Federal Budget Outlook for Research

Jennifer Zeitzer, Director of Legislative Relations

October 27, 2017

COGR Meeting
Mood In Washington

◆ Disagreements Between Congress & Administration Over Policy
  ■ Repeal/replacement of Affordable Care Act
  ■ Tax reform
  ■ Foreign policy
  ■ Immigration
  ■ Infrastructure
  ■ Spending – defense vs. non-defense

◆ Frustration Over Lack of Accomplishments
  ■ See also: all of the above
  ■ Ongoing tension between House and Senate
  ■ Governing by Executive Order vs. passing legislation

◆ Focus Shifting to Mid-Term Elections in 2018
  ■ All members of the House up for re-election
  ■ 34 Senate seats up for re-election
Outlook for FY 2018 Federal Funding

◆ Return of Fiscal Austerity
  ➢ Overall spending cap is $5 billion below FY 2017
  ➢ Sequestration will be “turned back on”
  ➢ Changing the cap will require a bipartisan agreement

◆ Pressure to Increase Defense Spending
  ➢ Priority for President Trump
  ➢ Growing support in Congress as well

◆ Fights Over Spending Priorities
  ➢ Funding for a border wall
  ➢ Tax reform/ tax cuts
  ➢ Future of Affordable Care Act
### Fiscal Year (FY) 2018 Appropriations Process

**“Regular Order vs. Reality”**

<table>
<thead>
<tr>
<th>Date</th>
<th>Administration’s Role</th>
<th>Congress’ Role</th>
<th>Outcome</th>
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</thead>
<tbody>
<tr>
<td>February</td>
<td>President’s Budget sent to Congress</td>
<td>Appropriations &amp; Authorizing Committees</td>
<td>President Trump submits FY 2018 “skinny budget” to Congress</td>
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<td>review agency requests</td>
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<td>• Hearings with cabinet</td>
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<td>March</td>
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<td>• Testimony from stakeholders</td>
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<td>March</td>
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<td>Adopts Budget Resolution</td>
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<td>• House &amp; Senate votes</td>
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<td>• Conference Committee</td>
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<td>April</td>
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<td>Approval of 302(a) allocation (total amount of $) and</td>
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<td>302(b) subcommittee allocations</td>
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<td>May –</td>
<td>Appropriations Committees pass 12 spending</td>
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<td>September</td>
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<td>• House &amp; Senate votes</td>
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<td>October</td>
<td>Congress passes “continuing resolution” (CR)</td>
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Trump FY 2018 Budget Request

◆ Proposal balanced the federal budget over ten years
  ➢ Reduced the debt as a percentage of GDP to the lowest level since 2010

◆ Increased the defense budget by cutting almost all areas of non-defense spending
  ➢ Eliminated sequestration cuts to defense programs/agencies

◆ Requested “targeted investments in highest national priorities”
  ➢ Border security and immigration enforcement
  ➢ Infrastructure
  ➢ Reforming welfare

America First
A Budget Blueprint to Make America Great Again

FASEB
Federation of American Societies for Experimental Biology
Trump Budget Proposal: NIH

◆ Eliminate the Fogarty International Center (FIC)
  ➢ Provide $25 million for international research in the Office of the Director
  ➢ FY 2017 funding for FIC was $70.3 million

◆ Transfer AHRQ operations to NIH
  ➢ Rename Nat’l Institute for Research on Safety & Quality
  ➢ Provide $272 million for health services research

◆ Include full amount of 21st Century Cures funding ($496 million)

◆ Institute a 10% cap on facilities and administrative costs (F & A)
# Proposed FY 2018 Funding for Research Agencies

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<tr>
<th>Agency</th>
<th>House</th>
<th>Senate</th>
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<tbody>
<tr>
<td>NIH</td>
<td>$35.2 billion (+$1.1 billion)</td>
<td>$36 billion (+$2 billion)</td>
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<td>NSF</td>
<td>$7.34 billion (-$133 million)</td>
<td>$7.3 billion (-$161 million)</td>
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<td>DOE SC</td>
<td>$5.37 billion (no change)</td>
<td>$5.55 billion (+$158 million)</td>
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<td>VA</td>
<td>$691 million (+$16 million)</td>
<td>$722 million (+$47 million)</td>
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<tr>
<td>AFRI</td>
<td>$375 million (no change)</td>
<td>$375 million (no change)</td>
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Issues That Still Need To Be Resolved

◆ Debt Ceiling
  ■ Federal debt limit was reached in March 2017
  ■ Current “CR” suspends debt limit until December 8, 2017
  ■ Congress *may* have to lift the debt ceiling in December

◆ FY 2018 Appropriations
  ■ On hold for now
  ■ Another CR (or CR’s) will be needed after December 8
  ■ Omnibus appropriations bill expected

◆ Other Legislation
  ■ Tax reform
  ■ Extension of Children’s Health Insurance Program
  ■ More disaster funding
  ■ Iran nuclear deal
  ■ Status of “Dreamers”
# Budget Control Act Caps: Impact on Discretionary Spending

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<td><strong>NDD limit</strong></td>
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Re-Thinking The Budget Control Act

◆ Sequestration only happened once (FY 2013)

◆ The BCA caps have been raised twice

◆ December 2013 – the “Ryan-Murray Deal”
  ■ Bipartisan Budget Act of 2013 (Public Law 113-67)
  ■ Raised the defense and non-defense (NDD) caps
    ➢ FY 2014 = +$22 billion each
    ➢ FY 2015 = +$9 billion each

◆ December 2015 – “John Boehner Retirement Gift”
  ■ Bipartisan Budget Act of 2015 (Public Law 114-74)
  ■ Raised the defense and NDD caps
    ➢ FY 2016 = +$25 billion each
    ➢ FY 2017 = +$15 billion each
Path Forward on FY 2018 Spending

◆ The FY 2018 “omnibus” passed by the House in September will not become law
  ■ Defense portion exceeds the 2018 cap, which would trigger sequestration for military agencies
  ■ Republicans and Democrats have said sequestration will not happen again
  ■ The omnibus would need 60 votes to pass the Senate

◆ Appropriators and leaders in Congress want to raise the caps
  ■ Republicans and President Trump want to increase defense spending
  ■ Senate Democrats want equal increases for non-defense spending
#RaiseTheCaps

**Lowey calls for immediate budget negotiations**

**John McCain: It's time Congress returns to regular order**

**Appropriations Vice Chairman Leach Statement On The House Passage Of An Omnibus Appropriations Bill**

**Opinion: Congress Needs to Raise Budget Caps**

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**FASEB**

Federation of American Societies for Experimental Biology
Next Steps

◆ A bill to raise the caps must pass the House and Senate and be signed by the President
  ▪ “Stand alone” legislation OR
  ▪ Attached to something else (third package of disaster funding, debt ceiling increase, etc.)

◆ Appropriations Committee receive new allocations reflecting higher spending levels

◆ Negotiations to resolve differences between House and Senate funding levels for agencies/programs
  ▪ Led by Appropriations Subcommittee chairs
  ▪ Could take 2 – 3 weeks

◆ Congress passes revised omnibus finalizing FY 2018 agency budgets
For More Information…

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