Federal Update

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April 8, 2015
Roadmap for the Presentation

President's Budget Request

Budget Resolutions

Appropriations

Omnibus Bill
Budget Request Exceeds Sequestration Caps

**Analysis**
- The president's budget request asks for an additional $38 billion for defense and an additional $37 billion for nondefense spending above the sequestration caps set by the Budget Control Act of 2011 and the Bipartisan Budget Act of 2013.
- President Obama suggested that the caps were no longer appropriate due to increasing economic growth and the need to combat growing national security threats such as the Islamic State (also known as ISIS/ISIL).
- While Congressional Republicans are generally opposed to increased government spending, many GOP lawmakers are interested in raising defense spending above the caps, and the president's proposal may provide additional political cover to do so.

Figure 1: Composition of the Proposed FY 2016 Budget
Total Outlays = $4.0 trillion
outlays in billions of dollars

- Defense Discretionary: $528
- Nondefense Discretionary: $495
- [Defense R&D]: $77
- [Nondefense R&D]: $69
- Net Interest: $283
- Other Mandatory: $670
- Medicaid: $351
- Medicare: $583
- Social Security: $938

R&D figures above are current AAAS estimates of proposed budget authority. Source: Budget of the United States Government FY 2016. Projected deficit is $474 billion. © 2015 AAAS
Figure 3: FY 2016 R&D by Character

Source: OMB R&D data, agency budget justifications, and other agency documents. © 2015 AAAS
President’s Budget Request Reflects Democratic Priorities

Comparison of FY2015 and FY2016 Budget Requests
(in billions)

Analysis

- Compared to his request for FY2015, President Obama’s FY2016 budget request would increase spending in nearly every area.
- Whereas the president’s request last year attempted to find a compromise between Democratic and GOP priorities in a divided Congress, this year’s request is largely a symbolic wish list of Democratic priorities that will contrast with a unified GOP budget.

*The apparent decline in Justice spending is largely due to an accounting technicality and does not reflect a significant decrease in actual funding.

Source: National Journal Research, 2015; OMB.
Figure 4: R&D in the FY 2016 Budget by Function

percent change from FY 2015, nominal dollars

- Commerce: 44.8%
- Applied Energy Programs: 23.3%
- Agriculture: 20.5%
- Transportation: 17.8%
- Environment Agencies: 13.8%
- Defense Activities: 8.1%
- General Science: 5.0%
- Health: 2.2%
- Space: 0.9%
- Justice: -35.5%

Source: OMB R&D data, agency budget justifications, and agency budget documents. © 2015 AAAS
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- President’s Budget Request
- Budget Resolutions
- Appropriations
- Omnibus Bill
Where we are in the FY16 budget process

• Both the House and the Senate released their Budget Resolutions.

• House Budget Committee advanced the resolution through committee.

• The Senate passed its spending blueprint along a party-line vote, with the exception of Sens. Ted Cruz (R-TX) and Rand Paul (R-KY) who sought even more defense funding. The proposed budget relies heavily on a war contingency fund to boost military spending — a move that allows Republicans to go around the spending caps outlined in the Budget Control Act.

• Two years ago there was a deal cut to stave off the “sequestration” cuts dictated by the BCA (known as the Murray-Ryan deal) for two years. That deal expires at the end of this fiscal year.

• The next step is that the House and Senate need to agree to a budget agreement. Budget agreements are not signed by the President. Rather, they govern top line numbers that inform the work of the appropriations’ committees. Both chambers will discuss a spending plan as they near the April 15 deadline for producing a final budget.

• It is important to keep in mind that this is just the beginning of a long process. If the House and the Senate agree to a joint resolution and the appropriations committees begin marking up bills to those numbers, then there is still no assurance that those bills will pass Congress, let alone be signed by the President.

• Many Members and senior staff predict that there will be another “Murray-Ryan” type of deal cut in the fall that staves off the deep cuts, satisfies defense hawks in the GOP, and satisfies the President on domestic discretionary spending.
Roadmap for the Presentation

President’s Budget Request

Budget Resolutions

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Appropriations

Omnibus Bill
Diane’s Federal Budget Crystal Ball

- We will get an Omnibus Bill late Fall which will be remarkably similar to the Budget we have now---**FLAT FUNDING**

- Some research priorities are shared by both parties and may receive SMALL increases in funding
  - Antimicrobial Resistance
  - Brain (includes a big data angle)
  - Manufacturing
  - Cybersecurity
Congressional Approval Hovers Near Three-Decade Low

Congressional Approval Rating

Source: Gallup.com, February 8-11, 2015.
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<th>114th Congress Seats Up in 2016</th>
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