

House and Senate Propose Large Increases for NIH

(The complete series of AAAS R&D Funding Updates, including continually updated analyses of R&D by agency in FY 2000 appropriations, 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.)

With time running out before fiscal year (FY) 2000 starts on October 1, both the House and the Senate rushed to put together their versions of an FY 2000 Labor-HHS appropriations bill providing funding for the Departments of Labor, Health and Human Services, and Education. In their haste to put together bills while remaining technically within restrictive spending allocations, each chamber padded its bill with numerous budgetary maneuvers. The President, however, still threatens to veto both versions of the bill for what he thinks are inadequate funding levels for education and labor programs. The House and the Senate both propose substantial increases for R&D funding in the National Institutes of Health (NIH). **The House would provide \$16.9 billion for NIH in FY 2000, \$1.3 billion or 8.5 percent above the FY 1999 funding level** (see Table 1A). **The Senate would be 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** (see Table 1B). Both these figures are 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 keep pace with a \$2 billion increase awarded in FY 1999, and would keep NIH nearly on track to double its NIH budget in five years, but this generosity comes with a catch: \$3 billion would be withheld until the last days of FY 2000.

The **House's** proposed \$16.9 billion NIH budget would be \$1 billion more than the request and \$1.3 billion or 8.5 percent above FY 1999 (see Table 1A). Excluding NIH's research training activities and overhead costs, NIH's R&D would total \$16.3 billion, an increase of 8.6 percent. Each institute would receive an increase of at least 7.8 percent (except for the Office of the Director, with a 5.4 percent increase), well above proposed increases in the 2 to 3 percent range in the budget request. Several institutes would receive increases greater than 10 percent: the National Institute of Environmental Health Sciences (NIEHS) would receive \$419 million, an increase of 11.5 percent; the National Center for Research Resources (NCRR), which provides research support and instrumentation funds, would receive a 15.2 percent increase to \$639 million; the National Human Genome Research Institute (NHGRI), the lead federal agency in the Human Genome Project, would receive \$308 million, up 16.3 percent; the National Library of Medicine (NLM) would receive an increase of 11.4 percent; and the Fogarty International Center (FIC), home of many of NIH's international cooperative activities, would receive \$40 million, an increase of 13.4 percent. The largest institute, the **National Cancer Institute (NCI)**, would see its budget exceed \$3 billion for the first time with \$3.2 billion, an 8.1 percent increase. The newest institute, the National Center for Complementary and Alternative Medicine (NCCAM), would receive \$68 million for its second year of existence, a substantial increase of \$18 million or 36 percent. (The House figures in this Update represent House Appropriations Labor-HHS Subcommittee-approved funding levels. These figures may change during the full Appropriations Committee markup, scheduled to conclude today. This Update will be revised if there are changes).

The **Senate** would provide \$17.6 billion for NIH's budget, \$2 billion or 12.8 percent more than FY 1999 (see Table 1B), but with a bizarre catch. The Senate bill would **delay the release of \$3 billion of this money 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 budgeting trick allows the Senate to appropriate a generous increase to NIH, but ensures that much of it will not actually be spent in FY 2000, helping to hold down federal spending in FY 2000. 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 Senate bill would force NIH to operate for nearly all of FY 2000 on less than its FY 1999 budget. The Senate-proposed \$2 billion increase would be canceled out by the withheld \$3 billion in funds, leaving just \$14.6 billion for the first 364 days of FY 2000.

Every institute would get an increase greater than 11 percent in the Senate plan (including the withheld funds), and three would receive increases greater than 20 percent. The Senate would provide \$90 million for the National Institute of Nursing Research (NINR), an increase of 28.9 percent; the Fogarty International Center (FIC), the unit of NIH with the smallest budget, would receive \$44 million, up 23.4 percent; and the largest increase of 28.9 percent would go to the National Human Genome Research Institute (NHGRI). NHGRI is on schedule to publish a "working draft" sequence of the human genome in spring 2000 and the complete sequence by 2003. The National Cancer Institute (NCI) would receive \$3.3 billion, an increase of 12.3 percent or \$360 million. The new NCCAM would receive \$56 million, \$6 million more than FY 1999.

In addition to the regular NIH appropriation, the Senate would provide some additional funds. The Senate bill would give the National Center for Research Resources (NCRR) an additional \$30 million in advance appropriations of FY 2001 funds for extramural facilities construction grants, in addition to \$30 million within the FY 2000 NCRR budget. The Senate would also provide FY 2000 funds to NIH from an account in the Office of the HHS (Health and Human Services) Secretary (see Table 2B). The Senate bill would transfer \$46 million from the Public Health and Social Services Fund to NIH. \$20 million would go toward a new program providing matching funds for cooperative R&D between NIH and the biotechnology, pharmaceutical, and medical device industries. The funds would 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. An additional \$26 million would go toward NIH's global health efforts in HIV/AIDS, malaria, and global malnutrition.

Both the House and the Senate would appropriate NIH HIV/AIDS research funds within individual institute budgets, instead of in a consolidated account as the Administration proposed. Total NIH AIDS research would be well over \$2 billion in the Senate plan, and close to that amount in the House plan.

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 received final approval. 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 if these embryos are left-over embryos created during fertility treatments that would otherwise have been destroyed. The Senate 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 House bill is expected to contain a similar ban.

Both the House and the Senate would provide increases for R&D programs in other agencies within the Department of Health and Human Services (HHS; see Tables 2A and 2B). Both the House and Senate would provide increases for R&D in the Centers for Disease Control and Prevention, with the Senate providing an 8.0 percent boost to \$473 million. The House would favor the Food and Drug Administration with an 11 percent increase to \$116 million after many years of declines or flat funding. The Senate would boost R&D in the Health Care Financing Administration (HCFA) by \$15 million to \$65 million. HCFA finances R&D on health-care outcomes and alternative

health-care delivery systems in Medicare and Medicaid. Total HHS R&D would rise 12.4 percent to \$17.7 billion in the Senate plan and 8.3 percent to \$17.1 billion in the House plan.

Although NIH would fare well in the House and Senate plans, NIH's good fortune stands against a chaotic funding situation presenting enormous difficulties to Congress as it attempts to get the Labor-HHS bill through the appropriations process. Congress is struggling to draft its FY 2000 appropriations bills because of its insistence on sticking to ever-tightening discretionary spending caps that are forcing sharp cuts to domestic discretionary programs. The discretionary spending caps, enacted in 1997, require FY 2000 discretionary spending to be nearly \$20 billion below FY 1999 funding levels. By September, both the House and Senate managed to pass 12 of the 13 appropriations bills, but did so only by providing substantial allocations to the defense spending bills and providing flat or slightly declining allocations for the first few bills out of committee, thereby shortchanging the later ones. The Labor-HHS bill, unfortunately, is the last of the appropriations bills to be drafted and its allocation of funds has been repeatedly raided to top off the other bills. As a result, both the House and Senate Appropriations Committees began work on the bill with allocations more than \$12 billion below the bill's FY 1999 funding level, a level that could have required cuts of almost 20 percent for its programs.

Both the House and Senate bills rely heavily on advance appropriations to bring their funding to reasonable levels. While advance funding (in this case, providing FY 2001 appropriations a year early) has traditionally been used for several programs, notably education programs, advance funding has rarely exceeded \$4 billion a year in the past. Last year, however, faced with tight budget caps, Congress provided \$9 billion in advance appropriations in the Labor-HHS bill, pushing that funding to FY 2000. Because of the even-tighter caps in FY 2000 with \$9 billion already spent, this year's Congress in a chain reaction has shifted FY 2000 funds to FY 2001 but upped the ante. The House bill would claim an unprecedented \$20 billion in FY 2001 funds for the Labor-HHS bill's programs, and the Senate bill would claim \$16 billion.

Still facing a shortfall, the Appropriations Committees resorted to other creative but controversial tactics, including the Senate-proposed NIH delay which falls two days short of becoming an FY 2001 advance appropriation. The House would rescind \$3 billion in payments that Congress guaranteed to the states as part of the 1996 welfare reform law, prompting an immediate outcry from state governors, even though the House promised to restore the funds in FY 2001. In addition, both bills would designate some funding as emergency. Emergency spending is exempt from budget caps.

Despite these tricks, the bills fall short of the President's request in several areas. The President has threatened to veto both bills. The House bill would cut job training programs by 10 percent, and would eliminate funding for the Class Size Reduction initiative and the Goals 2000 education program, both Administration priorities. Overall education spending (including advance appropriations) would increase over FY 1999, though by less than the Administration request. The President has threatened to veto the bill because it falls short of his request for Class Size Reduction by \$200 million, although the Senate funding level is equal to the FY 1999 level.

The House Labor-HHS is expected out of the House Appropriations Committee today, with floor action likely next week. The Senate is scheduled to approve its bill this week. Because it will be impossible to complete a House-Senate conference by October 1, Labor-HHS programs will be covered by a continuing resolution giving temporary funding at FY 1999 funding levels until October 21. The additional three weeks may allow the Labor-HHS bill to be signed into law as a separate bill in October, but this is unlikely because of the differences between the House and Senate bills and the threat of a Presidential veto. The bill may need to be rolled into a last-minute

omnibus appropriations bill covering all unfinished appropriations bills, as it has for the past four years.

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

	FY 1999 Estimate	FY 2000 Request	Action by House				
			FY 2000 HOUSE	Chg. from Request Amount	Chg. from Request Percent	Chg. from FY 1999 Amount	Chg. from FY 1999 Percent
Cancer	2,927	2,973	3,163	190	6.4%	236	8.1%
Heart, Lung and Blood	1,794	1,826	1,937	112	6.1%	144	8.0%
Dental Research	234	244	256	12	4.9%	22	9.3%
Diabetes, Digestive and Kidney	994	1,021	1,087	66	6.5%	93	9.4%
Neurological Disorders and Stroke	903	921	979	58	6.3%	76	8.4%
Allergy and Infectious Diseases	1,570	1,614	1,694	80	4.9%	124	7.9%
General Medical Sciences	1,198	1,227	1,299	72	5.9%	101	8.4%
Child Health & Human Development	751	772	816	44	5.7%	65	8.7%
Eye	396	407	429	22	5.4%	33	8.3%
Environmental Health Sciences	376	398	419	21	5.3%	43	11.5%
Aging	597	615	652	37	6.0%	55	9.2%
Arthritis & Musculoskeletal & Skin	308	315	333	19	5.9%	25	8.2%
Deafness and Comm. Disorders	230	237	251	14	5.9%	21	9.3%
Mental Health	861	876	930	54	6.2%	69	8.0%
Drug Abuse	603	623	657	34	5.4%	53	8.8%
Alcoholism and Alcohol Abuse	260	265	280	14	5.4%	20	7.8%
Nursing Research	70	72	76	4	6.2%	6	9.1%
Research Resources	555	568	639	71	12.5%	84	15.2%
Human Genome Research	265	276	308	32	11.8%	43	16.3%
Fogarty International Center	35	36	40	4	10.8%	5	13.4%
National Library of Medicine	181	186	202	16	8.8%	21	11.4%
Office of the Director	257	263	270	8	2.9%	14	5.4%
Office of AIDS Research ¹	0	[1,834]	0	--	--	--	--
Buildings and Facilities ²	198	148	148	0	0.0%	-49	-24.9%
Complementary & Alternative Med. ³	50	51	68	17	32.8%	18	36.0%
Total NIH Budget	15,612	15,933	16,935	1,003	6.3%	1,323	8.5%
<i>Estimated Research Training</i>	<i>511</i>	<i>512</i>	<i>544</i>	<i>32</i>	<i>6.3%</i>	<i>33</i>	<i>6.5%</i>
<i>Other Non-R&D</i>	<i>130</i>	<i>132</i>	<i>140</i>	<i>8</i>	<i>6.3%</i>	<i>10</i>	<i>7.4%</i>
Total NIH R&D	14,971	15,289	16,251	962	6.3%	1,280	8.6%

*Authors' estimates. Includes conduct of R&D and R&D facilities.

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 House bill would allocate 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.

*** House Appropriations Labor-HHS Subcommittee-approved funding levels.
These figures may be amended by the full Appropriations Committee and on the House floor.**

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

	FY 1999 Estimate	FY 2000 Request	Action by Senate				
			FY 2000 Senate	Chg. from Request Amount	Percent	Chg. from FY 1999 Amount	Percent
Cancer	2,927	2,973	3,287	314	10.6%	360	12.3%
Heart, Lung and Blood	1,794	1,826	2,001	175	9.6%	207	11.6%
Dental Research	234	244	268	23	9.6%	33	14.2%
Diabetes, Digestive and Kidney	994	1,021	1,130	109	10.7%	136	13.7%
Neurological Disorders and Stroke	903	921	1,019	98	10.7%	116	12.8%
Allergy and Infectious Diseases	1,570	1,614	1,787	172	10.7%	217	13.8%
General Medical Sciences	1,198	1,227	1,353	126	10.3%	155	12.9%
Child Health & Human Development	751	772	848	76	9.9%	97	12.9%
Eye	396	407	445	39	9.5%	49	12.5%
Environmental Health Sciences	376	398	436	38	9.6%	60	16.1%
Aging	597	615	680	66	10.7%	84	14.0%
Arthritis & Musculoskeletal & Skin	308	315	350	36	11.3%	42	13.7%
Deafness and Comm. Disorders	230	237	262	25	10.5%	32	14.0%
Mental Health	861	876	969	94	10.7%	108	12.6%
Drug Abuse	603	623	683	60	9.6%	79	13.1%
Alcoholism and Alcohol Abuse	260	265	291	26	9.7%	32	12.1%
Nursing Research	70	72	90	18	25.5%	20	28.9%
Research Resources ⁴	555	568	626	58	10.2%	71	12.8%
Human Genome Research	265	276	337	62	22.4%	72	27.3%
Fogarty International Center	35	36	44	7	20.5%	8	23.4%
National Library of Medicine	181	186	210	25	13.2%	29	15.9%
Office of the Director	257	263	300	37	14.0%	43	16.7%
Office of AIDS Research ¹	0	[1,834]	0	--	--	--	--
Buildings and Facilities ²	198	148	141	-8	-5.2%	-57	-28.8%
Complementary and Alternative Med. ³	50	51	56	5	9.8%	6	12.4%
Total NIH Budget ⁵	15,612	15,933	17,613	1,681	10.5%	2,001	12.8%
<i>Estimated Research Training</i>	<i>511</i>	<i>512</i>	566	<i>54</i>	<i>10.5%</i>	<i>55</i>	<i>10.8%</i>
<i>Other Non-R&D</i>	<i>130</i>	<i>132</i>	145	<i>14</i>	<i>10.5%</i>	<i>15</i>	<i>11.7%</i>
Total NIH R&D	14,971	15,289	16,902	1,613	10.5%	1,931	12.9%

*Authors' estimates. Includes conduct of R&D and R&D facilities.

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 Senate bill would allocate 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.

⁴ There is an additional appropriation of \$30 million in FY 2001 funds.

⁵ In addition to these funds, the Senate bill provides \$46 mil. in the Office of the Secretary for transfer to NIH (see Table 2B).

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

Senate Appropriations Committee-approved figures.

These figures may be amended on the Senate floor.

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

	FY 1999 Estimate	FY 2000 Request	Action by House				
			FY 2000 HOUSE	Chg. from Request Amount	Percent	Chg. from FY 1999 Amount	Percent
National Institutes of Health	14,971	15,289	16,251	962	6.3%	1,280	8.6%
Centers for Disease Control	438	478	447	-31	-6.5%	9	2.1%
Food and Drug Administration	104	111	116	5	4.9%	12	11.9%
Health Care Financing Administration	50	55	50	-5	-9.1%	0	0.0%
Health Resources and Services Admin.	25	25	30	5	20.0%	5	20.0%
Health Care Policy and Research	100	27	104	77	286.7%	4	4.4%
Administration for Children & Families	27	28	28	0	0.0%	1	3.7%
Office of Aging	18	18	18	0	0.0%	0	0.0%
Departmental Administration	17	16	16	0	0.0%	-1	-5.9%
Total HHS R&D	15,750	16,047	17,061	1,014	6.3%	1,311	8.3%

AAAS estimates. Includes conduct of R&D and R&D facilities.

* House Appropriations Labor-HHS Subcommittee-approved funding levels.

These figures may be amended by the full Appropriations Committee and on the House floor.

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

	FY 1999 Estimate	FY 2000 Request	Action by Senate				
			FY 2000 Senate	Chg. from Request Amount	Percent	Chg. from FY 1999 Amount	Percent
National Institutes of Health ¹	14,971	15,289	16,902	1,613	10.5%	1,931	12.9%
Centers for Disease Control	438	478	473	-5	-1.0%	35	8.0%
Food and Drug Administration	104	111	108	-3	-2.7%	4	3.8%
Health Care Financing Administration	50	55	65	10	18.2%	15	30.0%
Health Resources and Services Admin.	25	25	25	0	0.0%	0	0.0%
Health Care Policy and Research	100	27	20	-7	-27.8%	-80	-80.5%
Administration for Children & Families	27	28	28	0	0.0%	1	3.7%
Office of Aging	18	18	18	0	0.0%	0	0.0%
Departmental Administration ¹	17	16	63	47	293.8%	46	270.6%
Total HHS R&D	15,750	16,047	17,702	1,654	10.3%	1,951	12.4%

AAAS estimates. Includes conduct of R&D and R&D facilities.

¹ The Senate bill provides \$46 million in the Office of the Secretary's Public Health and Social Services Fund for transfer to NIH. \$26 million is allocated for HIV/AIDS, malaria, and global malnutrition; \$20 is allocated for matching funds for NIH partnerships with pharmaceutical and biotechnology companies to accelerate new antibiotics development.

These funds are listed under Departmental Administration in this table.

Senate Appropriations Committee-approved funding levels.

These figures may be amended on the Senate floor.