



NIH Shortchanged under the President's FY 2008 Budget

Medical research is key to improving health in the U.S. and around the world, but funding for that research does not fare well under the President's budget proposal for fiscal year (FY) 2008. The National Institutes of Health (NIH), our nation's leading agency for conducting and supporting medical research, will take a huge hit under President Bush's proposed budget. The President's budget proposes an appropriation of \$28.858 billion for NIH, a \$73 million decrease from 2007. The actual decrease for NIH is even greater—a net decrease of \$273 million—when funds for another, non-NIH program are taken out of the calculation. (See the section on page 4 entitled "NIH Funding Cut Is Masked by Pass-Through Funds.")

In terms of real (inflation-adjusted) dollars, funding for NIH has actually declined since 2004. To protect America's medical advances, NIH's 2008 funding should be adjusted to account for projected inflation and should receive an increase to begin restoring the funding the agency has lost since 2004. We recommend an increase of 6.7 percent above the 2007 funding level. An increase at that level would adjust for biomedical inflation, projected at 3.7 percent, and add 3 percent to begin restoring losses the agency has experienced since 2004. Therefore, funding for NIH should be increased by \$2.011 billion above the President's budget, providing a total of at least \$30.869 billion in FY 2008.

This funding shortfall comes at a time when medical research is needed more than ever to protect Americans and people around the world.

Shortchanging NIH Has a Far-Reaching Impact

Failing to adequately fund medical research hurts advances in health not just domestically, but globally. Diseases don't recognize national borders: We live in an age when new epidemics are just a plane ride away. Investing in research and development to cure and prevent the leading causes of illness and death in other countries has benefits that extend to us here at home.

The rising toll of diseases with a massive global prevalence, such as HIV/AIDS, tuberculosis (TB), and malaria, also has economic and political consequences – slowing economic growth worldwide and affecting stability in countries with the greatest disease burden. That matters to us. Developed countries rely on developing countries as trading partners – rich economies’ trade with developing countries is growing twice as fast as their trade with each other.¹ Developing countries account for 45 percent of U.S. exports. The Department of Defense, the National Intelligence Council, and the CIA have all recognized that heavy disease burdens can disrupt international stability, which, in turn, has consequences for U.S. security.²

The burden of HIV/AIDS, TB, and malaria is substantial. Almost 40 million people around the world are currently infected with HIV, and more than 4 million people become newly infected each year. Five hundred million people contract malaria. Nine million people develop active TB each year, and extensively drug-resistant strains pose a worldwide health threat.³ Collectively, these three diseases are responsible for about 6 million deaths annually – substantially more than the combined populations of Manhattan, Boston, Chicago, and San Francisco. Yet only 2.2 percent of the total NIH budget is spent on vaccines for those diseases.⁴ Moreover, about 1 billion people annually are affected by tropical diseases that receive so little research funding that the medical community refers to these conditions as “neglected tropical diseases.”⁵

It is especially challenging to combat diseases that disproportionately strike people in low-income nations, because economic market forces often preclude private investment in much-needed research and development of vaccines, diagnostics, and treatments. However, since the health of people around the world (“global health”) affects global stability and economic prosperity, and because diseases move easily across national boundaries, governments have a vested interest in stepping in when private industry does not have a financial incentive to proceed.

Although the need is great, our investment in global health has fallen short. NIH’s AIDS research funding was cut by \$19 million from 2005 to 2006, and it has remained stagnant since then. Last year, just **0.3 percent** of the NIH budget was devoted to malaria, and just **0.5 percent** to TB.⁶ By failing to adequately fund NIH, the President’s 2008 budget further threatens our efforts to address global health issues.

America’s contributions to advances in world health are one of the most positive foreign policy tools that we have. Shortchanging NIH, especially when it comes to their global health activities, blunts that tool.

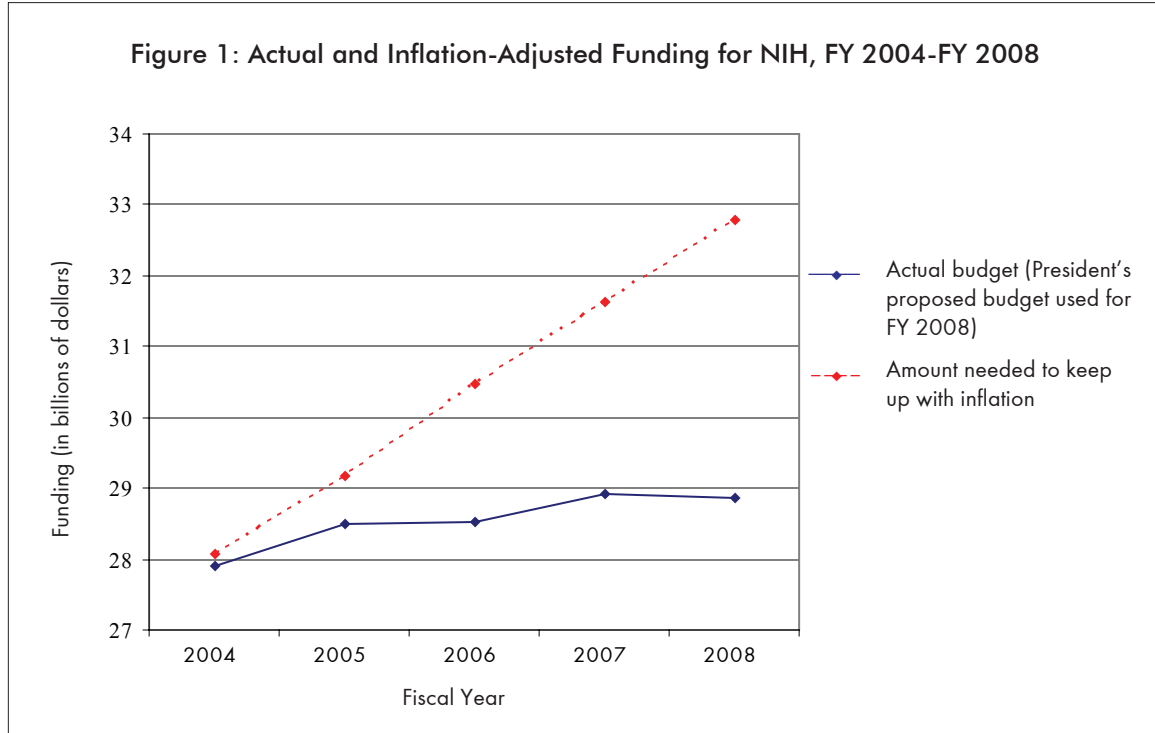
A Closer Look at the NIH Budget

■ The President's Budget Proposal Cuts Funding for NIH

The FY 2008 budget proposal submitted by the President calls for NIH funding that is *dramatically lower* than FY 2007. His budget requests NIH funding of \$28.858 billion for 2008. This represents a cut of \$73 million from last year's budget of \$28.931 billion – a cut in real dollars, not adjusted to keep up with inflation. Moreover, as discussed on page 4 entitled "NIH Funding Cut Is Masked by Pass-Through Funds," the net decrease for NIH is even greater – a cut of \$273 million from 2007 – when funds for another, non-NIH program are taken out of the calculation.

■ NIH Funding Has Failed to Keep up with Inflation

Since 2004, NIH funding has fallen further and further behind the rising costs of biomedical research (see Figure 1).⁷ The President's proposal would cut the NIH budget by \$73 million from its FY 2007 level. These are cuts in real dollars, which do not even take inflation into account. Losses in NIH funding erode the agency's purchasing power, limiting its ability to finance ongoing research and to expand in areas where critical domestic and global health threats have emerged.



- The President’s funding for NIH falls \$1.143 billion short of the amount needed to keep pace with the 3.7 percent biomedical inflation that is projected from FY 2007 to FY 2008.⁸
- A one-time 3.7 percent adjustment for inflation in the 2008 budget would not restore the purchasing power lost by NIH since 2004. The funding levels proposed by the President would mean a reduction of 13 percent in inflation-adjusted funding since 2004 – a gap of \$9.447 billion (see Figure 1).
- **NIH Funding Cut Is Masked by Pass-Through Funds**
 - The President plans to use the NIH budget as the vehicle for appropriating \$300 million to the Global Fund to Fight AIDS, TB, and Malaria (“Global Fund”) in FY 2008. This \$300 million is part of a pre-existing U.S. commitment to the Global Fund. As an accounting measure, U.S. contributions to the Global Fund must “pass through” an existing budget function. The President’s proposal passes all U.S. contributions through the NIH budget – specifically, the budget for the National Institute of Allergy and Infectious Diseases (NIAID). **This is not money that is being taken away from NIH** – these funds were never intended for NIH.
 - The Global Fund is a critical publicly and privately financed international organization that funds projects worldwide to fight HIV/AIDS, TB, and malaria. U.S. support for the Global Fund is essential if it is to continue its vital work. We recommend continued, and increased, support of the Global Fund.
 - While the President’s inclusion of a Global Fund pass-through does not diminish NIH funding, it makes his budget more complicated to follow. The inclusion of the dollars in the pass-through makes it seem as if NIH is receiving \$300 million more than it will actually get – masking the true extent of the President’s proposed cuts to the NIH budget.
 - If the dollars for the Global Fund pass-through from 2007 and the proposed pass-through for 2008 are removed from the total NIH budget for both years, the **actual cut** in NIH funding for 2008, **before adjusting for inflation**, is **\$273 million**.⁹
- **Failing to Adequately Fund NIH Jeopardizes Progress on Global Health**

Reducing NIH funding for global health research, which is already inadequate, will further jeopardize progress in critical areas of global health research.

While the President's budget does not specify funding levels by individual research areas, funding is specified for individual institutes and centers. The funding levels proposed for the key institutes engaged in global health work are indicative of the Administration's priorities and its willingness to expand our global health activities. The President's budget shortchanges the NIH agencies that are most involved in research that affects low-income countries.

- **NIAID**, the National Institute of Health's infectious disease research institute, is the principal Institute that funds research on HIV/AIDS, TB, malaria, and the other infectious diseases that are most prevalent in developing countries. NIAID needs \$145 million above the President's request just to keep up with inflation, let alone to expand its research capacity.¹⁰
- The President gives NIH's **Fogarty International Center (FIC)**, which is responsible for financing the training of researchers around the world, a meager budget of \$67 million in FY 2008, just \$1 million above the 2007 level and a mere pittance in the President's \$2.9 trillion budget. The FIC would need an increase of \$14 million above its 2007 budget just to keep pace with inflation.
- The **National Institute of Child Health and Human Development (NICHD)**, which aims to improve health worldwide with its Prevention Research and International Programs Office, would need a budget increase of \$34 million above the President's proposal just to keep up with inflation from FY 2007 to FY 2008.
- **Numerous Ongoing, Promising Research Projects Will Be Cut**

The cuts in the NIH budget will come at the expense of many ongoing, promising research projects.

The President's FY 2008 budget proposes that NIH fund research project grants for 566 new investigators or scientists.¹¹ However, the reduction in NIH's overall funding means that cuts would have to be made elsewhere to find money for these new projects.

The President's plan would, therefore, phase out 570 ongoing, promising research grants.¹² While funding of new investigators and new ideas is unquestionably worthwhile and will facilitate the development of new medical innovations, such funding should not come at the expense of important existing research projects.

Actions Speak Louder Than Words

Just weeks ago, the President visited NIH and commented that he “truly believe[s that] the NIH is one of America’s greatest assets . . . [a]nd it needs to be nourished.”¹³ However, the President’s proposed budget hurts NIH, rather than nourishing it.

We urge Congress to reject the President’s budget and recognize the importance of NIH. Congress can do this by providing \$30.869 billion for NIH for FY 2008 (\$2.011 billion above the President’s request).

We further urge Congress to recognize the importance of expanding funding for global health research and the development of ways to treat and prevent leading causes of illness and death around the world, such as HIV/AIDS, TB, and malaria. Congress can do this by supporting appropriations report language that acknowledges the need for increased global health research and development.

Americans from coast to coast, and people throughout the world, are looking to NIH for new medical advances and a healthier tomorrow. Shortchanging NIH hurts us all and places America’s – and the world’s – health at risk.

Endnotes

¹ "The New Titans," *The Economist* (September 16, 2006): 2-5, available online at <http://events.unisfair.com/econ/worlddeconomy.pdf>.

² Timothy Docking, *AIDS and Violent Conflict in Africa* (Washington: United States Institutes of Peace, October 2001); Andrew Price Smith and John Daly, *Downward Spiral: HIV/AIDS, State Capacity and Political Conflict in Zimbabwe* (Washington: United States Institutes of Peace, July 2004).

³ *Roll Back Malaria, World Malaria Report 2005* (Geneva: World Health Organization [WHO], 2006); Stop TB Partnership, *2006 Tuberculosis Facts* (Geneva: WHO, 2006); Joint Programme on HIV/AIDS (UNAIDS), *2006 Report on the Global AIDS Epidemic* (Geneva: WHO, 2006).

⁴ Numbers for disease-specific spending for NIH for 2006 are available online at <http://www.nih.gov/news/fundingresearchareas.htm>. Total numbers for NIH spending for 2006 are available online at <http://www.hhs.gov/budget/08budget/2008BudgetInBrief.pdf>.

⁵ *Neglected Tropical Diseases: Hidden Successes, Emerging Opportunities* (Geneva: WHO, 2006).

⁶ Numbers for disease-specific spending and total NIH spending for 2006, op cit.

⁷ Inflation calculations are based on the increasing cost of biomedical research and development, an inflation scale known as the Biomedical Research and Development Price Index (BIRDPI). This is the relevant inflation measure for NIH operations. BIRDPI is calculated annually by the Office of Management and Budget.

⁸ The estimated 2008 increase in BIRDPI is 3.7 percent. The calculation of amounts needed for an inflationary increase from 2007 to 2008 includes the actual Global Fund pass-through in 2007, the proposed pass-through for 2008, and \$158 million in NIH funds appropriated in the Benefits Improvement Act of 2000 and as Public Health Service Evaluation Funds.

⁹ The Global Fund received \$100 million through NIH's budget in FY 2007.

¹⁰ The \$145 million deficit in the President's proposed FY 2008 NIAID budget excludes the proposed pass-through of \$300 million to the Global Fund in FY 2008 and the actual pass-through of \$100 million in FY 2007.

¹¹ The President's budget is available online at <http://www.hhs.gov/budget/08budget/2008BudgetInBrief.pdf>.

¹² Ibid.

¹³ National Institutes of Health, *President Bush Participates in a Roundtable on Advances in Cancer Prevention* (Bethesda, MD: NIH, January 17, 2007), available online at <http://www.whitehouse.gov/news/releases/2007/01/20070117-2.html>.

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