

NIH Faces \$236-Million Budget Cut in FY 1986

The first act of what will be a long and complex budget drama was played out when the White House Office of Management and Budget (OMB) and the Congressional Budget Office jointly released figures about cuts in both defense and nondefense domestic programs mandated by the Gramm-Rudman bill. The legislation requires reduced spending in order to cut the national deficit by \$11.7 billion in fiscal year 1986, which began on 1 October 1985.

For the National Institutes of Health (NIH), this means a total cut of \$236 million in "budget authority." Because Gramm-Rudman is intended to reduce the deficit by reducing the actual amount of cash the government spends, its most immediate effect is to force a cut in the funds that will actually flow from NIH to grants and programs in the remainder of this fiscal year. NIH spends in "outlays" only about 50 percent of its budget authority in any given year and, of course, has already spent some of its FY 1986 budget. About \$112 million of funds remaining in the "outlay" category will have to be saved. Thus, in terms of dollars the burden of Gramm-Rudman will be borne by researchers who have not yet received an NIH award but were originally expected to get one before 1 October 1986.

Gramm-Rudman mandates a cut that comes to 4.3 percent of outlays for all federal agencies and programs that are not specifically exempt or given some special protection. The law exempts Social Security from cuts altogether, for example, and puts Medicare in a special category. Science agencies, however, received no special consideration.

The details of Gramm-Rudman implementation were spelled out in the 15 January *Federal Register*, which lists agency by agency (in NIH's case institute by institute) just where the cuts will come. The bill requires that the 4.3 percent cut be applied on a "mechanism" basis, which means for NIH that all institutes and all programs be cut across the board. Thus, 4.3 percent will be cut from the health research budgets of each institute; 4.3 percent will come from each institute's education and training budget (a separate "mechanism" from research); and 4.3 percent will have to be slashed from the NIH's intramural program, possibly resulting in personnel layoffs, according to some officials.

But Gramm-Rudman is not the whole story. On 3 February the President will send Congress his budget request for FY 1987, which is expected to contain a rescission column that cuts even deeper than Gramm-Rudman. For weeks, NIH budget officials and institute directors have had frequent meetings about the FY 1987 budget proposal, which at one point would have asked for close to \$5.9 billion for NIH. An order from OMB to pare \$300 million was followed several days later by instructions to make it \$412 million. A subsequent instruction demanded that yet \$80 million more be subtracted. "We keep having these meetings and acting as if we were making decisions, but the truth is it's not clear to any of us what's going on," one institute director told *Science*.

The situation was summed up by another NIH official who observed that "No matter what happens, NIH will face real cuts but it is too early to panic. We'll try to minimize the damage."

From NIH's point of view, the major issue as far as minimizing the damage is concerned rests with the outcome of a battle

over who will end up in control of budget-reduction decisions for FY 1987 and probable further rescissions in FY 1986.

OMB officials have sent NIH a set of specific instructions that allow less discretionary room than NIH would like.

NIH officials believe that they are in a better position to make cuts with discretion than are budget officers in OMB or top Administration people in the Department of Health and Human Services, NIH's parent agency. But budget instructions from the higher-ups are turning out to be very precise. For example, it looks as if construction funds may be reduced to zero in FY 1987.

In addition, NIH lacks the flexibility it would like over the number of new and competing grants it makes in FY 1986. Last year, Congress authorized funds enough to pay 6500 grants but OMB balked and, through what proved to be an unsuccessful maneuver, tried to reduce the number to 5000 (*Science*, 6 September 1985, p. 947). Skillful political negotiations, mainly by NIH's supporters in Congress, resulted in a compromise figure of 6100. Now NIH may end up stuck with an obligation it no longer wants to keep. Congress has said to fund 6100 grants; OMB is reportedly also insisting on that figure, even though financial realities have changed drastically during the past 2 or 3 months.

NIH officials find themselves in a bind. If funding 6100 grants is a must, it will be necessary to pay each grant at a reduced level. The average cost of a grant is rising at about 10 percent a year, well above the rate of inflation in the general economy. For FY 1986, the average grant, at full funding, could cost about \$163,000. But NIH will no longer have the money to support 6100 grants at full cost without drastically cutting other programs that many researchers consider as vital as the investigator-initiated grants.

NIH director James B. Wyngaarden appears to favor reducing the number of grants on the premise that it is wiser in the long run to fund a smaller number of grants fully and to maintain other programs. Just how this will be resolved is anything but clear at present. It is also unclear whether funds will be taken from grants that have already been made. NIH has never done this, and it seems unlikely that it will happen now, but officials advise that it cannot be ruled out until the legal implications of various actions are determined.

Just how the anticipated budget cuts will affect the major NIH reauthorization bill that Congress passed in October (*Science*, 1 November 1985, p. 525) and the President subsequently signed is not yet apparent. For example, that legislation authorized the creation of a nursing research center in NIH. At this point it consists of a staff of seven people who will be transferred, at least in name, to NIH from the Health Research and Services Administration. Whether they will be physically moved to offices in NIH quarters has not been decided. Whether Congress will appropriate money for the new center in these stringent times is even less certain. Similarly, the amount of new money that will be available for the new arthritis institute is up in the air. These things and more hinge on the terms of the President's forthcoming budget and what Congress subsequently does in terms of appropriating additional funds.

Perhaps the only thing that is clear right now is that nothing is. ■ BARBARA J. CULLITON