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HEH-MJH

RELEASED

OCT 21 1970

Dear Mr. Chairman

In response to the request of August 14, 1970, from the Staff Director of the Committee on Public Works, United States Senate, we have examined into the extent to which funds were withheld by the Administration from fiscal year 1970 Federal appropriations for extramural medical and biomedical science research and for financial assistance to health professions schools. We were also requested to determine the reasons that funds were withheld and the disposition of the funds withheld.

The Committee received information that the National Institutes of Health were withholding research funds from schools and universities. We examined into the matter and found that about \$97.7 million of the fiscal year 1970 appropriations for extramural medical and biomedical science research and for financial assistance to health professions schools had been withheld. This amount is substantially less than the amount said to have been withheld.

Our review of budgetary documents and discussions with budget officials at the National Institutes of Health showed that funds had been withheld in two stages.

First, funds were withheld as a result of efforts by the Administration to keep 1970 Federal outlays within the budget estimate of \$192.9 billion. In carrying out this budgetary objective, the Office of Management and Budget established a specific 1970 outlay ceiling of \$50.6 billion for the entire Department of Health, Education, and Welfare. The Department, in turn, established across-the-board-reduction guidelines which resulted in the withholding of approximately \$39.5 million of the National Institutes of Health's appropriations for extramural medical and biomedical science research and for financial assistance to health professions schools. The reduction guidelines, which were not applied to training and construction grants, provided for.

1. Reducing new and competing research, demonstration, and services project grants by 10 percent.
2. Reducing the funding level of noncompeting continuations of research, demonstration, and services project grant programs by 5 percent.

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Second, funds were withheld as a result of limitations included in the Departments of Labor, and Health, Education, and Welfare, and Related Agencies Appropriation Act, 1970 (84 Stat. 23). Section 410 of this act required that the total funds available for expenditure not exceed 98 percent of total appropriations. In responding to this 98-percent limitation, the Department of Health, Education, and Welfare withheld an additional \$62.5 million of the National Institutes of Health's funds appropriated for extramural and medical and biomedical science research and for financial assistance to health professions schools.

Prior to June 30, 1970, these two withholdings, totaling about \$102 million, were reduced to about \$97.7 million by the release of \$4.3 million for new programs--\$3.3 million for the National Cancer Institute and \$1 million for the National Heart and Lung Institute. The net withholding of \$97.7 million represents an average of about 8 percent of the fiscal year 1970 appropriation of \$1.2 billion for extramural-related activities. The following schedule identifies the area of withholdings by extramural program activity.

	Amounts withheld (<u>millions</u>)
Research grants	\$54.3
Student assistance (note a)	22.0
Institutional support (note b)	<u>21.4</u>
Total	<u>\$97.7</u>

^aIncludes fellowships, scholarships, and student loans for student assistance in health professions schools.

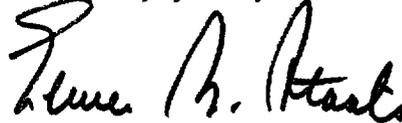
^bIncludes grants for construction, training, and assistance in the health and allied health professions programs.

The \$97.7 million withheld and not expended is accounted for as funds returned to the Treasury Department in the Department of Health, Education, and Welfare's submission to the Senate Committee on Appropriations as part of the Department's justifications of appropriation estimates for fiscal year 1971.

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The Department of Health, Education, and Welfare has not been given the opportunity to formally comment on this report. We plan to make no further distribution of this report unless copies are specifically requested, and then we shall make distribution only after your agreement has been obtained or public announcement has been made by you concerning the contents of the report.

Sincerely yours,

A handwritten signature in black ink, appearing to read "James A. Starks". The signature is written in a cursive style with a large initial "J".

Comptroller General
of the United States

The Honorable Jennings Randolph
Chairman, Committee on Public Works
United States Senate