies to handle increasing amounts of data and also support the training of bioinformatics specialists and encourage collaborations between life scientists, mathematicians, computer scientists, and engineers.

NIH'S INSTITUTES AND CENTERS

NIH institutes' budgets are somewhat complicated by the perennial controversy over how to fund AIDS research. As in the past several years, the President's budget would fund all NIH AIDS research through the Office of AIDS Research (OAR), located in the Office of the Director. OAR would then distribute AIDS research funds among the institutes based on its comprehensive research plan. In the past five years, however, Congress has opposed this proposed consolidation and given AIDS funds directly to the institutes. It is likely that Congress will once again reject the proposal. (Table II-9 shows FY 2001 AIDS funds, consolidated under an OAR line in the request, dispersed to the various institutes for comparability with FY 1999 and FY 2000.) The \$2.1 billion proposal for OAR would represent a 5.2 percent increase.

Most institutes and centers would receive increases of between 5 and 6 percent. The Buildings and Facilities appropriation, for intramural research facilities, would decline 10 percent to \$149 million because the FY 2000 budget includes the last installment of funds for the construction of NIH's Clinical Research Center, now scheduled for completion in

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2002. The FY 2001 request contains \$47 million to begin construction of the National Neuroscience Research Center to house intramural neuroscience research. There is also a request for a \$26 million FY 2002 advance appropriation for the second year of construction costs.

The National Center for Research Resources (NCRR) provides nearly all of NIH's support for extramural research facilities construction. Congress more than doubled its extramural facilities budget last year to \$73 million, and the FY 2001 request is for the same amount. The National Cancer Institute provides about \$3 million a year for extramural research facilities.

OTHER HEALTH RESEARCH IN THE FEDERAL BUDGET

Although NIH is the dominant funding source for health-related research in the federal budget, other agencies in the Department of Health and Human Services (HHS) also fund health-related research and would see funding increases under the President's request (see Table II-8).

The Agency for Health Care Policy and Research (AHCPR) has been renamed the Agency for Healthcare Research and Quality (AHRQ). AHRQ would not receive an appropriation in FY 2001, but its R&D programs would continue to be funded through transfers from other HHS agencies at a level of \$209 million, up from \$168 million in FY 2000. AHRQ's programs evaluate the quality and delivery of health care services, finance research on health care outcomes, explore ethnic and racial disparities in health care, and evaluate changes in the health care market. A priority in the budget request is research on medical errors, including research on identification and prevention of errors through the application of information technologies.

The Centers for Disease Control and Prevention (CDC) would have \$518 million for R&D in FY 2001, an increase of \$41 million or 8.6 percent. The budget would continue CDC's bioterrorism research, and would increase funding for research on occupational safety and health, emerging infectious diseases, and food safety.