Local and Federal Relations Update: Federal Funding – FY15/16

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Vice President for Governmental Affairs

April 24, 2015
Role of Governmental Affairs

- Governmental Affairs addresses issues across a wide range of subjects and jurisdictions, including:
  - Immigration
  - Power plant regulations
  - Homeland security issues re: stadium or treatment of potentially hazardous materials
  - Tuition policy
  - Housing issues (safety and local development)
  - International student issues
  - And of course, funding!

- Sometimes Federal, State, and Local rules and regulations interact with each other – sometimes providing contradictory directions, or resulting in unintended consequences (i.e. Buy American vs. Fleet Fuel Economy)
**Figure 2: Limits on Discretionary Spending Since FY 2010**

Billions of constant 2015 dollars

Based on past budget resolutions, the Budget Control Act, and subsequent legislation. Adjusted for inflation using deflators from the FY16 budget request. © AAAS 2015
Federal Budget Sources of Funds

Federal Budget Deficit (or Surplus)
in billions of constant FY 2014 dollars

Source: Budget of the United States Government, FY 2015. FY 2016-2019 data are budget projections. © 2014 AAAS
FY 2015 Budget by Source of Funds
Total Outlays = $3.9 trillion
Total Receipts (without borrowing) = $3.3 trillion

- Income Taxes: $1,534
- Social Insurance and Retirement (Payroll Taxes): $1,056
- Corporate Taxes: $449
- Other Taxes (excise, gas, estate, etc.): $299
- Borrowing: $564

Source: Budget of the United States Government FY 2015. © 2014 AAAS
Two Spending Categories: Discretionary vs. Mandatory

- Mandatory Spending (aka Direct Spending)
  - Mostly entitlements
  - Potential for high political sensitivity = “third rail”
  - Changed only by act of Congress: essentially “on autopilot”

- Discretionary Spending:
  - Adjusted annually
  - Easy targets?
    - i.e. Sequestration
  - Vast majority of federal R&D is discretionary
Figure 1: Composition of the Proposed FY 2016 Budget
Total Outlays = $4.0 trillion

outlays in billions of dollars

Net Interest $283
Defense Discretionary $528
[Defense R&D] $77
Nondefense Discretionary $495
[Nondefense R&D] $69
Other Mandatory $670
Medicaid $351
Medicare $583
Social Security $938

R&D figures above are current AAAS estimates of proposed budget authority. Source: *Budget of the United States Government* FY 2016. Projected deficit is $474 billion. © 2015 AAAS
Q: How Did We Get Here?
A: A convoluted, complicated, old and evolving process...

<table>
<thead>
<tr>
<th>FY 2013</th>
<th>----- Spend Fiscal Year Budget -----</th>
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<tbody>
<tr>
<td>FY 2014</td>
<td>Negotiate and finalize budget proposal with OMB via passbacks</td>
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<td>Budget Release</td>
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<td>• Budget Resolution</td>
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<td>Write, pass, and conference twelve appropriation bills</td>
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<td>----- Spend Fiscal Year Budget -----</td>
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<td>Planning within Agency</td>
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<td>Agencies receive strategic guidance from OMB</td>
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<td></td>
<td>Agencies submit budget proposals</td>
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<td></td>
<td>Negotiate and finalize budget proposal with OMB via passbacks</td>
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BUDGET TIMELINE

- **February 2** — The President submits the Fiscal Year budget request to Congress.
- **February 3** — Congressional committees begin hearings on president’s budget request.
- **April 15** — Statutory deadline (though frequently missed) for Congress to complete its annual budget resolution. The resolution sets a limit on discretionary (for fiscal 2013-2021, discretionary appropriations caps were established by the August 2011 debt limit).
- **May 15** — The date after which the House may consider appropriations bills even if a final budget resolution has not been adopted.
- **End of June** — Beginning of Congress’ July Fourth recess -- the informal deadline that House leaders set for passing all 12 regular appropriations bills.
- **Early August** — Beginning of the Senate’s summer recess -- the Senate’s informal deadline for passing all 12 spending bills.
- **Early September** — House and Senate return from summer recess to negotiate differences and clear all appropriations bills before the new fiscal year begins on October 1.
- **October 1** — New fiscal year begins. At this point, a stopgap “continuing resolution” would be required to finance any agency whose appropriations bill has not been enacted.
The Federal R&D Budget: The Basics

- About $136.5 billion in FY 2015
  - Down ~15% since 2010
  - About half = DOD
  - Basic + applied research = nearly half

- Fragmented
  - More than two dozen departments and agencies
  - But “top heavy” (DOD and NIH)

- Funds ~60% of university R&D

- Declining share of economy

- Declining share of national R&D investment (vs. industry)
Total R&D by Agency, FY 2015
budget authority in billions of dollars

- USDA, $2.4
- Commerce, $1.6
- NSF, $5.6
- NASA, $11.6
- DOE, $12.3
- HHS (NIH), $31.1
- All Other, $6.2
- DOD, $65.7

Total R&D = $136.5 billion
(OGS Initiative is an extra $5.3 billion)

Source: OMB R&D data, agency budget justifications, and other agency documents and data. R&D includes conduct of R&D and R&D facilities. © 2014 AAAS
Trends in R&D by Agency
in billions of constant FY 2013 dollars

FY 2013 and FY 2014 figures are latest estimates.
1976-1994 figures are NSF data on obligations in the Federal Funds survey.
© 2013 AAAS
Federal funding makes up 64% of all external funding at MSU.
Federal Funding, by Agency, 2013-14
(Total Funding = $339 million)

* Federal funding makes up 64% of all external funding at MSU.
2014 ELECTIONS

- Republican Party controls both chambers of Congress
- New Faces in the Michigan Congressional Delegation:
  - Gary Peters elected Senator
  - John Moolenaar to the 4th District (Midland)
  - Mike Bishop to the 8th District (Lansing)
  - Dave Trott to the 11th District (western Wayne and western Oakland counties)
  - Debbie Dingell to the 12th District (Dearborn)
  - Brenda Lawrence to the 14th District (Detroit)
ELECTION IMPACT

- Agriculture

- Appropriations & Sequestration

- Energy
  - Construction of Keystone XL oil pipeline
  - Shift in focus from climate change

- Higher Education
  - Rollback for federal regulations
  - Deadlock on higher ed

- Patent Reform
STATUS UPDATE

- President’s FY16 Budget Request released in February
- Congress beginning to work on various appropriations bills; completing those bills will be a difficult challenge
- Some efforts to provide relief from sequestration but remain unlikely
- Sequestration Cuts remain in place from FY16 to FY20
<table>
<thead>
<tr>
<th>Agency</th>
<th>FY14</th>
<th>FY15 Request</th>
<th>Final FY15 Number</th>
<th>FY16 REQUEST</th>
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<tr>
<td><strong>National Science Foundation</strong></td>
<td>$7.17 B</td>
<td>$7.3 B</td>
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<td><strong>USDA</strong></td>
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<td>Hatch Act</td>
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<td>$244 m</td>
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<td>Smith Lever</td>
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<td>$300 m</td>
<td>$300 m</td>
<td>$300 m</td>
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<tr>
<td>Ag &amp; Food Research Institute</td>
<td>$316 m</td>
<td>$325 m</td>
<td>$325 m</td>
<td>$450 m</td>
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</table>
## FY16 WHITE HOUSE BUDGET REQUEST – RESEARCH (cont.’d)

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<tr>
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<th>FY15 Request</th>
<th>Final FY15 Number</th>
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<tbody>
<tr>
<td><strong>NIH</strong></td>
<td>$29.9 B</td>
<td>$30.2 B</td>
<td>$30.08 B</td>
<td>$31.3 B</td>
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<td><strong>DOD Basic Research</strong></td>
<td>$2.17 B</td>
<td>$2.02 B</td>
<td>$2.28 B</td>
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<td><strong>Energy</strong></td>
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<td></td>
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<tr>
<td>Office of Science</td>
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<td>$5.11 B</td>
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<td><strong>Education</strong></td>
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<tr>
<td>Institute of Education Sciences</td>
<td>$577 m</td>
<td>$637.2 m</td>
<td>$574 m</td>
<td>$676 m</td>
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</table>
FRIB

Federal

- $100 million proposed for FY16 -- $10 million more than in FY15.
  - House provided $98M this week
  - Senate to act later this summer
  - Could still face Continuing Resolution ($90M)
FY16 WHITE HOUSE BUDGET REQUEST
PELL GRANTS AND GRADUATE PROGRAMS

Pell Grants

- $22.475 billion -- the same as the FY15 enacted amount. The maximum Pell Grant is scheduled to increase to $5,915 (+$85) for the 2016-2017 award year

Graduate Programs

- Department of Education’s Graduate Assistance in Areas of National Need: $29.3 million -- the same as FY14 and FY15
- NSF:
  - $169 million to support graduate research fellowships
  - $7 million for Innovation in Graduate Education, which will focus on “model design, innovation, and research in graduate student training and professional development”
### Estimated R&D Cuts Under Adjusted Sequestration*, FY 2013-2017
(budget authority in millions of constant 2012 dollars)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>Total Cut</th>
<th>5-Year Percent</th>
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<tbody>
<tr>
<td>Dept of Defense</td>
<td>-5,749</td>
<td>-6,818</td>
<td>-6,696</td>
<td>-6,585</td>
<td>-6,495</td>
<td>-32,344</td>
<td>-8.7%</td>
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<td>HHS</td>
<td>-1,541</td>
<td>-2,429</td>
<td>-2,333</td>
<td>-2,241</td>
<td>-2,155</td>
<td>-10,699</td>
<td>-6.9%</td>
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<tr>
<td>NIH</td>
<td>-1,487</td>
<td>-2,343</td>
<td>-2,251</td>
<td>-2,162</td>
<td>-2,079</td>
<td>-10,322</td>
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<tr>
<td>Dept of Energy</td>
<td>-686</td>
<td>-944</td>
<td>-916</td>
<td>-889</td>
<td>-865</td>
<td>-4,299</td>
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<tr>
<td>Natl Sci Foundation</td>
<td>-278</td>
<td>-438</td>
<td>-421</td>
<td>-404</td>
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<td>NASA</td>
<td>-465</td>
<td>-733</td>
<td>-704</td>
<td>-676</td>
<td>-650</td>
<td>-3,229</td>
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<td>Dept of Agr</td>
<td>-115</td>
<td>-182</td>
<td>-175</td>
<td>-168</td>
<td>-161</td>
<td>-801</td>
<td>-6.9%</td>
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<td>Dept of Commerce</td>
<td>-63</td>
<td>-98</td>
<td>-95</td>
<td>-91</td>
<td>-87</td>
<td>-434</td>
<td>-6.9%</td>
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<td>Dept of the Interior</td>
<td>39</td>
<td>-62</td>
<td>-60</td>
<td>-57</td>
<td>-55</td>
<td>-273</td>
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<tr>
<td>EPA</td>
<td>-28</td>
<td>-44</td>
<td>-43</td>
<td>-41</td>
<td>-39</td>
<td>-195</td>
<td>-6.9%</td>
</tr>
<tr>
<td>Homeland Security</td>
<td>-31</td>
<td>-48</td>
<td>-46</td>
<td>-44</td>
<td>-43</td>
<td>-212</td>
<td>-6.9%</td>
</tr>
<tr>
<td><strong>Total R&amp;D Cut</strong></td>
<td><strong>-8,995</strong></td>
<td><strong>-11,796</strong></td>
<td><strong>-11,488</strong></td>
<td><strong>-11,196</strong></td>
<td><strong>-10,939</strong></td>
<td><strong>-54,415</strong></td>
<td><strong>-7.9%</strong></td>
</tr>
</tbody>
</table>

*Adjusted sequestration under the American Taxpayer Relief Act (H.R. 8), which reduced the cuts for FY 2013, but left future year cuts unchanged.

Source: AAAS estimates of R&D, based on CBO and OMB analyses of the Budget Control Act.
Constant dollar conversions based on OMB’s GDP deflators from the FY 2013 budget.
SOURCE FOR LATEST INFORMATION ON AGENCIES’ SEQUESTRATION PLANS

MSU’s Office of the Vice President for Research’s Sequestration Webpage:

http://vprgs.msu.edu/sequestration
OPPORTUNITY, GROWTH, AND SECURITY INITIATIVE (OGS)

$56 billion -- divided equally between defense and non-defense programs -- in new funding for key priorities of the Administration.

- $5.3 billion would go to R&D. Examples of areas that would receive OGS funds:
  - $552 million for 1,000 additional new NSF grants
  - $365 million for high priority research through NIFA
  - $970 million for 650 additional new NIH grants
  - $885.5 million for NASA initiatives

Would be paid for through closing tax loopholes and implementing spending reforms.

*Unlikely to become a reality.*
Every day, Michigan State University works to advance prosperity for the people of Michigan—making a positive impact on the state’s economy in the areas of technology, agriculture, manufacturing, health care, education, energy, environment, and the arts.

MSU’s talent and expertise help position Michigan as an uncompromising competitor in a global market, and we make vital contributions to the state’s economy. In fiscal year 2013, MSU attracted more than $477 million in external funding. The University Research Corridor—comprising Michigan State University, the University of Michigan, and Wayne State University—has a combined $16 billion annual economic impact in Michigan.

Michigan State—particularly through AgBioResearch and Extension—plays a key role in the state’s annual $91.4 billion food and agriculture system through partnerships, research, and educational programs in all 83 counties.

MSU is making a difference—everywhere—in Michigan.
MI Spartan Impact Partnerships

PARTNERSHIPS & PROGRAMS
Michigan State University partners with communities, organizations and businesses throughout the state of Michigan. Here are just some of the many ways MSU is working in this region:

Encouraging exercise, improving health for young girls
With the help of a $3.6 million federal grant, Lorraine Robbins of the College of Nursing is leading a program to help Detroit, Jackson, Flint, Lansing, Muskegon, Kalamazoo, and Ypsilanti middle school girls—particularly minority girls in urban, low socioeconomic settings—increase their physical activity. The five-year Girls on the Move project, funded by the National Institutes of Health, focuses on individual and web-based counseling sessions with school nurses and an after-school physical activity club.

Increasing breastfeeding rates
The Mother to Mother Peer Program’s Breastfeeding Initiative reaches more than 600 families annually and has an initiation rate of 91 percent for participating mothers. The Breastfeeding Initiative staff serves women and families at more than 25 Women, Infants, and Children program clinics and seven hospitals.

REGIONAL CONTACT INFORMATION

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Email: robb@anr.msu.edu
Website: https://www.msu.edu/%7emsuaa024/www.msu.edu_%7emsuaa024/Welcome.html
Like the Muskegon County Alumni Club on Facebook.
Connect with the Muskegon County Alumni Club on LinkedIn

Oceana/Mason Counties Alumni Club
Contact: Tim Stephens
Email: dlspartan@hotmail.com

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