Federal Budget & Process
The Long Path to a Federal Budget

<table>
<thead>
<tr>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June through September</th>
</tr>
</thead>
<tbody>
<tr>
<td>House Budget Committee formulates budget resolution</td>
<td>House budget resolution reached.</td>
<td>House authorizing committees report changes in law to comply with budget resolution.</td>
<td>House votes on 10 plus conference committees. (No complete alignment)</td>
<td>House votes on reconciliation.</td>
</tr>
<tr>
<td>Senate Budget Committee formulates budget resolution</td>
<td>Concurrent budget resolution reached.</td>
<td>House Authorizing Committees report spending measures to comply with budget resolution.</td>
<td>Senate votes on 12 separate appropriations bills.</td>
<td>President signs or vetoes appropriations bills.</td>
</tr>
<tr>
<td>President submits his budget proposal to Congress.</td>
<td>Budget conference committee reports out the concurrent resolution of the budget.</td>
<td>Appropriations Committees report spending measures to comply with budget resolution.</td>
<td>Senate votes on conference report.</td>
<td>Budget reconciliation conference committees.</td>
</tr>
<tr>
<td></td>
<td>Senate floor votes</td>
<td>Senate floor votes</td>
<td>Senate votes on conference report.</td>
<td>President signs or vetoes appropriations bills.</td>
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</table>

The president’s budget is not binding and is considered the administration’s proposal and request. It comes with volumes of information, including budget justifications from each agency that help Congress complete its own budget. The president’s budget generally is submitted by the first Monday in February.

The House and Senate budget committees develop their own versions of a budget resolution. If the traditional schedule holds, both are developed by early April, and the leading budget committee members from both chambers develop a consensus agreement called a conference report that is typically adopted in April/May.

The two chambers arrive at a concurrent budget resolution, which is not formally a law and does not require the president’s signature. However, the House and Senate have enforcement procedures to ensure directives are met. The budget resolution sets in motion legislation that, when enacted, has the force of law.

Appropriations bills cover the discretionary portion of the budget and don’t affect mandated benefit programs such as Social Security and Medicare. Two or more of the appropriations measures can be lumped into a single omnibus appropriations bill. All of the bills must be signed by the president to become law.

Another portion of the funds goes to authorizing committees for entitlements and other mandatory spending. To change these amounts, laws must be rewritten and voted on in reconciliation legislation, which requires presidential signature to become law.

If all 13 appropriations bills aren’t signed by Oct. 1, the start of the new fiscal year, Congress may pass a continuing resolution to fill the gap. If Congress fails to pass the resolution or the president vetoes it, nonessential activities in government are shut down until appropriations for them are enacted.
Spending America’s Income

Broad revenue and spending categories in President Bush’s fiscal 2007 budget:

Where it comes from (receipts)
$2.4 Trillion

- Individual income tax: $1,096 billion
- Corporate income tax: $261 billion
- Payroll tax: $884 billion
- Excise tax: $75 billion
- Estate and gift tax: $24 billion
- Customs duties: $28 billion
- Other: $48 billion

Deficit: $354-$406 billion (including allowances)

How it would be spent (outlays)
$2.8 Trillion

- National defense (discretionary): $503 billion
- Discretionary (non-defense) (incl. Homeland Security): $526 billion
- Social Security: $581 billion
- Medicare: $387 billion
- Interest on debt: $247 billion
- Medicaid: $205 billion
- Other: $320 billion
- Supplemental: $52 billion

Deficit: $354-$406 billion (including allowances)
Percentage Composition of Federal Government Outlays

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>1940</th>
<th>1971</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current $</td>
<td>$9.5B</td>
<td>$210.2B</td>
<td>$2,770B</td>
</tr>
</tbody>
</table>
Managing the budget process at NSF:

- Justifications: that represent and communicate NSF’s mission, goals, and priorities.
- Implementation and Execution: that reflect the intent of the Foundation, the Administration, and the Congress.
- Performance Assessments: that ensure the effectiveness of NSF’s programs.

Quality analysis in support of all of the above.
# Budget “Customers”

<table>
<thead>
<tr>
<th>INTERNAL</th>
<th>EXTERNAL</th>
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<tbody>
<tr>
<td>Office of the Director</td>
<td>Office of Management &amp; Budget (White House)</td>
</tr>
<tr>
<td>National Science Board</td>
<td></td>
</tr>
<tr>
<td>Directorates/Offices</td>
<td>Congress</td>
</tr>
<tr>
<td>Office of Legislative &amp;</td>
<td>Public</td>
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</table>
NSF Budget Division: Major Responsibilities

- Annual Budget Submissions to OMB and Congress
- Annual Performance and Accountability Report
- Materials for Congressional Hearings
- Long-Range Planning Materials for NSB, O/D
- Special Analysis for COVs, NSF-wide activities
- Review of major documents (Clearance)
- Budget Execution (with DFM)
- Enterprise Information System (EIS)
- Budget Internet Information System (BIIS)
- Input to OMB budget database (MAX)
- Advisory Committee for GPRA Performance Assessment (AC/GPA)
- APIC GPRA Working Group
- PART Activities
- Verification & Validation of GPRA/PART Goals
Federal Budget Process

- Guidance issued to agencies in the Spring (OMB/OSTP)
- NSF develops OMB Request during the Summer
- Agency requests submitted to OMB in September
- NSF/OMB negotiate throughout Fall
- Federal Budget submitted to Congress in early February
- Congressional appropriations process throughout the Spring-Summer
- New fiscal year begins October 1
NSF Budget Formulation

- OMB/OSTP guidance for both dollars and programs
- Budget Division develops schedule, guidance, formats
- NSF directorates/offices develop alternative scenarios (e.g. 85%, 100%, 110% of guidance level)
- Budget Division reviews & edits directorate submissions, adds analysis & recommendations, looks for themes & new programs
- Budget discussed by senior management and NSB - some reallocations
- Iterative process
NSF Budget Execution

• Develop Current Plan based on final appropriation
• Allocate operating budgets in EIS to detailed levels based on Current Plan
• Review & approve transfers
• Review program announcements
• Track & manage interdisciplinary program funds
• Provide periodic status of funds
• Support BFA processes
NSF Budget Division: Staffing

BD Front Office
- 4 Staff
- Management & Administration

Performance Assessment
- 3 Prof. Staff

Program Analysis Branch
- 1 Branch Chief
- 8 Program Analysts

Budget Operations & Systems
- 1 Branch Chief

Operations Team
- 4 Budget Analysts

Systems Team
- 3 Computer Specialists
- 2 Contractors
NSF’s Budget Process
Budget Formulation and Planning Cycle

Federal Fiscal Year (Reference Year = 0)
Resource Allocation Timeline

FY 2006

- Apr 06
- May 06
- Jun 06
- Jul 06
- Aug 06
- Sep 06
- Oct 06
- Nov 06
- Dec 06
- Jan 07
- Feb 07
- Mar 07

FY 2007

- Apr 07
- May 07
- Jun 07
- Jul 07
- Aug 07
- Sep 07
- Oct 07
- Nov 07
- Dec 07
- Jan 08
- Feb 08
- Mar 08

**FY 06 Budget Cycle**

- **Commit and Obligate Funds under FY06 Current Plan or Spend! Spend! Spend! Spend!**
- **FY06 “Budget Sweep”**
- **FY06 “Close Out”**
- **Finalize Financial Audit**
- **Commit and Obligate Funds FY07 CR**
- **Develop FY07 Interim Operating Plan**
- **Congressional Action on FY 2007**
- **Commit and Obligate Funds FY07 CP**
- **Develop & Submit FY07 CP**
- **Spend! Spend! Spend! Spend!**
- **• Publish FY06 PAR**
- **• Hill Approves FY07 CP**
- **• Receive FY07 Appropriation**

**FY 07 Budget Cycle**

- **Develop Long-Term Priorities**
- **Develop and submit FY08 Performance Budget to OMB**
- **Discussions with OMB on FY08**
- **Develop and submit FY08 Budget to Congress**
- **FY08 Budget Hearings**
- **• Conduct AD Retreat**
- **• NSB Meeting to discuss priorities**
- **• NSB Meeting to review and approve budget**
- **• Submit FY08 Budget to OMB**
- **• Receive FY08 OMB “Passback”**
- **• Submit FY08 Budget to Congress**
- **• Receive FY07 Appropriation**

**FY 08 Budget Cycle**

Note: Timing of internal deadlines and appropriations fluctuates from year-to-year
How the Money Flows to Your Office

Congress → Appropriations → OMB/Treasury → Apportionment (Days) → NSF BFA (BD/DFM) → Allotment (Hours) → NSF Accounts

Directorates/Offices → Divisions → Programs

NSF Accounts:
- R&RA
- EHR
- MREFC
- S&E
- NSB
- OIG

Current Plan

Operating Budget (Days)
Development of the Federal R&D Budget
Showing Fields of Science and Executive and Legislative Decision Units
Connecting lines indicate location of agency budget decisions, but not decision sequences.
NSF Budget and Planning Cycle

**NSF Activities**
- Complete FY 2004 Budget
- Director’s Policy Group Retreat; Major Research Equipment Review; Examining Priorities
- Scenario Planning for FY 2005
- Develop FY 2005 Budget
- Submit FY 2005 Budget to OMB

**NSB Activities**
- Planning Environment
- Issues Analysis; Guidance on Establishing Priorities
- Principles Governing FY 2005 Budget
- NSB Attention to FY 2005 Budget
- Approve FY 2005 Budget

Timeline:
- Oct, ’02
- Nov
- Dec
- Jan, ’03
- Feb
- Mar
- Apr
- May
- June
- July
- Aug
- Sep
- Oct, ’03
Budget and Planning Cycle

- OMB Review
- Prepare Budget
- Congressional Hearings / Budget Resolution / Bill
- Long Range Planning
- Prepare OMB Request
- OMB
- Establish Operating Plans
- Review
- Operating Plans
- Implement Programs
- OP Plan

FY 2003
FY 2004
FY 2005
Key Budget Planning Tasks

- Get Information
  - Keep informed
  - Identify opportunities
  - Assess performance
  - Obtain policy guidance

- Process Information
  - Develop options
  - Build scenarios
  - Establish priorities
  - Make decisions

- Communicate Information
  - Prepare request
  - Justify request
  - Build consensus and support
## Input to Planning Process

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<tr>
<th>Needs/Opportunities</th>
<th>Internal</th>
<th>External</th>
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<tr>
<td>Directorates</td>
<td></td>
<td>Advisory Committees</td>
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<tr>
<td>Priority Area Working Groups</td>
<td></td>
<td>Workshops/Studies/Reports</td>
</tr>
<tr>
<td>Staff Meetings &amp; Retreats</td>
<td></td>
<td>Proposals/Visits/Meetings</td>
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<tr>
<td>Program Annual Reports</td>
<td></td>
<td>Other Agencies</td>
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<tr>
<td>Strategic Direction and Policy</td>
<td>NSB</td>
<td>OMB</td>
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<td></td>
<td>SMIG/ADs</td>
<td>OSTP/NSTC</td>
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<td>Strategic Plan</td>
<td>Congress</td>
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<td>Performance Evaluation</td>
<td>GPRA Documents</td>
<td>COVs</td>
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<td>Advisory Committees</td>
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<td></td>
<td>Evaluations and Assessments</td>
<td>Indicators/Benchmarking</td>
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