Pandemic Influenza: Appropriations for Public Health Preparedness and Response

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Summary

The spread of H5N1 avian influenza (“flu”) on three continents, and the human deaths it has caused, raise concern that the virus could morph and cause a global human pandemic. Congress has provided specific funding for pandemic flu preparedness since FY2004, including $6.1 billion in emergency supplemental appropriations for FY2006. These funds bolster related activities to prepare for public health threats, and to control seasonal flu. This report discusses appropriations for pandemic flu, primarily to the Department of Health and Human Services (HHS), and will be updated as needed.

Background

In 1997, a new avian (bird) flu virus emerged and jumped to humans in Hong Kong, killing six people. It has since spread to other countries in Asia, Europe and Africa, where it has infected more than 250 people, killing more than 150 of them. The situation has created concern that the virus could change sufficiently to launch a global human pandemic. Beginning in FY2004, and each year since, Congress has provided specific funding for pandemic flu preparedness, through both regular and emergency supplemental appropriations.

This report describes federal funding for pandemic flu preparedness, primarily to the Department of Health and Human Services (HHS). Federal funding to control avian flu in birds is generally provided to the U.S. Department of Agriculture (USDA) for activities involving commercial poultry, and the Department of the Interior for activities involving wildlife. The State Department and the U.S. Agency for International Development (USAID) have also received funds for global avian flu control efforts, as have the Departments of Homeland Security, Defense, and Veterans Affairs.¹

Tracking federal funding for avian and pandemic flu preparedness is difficult for several reasons. First, funds designated specifically for pandemic flu do not reflect the sum of all relevant activities. For example, programs to improve health surveillance in general, or to streamline federal coordination during disasters, are important for pandemic preparedness. Also, the President has called on all federal agencies to develop continuity plans specifically for a flu pandemic, activities that are typically funded through general administrative accounts. Second, certain activities (e.g., the expansion of flu vaccine production capacity) address preparedness for both seasonal and pandemic flu, and may not be designated as pandemic spending, despite their relevance. Finally, federal agencies may not prepare budget information, such as the presentation of base funding or annual increases, in a consistent fashion.

This report provides information on appropriations, primarily to HHS, that the Congress has specifically designated for influenza preparedness, including efforts to expand seasonal flu vaccine production capacity and related activities. Amounts are discussed in subsequent sections of the report, and are presented in Tables 1 and 2 at the end. Pandemic flu funding for HHS has generally been provided in the Public Health and Social Services Emergency Fund (PHSSEF), an account intended for one-time or short-term activities. This report will be updated as events warrant.²

### History of Recent Appropriations

**FY2004.** Specific appropriations for HHS pandemic flu activities were first provided by Congress in FY2004. In February 2003, the Administration requested $100 million for activities to ensure an adequate supply of vaccine in the event of a pandemic.³ In P.L. 108-199, the Consolidated Appropriations Act, 2004, Congress provided $50 million to HHS for activities to enhance vaccine production capacity.⁴ Funding was used in part to award a $10 million contract to a domestic manufacturer of injectable flu vaccine to assure a year-round supply of eggs for vaccine production.⁵

**FY2005 — Regular Appropriations.** In February 2004, the Administration again requested $100 million for HHS to expand vaccine production capacity.⁶ In October 2004, while Congress was considering FY2005 appropriations, federal officials were notified of a production failure at a plant supplying half of the nation’s supply of injectable seasonal flu vaccine. The resulting vaccine shortage focused nationwide

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² For more information regarding pandemic flu preparedness in general, see CRS Report RL33145, *Pandemic Influenza: Domestic Preparedness Efforts*, by Sarah A. Lister.
attention on the frailty of the flu vaccine production system. At the same time, H5N1 avian flu was spreading through Southeast Asia, with a growing human death toll. In December 2004, Congress passed P.L. 108-447, the Consolidated Appropriations Act, 2005, providing HHS with the requested $100 million to bolster flu vaccine production capacity, including the purchase of flu vaccine.

**FY2005 — Supplemental Appropriations.** In May 2005, Congress passed P.L. 109-13, the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief, 2005, providing $25 million to USAID for programs to control the global spread of avian flu, and stipulating that $15 million of it be transferred to the Centers for Disease Control and Prevention (CDC). The law also provided $58 million to CDC to purchase flu countermeasures (vaccines and antiviral drugs) for the Strategic National Stockpile, and $10 million to HHS for sewer improvements to support an expansion of the nation’s only domestic production facility for injectable flu vaccine.

**FY2006 — Regular Appropriations.** In February 2005, the Administration requested $120 million for HHS for pandemic preparedness for FY2006, including continued efforts to expand vaccine production capacity. In July 2005, the Administration requested an additional $150 million to purchase and stockpile pandemic flu countermeasures, including antiviral drugs and prototype H5N1 vaccines. In December 2005, Congress provided funding for pandemic flu in FY2006 emergency supplemental appropriations (discussed below), using this vehicle, rather than regular appropriations, to provide the bulk of pandemic funding for FY2006. Also in December 2005, Congress passed regular FY2006 appropriations for HHS in P.L. 109-149, the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2006, providing $63.6 million to HHS for general public health preparedness activities, including, but not limited to, efforts to bolster domestic flu vaccine production capacity and to stockpile vaccine.

**FY2006 — Supplemental Appropriations.** As Congress weighed regular appropriations for FY2006, H5N1 avian flu spread to Europe, and Hurricane Katrina raised concerns about the nation’s general level of disaster readiness. In November 2005, the Administration requested $7.1 billion in emergency supplemental funds for avian and...
pandemic flu preparedness. This included $6.7 billion for HHS, for amounts to be obligated over three years — $3.2 billion for obligation in FY2006, $2.3 billion for FY2007, and $1.2 billion for FY2008 — and the remainder for FY2006 activities in several other departments and agencies. HHS amounts were intended primarily to promote the expansion of domestic vaccine manufacturing capacity.

First Supplemental. In December 2005, Congress provided $3.8 billion in emergency supplemental appropriations, including $3.3 billion for HHS, in Division B, Title II of P.L. 109-148, the Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Act, 2006. The distribution of these funds to various federal departments and agencies is presented in Table 2. Most of the shortfall between the $7.1 billion request and the $3.8 billion appropriation resulted because Congress did not fund the “out years” of the Administration’s HHS request for FY2007 and FY2008. Congress directed that HHS use the $3.3 billion for FY2006 as follows:

- $350 million to CDC for state and local public health capacity;
- $50 million for CDC capacity;
- $150 million to CDC for domestic and global surveillance;
- $96 million to HHS for other international activities;
- $20 million to the Food and Drug Administration (FDA); and
- $2.654 billion for vaccine development and stockpiling.

In report language (H.Rept. 109-359), conferees directed the Secretary of HHS to report to the Appropriations Committees on a semi-annual basis regarding the use of the $3.3 billion provided. HHS has submitted a report to congressional appropriators and posted three updates on these activities for public distribution.

Second Supplemental. In its February 2006 FY2007 budget request, HHS repeated its November 2005 request of $2.3 billion in FY2007 emergency supplemental funds for pandemic flu, but sought the funds prior to the regular FY2007 appropriations cycle. (HHS called the $2.3 billion amount an “allowance.”) In June 2006, Congress provided $2.3 billion in supplemental funds to HHS in Title IV of P.L. 109-234, the

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16 See P.L. 109-148, 119 Stat. 2783 for amounts to FDA, which is funded through Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations, and 119 Stat. 2786-2787 for the remaining HHS activities.
Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006. No other departments or agencies received funds specifically for avian or pandemic flu in the act. (See Table 2.) Congress authorized the Secretary of HHS to use most of the funds to further federal domestic preparedness activities, the vaccine initiative (including the construction or renovation of privately owned buildings), and stockpiling of antiviral drugs and medical supplies. Congress directed that HHS use portions of the funds as follows:

- $30 million for international disease control, through USAID;
- $250 million to CDC for state and local public health capacity; and
- at least $200 million for CDC capacity.

**FY2007.** In February 2006, in addition to the supplemental funds discussed above, the Administration requested $352 million in regular appropriations for HHS pandemic flu activities. In June and July 2006, respectively, the House and Senate Committees on Appropriations reported FY2007 appropriations for HHS, including amounts targeted for pandemic preparedness. Shortly before emergency supplemental appropriations were enacted in June, the House committee provided $78.9 million in regular FY2007 appropriations for HHS, through the PHSSEF. The committee did not provide requested amounts for several specific agency programs, noting that Congress was weighing the supplemental spending bill at the time. In July, after supplemental appropriations were enacted, the Senate committee also provided $78.9 million for the PHSSEF and the following additional amounts for pandemic preparedness:

- $24.7 million to CDC’s Infectious Diseases Control budget;
- $8 million to CDC’s Health Marketing budget, for risk communication;
- $59 million to CDC’s Global Health budget, for disease detection.

In May 2006, the House passed Agriculture appropriations for FY2007, including $28.1 million for pandemic flu activities at FDA. In June, the Senate committee reported Agriculture appropriations, including a $50.5 million increase for FDA pandemic flu activities, to make the FY2007 total in excess of $60 million.

Further congressional action on FY2007 appropriations for HHS, including FDA, is pending.

**FY2008.** As discussed earlier, the Administration requested, in November 2005, $7.1 billion in supplemental funds for pandemic preparedness, of which $1.16 billion was to be available to HHS in FY2008. Congress has not provided appropriations for the
requested amount for FY2008. The Administration may repeat its request for this amount, or request other amounts, in its budget proposal for FY2008, expected in February 2007.

Table 1. HHS Appropriations Targeted for Pandemic Flu
(dollars in millions)

<table>
<thead>
<tr>
<th>Funding mechanism</th>
<th>FY2004</th>
<th>FY2005</th>
<th>FY2006 enacted</th>
</tr>
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<tbody>
<tr>
<td>Regular appropriations</td>
<td>$50</td>
<td>$99(^a)</td>
<td>$64(^c)</td>
</tr>
<tr>
<td>Supplemental appropriations</td>
<td>0</td>
<td>83(^b)</td>
<td>5,620</td>
</tr>
<tr>
<td>TOTAL</td>
<td>50</td>
<td>182</td>
<td>5,684</td>
</tr>
</tbody>
</table>

a. Reflects a 0.8% rescission.
b. Includes $15 million transferred to CDC from USAID.
c. Amount is not restricted to avian and pandemic flu activities.

Table 2. FY2006 Supplemental Appropriations for Avian and Pandemic Flu
(dollars in millions)

<table>
<thead>
<tr>
<th>Department or Agency</th>
<th>Supplemental request(^a)</th>
<th>P.L. 109-148</th>
<th>P.L. 109-234</th>
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<tbody>
<tr>
<td>Agriculture</td>
<td>$91.4</td>
<td>$91.4</td>
<td>0</td>
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<tr>
<td>Defense</td>
<td>130.0</td>
<td>130.0</td>
<td>0</td>
</tr>
<tr>
<td>HHS (Request for FY2006)</td>
<td>(3,200.0(^b))</td>
<td>(3,320.0(^b))</td>
<td>0</td>
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<tr>
<td>(Request for FY2007)</td>
<td>(2,300.0)</td>
<td>0</td>
<td>(2,300.0)</td>
</tr>
<tr>
<td>(Request for FY2008)</td>
<td>(1,160.0)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total for three years</td>
<td>6,660.0(^b)</td>
<td>3,320.0(^b)</td>
<td>2,300.0</td>
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<tr>
<td>Homeland Security</td>
<td>47.3</td>
<td>47.3</td>
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<tr>
<td>Interior</td>
<td>11.6</td>
<td>11.6</td>
<td>0</td>
</tr>
<tr>
<td>State</td>
<td>38.5</td>
<td>31.0</td>
<td>0</td>
</tr>
<tr>
<td>Veterans Affairs</td>
<td>27.0</td>
<td>27.0</td>
<td>0</td>
</tr>
<tr>
<td>USAID</td>
<td>131.5</td>
<td>131.5</td>
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<tr>
<td>TOTAL</td>
<td>7,137.3</td>
<td>3,789.8</td>
<td>2,300.0</td>
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b. Includes $20 million for FDA, provided in Agriculture appropriations.