



US Department of the Interior

# Indian Affairs

TRIBAL-INTERIOR BUDGET COUNCIL (TIBC)

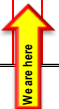
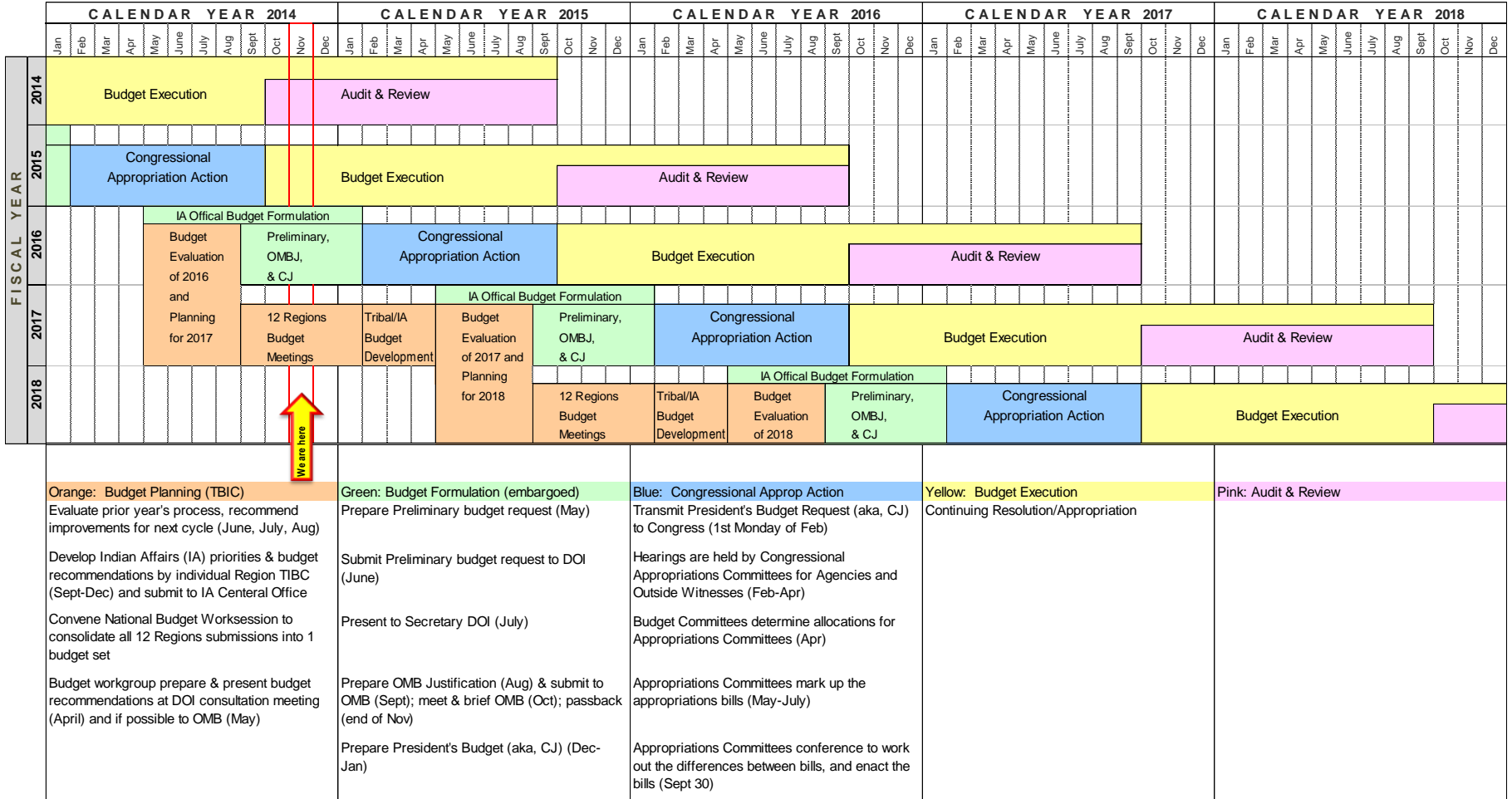
## Budget Status for FY 2015, 2016 and 2017

**November 5, 2014**

**Washington, DC**



# Budget Timeline





# 2015 Budget

- 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.



# ***2016 Budget***

- 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)



# 2017 Formulation

## 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

Date	Workgroup Activity
SEPT-DEC 2014	Tribal/Regional budget formulation work sessions for FY 2017.
JAN-FEB 2015	Tribal/Regional budget development sessions.
FEBRUARY 2015	Regional submissions due.
MARCH 2015	Review submissions via WebEx with Regions.
MARCH 2015	Tribal presentations of regional submission at the Tribal Interior Budget Council (TIBC) National Budget Meeting, including Department Officials.
APRIL 2015	TIBC Budget Subcommittee work session via WebEx.
APRIL 2015	Formal consolidated presentation of draft testimony and recommendations to the Assistant Secretary – Indian Affairs.
MAY 2015	TIBC Budget Meeting, review/revise Subcommittee recommendations.
MAY/JUNE 2015	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).
JUNE 2015	Department submission for FY 2017.
JULY 2015	TIBC Budget Meeting, Rapid City, SD
SEPT 2015	FY 2018 Budget Formulation begins.



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# Indian Affairs

## 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





# Budget Process

(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”





# Differences in Mandatory Spending:

## *Individual vs. Organization Oriented Benefits*

### 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
- 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.



# Differences in Mandatory Spending: Individual Benefits vs. Benefits for Organizations

## 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)

Statutory Pay-As-You-Go Act of 2010 (PAYGO), title I, Pub. L. 111-139, 124 Stat. 8

- 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



