



## CRS Report for Congress

# Pandemic Influenza: Appropriations for Public Health Preparedness and Response

Sarah A. Lister  
Specialist in Public Health and Epidemiology  
Domestic Social Policy Division

### 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 strain — named H5N1 for its genetic makeup — emerged in Hong Kong and killed six people. It has since spread to other countries in Asia, Europe, and Africa, where it has infected more than 270 people, killing more than 160 of them. The situation has caused 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.<sup>1</sup>

---

<sup>1</sup> For more information, see CRS Report RL33795, *Avian Influenza in Poultry and Wild Birds*, by Jim Monke and M. Lynne Corn, and CRS Report RL33219, *U.S. and International Responses to the Global Spread of Avian Flu: Issues for Congress*, by Tiaji Salaam-Blyther.

Tracking federal funding for influenza 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 disaster response, are important for pandemic preparedness. Also, the President has called on all federal agencies to develop continuity plans for a flu pandemic, activities that are typically funded through general administrative accounts. Second, certain activities (e.g., the expansion of 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 pandemic flu preparedness. 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.<sup>2</sup>

## 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.<sup>3</sup> In P.L. 108-199, the Consolidated Appropriations Act, 2004, Congress provided \$50 million to HHS for activities to enhance vaccine production capacity.<sup>4</sup> 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.<sup>5</sup>

**FY2005 — Regular Appropriations.** In February 2004, the Administration again requested \$100 million for HHS to expand vaccine production capacity.<sup>6</sup> In October 2004, while Congress was considering FY2005 appropriations, a production failure at a plant supplying half of the nation's supply of injectable seasonal flu vaccine resulted in a nationwide shortage of seasonal flu vaccine, and focused attention on the frailty of the vaccine production system. At the same time, H5N1 avian flu was spreading through Asia. In December 2004, Congress passed P.L. 108-447, the Consolidated

---

<sup>2</sup> For more information regarding pandemic flu preparedness in general, see CRS Report RL33145, *Pandemic Influenza: Domestic Preparedness Efforts*, by Sarah A. Lister.

<sup>3</sup> U.S. Department of Health and Human Services, *Budget in Brief, FY2004*, Feb. 2003, text on p. 94 and table on p. 96, at [<http://www.hhs.gov/budget/04budget/fy2004bib.pdf>].

<sup>4</sup> P.L. 108-199, 118 Stat. 251. This amount was subject to a 0.59% rescission.

<sup>5</sup> See HHS, "Secretary Thompson Announces Contract to Secure Future Egg Supply for Flu Vaccines," press release, Nov. 9, 2004; and HHS, "Pandemic Influenza Funding Activities," Web page, at [[http://www.hhs.gov/ophep/ophec/PanFlu/procurement\\_activities.html](http://www.hhs.gov/ophep/ophec/PanFlu/procurement_activities.html)].

<sup>6</sup> HHS, *Budget in Brief, FY2005*, February 2004, p. 102, at [<http://www.hhs.gov/budget/05budget/fy2005bibfinal.pdf>].

Appropriations Act, 2005, providing HHS with the requested \$100 million to bolster flu vaccine production capacity, including the purchase of flu vaccine.<sup>7</sup>

**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).<sup>8</sup> 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.<sup>9</sup>

**FY2006 — Regular Appropriations.** In February 2005, the Administration requested \$120 million for HHS for pandemic preparedness for FY2006, including ongoing work to expand vaccine production capacity.<sup>10</sup> In July 2005, the Administration sought an additional \$150 million to purchase and stockpile flu antiviral drugs and prototype H5N1 vaccines.<sup>11</sup> 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 efforts to bolster domestic flu vaccine production capacity and to stockpile vaccine.<sup>12</sup>

**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.<sup>13</sup> 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

<sup>7</sup> P.L. 108-447, 118 Stat. 3138. The act also provided \$300,000 above the budget request to the Food and Drug Administration (FDA), for flu vaccine activities. These amounts was subject to a 0.8% rescission.

<sup>8</sup> H.Rept. 109-72, p. 144.

<sup>9</sup> Ibid., pp. 149-150.

<sup>10</sup> HHS, *Budget in Brief, FY2006*, Feb. 2005, text, p. 112, and table, p. 113, at [<http://www.hhs.gov/budget/06budget/FY2006BudgetinBrief.pdf>].

<sup>11</sup> White House Office of Management and Budget, Estimate No. 9, July 15, 2005, at [[http://www.whitehouse.gov/omb/budget/amendments/amendment\\_7\\_15\\_05.pdf](http://www.whitehouse.gov/omb/budget/amendments/amendment_7_15_05.pdf)].

<sup>12</sup> P.L. 109-149, 119 Stat. 2857-2858. Pursuant to Section 3801 of P.L. 109-148, this amount was subject to a 1% rescission.

<sup>13</sup> White House Office of Management and Budget, Estimate No. 15, Nov. 1, 2005, at [[http://www.whitehouse.gov/omb/budget/amendments/supplemental\\_11\\_01\\_05.pdf](http://www.whitehouse.gov/omb/budget/amendments/supplemental_11_01_05.pdf)].

several other departments and agencies. (See **Table 2.**) The bulk of the amount requested for HHS was to support the expansion of domestic vaccine manufacturing capacity.<sup>14</sup>

**First Supplemental.** In December 2005, Congress provided \$3.8 billion in emergency supplemental appropriations, including \$3.3 billion for HHS,<sup>15</sup> 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, the amounts for FY2007 and FY2008. 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.<sup>16</sup>

**Second Supplemental.** In February 2006, in its FY2007 budget request, HHS repeated its November 2005 request for \$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.”)<sup>17</sup> In June 2006, Congress provided \$2.3 billion in supplemental funds to HHS (in the PHSSEF) in Title IV of P.L. 109-234, the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006.<sup>18</sup> 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 \$30 million be transferred to USAID for global disease control activities.

**FY2007.** In February 2006, in addition to supplemental funds noted above, the Administration requested \$352 million for HHS pandemic flu activities in regular FY2007 appropriations.<sup>19</sup> Coincident with passage of the second FY2006 supplemental, the House and Senate Committees on Appropriations each recommended \$78.9 million in the PHSSEF. The Senate committee recommended an additional \$92 million for domestic

<sup>14</sup> Testimony of Michael O. Leavitt, Secretary of Health and Human Services, hearing on Pandemic Influenza before the House Committee on Appropriations, Subcommittee on Labor, Health and Human Services, and Education, Nov. 2, 2005, 109<sup>th</sup> Cong., 1<sup>st</sup> Sess.

<sup>15</sup> 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.

<sup>16</sup> HHS, Report to Congress, “Pandemic Influenza Preparedness Spending, Conference Report 109-359,” June 15, 2006; and HHS, Pandemic Planning Updates I, II, and III, at [<http://www.pandemicflu.gov/plan/tab1.html>].

<sup>17</sup> HHS, *Budget in Brief, FY2007*, Feb. 2006, pp. 99-101, at [<http://www.hhs.gov/budget/07budget/2007BudgetInBrief.pdf>].

<sup>18</sup> P.L. 109-234, 120 Stat. 479-480.

<sup>19</sup> HHS, *Budget in Brief, FY2007*, Feb. 2006, pp. 99-101.

and global pandemic flu activities at CDC.<sup>20</sup> Similarly, the House passed Agriculture appropriations for FY2007, including \$28.1 million for pandemic flu activities at the Food and Drug Administration (FDA), and the Senate committee reported Agriculture appropriations, including a \$50.5 million increase for FDA pandemic flu activities, to make the FY2007 recommended total in excess of \$60 million.<sup>21</sup>

The amounts recommended above were not subsequently enacted. In February 2007, Congress passed FY2007 appropriations for HHS in H.J.Res. 20, the Revised Continuing Appropriations Resolution, 2007 (P.L. 110-5). The law is not accompanied by a conference report. Except for amounts specifically mentioned — including an amount for pandemic flu — the law provides that departments be funded through FY2007 at the FY2006 level, with adjustments for certain rescissions and for 50% of the cost of increases in salaries and benefits. The law does not, in general, specify amounts below the account level for departments, but requires that departments submit their FY2007 spending plans to the appropriations committees within 30 days of enactment.<sup>22</sup> P.L. 110-5 explicitly provides \$100 million to the PHSSEF, to be transferred to CDC, for preparedness and response to pandemic flu and other emerging infectious diseases. It also rescinds \$29.7 million from CDC regular appropriations for FY2006, intended for the purchase of annual bulk monovalent influenza vaccine (to bolster supplies of seasonal flu vaccine). It does not mention any additional HHS amounts for flu preparedness. HHS is free to fund additional flu activities, beyond the \$100 million specifically provided, within the limited constraints provided in the law.

On March 20, 2007, the House Committee on Appropriations reported H.R. 1591, the U.S. Troop Readiness, Veterans' Health, and Iraq Accountability Act, 2007, which would provide \$970 million in emergency supplemental appropriations to the PHSSEF for ongoing pandemic flu activities in HHS. The committee noted that this was the “third installment of funds ... requested by the Administration.”<sup>23</sup>

**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. In February 2007, in its annual budget proposal, the Administration requested \$1.19 billion for flu preparedness for FY2008, including \$870 million for the PHSSEF to be available until expended, and \$322 million for ongoing agency activities, principally at CDC, FDA and the National Institutes of Health (NIH).<sup>24</sup> As discussed above, in March 2007, the House Committee on Appropriations recommended \$970 million in FY2007 emergency supplemental appropriations for pandemic flu preparedness. Regular appropriations for FY2008 are pending.

---

<sup>20</sup> H.Rept. 109-515, June 20, 2006, p. 169; S.Rept. 109-287, July 20, 2006, pp. 7, 90, 96, and 221.

<sup>21</sup> H.Rept. 109-463, May 12, 2006, p. 115; S.Rept. 109-266, June 22, 2006, p. 144. Amounts reported include some carryover of the \$20 million provided in P.L. 109-148.

<sup>22</sup> The act was signed on February 15, 2007.

<sup>23</sup> H.Rept. 110-60, Mar. 20, 2007.

<sup>24</sup> HHS, *Budget in Brief, FY2008*, Feb. 2007, pp. 102-104, at [<http://www.hhs.gov/budget/08budget/2008BudgetInBrief.pdf>].

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

Funding mechanism	FY2004	FY2005	FY2006	FY2007	FY2008 request
Regular appropriations	\$50 <sup>a</sup>	\$99 <sup>b</sup>	\$63 <sup>d</sup>	\$100 <sup>f</sup>	\$1,192 <sup>g</sup>
Supplemental appropriations	0	83 <sup>c</sup>	5,620 <sup>e</sup>	0	0
<b>TOTAL</b>	<b>\$50</b>	<b>\$182</b>	<b>\$5,683</b>	<b>\$100</b>	<b>\$1,192</b>

a. Reflects a 0.59% rescission.

b. Reflects a 0.8% rescission.

c. Includes \$15 million transferred to CDC from USAID.

d. Amount is not restricted to avian and pandemic flu activities, and reflects a 1.0% rescission.

e. Includes \$30 million to be transferred to USAID.

f. Additional amounts, if any, must be reported by HHS within 30 days of enactment of P.L. 110-5.

g. Of this amount, \$870 million is requested to be available until expended.

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

Department or Agency	Supplemental request <sup>a</sup>	P.L. 109-148	P.L. 109-234
Agriculture	\$91.4	\$91.4	0
Defense	130.0	130.0	0
HHS			
(Request for FY2006)	3,200.0 <sup>b</sup>	3,320.0 <sup>b</sup>	2,300.0 <sup>c</sup>
(Request for FY2007)	2,300.0	0	0
(Request for FY2008)	1,160.0	0	0
Total for three years	6,660.0 <sup>b</sup>	3,320.0 <sup>b</sup>	2,300.0 <sup>c</sup>
Homeland Security	47.3	47.3	0
Interior	11.6	11.6	0
State	38.5	31.0	0
Veterans Affairs	27.0	27.0	0
USAID	131.5	131.5	0
<b>TOTAL</b>	<b>\$7,137.3</b>	<b>\$3,789.8</b>	<b>\$2,300.0</b>

a. White House Office of Management and Budget, Estimate No. 15, Nov. 1, 2005, at [[http://www.whitehouse.gov/omb/budget/amendments/supplemental\\_11\\_01\\_05.pdf](http://www.whitehouse.gov/omb/budget/amendments/supplemental_11_01_05.pdf)].

b. Includes \$20 million for FDA, provided in Agriculture appropriations.

c. Includes \$30 million to be transferred to USAID.