OMB Raid on NIH Budget Called "Outrageous"

Without money to fund an extra 1500 grants, the priority scores for NIH's 5000 new grants this year will be around 150

For years, real growth in the budget of the National Institutes of Health (NIH) has come not from the Administration but from the Congress which traditionally appropriates funds far in excess of the President's request. Last year was no exception. In a legislative move that would have increased NIH's resources by more than $200 million, Congress gave the institutes enough money to fund an extra 1500 grants. Specifically, after reviewing the congressional largess, NIH officials determined that they would be able to fund 6526 investigator-initiated grants in fiscal 1985.

Researchers have been discouraged by the fact that only about a third of grants that win study section approval are actually funded. The new money meant that situation would improve. It also meant that the priority score for a fundable application would drop. On a scale of 100 to 500, in the recent past only applications with a priority score in the range of 150 or lower could be sure of getting money. With funds enough to support 6500 grants instead of 5000, it was anticipated that the payline would be somewhere in the range of 180 to 190. Biomedical scientists were ecstatic.

But just before Christmas, the bottom dropped out when the White House Office of Management and Budget (OMB) made a surprise raid on the NIH budget, effectively cutting it back to a level that will support no more than 5000 new grants this year. The prospect of awarding the additional 1500 grants faded rapidly.

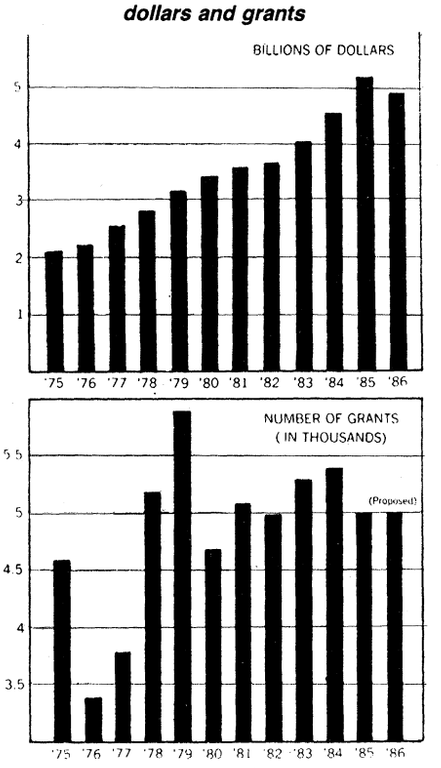
In what is generally described in Washington political circles as a "clever"—if unorthodox—move, OMB instructed NIH to "forward fund" approximately 675 of the 5000 grants it will make in 1985. Normally, when a researcher gets a 3-year NIH grant, funding for the second and third years is based on a moral but not legal obligation on the part of the institutes to pay. That means that even when there is a multiyear grant commitment, the money actually comes from the budget as appropriated by Congress year by year. By ordering what comes to about $200 million worth of "forward funding," OMB is telling NIH to make a legally binding commitment to 675 grantees. In effect, part of NIH's fiscal 1985 resources are being spent now for 1986 and 1987.

A target of 5000 new and competing grants a year was first set in the late 1970's when former NIH director Donald S. Fredrickson tried to convince Congress that the entire biomedical research enterprise would be more stable if scientists could count on a pool of 5000 grants a year. It was meant to be a floor, not a ceiling, but with budgetary cutbacks during recent years the 5000 figure has been transformed in many persons minds into a goal—one that NIH has not always been able to reach.

The impact of the current OMB directive to delete 1500 grants from the 1985 pool is taking its toll in each of the institutes. According to a memorandum regarding the National Institute of Child Health and Human Development, for example, that institute will have to reduce by 129 the number of grants that would otherwise have been approved by its advisory council. The institute reviewed its initial 44 cuts on a state-by-state basis, showing how many potential new grants have been deleted according to congressional district. California topped the list with a total loss of six grants.

Congress has been inundated with complaints from biomedical research groups that are outraged and frustrated by OMB's raid on the budget. Some are considering taking the government to court and members of Congress have asked the Comptroller General for an official opinion. Nevertheless, most experts on Capitol Hill and within the NIH believe that what the OMB has done is legal.

The NIH budget in dollars and grants



© The Washington *Post*

However, there is no doubt at all that the OMB directive violates the clear intent of Congress in appropriating additional funds for basic biomedical research. According to House and Senate aides, there was no single driving force behind the decision to raise the number of grants. There was no "threshold," as one put it. Rather, there was a pervasive feeling that biomedical research is on the brink of taking off in a number of new directions and that the money could be spent wisely and well. Congress responded to concerns about the effect of the extremely tight competition on young investigators and began to share scientists' worry that bright young people could be turned away from research careers. Said one aide, the money was a way of saying that "We want young investigators and others to know that Congress cares about encouraging scientific creativity."

What will happen next is hard to predict right now. In both the House and Senate, aides are reviewing the situation and planning for hearings sometime within the next few weeks. The key appropriations subcommittee in the House is chaired by Representative William H. Natcher (D–Ky.); in the Senate, Senator Lowell P. Weicker, Jr., (R–Conn.), is chairman.

The significant thing about the extra 1500 grants is that they represented not a 1-year commitment to support more scientists but a long-term investment in an expanded biomedical research enterprise. By funding 6500 new grants in 1985, NIH would have raised the base, so to speak, for future years. Were the congressional increase to be but a one time boost, NIH would almost immediately find itself with insufficient funds to maintain what it started and competition for funds in 1986 and 1987 would be far worse than at present.

So, Hill aides note, in deciding what to do to try to remedy the situation, the

congressional appropriations committees need now to look ahead and figure out what the real costs of a $200 million increase would be as they multiplied in coming years. Congress will be doing this in an environment in which the federal budget deficit is on everyone's mind. Says one aide, "The word around here is 'freeze.' " If Congress does decide to cap domestic budgets, there is no particular reason to expect that an exception will be made for biomedical research. On the other hand, if the freeze is broken in one area, there may be no holding it in others, in which NIH ought to have a good shot at getting back at least some of what it so ephemerally had.—**BARBARA J. CULLITON**

Commission Proposes Science Department

A presidential commission, consisting largely of chief executive officers of high-technology companies, has now made public its widely heralded recommendation that the federal government should combine all civilian research and development agencies into a Department of Science and Technology. The proposal is contained in the final report of the President's Commission on Industrial Competitiveness, a body established in June 1983 to provide advice on government policies to help U.S. industry fend off international competition.*

The commission's interest in establishing a science and technology department has already stimulated a great deal of public discussion of the idea (*Science*, 21 December 1984, p. 1398). The report is not specific on what should be included but argues that "such a department would make clear the importance of science and technology at a time when technological innovation is key to enhanced competitiveness." John A. Young, president of Hewlett-Packard Company, who chaired the commission, added at a press briefing on 13 February that "Technology is our greatest advantage . . . federal nondefense R&D efforts represent an $18 billion annual investment from which we could reap greater rewards." The current fragmented structure of the federal R&D enterprise does not permit adequate coordination, he says.

Young outlined the commission's proposals to the Cabinet Council on Commerce and Trade on 24 January and is said to have received a sympathetic response. According to White House officials, however, the idea of establishing a science and technology department is unlikely to advance far within the Administration, at least for the time being. With more urgent issues involving the budget and reducing the federal deficit to be dealt with, "this is not the time to propose a major reorganization," notes one official. For now, he says, the idea is "on the back burner."

How long it stays there may depend in part on whether two other reorganization plans are put forward. The first involves a possible merger of the Department of Energy and the Department of the Interior, an idea that was widely discussed early in January. The second is the creation of a Department of Trade and Industry through a merger of the Department of Commerce and the White House Office of the U.S. Trade Representative. This was formally proposed by the Administration 2 years ago but was never acted on by Congress. The commission has proposed that the idea be resurrected, and President Reagan noted in his State of the Union Address that "we need a stronger and simpler approach to the process of making and implementing trade policy and will be studying potential changes in that process in the next few weeks."

**Global Competition: The New Reality* (President's Commission on Industrial Competitiveness, 736 Jackson Place, Washington, D.C. 20503).

Both those potential reorganizations would have implications for several scientific programs and agencies. An Energy-Interior merger, for example, raises the question of what would happen to the Energy Department's substantial physics and energy research programs, which would not fit logically into the Interior Department. Similarly, The National Bureau of Standards and the National Oceanic and Atmospheric Administration, which are currently part of the Department of Commerce, would not fit into a trade and industry department.

Supporters of a science department point out that such a body would be a logical home for the orphaned Commerce and Energy programs if the two merger plans were to go forward. The mergers themselves would run into substantial opposition on Capitol Hill, however, and a wider reorganization involving a Department of Science and Technology would stir up even more opposition because it would require substantial realignment of congressional committee jurisdictions. Thus, the Administration is not likely to put together such a sweeping reorganization package while it is concentrating on more immediate political issues, White House officials note.

Some of the commission's other recommendations concerning R&D are likely to receive prompter attention, however. They include:

- *Tax incentives for private sector R&D.* Under existing tax law, companies can claim tax credits equivalent to 25 percent of the amount by which they increase their outlays on R&D. The commission recommends that the credits, which are due to expire at the end of the year, should be made permanent and that the definition of R&D should be expanded to include a broad range of activities associated with R&D. It also advocates a new tax credit to encourage more investment by industry in university research.
- *Increase support for university research.* The current level of government funding of university research "should not only be continued but, if possible increased," the commission recommends. This could be achieved in part by transferring some funds from the national labs: "Improved management of Federal laboratories could free up considerable funds. These could be better spent in universities, which provide the dual benefits of scientific advances and the training of future scientists and engineers."
- *Pay more attention to manufacturing technology.* Manufacturing engineering has suffered from lower status than other areas of engineering, the commission notes. The private sector needs to invest more in this area, but the federal government could help by making expenditures to develop innovative manufacturing processes eligible for the R&D tax credit. More government funding of university research on process technologies would also be helpful, the commission suggests.—**COLIN NORMAN**