



Back to the Future, Part II: FY 2007 Funding Odyssey



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Discussion

- ACF Overview
- Our FY 2007 PB Request
- Impact of Full-Year CR
- How Problems Were Addressed
- Resulting JR Bill and its Impact
- Lessons Learned



It is not difficult to enact continuing resolutions; Congress has enacted 60 of them over the past seven years.

Richard Kogan, Center on Budget and Policy Priorities



Disadvantages of CRs

Federal agencies are disrupted, though, by the periods of reduced funding. With non-essential operations suspended, many agencies are forced to interrupt research projects, training programs, or other important functions. It essentially limits government employees to a six- to ten-month work year, as significant amounts of time are lost to bureaucratic haggling and paperwork.

Wikipedia



Administration for Children and Families

Agency Mission

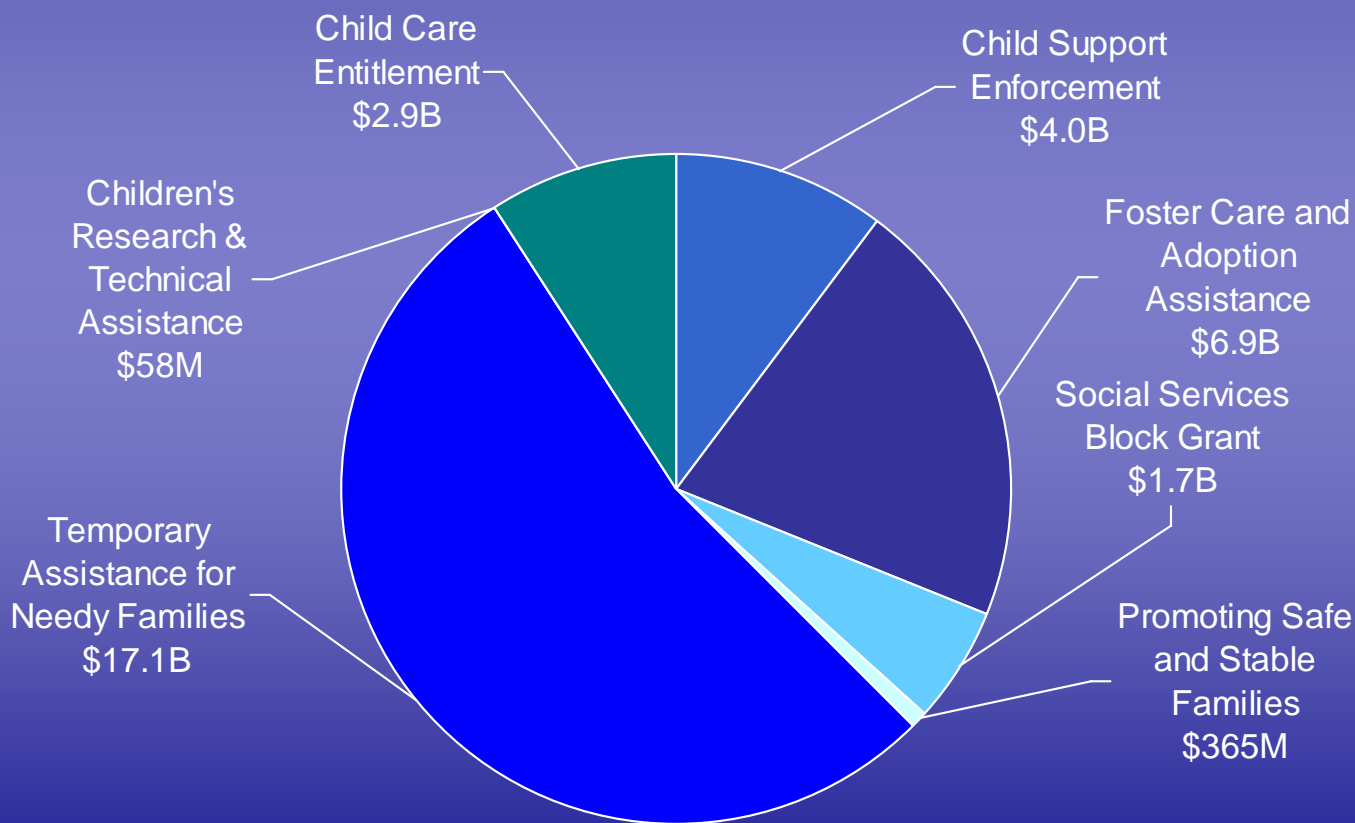
The mission of the Administration for Children and Families is to promote the economic and social well-being of children, youth, families, and communities, focusing particular attention on vulnerable populations such as children in low-income families, refugees, Native Americans, and people with developmental disabilities. ACF administers programs carried out by state, territorial, county, city, and tribal governments as well as by private, non-profit, and community- and faith-based organizations designed to meet the needs of a diverse cross-section of society.



Mandatory Funding

Administration for Children and Families

(\$33.2B in FY 2007)

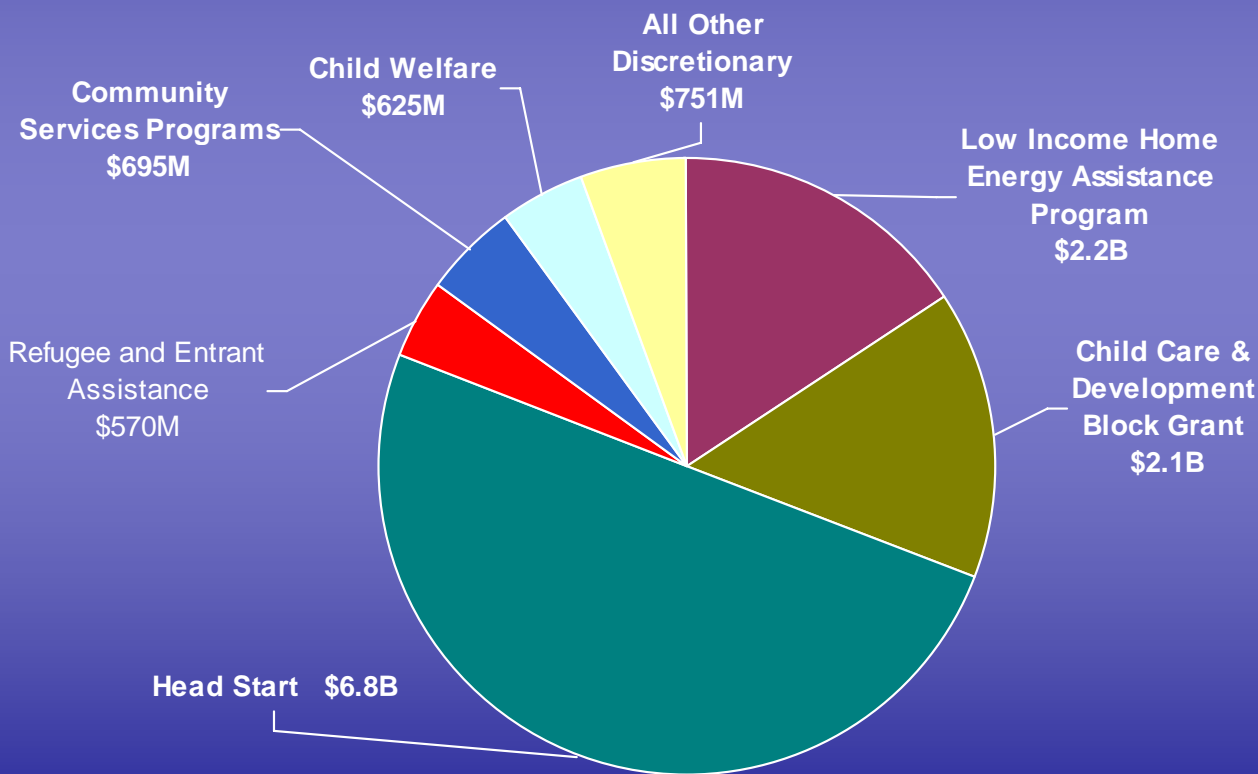




Discretionary Funding

Administration for Children and Families

(\$13.8B in FY 2007)





FY 2007 PB Request

- Requested \$164M in additional funding for Presidential priorities
- Proposed \$1.5B in reductions/terminations to three block grant programs
- Requested \$62M in current services increases, including \$5M in S&E funding – 1,319 FTE
- Total Discretionary Request -- \$12.8B (\$939M below FY 2006 enacted)



Potential Impact of Full-Year CR

- Presidential priorities not funded:
 - Family Formation & Healthy Marriage (+\$100M)
 - Compassion Capital Fund (+\$36M)
 - Abstinence Education (+\$28M)
- Program reductions/terminations not adopted:
 - CSBG (-\$670M)
 - SSBG (-\$500M)
 - LIHEAP (-\$379M)
- Current services needs not funded:
 - Refugee Programs (+\$45M)
 - Adoption Incentives (+\$12M)
 - Federal Administration (+\$5M)



How We Addressed Needs

- Interaction with DHHS budget staff to identify problems/anomalies
- Careful analysis of program requirements
- Interaction with other Departmental staff offices as needed (e.g., OGC)
- Technical assistance to Hill appropriations subcommittee staff



Action in the Joint Resolution

Administration for Children and Families

Programs	2006 Enacted	2007		
		Pres Budg	CR Level	Final Approp
Discretionary	\$13.7	\$12.8	\$13.7	\$13.8
Mandatory	33.1	32.9	33.5	33.2
Total, BA	\$46.8	\$45.7	\$47.2	\$47.0

* Dollars in billions



Provisions Included in the JR

- Funding for mandatory programs as authorized under current law
- Advance funding for FY 2008 for mandatory programs
- Full funding for FY 2006 earmarks without designation of recipients
- Added \$100M above FY 2007 PB for Head Start
- Funded Adoption Incentives/Refugee programs at current services levels
- Provided S&E funds above CR level

Remaining Problems in the JR

- Interpretation of Authority and Conditions
- Earmark Funding
- Administrative Funding





Interpretation of Authority and Conditions

- Congress passed bill in September 2006 that reauthorized the PSSF program, appropriated \$40M for 2006 for a new effort, and dictated that the focus of that new effort be completely changed in 2007.
- Question: Can this \$40M be included in the current rate even though it was not appropriated in any of the cited appropriation bills?
 - *For entitlements and other mandatory payments...the levels established by section 101 shall be the amounts necessary to maintain program levels under current law.*



Interpretation of Authority and Conditions

- Question: Can the new PSSF activity be carried out as Congress intended even though CR language stipulates that no funds *“shall be used to initiate or resume any project or activity for which appropriations, funds, or other authority were not available during fiscal year 2006”*?
 - Project or activity refers to specific items in a committee report table or budget submission.
 - Therefore, JR language only prohibits funding a project or activity that is demonstrably different from these activities.



Earmark Funding

- ACF received 136 earmarks in 2005 and four in 2006 – all non-competitive
- Hill provided full funding for ACF 2006 earmarks and allowed agency discretion
- *“Any language specifying an earmark in a committee report or statement of managers ... for fiscal year 2006 shall have no legal effect with respect to funds appropriated by this division.”*
- OPDIV Head mandated full and open competition for all earmarks included in the JR



Earmark Funding

- CCDBG language in the JR regarding funding for child care hotline: [Language in the 2006 bill] *“...may be applied to child care resource and referral ... without regard to any specific designation therein.”*
- However, authorizing language – absent the 2006 earmark language -- contained no authority for any discretionary funding outside the block grant.
- GC advised that JR language was “sufficiently ambiguous” so that either interpretation could be justified.



Administrative Funding

- FY 2007 PB requested an increase of \$5M for pay raises and inflation in S&E costs
- Planning for administrative spending was clouded in uncertainty
- Straight-line funding from 2006 meant a significant FTE reduction – approximately 45 FTE
- Adopted a conservative spending plan during the CR period – held all spending to a minimum



Administrative Funding

- JR though contained specific language that—along with added pay costs--funded S&E just below the FY 2007 request
- Impact of late hiring decisions and 5-month processing time for recruitment
- Need to have hiring options decided and ready when Hill action is known



Department-wide Impact

- Seven of 10 OPDIVs had submitted FY 2007 budgets that were lower than FY 2006
- The three OPDIVs with increases in their requests were fully funded under the JR
- Straightline funding for these agencies under a CR represented a 2% increase over PB
- Full-Year CR did not mean having to live with drastic budget cuts
- Elimination of new policy initiatives and uncertainty in administrative spending

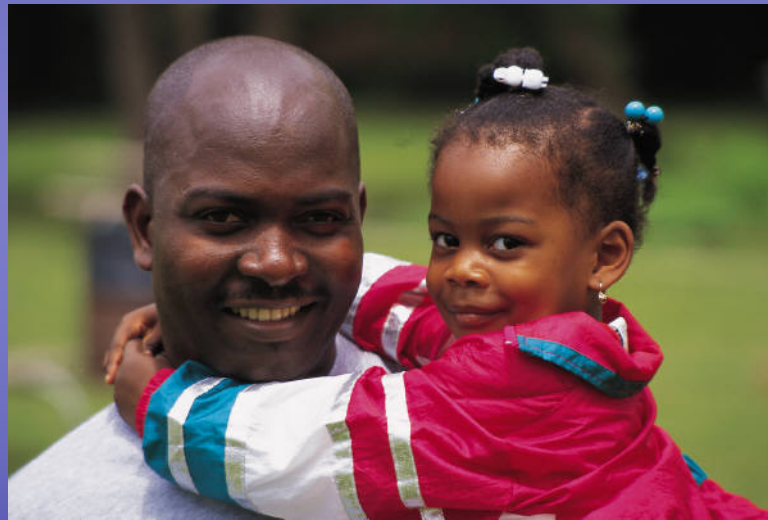


Lessons Learned

- Need to analyze needs more comprehensively than with part-year CR
- Actively seek out Departmental support and involvement in addressing needs
- Utilize flexibilities that already exist
- Develop and maintain an effective relationship with Hill appropriations staff
- Plan early!



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The End