

# BUDGET AND PROGRAM

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President's FY 2020 budget... is set to be unveiled.

As such... appropriation hearings will be getting underway shortly.  
They are an annual ritual in Washington... affecting many professionals.

The process normally starts in the House of Representatives, quickly moves over to the Senate. You may be involved with both authorizing and appropriation panels. Some departments have programs split between various panels... key people may appear before both groups.

Can involve a number of committees and subcommittees. Very time consuming.

Obviously... testifying before Congress is a major fact of life in this city. People who do the job well... are in demand.

Lots of staffers are involved in the process. Introductory statements must be written, voluminous back-up materials prepared, questions and answers developed. In some cases, mock hearings are held - to prepare for testimony.

What kind of guidance is available... if you are part of this system?  
Here are some ideas on appropriation hearings... from professionals who have worked in agencies as well as committee veterans. You may find them useful...

Before the hearing:

- This is the most important... of all. The three words heard all the time are preparation, preparation, preparation. It has been said that testifying is only 10% of the job, the other 90% is preparation.

- Pre-hearing reconnaissance. Send someone to visit the hearing room in advance, look it over, know exactly how to get there. Plan where the witnesses will sit, be on time for the sessions. Make arrangements for possibly moving groups in and out of the room... as the hearings proceed from one program to the next.

- Go over last year's testimony... any promises, projections made. Be prepared to discuss them. And check last year's committee report - make sure nothing has been overlooked.

- Watch out particularly for audits and IG reports. Especially those from GAO. All these reports are available to the committee... can serve as a major source in preparing questions for members.

- Develop a definite strategy for hearings. One individual who spent many years on the House staff, emphasizes the importance of being familiar with the members of your subcommittee - their interests - likes and dislikes. If possible, try to offer something to everyone. Indeed... it is standard negotiating procedure. This can be especially helpful if you anticipate difficultly getting your estimates approved.

- Don't spring any surprises...on the committee staff. You may embarrass them, which is no way to win advocates. They have a job to do...including staying on top of what's happening. If you have a new program to introduce, let them know in advance. You should spend time during the year keeping the appropriations and authorizing staffs informed. Even if you just drop in and say hello...once in a while.

- Check the morning paper and internet before going - no matter how busy you are getting ready for the hearings. The latest news is always the hottest on the Hill. If your agency is the subject of an unflattering article - you need to know it, be ready.

- Many programs are very broad...even nationwide in scope. They may already include something that - if surfaced - would be of interest. Subcommittee employees and personnel staff of members can be important in developing and carrying out your overall strategy. Stay close to them.

During the hearing:

- Don't forget the primary rule of testimony...never answer any question you haven't been asked. Stick to the point.

- Try to keep your testimony low key. You don't help your agency if you hype the environment surrounding your work. From an agency standpoint, the best hearings are likely to be the quiet ones. Keep in mind - an important aspect concerns your demeanor...you should convey a sense of confidence.

- When to speak. According to Hill staffers, the general rule for budget types is...keep your mouth closed. Resist the temptation to inject an answer even if you have the facts. Committee is not necessarily interested in what the "super-technician" knows. Instead, it frequently wants to hear what political appointees or top administrators will say. There are exceptions, of course.

- Don't hesitate to provide information for the record...when necessary. But avoid offering anything unless you know you can develop the data. Sometimes a verbal approximation is better than submitting later for the record. Too many deferrals may cause a bad reaction.

- How many back-ups...supporting the primary witness? Fewer the better.

- Organize your subject matter...so you can find your expert witnesses quickly. It doesn't look good to have the entire front echelon at the hearing turn around...trying to locate the right staffer to respond to a question.

- If you are under attack while testifying...keep a steady pace. Stay as poised as possible under pressure. It is wise not to let the heat of exchange encourage you to answer every question tit-for-tat. Remember, members of Congress are usually skilled at debating. According to one Senator who spent many years on the Hill - the best defense is carried out by people "who obviously understand the statutes and regulations under which offices operate. Such knowledge defines the parameters of options available to you in carrying out policies."

Could be useful advice.

After the hearing:

- Review of transcripts. Get them back fast. Subcommittees are under pressure...expect you to be responsive.

In general:

- Overall...the job is essentially selling. In this vein - remember that committee members are reassured by certain words or phrases.

- Hearings aren't the ultimate deciders of your funding levels...but they are important. As for your career, it's hard to overstate their significance. If you have a real talent as a witness...you can go far in this business.

Let's take a look... at the FY 2019 Financial Services and General Gov't appropriations bill.

Title I - Dept of Treasury... is at its most basic organizational level - a collection of departmental offices and operating bureaus. With one exception - these can be divided into those involved with financial management & regulation and those engaged with law enforcement. The \$45.7B appropriation contains \$23.4B in discretionary funds (-\$249M) - table (in \$ billions):

	Enacted FY 2018	Request FY 2019	Enacted FY 2019
Grand total.....	<u>47,900</u>	<u>49,125</u>	<u>45,679</u>
Discretionary total.....	<u>23,672</u>	<u>26,869</u>	<u>23,423</u>
Title I - Dept of the Treasury.....	<u>12,156</u>	<u>12,678</u>	<u>12,761</u>
Departmental offices.....	<u>728</u>	<u>722</u>	<u>751</u>
Salaries and expenses	202	202	215
Office of Terrorism & Financial Intelligence	142	159	159
Cybersecurity enhancement account	24	25	25
Departmental systems & capital investment progs	4	4	4
Office of Inspector General	37	36	37
Treasury IG for Tax Administration	170	161	170
Special IG for TARP	34	18	23
Financial Crimes Enforcement Network	115	118	118
Treasury Forfeiture Fund (rescission)	(-702)	-	-
Bureau of the Fiscal Service	338	331	338
Alcohol, Tobacco Tax & Trade Bureau	111	114	120
Community Development Financial Insti Acct	250	14	250
Internal Revenue Service	<u>11,431</u>	<u>11,498</u>	<u>11,303</u>
Taxpayer services	2,507	2,241	2,492
Enforcement	4,860	4,628	4,860
Program integrity	-	205	-
Operations support	3,634	4,156	3,724
Program integrity	-	157	-
Business systems modernization	110	110	150
General provisions (sec 113)	320	-	77
Title II - Executive Office of the President...	<u>726</u>	<u>349</u>	<u>739</u>
Title III - Judiciary.....	<u>7,553</u>	<u>7,662</u>	<u>7,691</u>
Title IV - District of Columbia.....	<u>721</u>	<u>658</u>	<u>726</u>
Title V - Independent Agencies.....	<u>2,957</u>	<u>2,959</u>	<u>1,941</u>
Title VI - Mandatory Appropriations.....	<u>21,800</u>	<u>21,818</u>	<u>21,821</u>
Title VII - General Provisions (gov't-wide)....	-	<u>3,000</u>	-
Other appropriations - (P.L. 115-123).....	<u>1,786</u>	-	-

Of note... conferees direct that any reports are to include a cover letter and be submitted to committee & subcommittee chairs & ranking members, while containing a hyperlink to facilitate electronic access to it.

Senate report language... spends much time on IRS information technology hardware. Members state that 64% of it is aged and out of warranty. By mid-April, a five-year modernization plan is to be submitted.

One particular concern - is the Individual Master File "which uses an outdated assembly language code" over 50 years old.

Referencing the "size and significance" of IT... the panel stresses the need for "reliable information." Detailed quarterly reports due, members expect "plain English explanations." Among other things, to include actual costs of the previous three months and projected costs of the forward three months.

Judiciary... is provided \$7.6B (+\$194M) to cover O&M of U.S. courts which includes salaries of judges, public defenders, law clerks, security, other expenses. By mid-April, financial plan is due that will be used as baseline for reprogrammings.

Conference report language is skeletal... the meat of instruction can be found in both chamber committee reports (House 115-792) and (Senate 115-281).

In the first five months of FY 2019... red ink widened by \$146B, (37%).

Here are the preliminary estimates - from CBO, (in \$ billions):

		October-February	
	FY 2018	FY 2019	Difference
Recei pts.....	1,286	1,282	-4
Outlays.....	<u>1,677</u>	<u>1,819</u>	<u>142</u>
Defi ci t.....	-391	-537	-146

Revenue... has eased \$4B. Not a great harbinger.

Meanwhile - outlays have risen \$142B but adjusted for timing shifts it falls to \$99B (+6%) with DOD (+10%), VA (+10%), interest on debt (+15%), Medicare (+4%).

Overall... intense pressure to eradicate red ink is diminishing on the Hill.

One example - Senate budget committee chair, Mike Enzi (R-Wy), intends to mark-up a FY 2020 budget resolution - that does not seek to eliminate annual deficits by its end (in this case five years). It's a major break from GOP tradition which has insisted on it. Mr. Enzi clarifies that authorizing panels control mandatory spending - not appropriators - and that by approaching that part of the budget with "realistic changes" that might be accepted, instead of assuming big changes to it to balance the budget - it will be a more effective approach.

Mark-up... scheduled for the last week of March.

In the House... budget resolution mark-up is penciled in for the first week of April. Chairman John Yarmuth (D-Ky), seeks increases slightly over inflation and thinks it could lay the foundation for negotiations for a two-year budget pact.

On another front... in House budget committee testimony, Majority Leader, Steny Hoyer (R-Md), advocated for quick action on raising your spending caps.

In particular - he emphasized that if no formal agreement can be hammered out he would try and reach an informal agreement between both chambers to "deem" spending allocations.

He has consulted with Senate Appropriations chair, Richard Shelby (R-Ala), who confirms that talks are underway about deeming the topline numbers so appropriations can begin writing their FY 2020 spending bills. Mr. Shelby says this approach "would be in lieu of the other" - meaning a budget pact. "That's why we're pursuing it."

Mr. Hoyer - also has a goal to have all of your appropriations passed by June 30. "I've told all the authorizing committees we're going [to do so]." Says he won't put any other bill on the floor "that undermines that objective."

A new executive directive... calls for creating a U.S. Space Force within the Air Force, akin to the Marines fitting into the Navy.

The White House plan... needs congressional approval and will be part of the FY 2020 budget request.

It's a scaled back version of Mr. Trump's original ambition for a separate service. However, the budget will also spell out a goal of eventually doing so.

As it is... the order calls on DOD to develop a legislative proposal aimed at creating a U.S. Space Force as a sixth branch of the military - that is "to be initially placed by statute within the Department of Air Force." It would be authorized "to organize, train and equip military space forces."

Other aspects of the proposal - call for DOD to establish a Chief of Staff of the Space Force within the Air Force and for that official to be a member of the Joint Chiefs of Staff.

The instruction... clarifies that the proposal should create appropriate career tracks for military & space personnel across all relevant specialties - including operations, intelligence, engineering, science, acquisition and cyber.

It is Space Policy Directive-4... runs for six pages.