

House Agrees to Small Increase for NIH

AAAS R&D Funding Update on R&D in House FY 2006 NIH Appropriations

Highlights

- The House Appropriations Committee has drafted an FY 2006 budget for the National Institutes of Health (NIH) that would essentially agree to NIH's request for \$28.7 billion next year, an increase of \$143 million or 0.5 percent (see Table 1). NIH R&D would rise 0.5 percent to \$27.9 billion, failing to keep pace with general inflation for the first time in 24 years.

- The House appropriation would continue the recent trend of the NIH budget falling behind its own calculations of biomedical research inflation, estimated at 3.3 percent this year and 3.2 percent in 2006.

- **Most NIH institutes would receive increases of between 0.3 and 0.7 percent in the House plan.**

- The House would depart from the request by adding \$97 million in medical countermeasures R&D formerly funded in the Office of the HHS Secretary to the NIH Office of the Director budget, and by subtracting \$100 million in funding for the Global Fund to Fight HIV/AIDS, Malaria, and Tuberculosis from the National Institute of Allergy and Infectious Diseases (NIAID) budget to move to the Agency for International Development.

- The largest percentage increase would go to the Office of the Director (OD; up 35 percent) for the transferred biodefense R&D but also to boost OD funding for clinical research, high-risk basic research, and collaborative research in the NIH Roadmap for Biomedical Research.

- **NIH research (basic and applied) would increase 1.1 percent** to \$27.8 billion in the House plan.

- **NIH projects a decline in the number of Research Project Grants (RPGs) for the second year in a row, no inflation adjustment for most new or continuing grants, and a decline in the RPG success rate for the fifth year in a row down to 21 percent.**

- R&D in the other Department of Health and Human Services (HHS) agencies combined would fall \$172 million or 13.2 percent to \$1.1 billion (see Table 2). Most of the overall cut, however, would be due to the transfer of biodefense R&D from the Office of the Secretary to NIH.

NIH R&D in FY 2006 House Appropriations

On June 16, the House Appropriations Committee of Representatives continued work on FY 2006 appropriations by approving its version of the FY 2006 Labor-HHS-Education appropriations bill. The bill is scheduled for debate and expected approval by the full House later this week. **The House Labor-HHS bill would provide \$28.7 billion for the NIH budget in FY 2006**, essentially the same as the request and a 0.5 percent increase over FY 2005 (see Table 1). All but two institutes would receive the requested amounts.

NIH classifies 97 percent of its budget as R&D, including R&D facilities (the remainder is for overhead costs and research training). The House plan would provide \$27.9 billion for NIH R&D, also a 0.5 percent increase over this year. (For details of the NIH request, see Chapter 8 of *AAAS Report XXX: R&D FY 2006* or the March 4 AAAS R&D Funding Update). NIH support of basic and applied research would grow slightly faster than total R&D with a 1.1 percent increase because of a drop in R&D facilities funding.

After a completed five-year doubling campaign involving 15 percent increases for each of the five years between 1998 and 2003, biomedical researchers hoped for a gradual easing into slower growth rates. But growth in the NIH budget slowed sharply to 3.2 percent in 2004, and slowed even further to just 2.0 percent in 2005. Tight restraints on overall domestic spending would push NIH budget growth down to just 0.5 percent next year in both the request and the House plan. If the House plan prevails in the final FY 2006 budget, **FY 2006 would be the first time in 24 years that the NIH R&D portfolio would fail to keep pace with inflation** in the economy as a whole after just barely staying ahead of inflation in 2004 and 2005 (see Figure 1). NIH has already fallen behind its own Biomedical Research and Development Price Index (BRDPI), an index that attempts to calculate the inflation rate for goods and services purchased by the NIH budget. Recently, NIH projected the BRDPI increase for FY 2006 to be 3.2 percent after a 3.3 percent increase in 2005. In recent years, the BRDPI inflation rate has outpaced the economy-wide inflation rate by roughly 2 percent a year. (AAAS and the federal government use the economy-wide GDP deflator to adjust R&D dollars for inflation.)

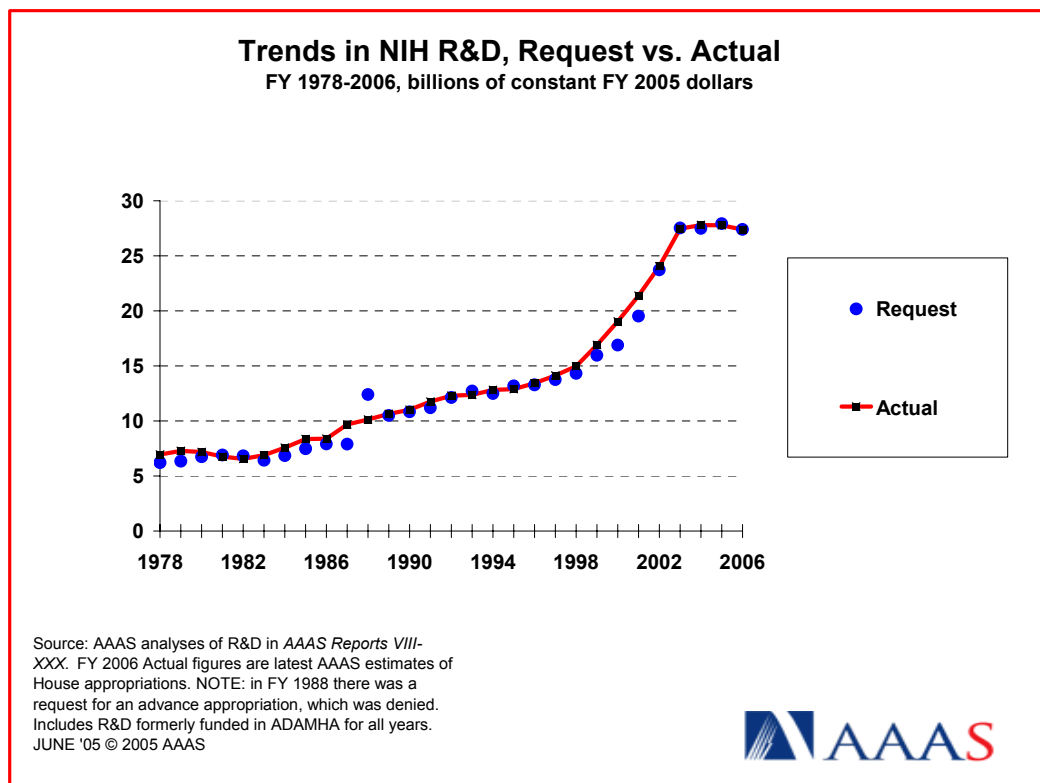


Figure 1. (click on the image for PDF)

Most NIH institutes would receive increases in a narrow range between 0.3 and 0.7 percent within the tight overall funding environment. The National Institute of Allergy and Infectious Diseases (NIAID), home to NIH's biodefense effort, would decline by 1 percent to \$4.4 billion, but only because the House bill would transfer \$100 million for the Global Fund for HIV/AIDS, Tuberculosis and Malaria out of NIAID and into the Agency for International Development (AID) budget; the remaining NIAID portfolio would actually increase 1.3 percent. The National Center for Research Resources (NCRR) budget would decline \$15 million to \$1.1 billion because of the elimination of a \$30 million program for extramural facilities construction, leaving slightly increasing funding for NCRR's research programs. Buildings and Facilities funding would fall 26 percent to \$82 million as the renovation and construction of intramural biodefense facilities ramps down.

The largest increase would go to the Office of the Director (OD) with a 35 percent boost to \$482 million, but primarily because the House would transfer \$97 million from the Office of the HHS Secretary to NIH.

The Office of the Secretary requested \$97 million (see Table 2) for transfer to NIH to spend on developing medical countermeasures against nuclear, radiological, and chemical terrorist attacks, nearly double this year's funding level because of the introduction of chemical countermeasures to the 2006 program. The House would bypass the Office of the Secretary and give the requested funds directly to NIH (see Table 1). But after excluding the transfer, the remaining increase for OD would still be a substantial 7.6 percent to boost OD funding for clinical research, high-risk basic research, and collaborative research in the **NIH Roadmap for Biomedical Research**. The Roadmap would receive \$333 million in FY 2006 (up 41 percent), with \$83 million from OD and \$250 million coming from other institutes' budgets, with their contributions going from 0.63 percent of institute budgets this year to 0.89 percent in 2006.

Biodefense R&D continues to be a high priority in the NIH portfolio. NIH identifies \$1.7 billion for biodefense R&D in FY 2006, essentially unchanged from this year. But a decline in biodefense laboratory construction funding would allow for an 8 percent increase in biodefense R&D grants and contracts to a total of \$1.7 billion, plus another \$97 million in mostly biodefense funding transferred from the Office of the Secretary. After providing \$148 million this year to fund extramural construction for biosafety level (BSL) 3 and 4 laboratories around the nation, NIAID would ramp down to \$30 million next year.

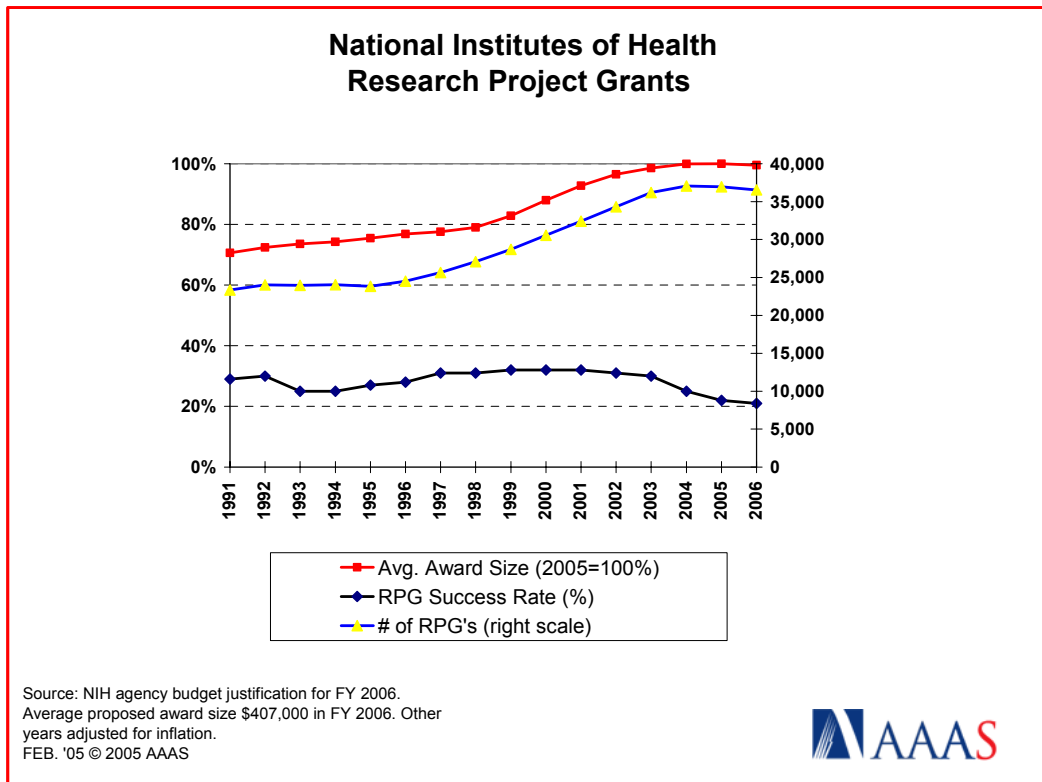


Figure 2. (click on the image for PDF)

NIH Funding Mechanisms

The majority of NIH's budget is distributed to external performers through Research Project Grants (RPGs), which are investigator initiated, peer reviewed, and competitively awarded. If the request and House appropriation become final, **NIH projects a decline in the number of Research Project Grants (RPGs) for the second year in a row. RPG funding would increase by 0.4 percent** in FY 2006 to reach \$14.9 billion, but these funds would support only 36,666 RPGs compared to roughly 37,000 this year and last year (see Figure 2). Because RPGs are multi-year grants, the number of new grants initiated in FY 2006 would be far smaller. In FY 2006, the number of new grants would rise slightly to 9,463, but would remain well below the 10,020 awarded last year.

NIH also projects a decline in the success rate for new grant applications for the fifth year in a row to 21 percent next year, down steeply from a high of 32 percent in FY 2001 (see Figure 2) because recent surges in the number of applications have outpaced the number of grants awarded. Although the number of RPGs has increased from 25,000 in the early '90s to more than 35,000 (see Figure 2), the number of grant applications has increased so fast that the success rate is now well below the success rates of the NIH doubling period 1998-2003 when they exceeded 30 percent.

In the area of research policy, the House Appropriations Committee defeated an amendment introduced by Rep. Weldon (R-FL) that would have withheld all NIH funds from any institution involved in research on stem cells derived from cloned embryos, even if the work is carried out with private funds. The amendment could have cut off hundreds of millions of dollars in all NIH funding from major research universities around the country that would like to use state or private funds to explore research cloning as an alternative to fertilized embryos as a method of deriving stem cells. Although the amendment was defeated 36-29 in committee, it may be reintroduced during full House debate.

The House bill contains language that follows up on a recent change in how NIH-funded research is published. Last year's House Labor-HHS appropriations report contained language calling on NIH to outline a policy to allow public access to all NIH-funded research results. Since then, NIH has implemented a policy requesting all scientists who publish research papers resulting from NIH-funded work to deposit the paper manuscript in the freely accessible NIH PubMed Central database within a year of publication. The current NIH policy is modified from an earlier draft which would have required scientists to archive their work with PubMed Central. The language accompanying this year's House Labor-HHS bill requests NIH to prepare a progress report on the policy, including estimates of the number of peer-reviewed journal articles that have been deposited with NIH vs. the total number published from NIH-funded work, and the average delay between paper publication and public access through NIH.

R&D in Other HHS Agencies

Total R&D in the Department of Health and Human Services (HHS) would be \$29.1 billion in FY 2006, a slight cut of 0.1 percent (see Table 2). NIH dominates the HHS R&D portfolio, but excluding NIH the rest of HHS would fund a still-substantial \$1.1 billion in R&D in FY 2006 under the House plan, a cut of 13.2 percent. Most of the steep cut would be due to the transfer of medical countermeasures R&D from the Office of the Secretary to NIH, but in an extremely tight budget environment all other HHS R&D agencies would face funding cuts. Only the Centers for Disease Control and Prevention (CDC) would retain flat funding at \$485 million for R&D in the House plan, and then only because some anthrax vaccine research and biosurveillance R&D funding would transfer from the Office of the Secretary (see Table 2).

Next Steps

The full House is expected to debate and approve the Labor-HHS bill later this week. The Senate Appropriations Committee is expected to draft its version in early July.

(This analysis is one of a series of AAAS R&D Funding Updates on FY 2006 congressional appropriations. The complete series of AAAS R&D Funding Updates, including continually updated analyses of R&D in FY 2006 appropriations, is available on the AAAS R&D Web Site (<http://www.aaas.org/spp/rd>) in the "FY 2006 R&D" or the "What's New" sections.)

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Table 2. Department of Health and Human Services R&D in FY 2006 House Appropriations

**Table 2. Department of Health and Human Services
House Appropriations Committee Action on R&D in the FY 2006 Budget
(budget authority in millions of dollars)**

	FY 2005 Estimate	FY 2006 Request	House Action				
			FY 2006 House	Chg. from Request Amount	Chg. from Request Percent	Chg. from FY 2005 Amount	Chg. from FY 2005 Percent
National Institutes of Health 2/	27,784	27,925	27,922	-3	0.0%	138	0.5%
Centers for Disease Control 2/	485	485	485	0	0.0%	0	0.0%
Food and Drug Administration	151	149	148	-1	-0.8%	-3	-2.1%
Centers for Medicare & Medicaid Services	78	45	65	20	44.4%	-13	-16.7%
Health Resources and Services Admin.	57	30	22	-8	-26.7%	-35	-61.4%
Healthcare Research and Quality 1/	351	348	348	0	0.0%	-3	-0.9%
Administration for Children & Families	38	35	35	0	0.0%	-3	-7.9%
Office of Aging	3	0	0	0	--	-3	-100.0%
Office of the Secretary 2/	137	122	25	-97	-79.5%	-112	-81.8%
Total HHS R&D	29,084	29,139	29,050	-89	-0.3%	-34	-0.1%

AAAS estimates based on FY 2006 appropriations bills. Includes conduct of R&D and R&D facilities.

FY 2005 and FY 2006 request figures based on OMB R&D data and supplemental agency budget data.

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

1/ Figures reflect estimated R&D program levels from all receipts, not just appropriated BA.

2/ FY 2006 House appropriation would move Office of the Secretary biodefense R&D to CDC and NIH accounts.

June 16, 2005 - AAAS estimates of House Appropriations Committee-approved bills.

These figures may be amended or rejected by the full House.