HOW-TO GUIDE
Requesting Funding in the Annual Federal Appropriations Process

Designed for the University of Hawaiʻi

Aimee M. Grace, MD, MPH, FAAP
Director of Health Science Policy
University of Hawaiʻi System
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Relevance

• Federal funding requests are more likely to be successful when they are drafted strategically.

• Knowing how the federal budget and appropriations process works can enable UH faculty to more strategically and appropriately target their federal funding requests – to certain agencies and using certain types of language.
Outline

1. **Basics**: The Federal Budget & Appropriations Process (slides 4-26)
   - Types of federal spending
   - Steps of the annual federal budget process

2. **Specific How-To Guide**: Tips & Strategies for Effective Federal Funding Requests (slides 27-49)
BASICS: FEDERAL BUDGET and APPROPRIATIONS PROCESS

Key references:
• https://www.nationalpriorities.org/budget-basics/federal-budget-101/spending/
• http://crfb.org/document(updated-appropriations-101
The Federal Budget

• For fiscal year (FY) 2015, the federal budget was $3.8 trillion.
  – Twenty-one percent of U.S. economy (measured by GDP)

• The federal fiscal year runs from October 1 to September 30
  – i.e., Fiscal Year (FY) 2019 runs from October 1, 2018 to September 30, 2019
Types of Federal Spending

• Three primary types of federal spending:
  1. Mandatory spending
  2. Discretionary spending
  3. Interest on debt

• Mandatory & discretionary spending account for >90% of all federal spending

• Interest on debt is the interest the government pays on its accumulated debt (minus interest income received for assets the government owns)
FY2015 Mandatory and Discretionary Spending and Interest on Federal Debt
(In 2015 Dollars)

Source: OMB, National Priorities Project
Mandatory Spending

• Two-thirds of the federal budget.
• Spending that Congress legislates outside of the annual appropriations process.
  – Spending levels are generally determined by eligibility rules established by Congress when creating a given program.
  – Congress may change eligibility rules periodically, which would change the amount spent on the program.
• Primarily earned-benefit programs (i.e., Social Security, Medicare); also includes safety net programs (i.e., SNAP), federal funding on transportation, and more.
Total Mandatory Spending 2015: $2.45 Trillion

Source: OMB, National Priorities Project
Discretionary Spending

• Spending levels set annually by Congress through the annual appropriations process each year.
• Largest spending on military programs.
• Many other discretionary programs, including:
  – National Institutes of Health (NIH)
  – National Science Foundation (NSF)
  – U.S. Department of Education
Discretionary Spending 2015: $1.11 Trillion

Source: OMB, National Priorities Project
Putting all funding streams together...

Source: OMB, National Priorities Project
Steps of the Annual Budget and Appropriations Process

1. President submits a budget request (February)
2. The House and Senate pass budget resolutions
3. House and Senate subcommittees “markup” appropriations bills
4. House and Senate vote on appropriations bills and reconcile differences
5. The President signs each appropriations bill and the budget becomes law
The Annual Federal Budget Process

Source: OMB, National Priorities Project
Step 1: The President’s Budget Request

• The president submits a budget request to Congress each February for the next fiscal year.
  – i.e., President’s budget request for FY16 (Oct 1, 2015-Sept 30, 2016) came out in February 2015.

• To make the request, the president works with executive agencies to align administrative priorities with their budgets (including desired increases and cuts in federal programs), i.e.:
  1. Given the national opioid crisis, the NIH seeks to spend more on opioid research.
  2. Given Pres. Trump’s desire to stem immigration, they seek to cut funding for the Office of Refugee Resettlement.

• The president’s budget is mostly a statement of his aspirations; no legal requirement on Congress to follow it.
  – Congress has the power of the purse (not the president!).
Step 2: The House and Senate Pass Budget Resolutions

- The respective Budget Committees of the House and Senate each write and vote on their own budget resolutions (see next slide).

- After the House and Senate pass their budget resolutions, some members from each chamber come together to iron out the differences between the two versions (a “conference”), and the resulting reconciled bill is then voted on by each chamber.
What is a budget resolution?

• A budget resolution provides a structure for Congress to make budget decisions.

• It sets overall annual spending limits for federal agencies by including a “302(a) allocation” (top-level spending allowed; “budget authority”) for each Appropriations Committee.

• It is not a binding document and the president does not sign it.
Step 3: House and Senate Subcommittees “Markup” Appropriations Bills

- House and Senate Appropriations Committees determine the precise levels of funding for all discretionary programs.

- They set 302(b) allocations to divide among 12 appropriations subcommittees, each dealing with a different part of the budget.
12 Appropriations Subcommittees

1. Agriculture (Ag)  
2. Commerce, Justice, Science (CJS)  
3. Defense (DoD)  
4. Energy and Water  
5. Financial Services and General Government (FSGG)  
6. Homeland Security  
7. Interior and Environment  
8. Labor, Health & Human Services, Education (LHHS)  
9. Legislative Branch  
10. Military Construction and VA (MilCon/VA)  
11. State, Foreign Operations (SFOPs)  
12. Transportation, Housing & Urban Development (THUD)
Step 3: House and Senate Subcommittees “Markup” Appropriation Bills, cont.

• The subcommittees must then decide how to distribute funds within their 302(b) allocations.
  – Members of Congress submit letters with specific requests for funding.
  – Subcommittee may conduct hearings with executive agency leaders about their requested budgets.

• The subcommittee chair writes a draft of the bill; all subcommittee members can then consider, amend, and finally vote on the bill.

• The bill needs to pass the subcommittee, then the full Appropriations committee, before being voted on the floor.
Content of Appropriations Bills

• Appropriations bills have specific program funding levels (i.e., $39 billion for NIH), but they also come with subcommittee reports that direct how the funds should be used (“report language”).
  – Report language directs a federal agency to do something, without necessarily allocating funds for that activity. Example:
    – “The Committee is concerned that the Division of Viral Hepatitis [DVH] has not been adequately prioritizing Hepatitis B virus [HBV], so the Committee encourages DVH to focus on strategies that focus on the elimination of HBV for all populations.”

• Both funding levels and report language are very important in directing federal funding!
Step 4: House and Senate vote on appropriations bills and reconcile differences

- Full House and Senate each then debate and vote on 12 appropriations bills →
- A conference committee resolves differences →
- Both House and Senate now vote on identical (reconciled) bills.
Step 5: The President signs each appropriations bill and the budget becomes law

- To become law, the president must sign each appropriations bill after it passes through Congress.
- The budget process is done once the president has signed all 12 appropriations bills.
- However, this full process is rarely done by October 1 (the new fiscal year)…
Continuing Resolutions

- If the budget process is not completed by October 1, Congress may pass a “continuing resolution” (CR).
- A CR extends funding for federal agencies, typically at the same rate that they had been previously funded, into a new fiscal year until new appropriations bills become law.
- If there is no CR, a federal government shutdown may occur (as in 2013).
Omnibus Bills

- If Congress can’t agree on 12 separate appropriations bills, it may pursue an “omnibus” or “minibus” bill.
  - Omnibus bill: one funding bill that includes all 12 subcommittee bills.
  - Minibus bill: one funding bill that includes two or more subcommittee bills.
- For example, the FY19 Labor-HHS-Ed and Defense appropriations bills were combined into a minibus bill.
End Result?

• Hopefully, the federal government is funded every year in a timely fashion!
• Ideally, the new funding levels and plans would reflect the input of the American people’s priorities year to year.
SPECIFIC HOW-TO GUIDE:
Tips and Strategies for Effective Federal Funding Requests
Recall: How Content in Appropriations Bills is Determined

• Senators and Representatives send letters to each of the 12 Appropriations Subcommittees with their requests for what should be included in each bill and/or report.
  – Letters usually sent by spring of each year.
  – Requests from Members of Congress on the Appropriations Committee or subcommittee of interest generally carry the most weight.
What should Members of Congress prioritize in their request letters?

• It depends what they hear from you!
• Your Members of Congress are there to represent you.
  – They want to know what you’re working on, how you’re leading the way, what federal programs would be helpful to Hawai‘i, and how they can help to bring federal $$ home.
  – However, some important details to consider...
Things to Consider
When Submitting Federal $ Requests

• Earmark ban
• Appropriateness of federal agency request choice
• Reasonableness of request
• Strategy
Earmarks
Earmarks

• “Earmarks” are specific funding allocations added to moving legislation for special projects in a certain lawmaker’s district – usually included in exchange for a vote on that piece of legislation.

• Allowed lawmakers to take tough votes but then come home to constituents with funding for a specific project (i.e., post office, bridge, or port).
• **Early 2000s:** Earmarks became very unpopular and resulted in scandals.

• **2007:** Ethics safeguards – Members of Congress had to publicly disclose requests.

• **2011-present:** Earmarks banned.
  
  – So... Members of Congress **cannot** legally request specific earmarks for their home districts.
Earmarks Quiz #1: QUESTION

- **Report language: Which is an earmark?**
  
a) The Committee directs that $10 million be used for the establishment of a new Opioid Center of Excellence. This center should be located in a state that has a high prevalence of opioid use disorder and that is largely rural.

b) The Committee directs $10 million to the establishment of a new Opioid Center of Excellence, to be housed at the University of New Hampshire. The center should focus on finding solutions to the opioid crisis in rural areas.
Earmarks Quiz #1: ANSWER

• (b) is an earmark ($10M for the University of New Hampshire).
  – It specifies that a certain amount of funding should go to a specific entity in a Member’s district.

• (a) has similar goals ($10M for an Opioid Center of Excellence to address rural opioid use), but the eligibility criteria are more broad (state with high prevalence of opioid use disorder and rural).
  – This still limits eligibility (to what Congress thinks is a priority), but is not specific to one Member’s district.
Earmarks Quiz #2: QUESTION

• Which funding request is an earmark?
  a) Of the amount provided for the NIH, the Committee provides $6.5 million for research conducted at the University of Hawai‘i at Mānoa on the impact of stomach cancer on multi-ethnic populations.
  b) Of the amount provided for the NIH, the Committee directs the NIH Director to prioritize $6.5 million for research on stomach cancer that addresses the disproportionate burden borne by Japanese-Americans.
Earmarks Quiz #2: ANSWER

• (a) is an earmark ($6.5M for UH Mānoa research on stomach cancer in multi-ethnic populations).

• (b) has similar goals ($6.5M for stomach cancer research in Japanese-Americans), but it is more broad.
  – It would be great if this language were included in the bill, because UH Mānoa—with its expertise—would be a great contender for funding when the notice comes out.
  – However, UH Mānoa would not be the only eligible entity for funding when framed this way.
  – Competition/fairness key!
Appropriateness of Federal Agency Request Choice
Reminder:
12 Appropriations Subcommittees

1. Agriculture (Ag)
2. Commerce, Justice, Science (CJS)
3. Defense (DoD)
4. Energy and Water
5. Financial Services and General Government (FSGG)
6. Homeland Security
7. Interior and Environment
8. Labor, Health & Human Services, Education (LHHS)
9. Legislative Branch
10. Military Construction and VA (MilCon/VA)
11. State, Foreign Operations (SFOPs)
12. Transportation, Housing & Urban Development (THUD)
Tips to Consider

• Not every appropriations subcommittee bill is made equal. In general terms:
  – Some bills tend to be more bipartisan, less controversial, and have more money to work with (i.e., MilCon/VA, DoD).
  – Some bills are more contentious and may have tighter budgets (i.e., LHHS-Ed).

• Some bills have specific accounts that may fit your request best. For example:
  – A program about childhood nutrition generally fits in the Agriculture or LHHS-Ed bill.
Tips to Consider, cont.

- What subcommittee does your senator or representative sit on (increased influence)?
- From which agency/agencies) have you/your Department received funding from previously?
- What’s going on in the news? Examples:
  - If VA announced a new initiative on sustainability—may be an agency to target that you hadn’t considered before.
  - If NIH announced it has a moratorium on projects about sunscreen, that likely isn’t a good agency choice if your work is on sunscreen.
  - If the Chairman of the DoD Appropriations Subcommittee announced an interest in traumatic brain injury, then DoD might be a good bill to consider for projects about TBI.
Reasonableness of Request
In today’s funding environment, getting new dollars for a program is tough.
- Not always impossible, but not the easiest.
- Be cautious about how much you request...often easier if $0-5 million (versus tens or hundreds of millions).

Often easiest to request a “plus-up” (increase) of an existing program or account, versus creating a new program.
- i.e., “$2M more for HRSA’s Native Hawaiian health program” better than “$2M for a new program on X.”

Partnering with national groups (i.e., the American Academy for the Advancement of Science [AAAS] or Friends of HRSA) can help you align your requests with those of others and make sure you’re not off-base.
Tips to Consider, cont.

• Report language often helps to direct federal funding without putting new dollars in the bill.
  – Powerful mechanism, and often easier to get included in final bills.

• Being specific can be helpful.
  – i.e., The Committee directs that $2 million of the funding provided to the National Center for Emerging and Zoonotic Infectious Diseases (NCEZID) at the Centers for Disease Control and Prevention (CDC) be dedicated to rat lungworm disease.”
Reasonableness Quiz: QUESTION

• Please rank these requests in order of reasonableness.
  a) $300 million for a new program in the U.S. Department of Health and Human Services to address health inequalities among Pacific Islanders.
  b) $3 million for a novel account at the CDC.
  c) Report language to request that of funds provided to the CDC for viral hepatitis coordinators, special priority be given to entities committed to addressing disparities among Pacific Islanders.
Reasonableness Quiz: ANSWER

• **Most reasonable:** (c) *Report language to request that of funds provided to the CDC for viral hepatitis coordinators, special priority be given to entities committed to addressing disparities among Pacific Islanders.*
  • Doesn’t request specific funding level; specific.

• **Less reasonable:** (b) *$3 million for a novel account at the CDC.*
  • Vague; new program; may be hard to get $3 million.

• **Least reasonable:** (a) *$300 million for a new program in the U.S. Department of Health and Human Services to address health inequalities among Pacific Islanders.*
  • Very high funding level; at level of HHS instead of smaller agency (i.e., CDC).
Strategy
Tips to Consider

• The best federal funding request is usually one that fits with the above tips:
  – Not an earmark (but request can include Hawai‘i or UH within the eligibility criteria);
  – Agency selected strategically and appropriately; and
  – Request is reasonable.
Tips to Consider, cont.

• Think about your Member of Congress:
  – What issues does she care most about?
  – What area will she get excited to champion for you?
• What sets UH/Hawaiʻi apart?
  – Island state
  – Diverse, multi-ethnic population
  – World-class research
  – Integral part of Asia-Pacific Rim
Further Questions?

• The Office for the Vice President for Research & Innovation (OVPRI) would be happy to discuss priorities with UH System deans & directors to make them as strong as possible.
  
  – **Dr. Vassilis L. Syrmos**, UH System Vice President for Research and Innovation (syrmos@hawaii.edu)
  
  – **Dr. Aimee M. Grace**, Director of Health Science Policy, UH System (amgrace@hawaii.edu)
  
  – **Eric R. Matsunaga**, Manager, Research and Administrative Operations, OVPRI (ematsuna@hawaii.edu)
References