Is Clinton increasing biotech R&D spending?

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WASHINGTON, D.C.—Determining how biotech research and development (R&D) programs fare in the Clinton administration's fiscal year (FY) 1995 budget isn't easy, as such programs are highlighted rarely, if at all. Overall, Clinton's FY 1995 R&D budget totals $73 billion, 3 percent more than FY 1994's $71 billion outlay, with defense R&D accounting for 53 percent of the FY 1995 total and civilian R&D making up the remaining 47 percent. Lumping biotechnology with other civilian R&D programs—a very crude measure—suggests an overall increase of 4 percent for biotech R&D, which indicates some slippage compared to FY 1994, when biotech R&D increased by about 6.6 percent over the preceding year.

Last summer Clinton administration officials said that they would no longer break out from the overall R&D budget the biotech R&D initiatives, as had been done in FY 1994 and FY 1993. They claimed that the annual interagency-budgeting exercises for biotech R&D took too much time and distracted them from more substantive issues, although they maintained that biotechnology remained a priority.

Indeed, John Gibbons, head of the Office of Science and Technology Policy (OSTP), recently reiterated that the administration was not "phasing out" biotechnology. In fact, the OSTP, notes Gibbons, recently formed a biotechnology research subcommittee cochaired by Harold Varmus, director of the National Institutes of Health (NIH), and Neal Lane, head of the National Science Foundation (NSF). The OSTP subcommittee is charged with determining whether federal R&D programs in biotechnology are continuing to meet national goals.

As in previous years, the NIH supports the lion's share of federally sponsored R&D in biotechnology in FY 1995. The NIH overall R&D budget is slated to increase 5 percent in FY 1995, from $10.5 billion in FY 1994 to $11 billion. Except for the human genome project, however, most biotech efforts are not delineated. Yet human genome R&D at NIH is slated for $152 million in FY 1995, an increase of $23 million, or 18 percent, over the FY 1994 level.

The Department of Energy's (DOE) human genome project is coordinated with the NIH's project, though it doesn't have the same medical orientation. Human genome R&D at the DOE will also increase, rising 27 percent, from $70 million in FY 1994 to $89 million in FY 1995. But the DOE's overall R&D budget does not increase, staying at about $6 billion for FY 1995. The DOE sponsors other R&D affecting biotechnology, including $111 million in FY 1995 for general life sciences. The DOE has also budgeted $25.7 million in FY 1995 for expenditures on capital equipment at several of the national laboratories doing research in biology.

Like the DOE, the U.S. Department of Agriculture (USDA) doesn't delineate its biotech R&D programs very clearly. Also like the DOE, the USDA's overall R&D budget shows no increase, staying at about $1.4 billion for FY 1995. Yet the USDA's National Research Initiative, an extramural program that includes some biotech efforts, is slated for a $17.8 million increase in FY 1995, and a USDA gene-mapping effort involving crop plants will receive continued support in FY 1995 of about $13 million. The USDA's National Biological Impact Assessment Program is budgeted a modest $300,000 to develop a database for monitoring biotechnology impacts.

The NSF is one of the only federal agencies to break out biotech R&D in its FY 1995 budget, calling for a 3.3 percent increase, from $199.5 million in FY 1994 to $206 million in FY 1995. But that increase hardly keeps pace with the overall rise in the NSF's R&D budget, which soars 10 percent, from $2 billion in FY 1994 to $2.2 billion in FY 1995. The biggest spending increases at the NSF for FY 1995 come in R&D programs that are high on Vice President Al Gore's agenda, including research efforts to support high-performance computing and global change.

The Environmental Protection Agency's (EPA) overall R&D budget increases 7.1 percent, from $533 million in FY 1994 to $571 million in FY 1995. Some of the EPA's biotech R&D efforts will receive increases in FY 1995, including programs to evaluate pesticides, which jump modestly to $15.6 million, and programs to evaluate oil-spill bioremediation, which remain level at $2 million. However, other EPA biotech R&D programs will get cut in FY 1995. R&D on hazardous-waste disposal falls by $3.4 million to $28.6, while research on toxic substances decreases by $2.2 million to $23 million.

The Commerce Department's National Institute of Science and Technology (NIST) will focus on more applied R&D. The NIST's Advanced Technology Program (ATP) will receive $451 million in FY 1995, more than double its FY 1994 funding. The ATP is seeking worthy projects in biotechnology and is emphasizing partnerships with industry. For ATP funds, though, biotech is competing with materials science and information technology, among other disciplines.

The administration expects to consummate 3,200 cooperative research and development agreements (CRADAs) between federal agencies and industry in FY 1995, a 16 percent increase over FY 1994. Moreover, federal agencies plan to invest $865 million in technology-transfer activities, a 57 percent boost over FY 1994's investment of $314 million.

Yet the biotech industry may be disappointed by the administration's FY 1995 outlays for the Food and Drug Administration (FDA), which total $988 million, 5.8 percent more than FY 1994's outlays of $934 million. Despite the increase, FDA funding for FY 1995 seems to increase the agency's reliance on user-fee financing, undercutting the FDA's overall growth.

—Jeffrey L. Fox