

# President's FY2018 Budget Proposes Cuts in Public Health Service (PHS) Agency Funding

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The [President's FY2018 budget](#) proposes significant reductions in funding for the Public Health Service (PHS) agencies within the [Department of Health and Human Services](#). The budget reflects the PHS agency funding priorities outlined in the [budget blueprint](#) released in March. Among other things, the President's budget would cut funding for medical research, public health prevention programs, and mental health services.

The proposed cuts are to discretionary funding, which is controlled through the annual appropriations process. PHS agencies also receive funding from various mandatory sources, several of which are set to expire at the end of this fiscal year. The budget proposes extending those funds through FY2018.

## Research

The budget proposes reducing [National Institutes of Health \(NIH\)](#) funding for biomedical and behavioral research by more than \$7 billion from the enacted FY2017 level to \$26.920 billion. This would reverse recent legislative actions that have significantly increased NIH's budget. It would return NIH's funding in real (i.e., inflation-adjusted) terms to the levels of the late 1990s.

Lawmakers increased NIH's funding by \$2 billion in FY2016, and again by the same amount in FY2017. NIH's FY2017 funding includes \$352 million from the [NIH Innovation Account](#), which was established by the [21<sup>st</sup> Century Cures Act](#). The act authorized annual transfers to the fund over a 10-year period totaling \$4.796 billion. Each year, those funds are available to be appropriated to help support the [Precision Medicine Initiative](#), the [BRAIN Initiative](#), cancer research, and adult stem cell research. The FY2018 budget request for NIH includes \$496 million authorized to be appropriated from the Innovation Account.

The budget proposes consolidating the [Agency for Healthcare Research and Quality \(AHRQ\)](#) within NIH as the National Institute for Research on Safety and Quality. Some lawmakers have recommended eliminating funding for AHRQ, saying that the agency's work overlaps with research already supported by NIH and the [Patient-Centered Outcomes Research Trust Fund \(PCORTEF\)](#). AHRQ's supporters argue that the agency has a distinct mission and that its research portfolio focuses on different questions.

The budget would reduce AHRQ's discretionary funding by \$52 million from the enacted FY2017 level to \$272 million. AHRQ also would receive about \$100 million of PCORTF funding in FY2018—similar to the amount it received in FY2017—for use in disseminating and implementing the findings of comparative clinical effectiveness research funded by the PCORTF.

## Public Health

The budget proposes reducing discretionary funding for public health and emergency preparedness programs administered by the Centers for Disease Control and Prevention (CDC). Several CDC accounts also receive mandatory funds from other sources, notably the permanently funded [Prevention and Public Health Fund](#). In addition, in FY2015 and FY2016, CDC received emergency supplemental appropriations totaling more than \$2 billion to help respond to the Ebola and Zika outbreaks.

Overall, the budget seeks to cut CDC's discretionary funding by almost \$1.3 billion from the enacted FY2017 level to \$4.992 billion. This includes a \$326 million cut to CDC's chronic disease prevention programs, from the enacted FY2017 level of \$778 million to \$452 million. The budget proposes consolidating several chronic disease programs (e.g., for diabetes and heart disease) into a new \$500 million block grant to allow states and territories to tailor spending to their specific challenges.

The budget proposes significant cuts to CDC's programs for immunization and respiratory diseases; HIV/AIDS, viral hepatitis, sexually transmitted diseases, and tuberculosis prevention; and emerging infections. Funding for CDC's centers on birth defects and developmental disabilities, environmental health, and global health also would be reduced.

## Medical Product Regulation

The [Food and Drug Administration \(FDA\)](#) is funded by a combination of annual discretionary appropriations and user fees, which the agency collects from manufacturers of certain FDA-regulated products. User fee collections have increased over the past 25 years, both in absolute terms and as a share of FDA's overall budget, and now account for more than 40% of FDA's funding.

The budget would increase FDA's funding by \$361 million over the FY2017 enacted level to \$5.116 billion. It does this by significantly increasing FDA's reliance on user fees. The budget proposes increasing user fee collections in FY2018 by about \$1.3 billion from the FY2017 enacted level to \$3.228 billion, while reducing FDA's FY2018 appropriation by almost \$900 million from the FY2017 enacted level to \$1.888 billion.

Congress is in the midst of another [five-year reauthorization](#) of FDA's medical product user fee programs based on new and, in general, larger fee amounts negotiated by FDA and the drug and medical device industries. The user fee proposal in the budget exceeds the amounts that have already been agreed to and would require further negotiation with industry, which appears unlikely.

## Health Care Services

The budget proposes cutting funding for the PHS agencies that provide health care services or help support safety net systems that deliver such services. While the budget maintains funding for the federal health centers program—administered by the [Health Resources and Services Administration \(HRSA\)](#)—it proposes eliminating or significantly cutting funding for most of HRSA's health professions and nursing education and training programs, and several of the agency's rural, and maternal and child health programs.

The budget proposes extending funding for the [Community Health Centers Fund](#), which provides HRSA with mandatory funds that support the National Health Service Corps and supplement the agency's discretionary funding for the health centers program. It also calls for extending mandatory funding for the maternal, infant, and childhood home visiting program.

The budget proposes reducing discretionary funding for the [Indian Health Service \(IHS\)](#) by \$301 million from the FY2017 enacted level to \$4.739 billion.

Finally, the budget proposes reducing funding for the [Substance Abuse and Mental Health Services Administration \(SAMSHA\)](#) by \$373 million from the FY2017 enacted level to \$3.892 billion. The majority of the reduction would come from cuts to the mental health block grant and other programs that support community-based mental health services. Both SAMHSA's FY2017 funding and the FY2018 request include \$500 million in new funding for state grants to address opioid abuse authorized to be appropriated by the [21<sup>st</sup> Century Cures Act](#).