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APPROPRIATIONS UPDATE

L/HHS Conference Report

The L/HHS Conference Committee met on November 14, 2005, to work out differences between the House and Senate versions of their respective L/HHS Appropriations bills. The conferees agreed to provide NIH with an increase of \$150 million for FY2006. David Obey (D-WI) remarked that the \$150 million increase would rank as the smallest increase for NIH in 36 years and result in NIH funding 505 fewer research grants in FY2006 than were funded in FY2004.

However, NIH is one of very few programs within the L/HHS bill that is slated to receive an increase in FY2006. Part of the reason for the small number of programs that registered increases in FY2006 is because the Conference Committee was provided with an overall allocation (to fund the respective programs under the L/HHS bill) that fell \$1.48 billion below last year's level.

Senate Chairman Arlen Specter (R-PA) stated that the bill is so bad (because of the vast number of programs that have been cut) that he considered voting against it. Ranking Committee Members (Senator) Tom Harkin (D-IA) and (Representative) David Obey (D-WI) both remarked that it is "shocking" how many important programs are slated to receive an outright cut from FY2005 levels.

The Conference Committee adjourned without approving the bill because they were unable to agree on numerous issues (including the Senate's request to provide \$8 billion for avian flu activities). The House refused to provide this money in the L/HHS bill and opposed categorizing the

spending as "emergency spending" (if approved as emergency spending, the outlay would not "count" against the Committee's total allocation).

NIH received an increase (only) because Chairmen Specter and (Representative) Ralph Regula (R-OH) agreed to eliminate all Member projects (earmarks) in the bill. This decision freed up \$1 billion to distribute among several L/HHS programs. Without this money, every program in the L/HHS bill would have received a cut from FY2005 levels. In addition, the possibility still exists that an across-the-board cut will be implemented at some point in the process.

House Defeats L/HHS Conference Report

On November 16, 2005, House and Senate negotiators resolved their differences and filed the L/HHS Conference Report. The conferees agreed to not include the \$8 billion for Avian Flu.

The filing of the conference report set up a stunning development on the following day (November 17, 2005), when 22 House Republicans ignored their leadership's pleas and voted against the L/HHS conference report. With all House Democrats also opposing the measure, the L/HHS conference report failed to pass by a vote of 224-209. Republican leaders were caught off guard and held the vote open for 36 minutes to twist arms. In the end, it appears that Republican moderates were not willing to stomach the cuts in a variety of programs. In addition, the fact that Member projects were stripped from the bill made it much more difficult to attract "yes" votes.

Speaker Dennis Hastert (R-IL) and House Appropriations Chairman Jerry Lewis (R-CA) both said that the next step would be a year-long continuing resolution (CR) to keep funding those affected departments at the levels the respective agencies are currently operating under. However, another possibility is that Republican leaders will try to revive the measure in December, and perhaps attach the legislation to the FY2006 defense spending bill.

In any event, a short-term CR was passed that will keep agencies operating until Congress passes the L/HHS bill. The CR is scheduled to run through December 17, 2005.

Senate Passes Energy and Water Conference Report, Awaits President's Signature

On November 14th, the Senate passed H.R 2419, the conference report for the Energy and Water appropriations bill, by a vote of 84 to 4. This legislation, which funds among other things, the Department of Energy's (DOE) Office of Science, now awaits the President's signature before becoming law.

Under the legislation, DOE's Office of Science would receive \$3.63 billion, which is roughly a 0.9% increase over FY 2005 funding levels.

Senate Passes Commerce, State, Justice Science and Related Agencies Conference Report, awaits President's signature

On November 16th, the Senate passed H.R. 2862, the Departments of Commerce and Justice, Science, and Related Agencies Appropriations Act, 2006 by a vote of 94 to 5. This legislation funds among other things, the National Science Foundation and the National Aeronautics Space Administration's Human Systems Research and Technology Directorate.

Under the terms of the conference report, which included a .28% across the board cut, the National Science Foundation will receive \$5.63 billion. This funding level is a 3% increase over FY 2006 levels.

NASA's Human Systems Research and Technology Directorate will receive \$799 million. This is a \$126 million or 13.6% decrease over last year's funding levels.

Summary of FY 2006 Appropriations (\$ in millions)

Agency	FY 05 Omnibus with .80% reduction	President FY 06 Request	FY 06 Conference	Change from FY 05	% Change from FY 05
NIH	28,371	28,450	28,371 **	0	0
NSF	5,470	5,605	5,637	167	2.96
DOE	3,590	3,460	3,630	40	1.10
VA	402.3	390	412	9.7	2.4
NASA	925	807	799	-126	-13.6
USDA	179.6	250	183	3	1.85

** Continuing Resolution

INSIDE (the Beltway) SCOOP – Jon Retzlaff, Legislative Director

President Bush alienated many fiscal conservatives when he embraced what appeared to be an open checkbook policy to pay for the aftermath of Hurricane Katrina. When the President submitted to Congress a \$51.8 billion emergency supplemental appropriations request, it emboldened fiscal conservatives to take up the mantra of fiscal responsibility. In a matter of days, House leaders found themselves ceding to the fiscal conservatives' concerns. In fact, former Majority Leader Tom DeLay (R-TX)

actually apologized to the Republican Study Committee (a group of fiscal conservatives in the House) for allowing government spending to grow at a high rate while Republicans have been the majority party.

This backdrop of information helps explain why the conferees to the L/HHS conference report set an allocation for FY2006 spending at \$1.4 billion below last year's spending levels. When inflation is factored in, the real reduction was approximately \$5 billion. In addition, they refused to designate any spending as "emergency spending," including the \$7.8 billion that the President proposed to fight avian flu.

Reopening discussion on the L/HHS conference bill may be problematic for NIH because it is very unlikely that additional money will be provided to the Committee. Therefore, the concern is that the only alternative would be to redistribute the money, which possibly could mean reducing NIH's increase to fund programs that received a cut or pay for certain member's projects (earmarks). However, on the day after the House defeated the L/HHS conference report, the Senate voted 66-28 to instruct its conferees to designate the \$2 billion reserved for low income individuals to help pay their energy costs as "emergency spending." We hope that this will mean an additional \$2 billion will be available to spend on L/HHS programs, including NIH. We will have to wait and see how the House reacts to this proposal. FASEB issued a [press release](#) urging Congress to revisit the Labor-HHS-Education Appropriations bill and fund NIH at \$29.4 billion.

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CONGRESSIONAL MEETINGS

FASEB Meets with Congressman Jim Leach (R-IA) regarding NIH's Budget for FY2006

On November 17, 2005, FASEB organized a meeting with Representative Jim Leach (R-IA) and his legislative director, Mary Andrus, to discuss the L/HHS Conference Report, and specifically the funding level recommended for NIH in FY2006. The following individuals attended the meeting: Jon Retzlaff, Director of Legislative Relations, FASEB, Kevin C. Kregel, Ph.D., Professor, Department of Exercise Science and Free Radical and Radiation Biology Program, Department of Radiation Oncology, The University of Iowa, [APS member, FASEB Society], Claudia Louis, Government Relations Manager, American Heart Association, Trina Heath, RN, CV Outreach Coordinator at Cedar Rapids Medical Center (representing the American Heart Association), Jennifer Zeitzer, Associate Director, Federal Policy, Alzheimer's Association, and Kevin Cain, Manager, Federal Government Affairs, American Diabetes Association.



(Left to right) Jon Retzlaff, Trina Heath, Claudia Louis, Kevin Cain, Jennifer Zeitzer, and Kevin Kregel thank Congressman Leach (second from left) for his support of NIH.

Our two Iowa constituents thanked Congressman Leach and briefed him on how NIH funding is contributing to improving peoples' health. Dr. Kregel discussed the economic effect of NIH dollars on the state of Iowa and voiced concern that young scientists are beginning to look at other career options because of the uncertainty surrounding the NIH budget. He also talked about the scientific opportunities that exist today because of Congress' decision to double NIH's budget.

Congressman Leach informed us that he admires the work NIH-supported scientists are doing, and specifically cited Mary Hendrix's (former FASEB President) research on stem cells and Lyme disease. He also mentioned that he hopes the L/HHS bill will be improved, but expressed concern that NIH's total may be reduced because the subcommittee is not likely to receive additional money.

FASEB Meets with Senator Grassley's staff regarding NIH's Budget for FY2006

On November 17, 2005, FASEB organized a meeting with Kathy Nuebel Kovarik, Senator Charles Grassley's (R-IA) Legislative Assistant on appropriations issues, to discuss the L/HHS Conference Report, and specifically the funding level recommended for NIH in FY2006. The following individuals attended the meeting: Jon Retzlaff, Director of Legislative Relations, FASEB, Kevin C. Kregel, Ph.D., Professor, Department of Exercise Science and Free Radical and Radiation Biology Program, Department of Radiation Oncology, The University of Iowa, [APS

Member, a FASEB Society], Claudia Louis, Government Relations Manager, American Heart Association, Trina Heath, RN, CV Outreach Coordinator at Cedar Rapids Medical Center (representing the American Heart Association), Jennifer Zeitzer, Associate Director, Federal Policy, Alzheimer's Association, and Kevin Cain, Manager, Federal Government Affairs, American Diabetes Association.

Dr. Kregel pointed out that he has received funding from the NIH for twenty years, but is becoming very concerned about many of the young investigators at the University of Iowa who are struggling because of the small budgetary increases NIH has received during the past few years.

Ms. Kovarik informed us that Senator Grassley, who as Chairman of the Finance Committee has jurisdiction over Medicaid and Medicare policy, believes that spending money on NIH saves on health care costs in the long-term. Unfortunately, Ms. Kovarik does not believe the L/HHS conference committee will receive additional money to allocate because the budget committee will not allow it. Senator Grassley also serves on the budget committee.

FASEB Meets with Congressman Foley's staff regarding NIH's budget for FY2006

On November 16, 2005, Jon Retzlaff, Director of Legislative Relations, FASEB, Claudia Louis, Government Relations Manager, American Heart Association, Sue Nelson, Vice President of Federal Advocacy, American Heart Association, Jennifer Zeitzer, Associate Director, Federal Policy, Alzheimer's Association, and Kevin Cain, Manager, Federal Government Affairs, American Diabetes Association, met with Bradley Schrieber, Legislative Director for Representative Mark Foley (R-FL), to discuss the funding level recommended for NIH in FY2006.

Mr. Schrieber informed us that while Mr. Foley supports NIH, he said every program is going to have sacrifice in today's environment. He told us that we should expect NIH's budget to grow "in steps not jumps." He also said that NIH currently has a black eye (due to conflict of interest concerns) and Congressman Foley strongly supports Chairman Barton's efforts to restructure and reform the agency (via the NIH reauthorization proposal). Finally, Mr. Schrieber stated that NIH is in good shape because "no other agency has received a doubling of its budget." We pointed out that other agencies, including CDC and the Dept. of Education, have had their budgets doubled.

FASEB Meets with Congressman Castle's staff regarding potential across-the-board cuts

On November 8, 2005, Jon Retzlaff, Director of Legislative Relations, FASEB, Claudia Louis, Government Relations Manager, American Heart Association, Sue Nelson, Vice President of Federal Advocacy, American Heart Association, Jennifer Zeitzer, Associate Director, Federal Policy, Alzheimer's Association, Kevin Cain, Manager, Federal Government Affairs, American Diabetes Association, and Andy Fish, Senior Director, Federal Government Relations, American Cancer Society, met with Elizabeth Wenk, Deputy Chief of Staff for Representative Mike Castle (R-DE), to discuss the

across-the-board cuts that have been discussed for all discretionary spending (non-defense, non-homeland security programs).

Our group informed Ms. Wenk that NIH spending is an investment and any additional cuts would be harmful to our country's research infrastructure. Ms. Wenk said that Representative Castle supports fiscal discipline and would vote for an across-the-board cut, but he believes all accounts should be subject to the cut, including defense and homeland security programs.

FASEB Meets with Staff Director for the Senate Subcommittee of Bioterrorism & Public Health Preparedness

FASEB has been closely following the Biodefense and Pandemic Vaccine Production Act of 2005, introduced last month by Senator Richard Burr (R-NC). In response to the [letter sent by FASEB](#) regarding this piece of legislation, we were invited to meet with Robert Kadlec, M.D., staff director of the subcommittee on bioterrorism and public health. FASEB legislative director, Jon Retzlaff, and Carrie Wolinetz, from the FASEB Office of Public Affairs, together with Lauren Gross, Director of Public Policy and Government Affairs for the American Association of Immunologists, met with Kadlec to address our concerns over one of the main provisions of Burr's bill, the creation of the Biodefense Advanced Research and Development Agency (BARDA).

In describing the purpose of creating BARDA, Kadlec described biodefense research (which he broadly described as protection from infectious disease, chemical, biological or radiological attack) as a continuum from basic research to product development (see figure below). In this continuum, NIH, primarily through the National Institute of Allergies and Infectious Disease (NIAID), is responsible for the basic research and the money assigned by Project BioShield is being used for the latter stages of product development and procurement. In Senator Burr's view, no one is addressing the middle segment of the process, what he dramatically terms "The Valley of Death", encompassing the advanced research and pre-clinical stages of research and development (R&D). Kadlec asserted that ten percent of the Project BioShield money was supposed to be allocated to fill this need. However, because Congress gave BioShield only \$5.6 billion instead of the \$10 billion originally requested, the Department of Health and Human Services (HHS) is choosing to spend the money solely on procurement. According to Kadlec, Dr. Tony Fauci, NIAID Director, is using his biodefense money to fill in the gap, which Kadlec and Burr feel is an inappropriate use of NIH funds. They envision BARDA as an opportunity to remove \$1 billion from Project BioShield, shift it into "The Valley of Death", thereby protecting NIAID's basic research money from being spent on advanced R&D.

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OTHER FASEB ACTIVITIES

FASEB generates nearly 5,700 letters in support of NIH funding

In anticipation of the vote on the Labor HHS conference report, FASEB worked with its society members to organize an [alert](#) calling on elected officials to support the Senate passed funding level for NIH (which was \$29.4 billion). The alert was a great success, as we were able generate 5,644 letters—the highest response for any FASEB alert.

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CONGRESSIONAL SCHEDULE

The House and Senate will be on Thanksgiving recess until December 5, 2005. Therefore, the next issue of the Washington Update will be distributed on December 16, 2005.

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