NARRATIVE BY ACTIVITY

National Institutes of Health
(dollars in millions)

	FY 2006 Actual	FY 2007 President's Budget	FY 2007 Continuing Resolution	FY 2008 President's Budget	Change from FY 2007 Estimate
Labor/HHS Discretionary Budget Authority (B.A.)	**$28,286.702**	**$28,189.961**	**$28,388.700**	**$28,621.241**	**+$232.541**
Interior B.A.	79.108	78.414	79.108	78.434	-0.674
Total Discretionary B.A.	**28,365.810**	**28,268.375**	**28,467.808**	**28,699.675**	**+231.867**
Type I Diabetes Initiative	150.000	150.000	150.000	150.000	0.000
Total B. A.	28,515.810	28,418.375	28,617.808	28,849.675	231.867
NIH Program Level	28,524.010	28,426.575	28,626.008	28,857.875	231.867
Number of Competing RPGs	*9,129*	*9,290*	*9,622*	*10,188*	*+566*
Total Number of RPGs	*38,317*	*37,788*	*38,089*	*38,063*	*-26*
FTEs	*16,880*	*17,456*	*17,216*	*17,459*	*+243*

This document provides justification for the Fiscal Year (FY) 2008 activities of the National Institutes of Health

Rationale for Budget Request

In the past 40 years, NIH funded research has been successful in reducing the mortality and morbidity of once acute and lethal conditions by finding ways of treating them even in their late stages. Through these advances, the landscape of disease has changed from acute to chronic diseases which now form the largest component of health burden. Research is the key to transforming medicine from the curative paradigm of the past where we intervened late in the natural history of a disease to one in which the onset of disease is significantly delayed or even never allowed to develop. Based on the progress and discoveries made through NIH-supported research just in the last few years, it is now possible to envision a future and transformative era of medicine and health that will be increasingly predictive, personalized and preemptive. This era will also require more active participation by individuals and communities in their own care. Our increasing ability to explore and understand the fundamental causes of disease at the earliest molecular stages will allow us to ***predict*** when a disease will develop. Through growing knowledge of individual genetic differences and response to environment we are increasingly able to implement individually targeted or ***personalized*** treatment. Ultimately, this approach could allow us to ***preempt*** disease before it occurs. Finally, ***participation*** of individuals, communities and healthcare institutions in this revolutionary new medicine is a critical component of the 21st century paradigm.

Our vision for this future is emerging from NIH-funded researchers across the nation, as well as the thousands of scientists and laypersons from whom the NIH solicits input through our study sections and advisory councils. History shows that no one can predict where the next great discovery or life-saving breakthrough will occur. Therefore, NIH employs a robust system for

inspiring bright minds to propose their best ideas for tackling the public health problems on the horizon; subjecting those ideas to rigorous peer review, and then supporting the most promising and high quality projects. Sometimes NIH management takes a more active role and we stimulate research in a pressing area like bioterrorism countermeasures or pandemic influenza. However, the workhorse of NIH productivity is the large pool of investigator-initiated projects that consistently provide the discoveries that make Americans healthier, and are the training grounds for the highly skilled individuals that work in the nation's pharmaceutical and biotechnology industries. Medical science improves health and it also helps strengthen the Nation's competitiveness and its economy.

Moving Towards 21st Century Medicine

Building towards the future involves innovations in multiple areas including technology, research and training paradigms, information interoperability, and knowledge and resource management. The understanding of the molecular basis of disease is producing research results that move us closer to the realization of 21st century medicine. For example, NIH-supported researchers recently used knowledge about chemicals in the brain to determine that infants who die of sudden infant death syndrome (SIDS) have abnormalities in the brainstem, a part of the brain that helps control heart rate, breathing, blood pressure, temperature and arousal. The finding is the strongest evidence to date suggesting that innate differences in a specific part of the brain may place some infants at increased risk for SIDS. These findings provide new insights into how we may one day be able to identify potential SIDS infants and preempt the onset of the disease before it strikes.

Similarly, genomic information is helping us identify those at increased risk for certain cancers. Recent advances include the discovery of a marker of genetic susceptibility to prostate cancer. This genetic information came from the Cancer Genetic Markers of Susceptibility (CGEMS) study on prostate cancer. Through the CGEMS database this and other genetic information about prostate cancer risk will be shared with cancer researchers across the country. This mining of genetic information and sharing will provide information we need to develop new strategies for the early detection and prevention of prostate cancer, which takes the lives of nearly 27,000 American men each year.

The critical role of research in this vision of modern medicine requires scientists with broad expertise, from widely-varied disciplines, coming together in highly cooperative and efficient teams to answer ever more complex questions. To this end, NIH recently changed a long-held policy of having only a single principal Investigator on any NIH grant to one that allows, when appropriate to the science, multiple principal researchers to apply for a grant together. This is encouraging collaboration across disciplines and enabling academic scientists to exercise creative leadership in a project while bringing more of the best and brightest from physical, biological and behavioral sciences to the task of solving the multi-faceted and complex problems of disease and disability.

The NIH is stimulating collaborative endeavors through multiple large trans-NIH activities, such as the Neuroscience Blueprint, the Trans-NIH Nanotechnology Task Force, and the Clinical and Translational Science Awards (CTSA) Program. The Neuroscience Blueprint brings together 15

NIH institutes and centers and the Office of the Director, pooling resources and expertise to confront challenges in nervous system research that transcend any single institute or center and will serve the entire neuroscience community. The Nano Task Force, established in 2006 will identify ground-breaking opportunities where nanotechnology can advance diagnostics and therapeutics, while encouraging the safe development of this revolutionary technology. The CTSA program is stimulating research institutions to foster more productive collaboration amongst researchers in different fields, encouraging creative organizational models and training programs, and producing new approaches to complex medical mysteries. Ultimately, patients will be better served because new prevention strategies and treatments will be developed, tested, and brought into medical practice more rapidly.

NIH is also taking advantage of emerging information technologies and making numerous management changes in response to public health needs, and to modernize our governance and improve efficiency. For example, the Office of Portfolio Analysis and Strategic Initiatives (OPASI) is developing a new knowledge management-based system, which performs text mining on NIH projects for more efficient research portfolio analysis. This tool will provide Institutes and Centers (ICs) with the information necessary to manage their large and complex scientific portfolios, identify important emerging scientific opportunities and public health challenges, and help target investments to those areas. It will also enable more accurate reporting of NIH investments to management, the Secretary, the public, and Congress. OPASI will be invaluable for supporting key trans-NIH initiatives being incubated through the Roadmap within the Common Fund.

The Institutes and Centers

NIH is composed of 27 Institutes and Centers, whose research activities extend from basic research that explores the fundamental workings of biological systems and behavior, to studies that examine disease and treatments in clinical settings, to prevention, and population-based analyses of health status and needs. The Office of the Director, NIH, provides leadership, oversight, and coordination for the enterprise.

To most Americans, the ICs are the most "visible" NIH component. While some of the ICs focus on specific diseases (e.g., cancer, diabetes), others concentrate on organ systems (e.g., heart, eye, kidney); focus on a stage of life (e.g., children, the aging population); or address overarching opportunities (e.g., deciphering the human genome, understanding cellular biology) and technologies (e.g., biomedical imaging). ICs support research and training through extramural activities and also conduct "in-house" science and training through intramural activities.

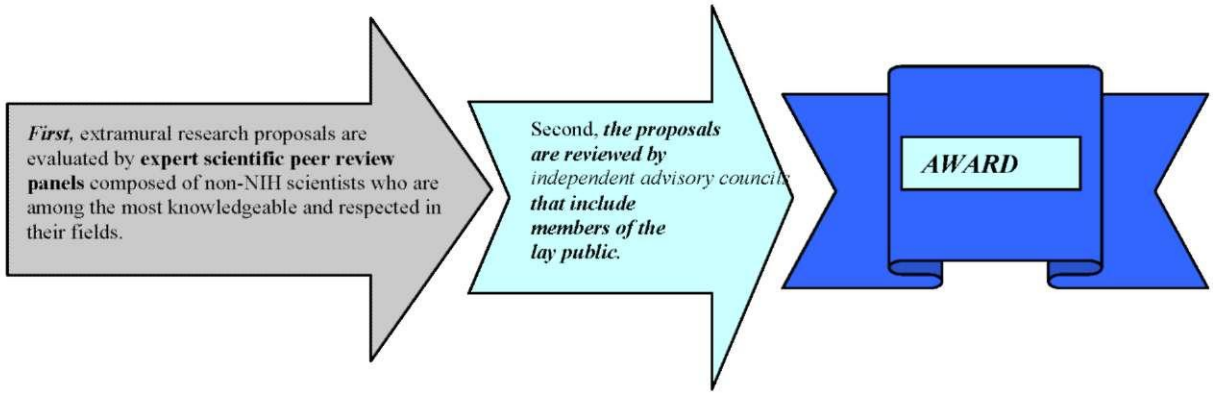
The Extramural Community

The extramural community is composed of non-Federal scientists at universities, medical centers, hospitals, and research institutions throughout the country and abroad. With NIH support, these investigators and their institutions conduct the vast majority of research that leads to improvements in the prevention, detection, diagnosis, and treatment of disease and disability. In tandem with the conduct of research, the extramural community also contributes to training

the next generation of researchers, enhancing the skills and abilities of established investigators, and renewing the infrastructure for NIH-sponsored research.

More than $8 out of every $10 appropriated to NIH flows out to the scientific community at large. The extramural research community numbers more than approximately 300,000 scientists and research personnel affiliated with over 3,100 organizations, including universities, medical schools, hospitals, and other research facilities located in all 50 States, the District of Columbia, Puerto Rico, Guam, the Virgin Islands, and points abroad.

NIH funds are awarded through a highly competitive process to the most promising and productive scientists as illustrated below. This two-tiered independent review system is critical to ensuring that the best proposals are funded. In FY 2006, NIH reviewed approximately 70,000 research and training applications.



NIH's Intramural Laboratories

A much smaller fraction of NIH funds, approximately 10 percent of the budget, supports a core program of basic and clinical research activities administered and staffed by NIH physicians and scientists known as the Intramural Research Program. Approximately 1,250 principal investigators lead intramural research projects. This in-house research program includes the NIH Clinical Center, research facilities in other states, and other resources that provide scientific, clinical, and educational benefits to citizens of the United States and the world.

NIH ensures the research conducted in its intramural laboratories is of the highest caliber. Each IC maintains a board of scientific counselors, composed of external experts, that reviews the intramural programs and makes recommendations to the Institute Director. The intramural program enables scientists to apply the results of laboratory research to patient care and to seek answers in the laboratory to questions that arise in the clinical setting, permitting a two-way process of the translation of scientific discovery to solving clinical problems and vice versa. This national resource permits NIH to respond rapidly to critical health problems and emergencies and take advantage of emerging opportunities.

Fiscal Year 2008 Budget Policy

Comparable Adjustments

The FY 2007 Continuing Resolution (C.R.) Level reflects the proposed transfer of funds for the advanced development of medical countermeasures (-$49.5 million) to the Assistant Secretary for Preparedness and Response in FY 2008, a comparable transfer from the Public Health and Social Services Emergency Fund (+$18.0 million) for pandemic influenza research activities, as well as several small program support activity shifts for other Department of Health and Human Services components (-$0.542 million).

FY 2008 Request for NIH

The FY 2008 President's Budget for the NIH is $28,858 million at the total program level and total budget authority at the FY 2008 Request is $28,850 million; both levels increase by +$232 million over the FY 2007 C.R. Level. Included in this level is $78 million for the Superfund Research Program, which is appropriated through the Interior Appropriations Subcommittee. The NIH program level and total budget authority level includes $150 million for the Type I Diabetes Initiative as provided through a mandatory appropriation in Public Law 107-360.

AIDS

Consistent with the development of the NIH research budget, the FY 2008 Request for the AIDS research program of $2,905 million increases by +$2 million over the FY 2007 AIDS estimate of $2,903 million. In FY 2008, NIH will also continue to support the Global Fund for HIV/AIDS, Malaria and Tuberculosis by transferring $300 million from NIH's total budget in FY 2008.

Biodefense

Biodefense research decreases in total by -$8 million, from the FY 2007 estimate of $1,731 million. However, by cycling FY 2007 one-time extramural construction costs (-$25 million) into other high-priority research areas, the Biodefense research portfolio in FY 2008 is $1,723 million, an increase of +$17 million or 1 percent over the comparable FY 2007 estimate for research activities in Biodefense. This budget supports research in three areas: Biodefense, which focuses on research for the diagnosis, treatment and prevention of infections caused by microbes with potential for use as biological weapons; Chemical Threats Research, focused on the development of new and improved medical countermeasures designed to prevent, diagnose, and treat the conditions caused by potential and existing chemical agents of terrorism; and Nuclear/Radiological Threats Research, which supports research leading to new and effective medical countermeasures to assess, diagnose, and treat civilians exposed to radiation and to mitigate the harmful effects of such exposure to the greatest extent possible.

NIH Priorities

NIH has chosen to carefully invest in strategic initiatives. In the FY 2008 President's Budget, NIH has identified the following strategic priorities:

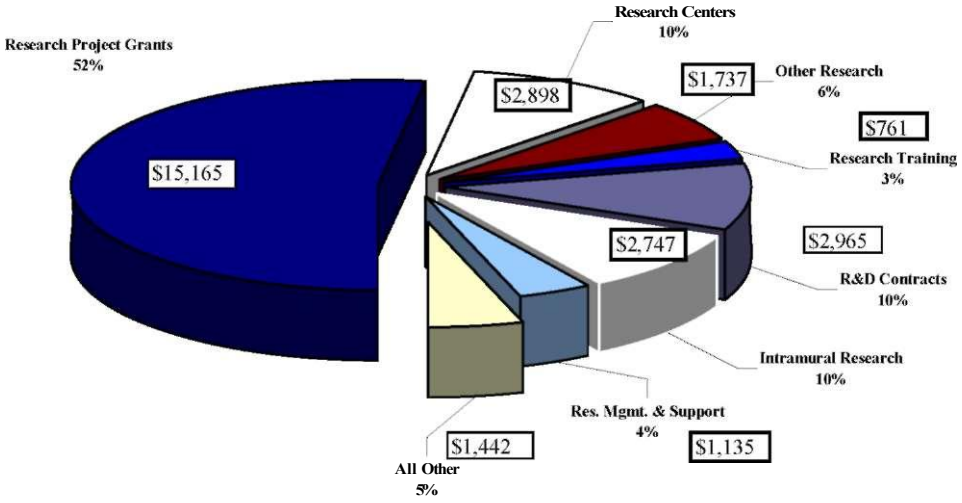
NIH Roadmap for Biomedical Research. NIH plans to continue to increase its support for the Roadmap/Common Fund in FY 2008. In FY 2008, NIH will direct $486 million towards the Roadmap/Common Fund initiatives, an increase of +$72 million over the FY 2007 C.R. Level. Of this amount, $122 million will be provided by the Office of the Director and the remaining

$364 million will be provided by the ICs. The NIH Roadmap/Common Fund is an incubator for new ideas and initiatives that will accelerate the pace of discovery.

Enhanced Support for New Investigators. NIH must sustain a vibrant, creative research workforce, including sufficient numbers of new investigators with new ideas and new skills, such as interdisciplinary research skills. The engines that drive the research enterprise are talented, creative and dedicated research personnel. In the FY 2008 President's Budget, NIH will invest an additional $16 million, supporting 175 new awards in the program launched in FY 2007 to maintain our new investigators.

Physical Infrastructure. The proposed FY 2008 President's Budget request for Buildings and Facilities (B&F) of $144 million provides funds in four program areas: Construction; Equipment/Systems/Enabling; Essential Safety and Regulatory Compliance; and Repair and Improvements. The B&F budget request will fund NIH's multiple research infrastructure priorities and sustain a robust, modern, energy efficient, and environmentally considerate, safe and secure physical infrastructure to conduct basic and clinical research across the spectrum of biologic systems and diseases.

FY 2008 President's Budget Request
Total NIH Budget Authority
$28,850 Million



Mechanism Discussion

The funding of basic biomedical research through investigator-initiated research, including Research Project Grants (RPGs), and ensuring an adequate number of new researchers with new ideas remain high priorities. The FY 2008 President's Budget would support 10,188 competing RPGs, for $3.6 billion, an increase of 566 competing RPGs over the FY 2007 C.R. Level and 1,059 more than the 2006 actual amount. In order to achieve the right balance between maintaining the value of ongoing research and providing opportunities for researchers with new ideas to successfully compete for research grants, no inflationary increases are provided for direct, recurring costs in non-competing RPG's in the FY 2008 President's Budget. Where the NIH has committed to a programmatic increase in an award, such increases will be provided. The average cost of competing RPGs will remain at the FY 2007 C.R. Level. The apparent decrease of -3 percent in average cost is due to the cycling of extremely large AIDS clinical trial grants and the NIDA "Monitoring the Future" studies into noncompeting status in FY 2008.

The FY 2008 President's Budget increases Research Centers by $34 million, or 1 percent, largely as a result of Roadmap/Common Fund program increases.

Other Research programs increase by a total of $24 million or 1 percent. The Pathway to Independence Award program funded in Research Careers will increase by $16 million, for a total of $31 million, to double the investment begun in FY 2007 for this new program. The Other Other Research mechanism reflects an increase of +$11 million, mainly due to Roadmap/Common Fund programs.

In order to achieve the NIH's research objectives, it is essential to ensure that highly trained scientists will be available to address the nation's biomedical, behavioral and clinical research needs. At the FY 2008 President's Budget level, NIH has made the choice to maintain stipends at the FY 2007 C.R. Levels and provide no increases for other components of the NRSA training programs. To maximize support of RPGs, the President's Budget will support 17,520 Full-Time Training Positions (FTTPs), a decrease of 56 FTTPs from the FY 2007 C.R. Level of 17,576 FTTPs. Training funds will decrease by -$4 million or -0.5 percent, although training initiatives in the Roadmap/Common Fund will increase in FY 2008.

Research and Development (R&D) contracts increase by $243 million and 9 percent compared to the FY 2007 C.R. Level. This amount includes an increase of $201 million, to provide a total of $300 million that will be transferred to the Global Fund for HIV/AIDS, Tuberculosis and Malaria, as well as increased support for HHS programs supported through the program evaluation set-aside.

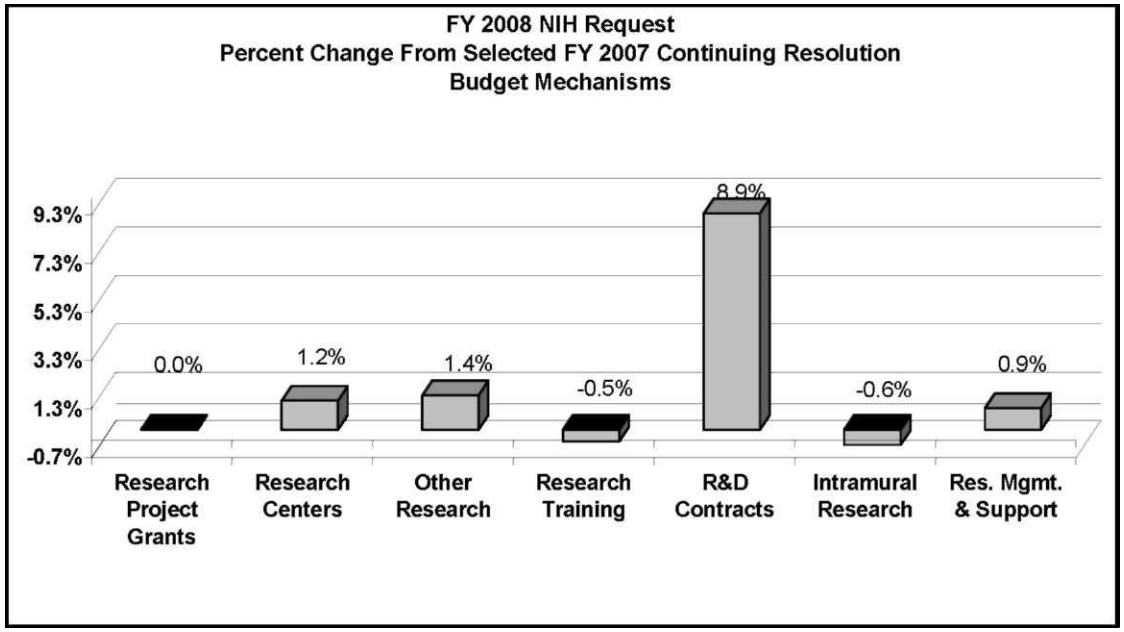
To maximize our support for RPGs, Intramural Research decreases by -$17 million or -0.6 percent below the FY 2007 C.R. Level, and the Research Management and Support mechanism increases by $10 million or 1 percent.

Consistent with the President's Budget policy of the last four years, no funds are provided for non-biodefense extramural construction. Biodefense extramural construction funds have been redirected to higher-priority research activities in the FY 2008 request.

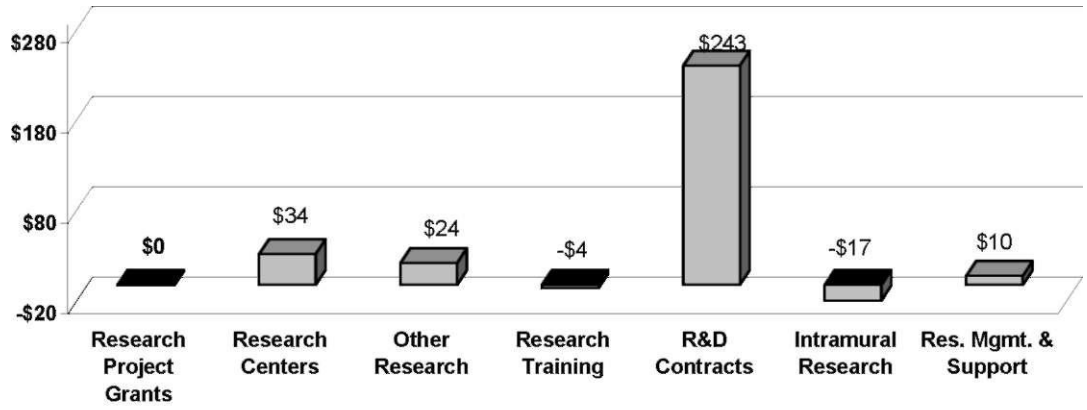
In order to sustain our Intramural Research enterprise, we must also exercise responsible stewardship and protect the physical infrastructure needed for the conduct of biomedical research. In FY 2008, $144 million is requested for the B&F Program. Of this amount, $8 million would be provided to the National Cancer Institute (NCI) for repairs and improvements at the NCI-Frederick campus. The $136 million in the B&F appropriation will optimize support to the NIH mission by investing $22 million in a balance of key projects: Positron Electronic Transmissions (PET) and Radio-Chemistry Laboratory ($7 million); Fit-Out of the NIMH Molecular Imaging Laboratory ($2 million); and to provide continuous and backup power for the NIH Data Center ($13 million).

The remaining $114 million allows NIH to conduct concept development studies ($0.5 million) and fund programs for essential safety and regulatory compliance, as well as Repairs and Improvements (R&I) to maintain valuable research capacity and ensure the safety of NIH facilities and their occupants. As buildings age and health and safety guidelines change, facilities once considered "modern" become outmoded, non-compliant, and in some cases hazardous. There is a continuing need to upgrade many of the older NIH facilities for safe use so that valuable research capacity, laboratories, animal facilities, and research activity can be continued efficiently and effectively without disruption. At this level, NIH can support R&I projects and maintain our condition index (the cost of repair to replacement value) at a level that will provide responsible stewardship of NIH's real property assets.

The Office of the Director (OD) increases by $38 million, or 8 percent, for a total of $517 million. Of this amount, $122 million is reserved for the NIH Roadmap/Common Fund, an increase of +$39 million over the FY 2007 C.R. Level.



FY 2008 NIH Request
Dollar Change From Selected FY 2007 Continuing Resolution
Budget Mechanisms
(Dollars in millions)



Other Key Issues

In support of the Department's Pandemic Influenza Preparedness Plan, the FY 2008 President's Budget continues support of specific initiatives in pandemic influenza research. Research activities that will be supported by these funds include expanding the clinical trials infrastructure in Southeast Asia for therapeutics, diagnostics and vaccines, supporting the surveillance and characterization of influenza viruses in Asia, conducting international and domestic animal surveillance programs, and supporting research that will lead to the development of new vaccines, adjuvants, therapeutics and diagnostics. Overall NIH spending on influenza in FY 2008 is estimated to increase to $233 million, $11 million and 5% over the estimate for FY 2007.

The NIH Reform Act of 2006 will improve NIH program coordination and operations as well as provide the structure and flexibility demanded by the new era of medical research. Throughout calendar year 2007, NIH will be working to implement this new authorization.

To conduct research in buildings on the NIH campus, it is sometimes necessary to demolish and reconstruct solid walls and partitions of permanent materials. The needs for such construction may not be anticipated in budgets prepared a year or more in advance. The FY 2008 Request includes a General Provision (Sec. 222) to clarify that funds appropriated to the Institutes and Centers may be used for minor alterations, repairs or improvements, provided that (1) the funds are not already included in the buildings and facilities appropriation; (2) the improvements and repairs funded are principally for the benefit of the program from which the funds are drawn; and (3) such activities are conducted under and subject to the administrative policies and procedures of the NIH Office of the Director and the Department. The proposal includes a limitation ($2.5

million) on the size of projects to be funded directly by the Institutes and Centers, and provides an annual NIH-wide cap of $35 million.

NIH Support for HHS Administrative Initiatives

UFMS Development and Implementation
The Unified Financial Management System (UFMS) is being implemented to replace five legacy accounting systems currently used across the Operating Divisions (Agencies). The UFMS will integrate the Department's financial management structure and provide HHS leaders with a more timely and coordinated view of critical financial management information. The system will also facilitate shared services among the Agencies and thereby, help management reduce substantially the cost of providing accounting service throughout HHS. Similarly, UFMS, by generating timely, reliable and consistent financial information, will enable the component agencies and program administrators to make more timely and informed decisions regarding their operations. UFMS has been in production for the CDC and FDA for over a year, with new functionality releases of Grants and IVR in October 2005 and eTravel in April 2006. The PSC implementation was moved to production on October 16, 2006.

UFMS Operations and Maintenance (O&M)
The PSC has the responsibility for ongoing Operations and Maintenance (O & M) activities for UFMS. The scope of O & M services includes post deployment support and ongoing business and technical operations services. Post-deployment services include supplemental functional support, training, change management and technical help-desk services. On-going business operation services involve core functional support, training and communications, and help desk services. On-going technical services include the operations and maintenance of the UFMS production and development environments, on-going development support, and backup and disaster recovery services. In accordance with Federal and HHS policy, the UFMS application is under an approval to operate through February 16, 2007 by the designated Certifying Authority and Designated Approving Authority (DAA). The UFMS application will be approved for operation for 1 year after this date. After October 2007, when all OPDIVs will be operational on UFMS, then a 3-year certification will be completed. This approval to operate assures that the necessary security controls have been properly reviewed and tested as required by the Federal Information Security Management Act (FISMA). NIH requests $5.6 million to support these efforts in FY 2008.

Administrative Systems
With the implementation of a modern accounting system, HHS has efforts underway to consolidate and implement automated administrative systems that share information electronically with UFMS. These systems will improve the business process flow within the Department, improve Funds Control and provide a state of the art integrated Financial Management System encompassing Finance, Budget, Acquisition, Travel and Property. As the UFMS project is nearing completion, the integration of administrative systems is the next step in making these processes more efficient and effective. NIH requests $1.3 million to support these efforts in FY 2008.

HHS Consolidated Acquisition System

The HHS Consolidated Acquisition System (HCAS) initiative is a Department-wide contract management system that will integrate with the Unified Financial Management System (UFMS). The applications within the HCAS are Compusearch PRISM and a portion of the Oracle Compusearch Interface (OCI). PRISM is a federalized contract management system that helps streamline the procurement process. The implementation of PRISM includes the functionality of contract writing, simplified acquisitions, electronic approvals and routing, pre-award tracking, contract monitoring, post award tracking, contract closeout and reporting. Major functions once integrated with the UFMS include transfer of iProcurement requisition for commitment accounting and funds verification to PRISM and transmission of the award obligation from PRISM to Oracle Financials.

Benefits:

The following benefits will be realized by the Department and the individual OPDIVs/STAFFDIVs once the HCAS system is fully implemented and integrated with UFMS:

- Commitment Accounting
- Integration to other HHS Administrative Systems
- Decreased Operational Costs
- Increased Efficiency and Productivity
- Improved Decision Making - Unified systems
    - Data Integrity
    - Reporting
    - Performance Measurement
    - Financial Accountability
- Standardization
    - Business Processes
    - Information Technology
- Consistent Customer Service Levels
- Refocus personnel efforts on value-added tasks
- Knowledge Sharing
- System Enabled Work
    - HHS Acquisition Personnel - contracting
    - Customers in requirement preparation - requisitioning
- Meets Organizational Drivers and Goals (President's Management Agenda, One-HHS, OMB Line of Business)

The HCAS team is working closely with the UFMS PMO and HHS PMO to ensure a smooth roll out of both PRISM and iProcurement. An integrated team, including personnel from UFMS, Acquisition and Assets has been formed to ensure maximum utilization of in-house expertise. NIH requests $1.8 million cost to support these efforts in FY 2008.

FY 2008 HHS Enterprise Information Technology Fund-PMA e-Gov Initiatives

The NIH will contribute $11.5 million of its FY 2008 budget to support Department enterprise information technology initiatives as well as the President's Management Agenda (PMA) Expanding E-Government initiatives. Operating Division contributions are combined to create an Enterprise Information Technology (EIT) Fund that finances both the specific HHS information technology initiatives identified through the HHS Information Technology Capital

Planning and Investment Control process and the PMA initiatives. These HHS enterprise initiatives meet cross-functional criteria and are approved by the HHS IT Investment Review Board based on funding availability and business case benefits. Development is collaborative in nature and achieves HHS enterprise-wide goals that produce common technology, promote common standards, and enable data and system interoperability. The HHS Department initiatives also position the Department to have a consolidated approach, ready to join in PMA initiatives.

Of the amount specified above, $3.0 million is allocated to support the President's Management Agenda Expanding E-Government initiatives for FY 2008. This amount supports the PMA E-Government initiatives as follows:

PMA e-Gov Initiative	FY 2007 Allocation	FY 2008 Allocation
Business Gateway	$239,014	$144,250
E-Authentication	0	2,717
E-Rulemaking	0	0
E-Travel	0	125,610
Grants.Gov	1,221,088	1,257,721
Integrated Acquisition	441,687	455,168
Geospatial LOB	0	0
Federal Health Architecture LoB	797,871	787,786
Human Resources LoB	35,249	35,249
Grants Management LoB	64,426	127,207
Financial Management LoB	27,634	47,373
Budget Formulation & Execution LoB	24,871	28,187
IT Infrastructure LoB	26,529	26,529
TOTAL	2,878,369	3,037,797

Prospective benefits from these initiatives are:

Business Gateway: Provides cross-agency access to government information including: forms; compliance assistance resources; and, tools, in a single access point. The site offers businesses various capabilities including: "issues based" search and organized agency links to answer business questions; links to help resources regarding which regulations businesses need to comply with and how to comply; online single access to government forms; and, streamlined submission processes that reduce the regulatory paperwork burdens. HHS' participation in this initiative provides HHS with an effective communication means to provide its regulations, policies, and forms applicable to the business community in a business-facing, single access point.

E-Authentication: Provides standards-based authentication architecture to support Federal E-Government applications and initiatives. It provides a uniform process for establishing electronic identity and eliminates the need for redundant solutions for the verification of identity and

electronic signatures. E-Authentication's federated architecture also enables citizens and businesses to use credentials issued by commercial entities, such as financial institutions, to conduct transactions with the government, eliminating the need for HHS to issue credentials for its systems.

E-Travel: The E-Travel Program provides a standard set of travel management services government-wide. These services leverage administrative, financial and information technology best practices. By the end of FY 2006, all but one HHS OPDIV had consolidated services to GovTrip and legacy systems retired. By May 2008, all HHS travel will be conducted through this single system and the last remaining legacy functions will be retired.

Grants.gov: Allows HHS to publish grant funding opportunities and application packages online while allowing the grant community (state, local and tribal governments, education and research organizations, non-profit organization, public housing agencies and individuals) to search for opportunities, download application forms, complete applications locally, and electronically submit applications using common forms, processes and systems. In FY 2006, HHS received over 56,000 electronic applications from the grants community via Grants.gov.

Integrated Acquisition Environment: Eliminated the need for agencies to build and maintain their own agency-specific databases, and enables all agencies to record vendor and contract information and to post procurement opportunities. Allows HHS vendor performance data to be shared across the Federal government.

Lines of Business-Human Resources Management: Provides standardized and interoperable HR solutions utilizing common core functionality to support the strategic management of Human Capital. HHS has been selected as a Center of Excellence and will be leveraging its HR investments to provide services to other Federal agencies.

Lines of Business-Federal Health Architecture: Creates a consistent Federal framework that improves coordination and collaboration on national Health Information Technology (HIT) Solutions; improves efficiency, standardization, reliability and availability to improve the exchange of comprehensive health information solutions, including health care delivery; and, to provide appropriate patient access to improved health data. HHS works closely with federal partners, state, local and tribal governments, including clients, consultants, collaborators and stakeholders who benefit directly from common vocabularies and technology standards through increased information sharing, increased efficiency, decreased technical support burdens and decreased costs.

Lines of Business -Financial Management: Supports efficient and improved business performance while ensuring integrity in accountability, financial controls and mission effectiveness by enhancing process improvements; achieving cost savings; standardizing business processes and data models; promoting seamless data exchanges between Federal agencies; and, strengthening internal controls.

Lines of Business-Grants Management: Supports end-to-end grants management activities promoting improved customer service; decision making; financial management processes;

efficiency of reporting procedure; and, post-award closeout actions. An HHS agency, Administration for Children and Families (ACF), is a GMLOB consortia lead, which has allowed ACF to take on customers external to HHS. These additional agency users have allowed HHS to reduce overhead costs for internal HHS users. Additionally, NIH is an internally HHS-designated Center of Excellence and has applied to be a GMLOB consortia lead. This effort has allowed HHS agencies using the NIH system to reduce grants management costs. Both efforts have allowed HHS to achieve economies of scale and efficiencies, as well as streamlining and standardization of grants processes, thus reducing overall HHS costs for grants management systems and processes.

Lines of Business-Budget Formulation and Execution: Allows sharing across the Federal government of common budget formulation and execution practices and processes resulting in improved practices within HHS.

Lines of Business-IT Infrastructure: A recent effort, this initiative provides the potential to leverage spending on commodity IT infrastructure to gain savings; to promote and use common, interoperable architectures that enable data sharing and data standardization; secure data interchanges; and, to grow a Federal workforce with interchangeable skills and tool sets.

NIH Workforce

The workforce at NIH is one of its greatest assets because of the large number of staff and their great diversity of qualifications, disciplines, types of appointments, and levels of expertise. This array of talent and systematic interdependence of scientific, programmatic, and administrative staff and missions has helped create NIH's success and its reputation as one of the world's leading biomedical research organizations. As the nature of science continues to change, the tools of administering that science must also change. NIH must ensure that it continues to meet these new opportunities with the best tools to attract and retain its staff, ensure the needed talent and skills, and plan for its future workforce needs. NIH will continue to require personnel to manage the research portfolio and recruit the best scientists to conduct world-class research.

FULL-TIME EQUIVALENTS (FTEs)

	FY 2006 Actual	FY 2007 Continuing Resolution	FY 2008 President's Budget	Change FY 07 C.R./FY 08 P.B.
Ceiling	**16,872**	**17,206**	**17,449**	**+243**
Ceiling Exempt	8	**10**	**10**	**0**
Total NIH	**16,880**	**17,216**	**17,459**	**+243**