TRIBAL-INTERIOR BUDGET COUNCIL (TIBC)

Budget Status for
FY 2015, 2016 and 2017

November 5, 2014
Washington, DC
# Budget Timeline

![Timeline Diagram]

<table>
<thead>
<tr>
<th>CALENDAR YEAR 2014</th>
<th>CALENDAR YEAR 2015</th>
<th>CALENDAR YEAR 2016</th>
<th>CALENDAR YEAR 2017</th>
<th>CALENDAR YEAR 2018</th>
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</thead>
<tbody>
<tr>
<td>Jan</td>
<td>Feb</td>
<td>Mar</td>
<td>Apr</td>
<td>May</td>
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<tr>
<td><strong>Budget Planning</strong></td>
<td><strong>Congressional Appropriation Action</strong></td>
<td><strong>Audit &amp; Review</strong></td>
<td><strong>Budget Execution</strong></td>
<td><strong>Congressional Appropriation Action</strong></td>
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<tr>
<td><strong>IA Official Budget Formulation</strong></td>
<td><strong>Budget Evaluation of 2016 and Planning for 2017</strong></td>
<td><strong>Congressional Appropriation Action</strong></td>
<td><strong>Budget Execution</strong></td>
<td><strong>Congressional Appropriation Action</strong></td>
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<td><strong>12 Regions Budget Meetings</strong></td>
<td><strong>Tribal/IA Budget Development</strong></td>
<td><strong>Budget Evaluation of 2017 and Planning for 2018</strong></td>
<td><strong>Congressional Appropriation Action</strong></td>
<td><strong>PIreliminary, OMBJ, &amp; CJ</strong></td>
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<td><strong>Congressional Appropriation Action</strong></td>
<td><strong>Budget Execution</strong></td>
<td><strong>Audit &amp; Review</strong></td>
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<td><strong>Budget Formulation (embargoed)</strong></td>
<td><strong>Congressional Appropriation Action</strong></td>
<td><strong>Audit &amp; Review</strong></td>
<td><strong>Budget Execution</strong></td>
<td><strong>Congressional Appropriation Action</strong></td>
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<td><strong>Evaluate prior year’s process, recommend improvements for next cycle (June, July, Aug)</strong></td>
<td><strong>Develop Indian Affairs (IA) priorities &amp; budget recommendations by individual Region TIBC (Sept-Dec) and submit to IA Central Office</strong></td>
<td><strong>Convene National Budget Worksession to consolidate all 12 Regions submissions into 1 budget set</strong></td>
<td><strong>Budget workgroup prepare &amp; present budget recommendations at DOI consultation meeting (April) and if possible to OMB (May)</strong></td>
<td><strong>Congressional Appropriation Action</strong></td>
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<td><strong>Blue: Congressional Appropriation Action</strong></td>
<td><strong>Green: Budget Formulation (embargoed)</strong></td>
<td><strong>Orange: Budget Planning (TBIC)</strong></td>
<td><strong>Pink: Audit &amp; Review</strong></td>
<td><strong>Yellow: Budget Execution</strong></td>
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<td><strong>Transmit President’s Budget Request (aka, CJ) to Congress (1st Monday of Feb)</strong></td>
<td><strong>Submit Preliminary budget request to DOI (June)</strong></td>
<td><strong>Present to Secretary DOI (July)</strong></td>
<td><strong>Prepare Preliminary budget request (May)</strong></td>
<td><strong>Prepare OMB Justification (Aug) &amp; submit to OMB (Sept); meet &amp; brief OMB (Oct); passback (end of Nov)</strong></td>
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<td><strong>Hearings are held by Congressional Appropriations Committees for Agencies and Outside Witnesses (Feb-Apr)</strong></td>
<td><strong>Budget Committees determine allocations for Appropriations Committees (Apr)</strong></td>
<td><strong>Appropriations Committees conference to work out the differences between bills, and enact the bills (Sept 30)</strong></td>
<td><strong>Congressional Appropriation Action</strong></td>
<td><strong>Budget Execution</strong></td>
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• We are currently under a Continuing Resolution through December 11, 2014 – P. L. 113-164
  
  • Sec. 101(b) of the CR provides for an ATB reduction of 0.0554%  
  • The CR provides 19.73% of the 2014 Enacted level, less the ATB  
    
    \[(2014 – 0.0054\%) \times 19.73\% = 2015 \text{ CR amount}\]  
  
• The financial system (FBMS) was opened for business on October 21, 2014.

• The possibility for sequestration exists if the requirements of the Bipartisan Budget Act of 2013 are not met. This will not be known until after Congress passes the 2015 Budget, currently projected at 7.3 percent.
The President’s 2016 Budget Request scheduled release date is February 2, 2015

Results of the 2015 Appropriations will impact the timing/publication of the President’s Budget (greenbook)
Current Status:

- Formulation packets sent out the first week of September 2014.
- Guidance and Training Web Ex for Regions held September 25, 2014.
- Google Site 2017 Indian Affairs Budget Formulation up and operational.
- Regions scheduling and holding formulation work sessions.
- Regional Best Practices.

Timeframe

<table>
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<tr>
<th>Date</th>
<th>Workgroup Activity</th>
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<tr>
<td>JAN-FEB 2015</td>
<td>Tribal/Regional budget development sessions.</td>
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<td>FEBRUARY 2015</td>
<td>Regional submissions due.</td>
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<td>MARCH 2015</td>
<td>Review submissions via WebEx with Regions.</td>
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<td>MARCH 2015</td>
<td>Tribal presentations of regional submission at the Tribal Interior Budget Council (TIBC) National Budget Meeting, including Department Officials.</td>
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<td>APRIL 2015</td>
<td>TIBC Budget Subcommittee work session via WebEx.</td>
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<td>APRIL 2015</td>
<td>Formal consolidated presentation of draft testimony and recommendations to the Assistant Secretary – Indian Affairs.</td>
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<td>MAY 2015</td>
<td>TIBC Budget Meeting, review/revise Subcommittee recommendations.</td>
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<td>MAY/JUNE 2015</td>
<td>Indian Affairs will assist in the development of a meeting among the co-chairs of the TIBC Workgroup, representatives, and the Director of the Office of Management and Budget (OMB).</td>
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<td>JUNE 2015</td>
<td>Department submission for FY 2017.</td>
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<td>JULY 2015</td>
<td>TIBC Budget Meeting, Rapid City, SD</td>
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<td>SEPT 2015</td>
<td>FY 2018 Budget Formulation begins.</td>
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Mandatory vs. Discretionary Funding
Budget Process

• **Authorization vs. Appropriation**

• **Discretionary spending**: provided in the 12 annual appropriations acts
  – Funds many activities commonly associated with Federal government functions

• **Mandatory spending** (i.e., direct spending) funds entitlement programs and other spending controlled by laws other than appropriations acts
(Mandatory spending cont’d).

- Spending levels depend on eligibility criteria, size of the eligible population, and participation rates
  - Example: Supplemental Nutrition Assistance Program (SNAP)
- Congress may change the eligibility criteria of the authorizing legislation
- Subject to “PAYGO”
Individual Oriented Benefits

• Most mandatory spending is oriented to benefit individuals

• Goal is to not unfairly deny an individual benefits, such as medical benefits, because of an unforeseen economic downturn

• Formulas used from one year to the next are generally unaffected by economy
Mandatory Spending Programs

- Social Security - $896 billion
- Medicare - $526 billion
- Medicaid - $336 billion
- Federal Employee Retirement - $139 billion
- Veterans Pensions - $79 billion
- SNAP (Food Stamps) - $78 billion
- Earned Income Tax Credit - $58 billion
- Supplemental Income to disabled children and adults - $56 billion
- National Highways - $43 billion
- Child Tax Credit - $22 billion
- State Child Nutrition - $21 billion
- TANF (welfare) - $17 billion
- Veterans Education - $14 billion
- Mass Transit - $12 billion
- CHIP (Children's Health Insurance Program) - $11 billion
- Farm Subsidies - $11 billion
- Crime Victims Fund - $8 billion
- Foster Care - $7 billion
- TARP (home loan modification program) - $6 billion
- All other mandatory programs - $76 billion.
Organization Oriented Benefits

• Unlike individual-oriented benefits, organization-orientated benefits formulas change regularly and quite often
• Formula changes are influence by how well the economy is doing
• Example: 2008 Farm Bill
Pay-As-You-Go (PAYGO)


• Rule of budget neutrality:
  – Government must not enact any new laws that would increase projected deficits

• Applies to laws that would alter revenues or mandatory spending or collections
  – Does NOT apply to programs Congress funds each year through appropriations process
PAYGO Requirements

• Increases must be offset
  – Tax cuts or entitlement and other mandatory spending increases must be paid for by a tax increase, a cut in mandatory spending, or a newly identified source of revenue such as royalties.
  – Budget agreement created spending caps on discretionary spending
  – To meet the deficit reduction targets under the agreement, mandatory funding is currently subject to sequester. The sequester percentage for FY 2015 is 7.3 percent.
PAYGO Enforcement

• To prevent the sequester percentage from increasing, any legislation increasing mandatory expenditures must be fully offset from program reductions or increased revenues.

• A few mandatory programs are specifically exempted from sequester in the Budget Control Act.
**Mandatory Funding: Pros & Cons**

**PROS**
- Steady, reliable funding through the duration of the legislation
  - Not subject to annual appropriations process (In most cases, spending occurs each year absent a change in the underlying law that provides the funding)

**CONS**
- Less flexible fiscal instrument
- Subject to PAYGO (i.e., funding will need to be offset for increases)
- Mandatory funding legislation usually includes specific criteria for eligibility and the terms of receiving funding
- Mandatory funding is currently subject to sequestration and payments may change in response to economic conditions