



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 25, 2006

National Institutes of Health Reform Act of 2006

*As ordered reported by the House Committee on Energy and Commerce
on September 20, 2006*

SUMMARY

The National Institutes of Health Reform Act would authorize appropriations for the activities of the National Institutes of Health (NIH) of \$29.7 billion for fiscal year 2007, \$31.2 billion for fiscal year 2008, and \$32.8 billion for fiscal year 2009. Assuming appropriation of the specified amounts, CBO estimates that implementing the bill would cost about \$8.6 billion in 2007 and about \$90 billion over the 2007-2011 period. Enacting the bill would not affect direct spending or receipts.

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of the bill is shown in the following table. The costs of this legislation fall within budget function 550 (health).

| | By Fiscal Year, in Millions of Dollars | | | | | |
|--|--|--------|--------|--------|--------|-------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| SPENDING SUBJECT TO APPROPRIATION | | | | | | |
| NIH Spending Under Current Law | | | | | | |
| Budget Authority ^a | 28,310 | 0 | 0 | 0 | 0 | 0 |
| Estimated Outlays | 27,549 | 19,927 | 5,122 | 1,841 | 404 | 11 |
| Proposed Changes | | | | | | |
| Authorization Level | 0 | 29,748 | 31,235 | 32,797 | 0 | 0 |
| Estimated Outlays | 0 | 8,574 | 24,561 | 29,117 | 22,007 | 5,455 |
| NIH Spending Under the Bill | | | | | | |
| Authorization Level ^a | 28,310 | 29,748 | 31,235 | 32,797 | 0 | 0 |
| Estimated Outlays | 27,549 | 28,501 | 29,683 | 30,958 | 22,411 | 5,466 |

a. The 2006 level is the amount appropriated for that year.

BASIS OF ESTIMATE

Title IV of the Public Health Service Act contains nearly 50 provisions that established the responsibilities of the National Institutes of Health and authorized the appropriation of funds to carry out those responsibilities. Nearly all of those authorizations have expired. The bill would:

- Strike all of those authorizations of appropriations (without terminating the authority of the NIH to conduct the activities funded by those appropriations);
- Authorize all of the national research institutes and national centers that currently make up the the NIH; and
- Authorize the appropriation of specified amounts for fiscal years 2007 through 2009 to conduct the activities of the NIH (\$29.7 billion for 2007, rising to \$32.8 billion for 2009).

Assuming the appropriation of the specified amounts, and based on historical patterns of spending by the NIH, CBO estimates that implementing the bill would cost about \$8.6 billion in fiscal year 2007 and about \$90 billion over the 2007-2011 period.

The bill would require the Secretary of Health and Human Services to establish a board that would review the organizational structure of the NIH and recommend modifications to that structure. NIH would be required to implement the board's recommendations unless the Director of NIH submits to the Congress a report objecting to a change.

The bill would require the allocation of part of the appropriated amounts to a "common fund" for research that involves the collaboration of two or more institutes of the NIH. In 2007, the allocation to the common fund would be 5 percent of the amount appropriated for NIH (about \$1.5 billion, assuming appropriation of the authorized amount). By comparison, 1.2 percent (about \$330 million) of the appropriation for 2006 is earmarked for similar collaborative research activities. That allocation would increase in subsequent years by half of any increase in the amount appropriated for NIH. CBO expects that change would not have a significant effect on the average rate of spending by the NIH.

The bill also would require the Director of NIH to submit biennial reports to the Congress on the state of biomedical research and on the activities supported by NIH and to establish an electronic database to track research activities and grants.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

The bill contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

ESTIMATE PREPARED BY:

Federal Costs: Tom Bradley

Impact on State, Local, and Tribal Governments: Leo Lex

Impact on the Private Sector: Paige Shevlin

ESTIMATE APPROVED BY:

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis