THE NSF BUDGET
Overview of Agency Funding Processes

Director's Meeting, Division of Materials Research
October 26, 2011

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Office of Budget, Finance, and Award Management
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Topics

- Federal Budget Context

- How NSF Budgets within this Context (Budget Formulation)

- NSF Funding Mechanisms

What is the Budget and Why is it Important?

- The **President's Budget ("the Request")** is a statement of Administration policy and the resources needed to achieve it.

- The Request is made to Congress annually.

- Priorities must be weighed and choices made.

Spending America's Income

Broad Revenue and Spending Categories in the President's FY 2012 Budget

Incoming (receipts) $2.6 Trillion

$1,141 billion:
Individual income tax

$329 billion:
Corporate income tax

$925 billion: Payroll tax

$103 billion: Excise tax

$30 billion: Customs duties

$86 billion: Other

$1,101 billion: Deficit

Outgoing (outlays) $3.7 Trillion

$3.7 Trillion
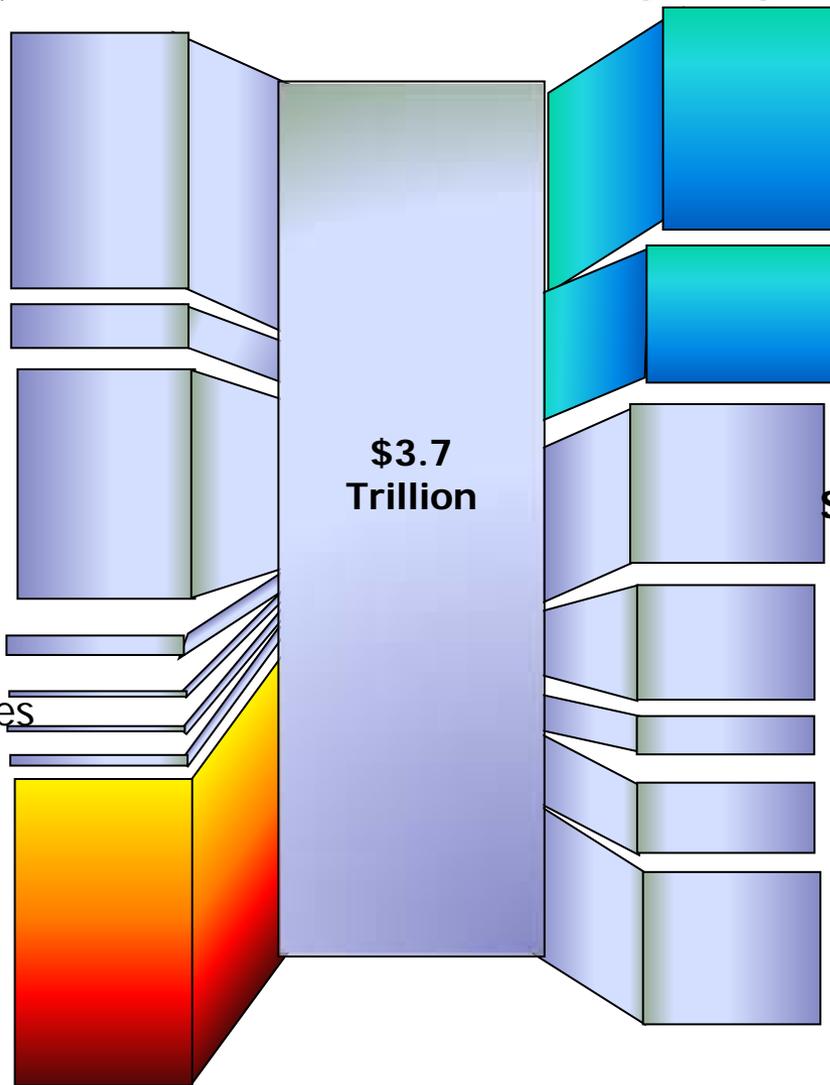
$884 billion: Discretionary Security

$456 billion: Discretionary Non-Security

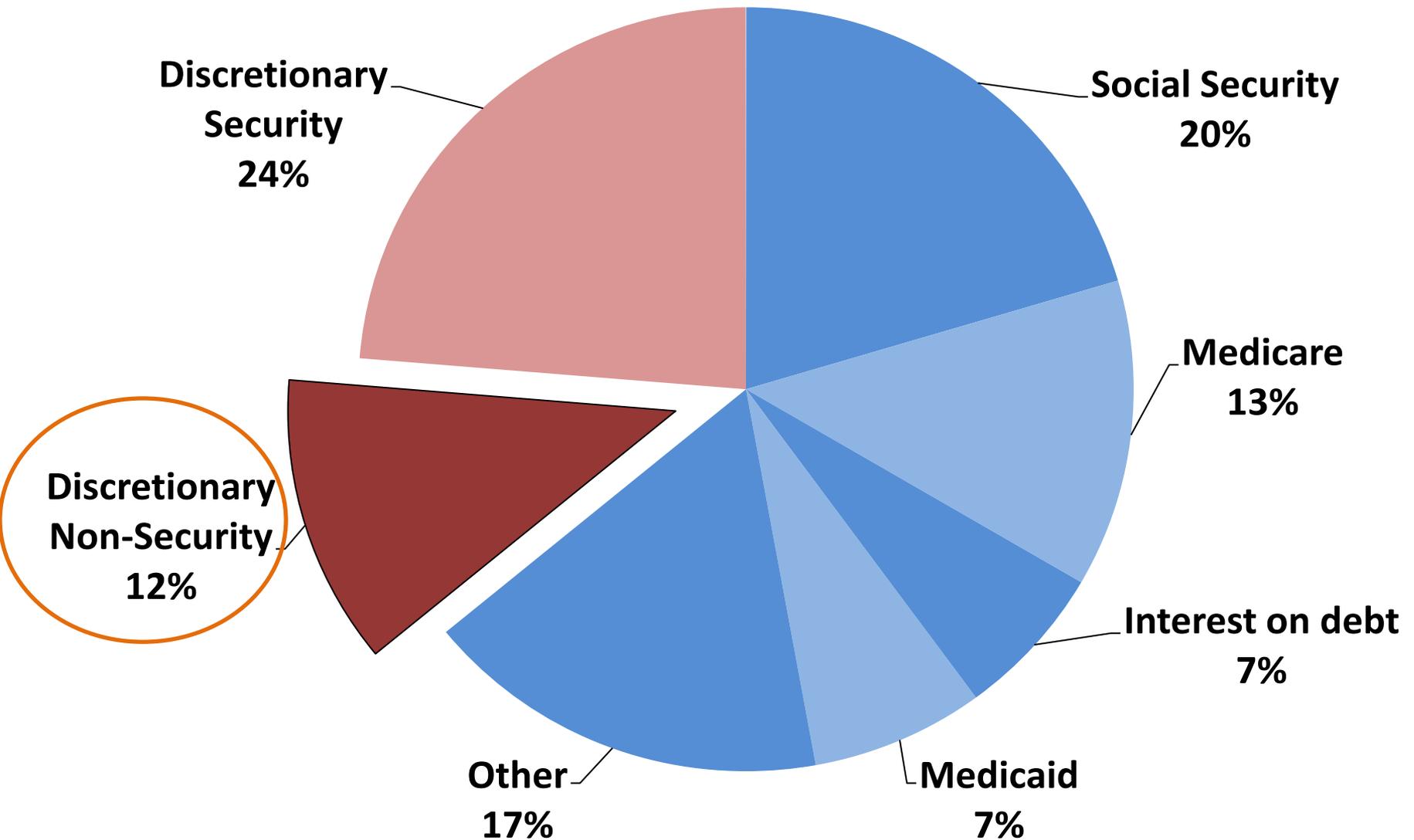**$761 billion:** Social Security

$485 billion: Medicare

$242 billion: Debt interest

$269 billion: Medicaid

$632 billion: Other

Outlays by Broad Category
FY 2012 Request of $3.7 Trillion

Discretionary Security 24%

Social Security 20%

Medicare 13%

Discretionary Non-Security 12%

Interest on debt 7%

Other 17%

Medicaid 7%

Who are the Players?

- Administration…proposes

  - ○ Office of Management and Budget (OMB)

  - ○ Office of Science & Technology Policy   (OSTP)

  - ○ Federal agencies such as NSF

- Congress…disposes

- The American Public

- NSF constituent communities

Budget Activity Timeline

FY 2011   **FY 2012**

| Apr 11 | May 11 | Jun 11 | Jul 11 | Aug 11 | Sep 11 | Oct 11 | Nov 11 | Dec 11 | Jan 12 | Feb 12 | Mar 12 |

FY 11 Budget Cycle

- *Commit, Obligate and Spend*
- *Financial Audit*
- ◇ Publish FY11 Agency Financial Report

FY 12 Budget Cycle

- *Develop Interim Operating Plan*
- *Commit, Obligate and Spend*
- *Congressional Action on FY 2012*
- *Develop / Submit Current Plan*
- ◇ Receive FY12 Appropriation?

FY 13 Budget Cycle

- *Planning / Set Long-Term Priorities*
- *Develop / Submit FY13 Budget to OMB*
- *FY13 Discussions with OMB*
- *Develop and submit FY13 Budget to Congress*
- *FY13 Budget Hearings*

◇ Budget Retreat

◇ NSB Meeting to discuss priorities

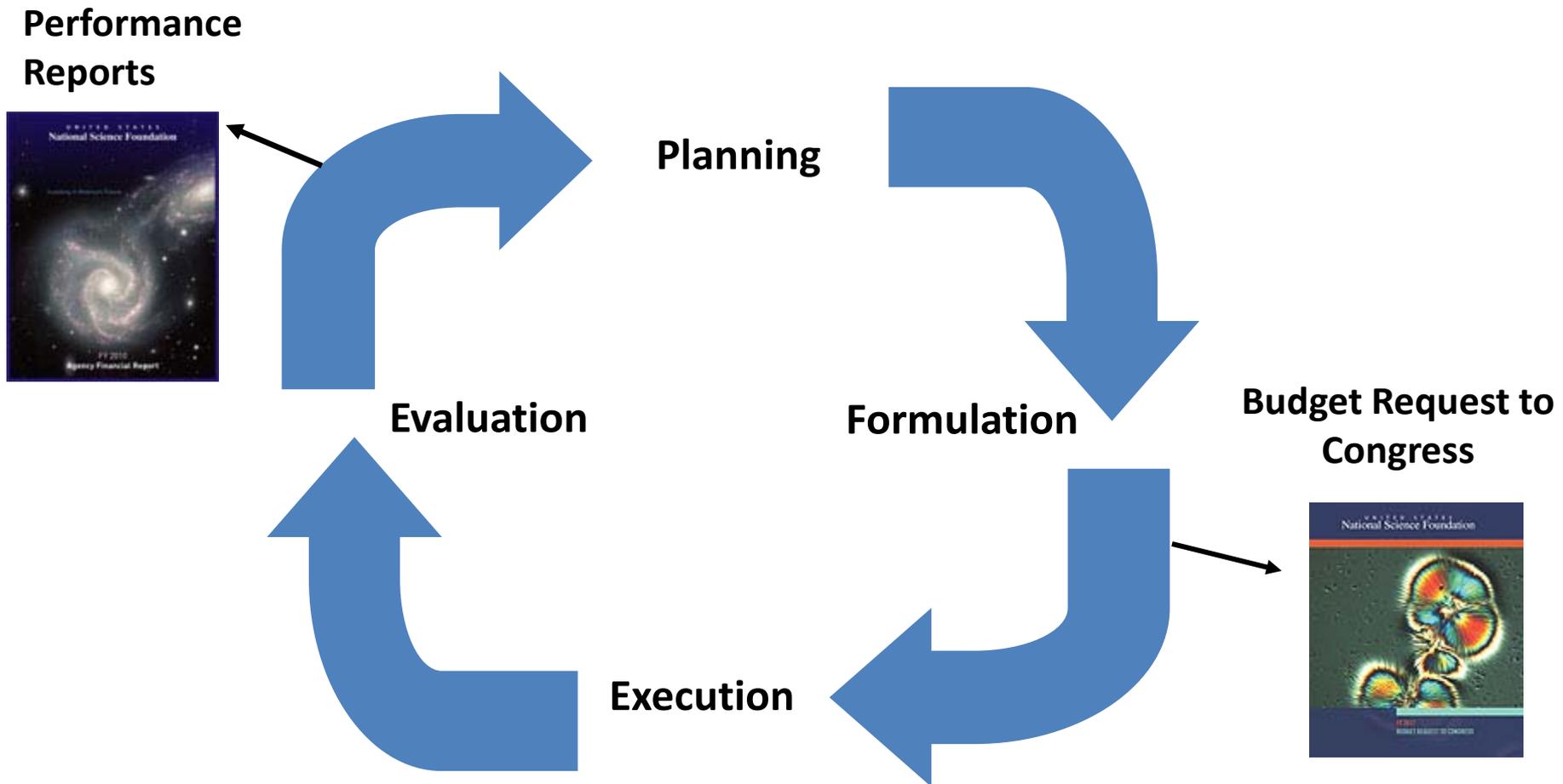◇ NSB Meeting to review and approve budget

◇ Submit FY13 Budget to OMB

◇ Receive FY13 OMB "Passback"

◇ Submit FY13 Budget to Congress

Legend:
- 🟩 Budget Formulation
- 🟦 Budget Execution
- 🔶 External Milestones
- ◇ Internal Milestones

Note: Timing of internal deadlines and appropriations fluctuates from year-to-year

Overview of Budget Process

Performance Reports

Planning

Evaluation

Formulation

Budget Request to Congress

Execution

Budget Formulation and Priority Setting

April-May
- **OMB issues budget guidance memo**
- Internal agency planning continues

June-July
- OMB and OSTP issue R&D guidance memo
- OMB issues A-11

July - Sep
- NSF finalizes prioritization of research/education investments and submits budget request to OMB

Sep - Dec
- OMB and NSF finalize priorities for Budget Request to Congress

Dec- Feb
- NSF prepares and issues President's Budget Request to Congress

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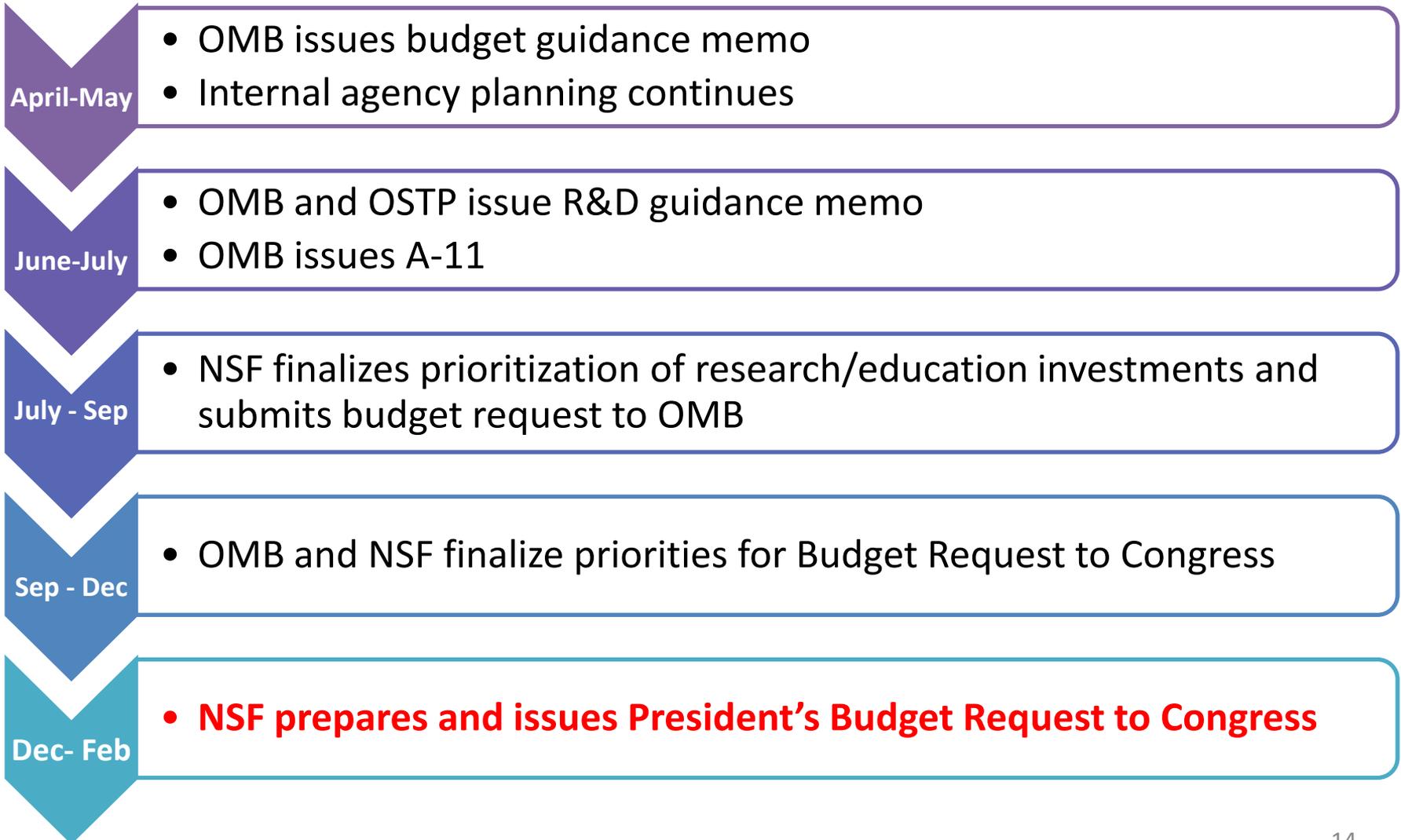- NSF finalizes prioritization of research/education investments and submits budget request to OMB

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Factors in Formulating a Budget Request

A successful budget request will:

- Meet Administration priorities and legislative mandates.
- Consider external input.
- Provide a clear justification of what is needed and why it is needed.
- Outline NSF's role vis-à-vis other science agencies and partners.
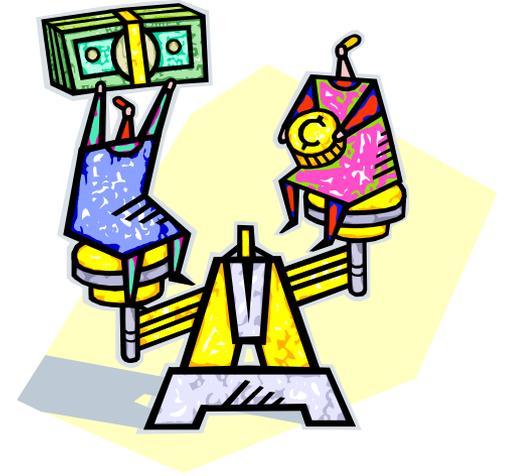
President's Budget Request to Congress

The President's Budget

Analytical Perspectives

Budget Appendix

Budget in Brief

After the "PresBud" is Delivered in February

- Press conference by the President, followed by briefings by OSTP, and at NSF, the NSF Director and NSF Assistant Directors.

- Detailed back up books prepared for use by the Director at hearings and other managers throughout the year.

- Hearings and questions for the record from the Hill.

- Briefings for interested communities.

Appropriations Drift

NSF Appropriations Date vs. Start of Federal Fiscal Year (Oct 1st)
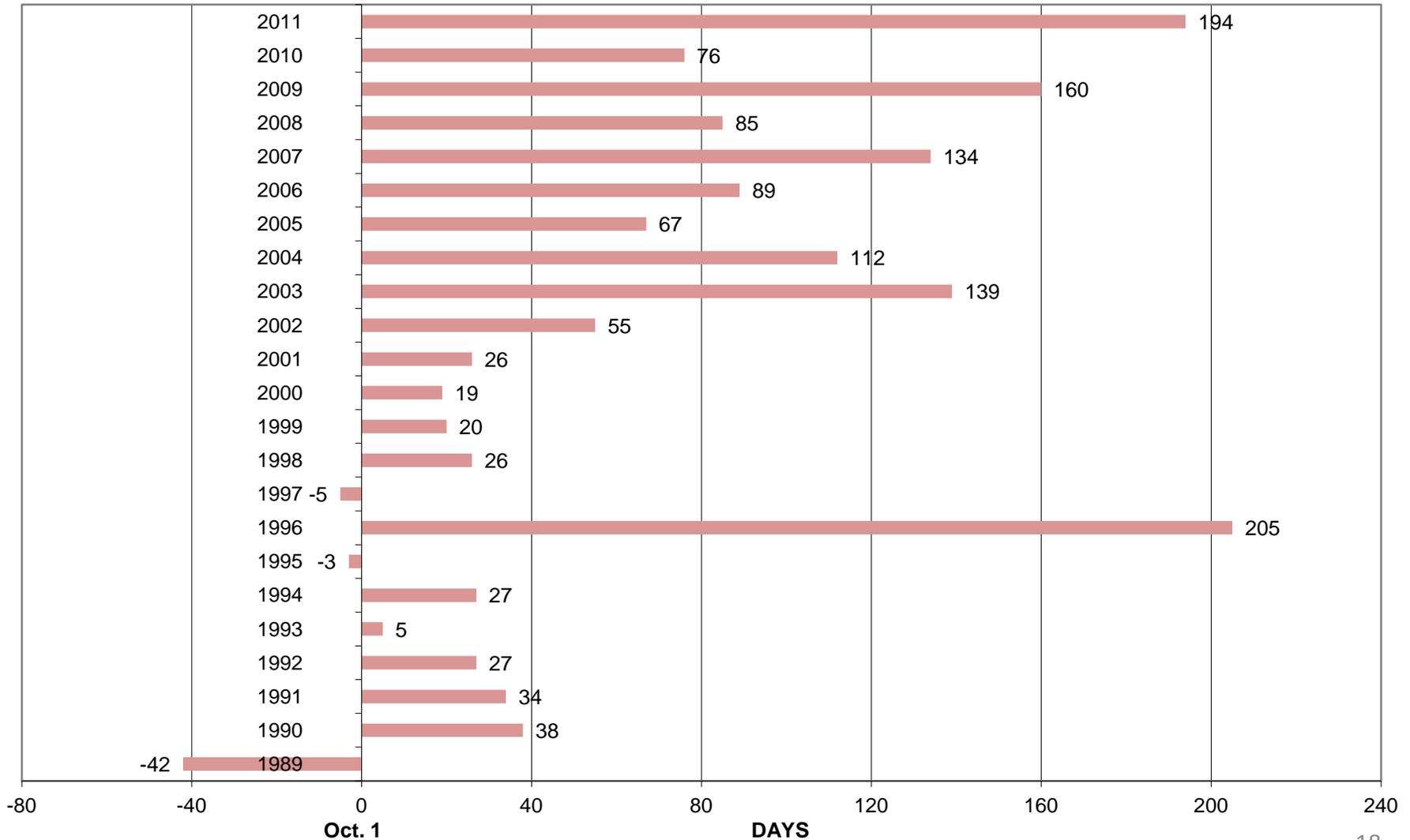
Determining Funding Allocations

• After the appropriation is passed by Congress and signed by the President, NSF makes final funding and program decisions.

• This is where play money becomes real dollars.

Award Mechanisms

- **Grants** - an award type used when NO substantial agency involvement is anticipated during the project performance period. (Ex. individual investigator awards)

  - **Standard** - support for a specific period with no intent for additional funding.

  - **Continuing** (CGI)- support for an initial period with the intent to provide additional support if funds are available and initial performance is satisfactory.

- **Cooperative agreements** - an award type used when substantial agency involvement is anticipated during the project performance period. (Ex. centers, facility ops)

- **Contracts** - an used to acquire equipment and services to support the NSF mission. (Ex. space lease, consultants)

Award Mechanisms
(in millions of FY 2011 dollars)

NSF
- $577
- $352
- $706
- $2,155

MPS
- $67
- $194
- $299

DMR
- $32
- $48
- $44
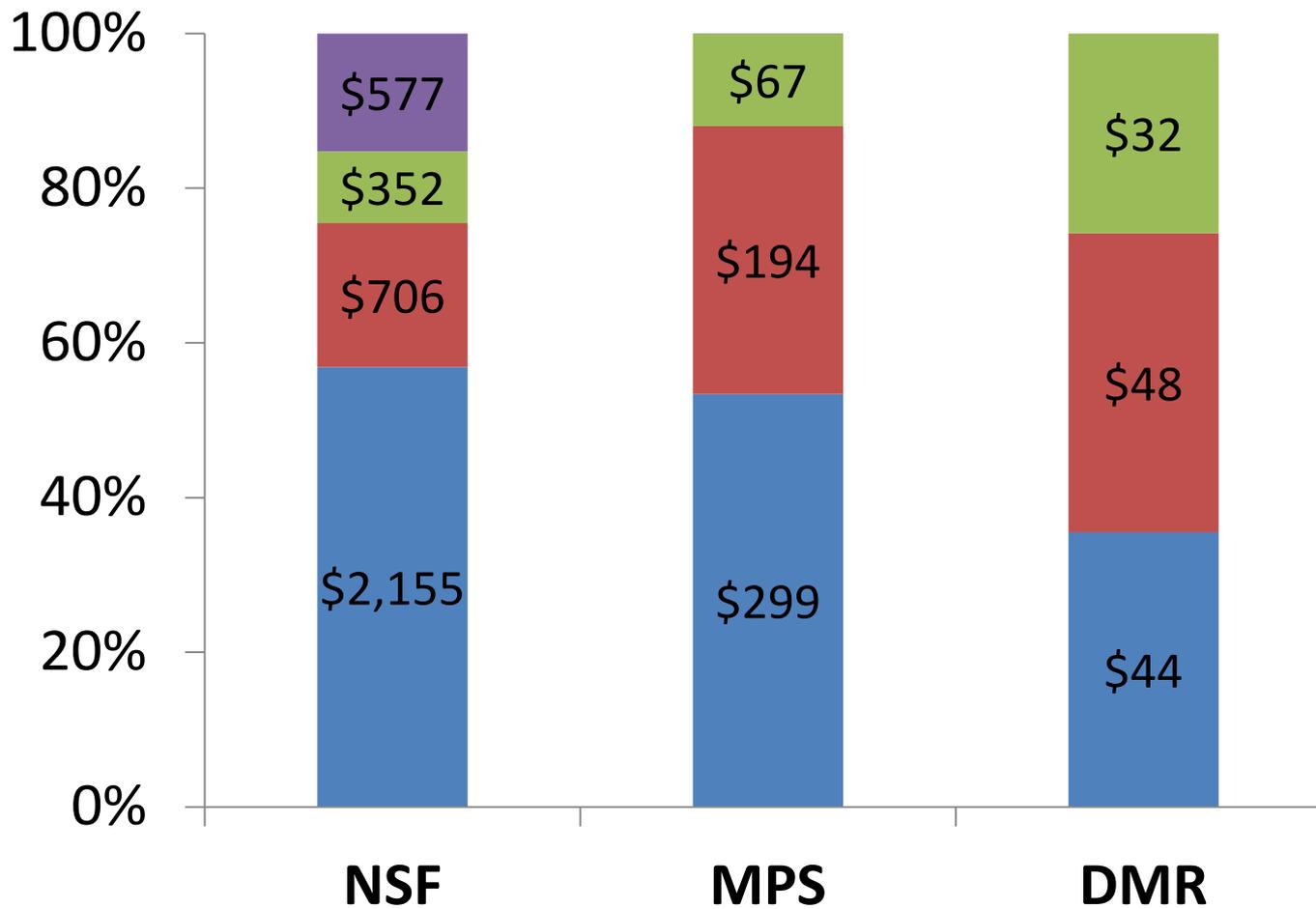
■ Standard Grant ■ Continuing Grant ■ Cooperative Agreement ■ Contract

What's Next in the Appropriations Process

- October 1st – Start of FY 2012.

- **November 18th** – Period of initial FY 2012 Continuing Resolution. May be extended.

- **November 23rd** – Joint Select Committee on Deficit Reduction presents its recommendation to full Congress.

- November/December/January?? – Full-Year FY 2012 Appropriations passed.

- February 6th – FY 2013 Budget Request to Congress.

Budget and Policy Links

- **M-11-30 Fiscal Year 2013 Budget Guidance**
www.whitehouse.gov/sites/default/files/omb/memoranda/2011/m11-30.pdf

- **Circular No. A-11, Preparation, Submission, and Execution of the Budget** www.whitehouse.gov/omb/circulars_a11_current_year_a11_toc

- **M-10-30, Science and Technology Priorities for FY 2012 Budget**
www.whitehouse.gov/sites/default/files/omb/memoranda/2010/m10-30.pdf

- **M-10-19 Fiscal Year 2012 Budget Guidance**
www.whitehouse.gov/sites/default/files/omb/assets/memoranda_2010/m10-19.pdf

- **NSF Budget Requests and Performance & Accountability Reports**
www.nsf.gov/about/performance/

- **NSF Proposal and Award Policies and Procedures Guide (PAPP):**
www.nsf.gov/publications/pub_summ.jsp?ods_key=papp