

Department of Homeland Security Appropriations: FY2016

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Summary

This report discusses the FY2016 appropriations for the Department of Homeland Security (DHS) and provides an overview of the Administration's FY2016 request. The report makes note of many budgetary resources provided to DHS, but its primary focus is on funding approved by Congress through the appropriations process. It also includes an appendix with definitions of key budget terms used throughout the suite of Congressional Research Service reports on homeland security appropriations. It also directs the reader to other reports providing context for and additional details regarding specific component appropriations and issues engaged through the FY2016 appropriations process.

The Administration requested \$41.2 billion in adjusted net discretionary budget authority for DHS for FY2016, as part of an overall budget of \$64.8 billion (including fees, trust funds, and other funding that is not annually appropriated or does not score against discretionary budget limits). The request amounted to a \$1.5 billion, or 3.8%, increase from the \$39.7 billion enacted for FY2015 through the Department of Homeland Security Appropriations Act, 2015 (P.L. 114-4).

The Administration also requested an additional \$6.7 billion not reflected above for the Federal Emergency Management Agency (FEMA) in disaster relief funding, as defined by the Budget Control Act (P.L. 112-25), and a \$160 million transfer from the Navy to the Coast Guard for overseas contingency operations (OCO) funding. Neither the disaster relief funding nor the OCO funding is considered when calculating the total amount of adjusted net discretionary budget authority, as neither counts against the discretionary spending limit.

This report will be updated throughout the FY2016 appropriations process. The current version of the report uses budget numbers provided by the Administration. Once a detailed re-estimate of those numbers by the Congressional Budget Office (CBO) is available, the numbers in this report will be revised to reflect CBO's calculations.

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Introduction

This report describes and analyzes annual appropriations for the Department of Homeland Security (DHS) for FY2016. It compares the President's request for FY2016 funding for DHS to the enacted FY2015 appropriations for DHS. This report identifies additional informational resources, reports, and products on DHS appropriations that provide additional context for the discussion, and it provides a list of CRS policy experts whom clients may consult with inquiries on specific topics.

The suite of CRS reports on homeland security appropriations tracks legislative action and congressional issues related to DHS appropriations, with particular attention paid to discretionary funding amounts. The reports do not provide in-depth analysis of specific issues related to mandatory funding—such as retirement pay—nor do they systematically follow other legislation related to the authorization or amending of DHS programs, activities, or fee revenues.

Discussion of appropriations legislation involves a variety of specialized budgetary concepts. The **Appendix** to this report explains several of these concepts, including budget authority, obligations, outlays, discretionary and mandatory spending, offsetting collections, allocations, and adjustments to the discretionary spending caps under the Budget Control Act (P.L. 112-25).

Note on Data and Citations

Except in summary discussions and when discussing total amounts for the bill as a whole, all amounts contained in the suite of CRS reports on homeland security appropriations represent budget authority and are rounded to the nearest million. However, for precision in percentages and totals, all calculations were performed using unrounded data.

Data used in this report for FY2015 amounts are derived from the Department of Homeland Security Appropriations Act, 2015 (P.L. 114-4) and the explanatory statement that accompanied H.R. 240 as printed in the *Congressional Record* of January 13, 2015, pages H275-H322. Contextual information on the FY2016 request is generally from the *Budget of the United States Government, Fiscal Year 2016*, the FY2016 DHS congressional budget justifications, and the FY2016 DHS *Budget in Brief*.¹ Once detailed CBO re-estimates of the budget request are available, this report will be updated to reflect CBO's numbers to ensure consistent scoring whenever possible.

Summary of DHS Appropriations

Generally, the homeland security appropriations bill includes all annual appropriations provided for DHS, allocating resources to every departmental component. Discretionary appropriations² provide roughly two-thirds to three-fourths of the annual funding for DHS operations, depending

¹ On April 14, 2016, the Administration submitted technical amendments to its budget request, but it presented no adjustments to its totals for the department. Therefore, modifications to authorization for Customs and Border Protection to use certain fee revenues are not reflected in this report.

² Generally speaking, those provided through annual legislation. For more detail, see the **Appendix**.

how one accounts for disaster relief spending and funding for overseas contingency operations. The remainder of the budget is a mix of fee revenues, trust funds, and mandatory spending.

Appropriations measures for DHS typically have been organized into five titles.³ The first four are thematic groupings of components:

- Title I, **Departmental Management and Operations**, the smallest of the first four titles, contains appropriations for the Office of the Secretary and Executive Management (OSEM), the Office of the Under Secretary for Management (USM), the Office of the Chief Financial Officer, the Office of the Chief Information Officer (CIO), Analysis and Operations (A&O), and the Office of the Inspector General (OIG).
 - The Administration requested \$1,396 million for these activities in FY2016, \$255 million more than was provided for FY2015.
- Title II, **Security, Enforcement, and Investigations**, comprising roughly three-quarters of the funding appropriated for the department, contains appropriations for Customs and Border Protection (CBP), Immigration and Customs Enforcement (ICE), the Transportation Security Administration (TSA), the Coast Guard (USCG), and the Secret Service.
 - The Administration requested \$32,393 million for these activities in FY2016, \$677 million more than was provided for FY2015.
- Title III, **Protection, Preparedness, Response, and Recovery**, the second-largest of the first four titles, contains appropriations for the National Protection and Programs Directorate (NPPD), the Office of Health Affairs (OHA), and the Federal Emergency Management Agency (FEMA).
 - The Administration requested \$19,225 million for FY2016, \$772 million more than was provided for FY2015.
- Title IV, **Research and Development, Training, and Services**, the second-smallest of the first four titles, contains appropriations for the U.S. Citizenship and Immigration Services (USCIS), the Federal Law Enforcement Training Center (FLETC), the Science and Technology Directorate (S&T), and the Domestic Nuclear Detection Office (DNDO).
 - The Administration requested \$5,347 million for these activities, \$455 million more than was provided for FY2015.

A fifth title contains general provisions, the impact of which may reach across the entire department, impact multiple components, or focus on a single activity. Rescissions of prior-year appropriations—cancellations of budget authority that reduce the net funding level in the bill—are found here. The Administration proposed rescinding \$350 million in prior-year appropriations as part of its FY2016 budget request.

³ Although the House and Senate generally produce symmetrically structured bills, this is not always the case. Additional titles are sometimes added by one of the chambers to address special issues. For example, the FY2012 House full committee markup added a sixth title to carry a \$1 billion emergency appropriation for the Disaster Relief Fund (DRF). The Senate version carried no additional titles beyond the five described above. For FY2015, the House- and Senate-reported versions of the DHS appropriations bill were generally symmetrical.

Homeland Security Appropriations

The following tables present comparisons of FY2015 enacted and FY2016 requested appropriations for the department by thematic grouping. References to titles refer to the organization of the funding in the FY2015 appropriations cycle, not the Administration's budget request.

The first section of each table notes the appropriation provided under the headings of each component in the appropriations measure. When components receive significant resources through fees, trust funds, mandatory spending, or adjustments under the Budget Control Act, those resources are noted beneath the total appropriation for the individual components. A second section adds the economic effects of any general provisions, transfers, or other anomalies on the resources provided in the appropriations measures. Two totals appear at the bottom of each table: the first represents the total resources provided through the appropriations measure for the components in the thematic grouping; the second represents the total budgetary resources available to the component based on the first total and projections by the White House's Office of Management and Budget (OMB) of total agency resources available beyond those provided through congressional appropriations.

DHS and "Adjusted" Net Discretionary Budget Authority

The annual DHS budget proposal includes a variety of funding mechanisms. For example, the FY2016 request envisions an appropriations bill that includes

- appropriations that are offset by agency collections, such as user fees;
- funding that is effectively not subject to the discretionary spending limits due to special designation;
- appropriations that are considered to be mandatory spending; and
- appropriations that are contingent on certain things happening.⁴

The appropriations bill also may include *rescissions*—cancellation of budget authority that otherwise would be available for obligation and thus is treated as negative spending. Also credited to the discretionary spending in the bill are two elements of "permanent indefinite discretionary spending" that are not included in the actual appropriations bill but are included in the discretionary spending total of the bill because of scorekeeping practices.

These numbers can be totaled in several different ways to summarize what is in the bill. For DHS, *net discretionary budget authority* includes all **discretionary budget authority** credited to the bill (thus excluding specially designated funding and mandatory spending), **net** of offsets (including any offsetting collections and fees).

In DHS budget documents, *net discretionary budget authority* does not take into account the impact of rescissions. However, *adjusted net discretionary budget authority* does take rescissions into account. This is the total that counts against discretionary spending limits, and it is the total used most commonly in debate on appropriations. To avoid confusion when readers interpret DHS documents, CRS reporting on DHS appropriations uses the DHS terminology to describe that total.

⁴ Projections of the budget authority provided by these provisions may vary between the Office of Management and Budget and the Congressional Budget Office, but both include such appropriations in calculations of discretionary budget authority.

Departmental Management and Operations

Table I. Budgetary Resources for Departmental Management and Operations, FY2015 and FY2016

(budget authority in millions of dollars)

Component/Appropriation	FY2015	FY2016
	Enacted	Request
Title I		
Office of the Secretary and Executive Management	133	134
Office of the Under Secretary for Management	188	193
Office of the Chief Financial Officer	52	97
Office of the Chief Information Officer	288	321
Analysis and Operations	256	269
Office of the Inspector General ^a	119	142
Net Budget Authority: Title I	1,035	1,156
General Provisions and Other Resources in the Appropriations Measure		
DHS Headquarters Consolidation	49	216 ^b
Financial Systems Modernization	34	^c
Transfer to OIG from FEMA's DRF	24	24
Total: Other Resources	107	240
Net Discretionary Budget Authority: Departmental Management and Operations	1,141	1,396
Total Gross Budgetary Resources	1,141	1,396

Source: CRS analysis of P.L. 114-4 and its explanatory statement as printed in the *Congressional Record* of January 13, 2015, pp. H275-H322, and the FY2016 DHS *Budget-in-Brief*.

Notes: Table displays rounded numbers, but all operations were performed with unrounded data. Therefore, amounts may not sum to totals. FEMA = Federal Emergency Management Agency; DRF = Disaster Relief Fund.

- The DHS Office of the Inspector General (OIG) also receives transfers from FEMA to pay for oversight of disaster-related activities that are not reflected until the last line in these tables, including \$24 million in FY2015 and \$24 million requested for FY2016.
- This amount includes more than \$11 million in support costs for the facility, which generally has been appropriated in the Coast Guard's Operating Expenses account.
- The Administration requested funding for this activity under the Office of the Chief Financial Officer.

Security, Enforcement, and Investigations

**Table 2. Budgetary Resources for Security, Enforcement, and Investigations,
FY2015 and FY2016**

(budget authority in millions of dollars)

Component/Appropriation	FY2015	FY2016
	Enacted	Request
Title II		
Customs and Border Protection		
Salaries and Expenses	8,460	9,070
Small Airport User Fee ^a	9	9
Automation Modernization	808	867
Border Security Fencing, Infrastructure, and Technology	382	373
Air and Marine Operations	750	747
Facilities Management	289	342
Appropriation	10,699	11,409
Fees, Mandatory Spending, and Trust Funds	1,884	1,977
Total Budgetary Resources	12,582	13,385
Immigration and Customs Enforcement		
Salaries and Expenses	5,933	5,881
Automation and Infrastructure Modernization	26	74
Construction	0	5
Appropriation	5,959	5,960
Fees, Mandatory Spending, and Trust Funds	345	322
Total Budgetary Resources	6,304	6,282
Transportation Security Administration		
Aviation Security (net funding)	3,574	3,483
Surface Transportation Security	124	124
Intelligence and Vetting ^b (net funding)	219	228
Transportation Security Support	917	931
Appropriation	4,834	4,766
Fees, Mandatory Spending, and Trust Funds	2,395	2,581
Total Budgetary Resources	7,229	7,347
U.S. Coast Guard		
Operating Expenses	6,830	6,822
Environmental Compliance and Restoration	13	13

Component/Appropriation	FY2015	FY2016
	Enacted	Request
Reserve Training	115	111
Acquisition, Construction, and Improvements	1,225	1,017
Research, Development, Testing, and Evaluation	18	18
Health Care Fund Contribution ^a	177	159
Discretionary Appropriation	8,378	8,140
Fees, Mandatory Spending, and Trust Funds	1,664	1,824
Overseas Contingency Operations Adjustment ^c	213	0
Total Budgetary Resources	10,255	9,964
U.S. Secret Service		
Salaries and Expenses	1,616	1,867
Acquisition, Construction, and Improvements	50	72
Appropriation	1,666	1,939
Fees, Mandatory Spending, and Trust Funds	260	265
Total Budgetary Resources	1,926	2,204
Net Budget Authority: Title II	31,536	32,213
General Provisions and Other Resources in the Appropriations Measure		
COBRA FTA funding (CBP)	138	180
Total: Other Resources	138	180
Net Discretionary Budget Authority: Security, Enforcement, and Investigations	31,674	32,393
Total Gross Budgetary Resources	38,434	39,356

Source: CRS analysis of P.L. 114-4 and its explanatory statement as printed in the *Congressional Record* of January 13, 2015, pp. H275-H322, and the FY2016 DHS *Budget-in-Brief*.

Notes: Table displays rounded numbers, but all operations were performed with unrounded data. Amounts, therefore, may not sum to totals. Fee revenues included in the “Fees, Mandatory Spending, and Trust Funds” lines are projections.

- This item is considered permanent indefinite discretionary spending and, therefore, scores as being in the bill, despite not being explicitly appropriated in the bills’ legislative language.
- Formerly entitled “Transportation Threat Assessment and Credentialing.”
- Overseas contingency operations funding is displayed in this line but is not added to the appropriations total in accordance with the appropriations committees’ practices for subtotalling this account. This funding is reflected in the total gross budgetary resources for the Coast Guard, not the total appropriation.

Protection, Preparedness, Response, and Recovery

Table 3. Budgetary Resources for Protection, Preparedness, Response, and Recovery, FY2015 and FY2016

(budget authority in millions of dollars)

Component/Appropriation	FY2015	FY2016
	Enacted	Request
Title III		
National Protection and Programs Directorate		
Management and Administration	62	64
Infrastructure Protection and Information Security	1,189	1,312
Federal Protective Service ^a	[1,343]	[1,443]
Office of Biometric Identity Management	252	284
Appropriation	1,502	1,659
Fees, Mandatory Spending, and Trust Funds	1,343	1,443
Total Budgetary Resources	2,845	3,103
Office of Health Affairs		
Appropriation	129	124
Fees, Mandatory Spending, and Trust Funds	0	0
Total Budgetary Resources	129	124
Federal Emergency Management Agency		
Salaries and Expenses	934	949
Grants and Training	2,530	2,231
Radiological Emergency Preparedness	-2	*
U.S. Fire Administration	44	42
Disaster Relief Fund	596	662
Total Disaster Relief Funding ^b	[7,033]	[7,375]
Flood Hazard Mapping and Risk Analysis	100	279
National Flood Insurance Fund ^a	[179]	[181]
Pre-disaster Mitigation Fund	25	200
Emergency Food and Shelter	120	100
Appropriation	4,347	4,462
Fees, Mandatory Spending, and Trust Funds	4,538	4,666
Disaster Relief Adjustment	6,438	6,713
Total Budgetary Resources	15,323	15,841
Net Budget Authority: Title III	5,979	6,246

Component/Appropriation	FY2015	FY2016
	Enacted	Request
General Provisions and Other Resources in the Appropriations Measure		
Transfer to OIG from FEMA's DRF	-24	-24
Other Resources	-24	-24
Net Discretionary Budget Authority: Protection, Preparedness, Response and Recovery	5,955	6,222
Total Gross Budgetary Resources	18,274	19,044

Source: CRS analysis of P.L. 114-4 and its explanatory statement as printed in the *Congressional Record* of January 13, 2015, pp. H275-H322, and the FY2016 DHS *Budget-in-Brief*.

Notes: * = rounds to zero. Table displays rounded numbers, but all operations were performed with unrounded data. Amounts, therefore, may not sum to totals. Fee revenues included in the "Fees, Mandatory Spending, and Trust Funds" lines are projections.

- This line is wholly offset by fees and, therefore, does not add to the total appropriation.
- This line is a subtotal of the "Disaster Relief Fund" line and the "Disaster Relief Adjustment"—it represents the total resources provided to the DRF. The "Disaster Relief Fund" line is included in the "Appropriation" line, but the "Disaster Relief Adjustment" line is not.

Research and Development, Training, and Services

**Table 4. Budgetary Resources for Research and Development, Training, and Services
FY2015 and FY2016**

(budget authority in millions of dollars)

Component/Appropriation	FY2015	FY2016
	Enacted	Request
Title IV		
U.S. Citizenship and Immigration Services		
Appropriation	124	130
Fees, Mandatory Spending, and Trust Funds	3,097	3,814
Total Budgetary Resources	3,221	3,944
Federal Law Enforcement Training Center		
Salaries and Expenses	230	239
Acquisition, Construction, Improvements, and Related Expenses	28	28
Appropriation	258	267
Fees, Mandatory Spending, and Trust Funds	0	0
Total Budgetary Resources	258	267
Science and Technology Directorate		
Management and Administration	130	132

Component/Appropriation	FY2015	FY2016
	Enacted	Request
Research, Development, Acquisition, and Operations	974	647
Appropriation	1,104	779
Fees, Mandatory Spending, and Trust Funds	0	0
Total Budgetary Resources	1,104	779
Domestic Nuclear Detection Office		
Management and Administration	37	38
Research, Development, and Operations	198	196
Systems Acquisition	73	123
Appropriation	308	357
Fees, Mandatory Spending, and Trust Funds	0	0
Total Budgetary Resources	308	357
Net Budget Authority: Title IV	1,795	1,533
General Provisions and Other Resources in the Appropriations Measure		
Other Resources	0	0
Net Discretionary Budget Authority: Research and Development, Training, and Services	1,795	1,533
Total Gross Budgetary Resources	4,892	5,347

Source: CRS analysis of P.L. 114-4 and its explanatory statement as printed in the *Congressional Record* of January 13, 2015, pp. H275-H322, and the FY2016 DHS *Budget-in-Brief*.

Notes: Table displays rounded numbers, but all operations were performed with unrounded data. Amounts, therefore, may not sum to totals. Fee revenues included in the “Fees, Mandatory Spending, and Trust Funds” lines are projections.

Crosscutting Issues for the Department of Homeland Security

Federal Civilian Employee Pay Raise

The Administration proposed a 1.3% pay increase for all civilian federal employees and members of the military in its FY2016 budget request. Almost all DHS employees are considered civilians, with the significant exception of Coast Guard military personnel.

Discretionary Spending Limits

Most of the DHS budget is outside of the defense budget function (050). As a result, the department competes with the rest of the federal nondefense budget for discretionary spending

allocations under the budget controls imposed by the Budget Control Act.⁵ The funding to be allocated among the appropriations subcommittees is not anticipated to rise at the same rate as envisioned in the Administration's budget request. House Homeland Security Subcommittee Chairman John Carter described the tension this creates at a subcommittee hearing on the request:

To begin, the \$1.5 billion increase [proposed for DHS] absorbs almost 75% of non-defense, discretionary spending available under the limits of the Budget Control Act of 2013. Mr. Secretary ... the Congress intends to live within the confines of the law even if the Administration does not. As a result, I doubt DHS's budget will rise as steeply as the request proposes.⁶

Expenditure and Investment Plans

As part of their oversight functions, appropriations committees at times may require federal agencies to provide one or both of two special types of documents—expenditure plans and investment plans. Expenditure plans (also known as obligation, financial, or operating plans) are a response to the appropriation provided to a particular element of the department; essentially, they outline what the element will do with the level of funding Congress has provided for the fiscal year. Investment plans have a longer-term perspective and relate how an element plans to fund something (often a major capital investment) over the course of several years.

For the FY2015 budget cycle, the House-reported bill and committee report directed the department to provide 13 “obligation and expenditure plans” through a single general provision.⁷ The Senate-reported bill and committee report directed the department to provide 16 expenditure plans. Parameters for these plans are spelled out in various places in the reports accompanying the bills reported by both the House and Senate Appropriations Committees.⁸

Three investment plans were required in the House-reported bill and committee report, whereas the Senate-reported bill and committee report required seven such plans. Like the expenditure plans, parameters for these plans are spelled out in various places in the reports and bills reported by both the House and Senate Appropriations Committees.

P.L. 114-4 and the accompanying explanatory statement called for obligation or expenditure plans from the following elements of DHS:

- Office of Policy,
- Office of Intergovernmental Affairs/Partnership and Engagement,
- Office of Civil Rights and Civil Liberties,
- Citizenship and Immigration Services Ombudsman,

⁵ For more detail on the Budget Control Act and its implications on the appropriations process, see CRS Report R41965, *The Budget Control Act of 2011*, by Bill Heniff Jr., Elizabeth Rybicki, and Shannon M. Mahan.

⁶ Rep. John Carter, opening statement for *Budget Hearing—Department of Homeland Security*, House Appropriations Committee Subcommittee on Homeland Security, March 26, 2015, at <http://docs.house.gov/meetings/AP/AP15/20150326/103205/HHRG-114-AP15-20150326-SD001.pdf>.

⁷ H.R. 4903, Sec. 514.

⁸ H.Rept. 113-481, pp. 24-25; S.Rept. 113-198, pp. 16-17, 25.

- Office of Privacy,
- Headquarters Consolidation,
- Financial Service Modernization,
- Office of the Inspector General,
- Customs and Border Protection (all accounts),
- Immigration and Customs Enforcement, Salaries and Expenses,
- U.S. Coast Guard, Military Housing,
- National Protection and Programs Directorate,
- Office of Biometric Identity Management (specified separately from NPPD),
- Federal Emergency Management Agency, Automation Modernization,
- Federal Emergency Management Agency, Disaster Relief Fund (base), and
- Federal Law Enforcement Training Center, Salaries and Expenses.

The Transportation Security Administration (TSA) is required to submit investment plans for air cargo, checkpoint security, and explosive detection systems activities under its Aviation Security appropriation. These investment plans include elements of (but also go beyond the parameters of) obligation and expenditure plans.

For Further Information

For additional perspectives on FY2016 DHS appropriations, see the following:

- CRS Report R44048, *Trends in the Timing and Size of DHS Appropriations: In Brief*
- CRS Report R44051, *Comparing DHS Appropriations by Component, FY2016: Fact Sheet*
- CRS Report R44052, *DHS Budget v. DHS Appropriations: Fact Sheet*

Readers also may wish to consult CRS's experts directly. The following table lists names and contact information for the CRS analysts and specialists who contribute to CRS DHS appropriations reports:

Table 5. DHS Appropriations Experts

Component/Subcomponent	Name	Phone	Email
DHS Annual and Supplemental Appropriations, Overall	William Painter	7-3335	wpainter@crs.loc.gov
Departmental Management	Barbara L. Schwemle	7-8655	bschwemle@crs.loc.gov
DHS Headquarters Consolidation	William Painter	7-3335	wpainter@crs.loc.gov
Analysis and Operations	Jerome Bjelopera	7-0622	jbjelopera@crs.loc.gov
Office of the Inspector General	William Painter	7-3335	wpainter@crs.loc.gov

Component/Subcomponent	Name	Phone	Email
U.S. Customs and Border Protection	Lisa Seghetti	7-4669	lseggetti@crs.loc.gov
U.S. Immigration and Customs Enforcement	Alison Siskin	7-0260	asiskin@crs.loc.gov
Transportation Security Administration	Bart Elias	7-7771	belias@crs.loc.gov
U.S. Coast Guard	John Frittelli	7-7033	jfrittelli@crs.loc.gov
U.S. Secret Service	Shawn Reese	7-0635	sreese@crs.loc.gov
National Protection and Programs Directorate			
Infrastructure Protection and Information Services	John D. Moteff	7-1435	jmoteff@crs.loc.gov
Federal Protective Service	Shawn Reese	7-0635	sreese@crs.loc.gov
Office of Biometric Identity Management	Lisa Seghetti	7-4669	lseggetti@crs.loc.gov
Office of Health Affairs	Sarah A. Lister	7-7320	slister@crs.loc.gov
Federal Emergency Management Agency			
Management	Francis X. McCarthy	7-9533	fmccarthy@crs.loc.gov
Preparedness Grants	Shawn Reese	7-0635	sreese@crs.loc.gov
Firefighter Assistance Grants	Lennard G. Kruger	7-7070	lkruger@crs.loc.gov
Disaster Relief Fund	Bruce R. Lindsay	7-3752	blindsay@crs.loc.gov
Emergency Food and Shelter	Francis X. McCarthy	7-9533	fmccarthy@crs.loc.gov
Pre-disaster Mitigation	Francis X. McCarthy	7-9533	fmccarthy@crs.loc.gov
U.S. Citizenship and Immigration Services	William A. Kandel	7-4703	wkandel@crs.loc.gov
Science and Technology	Daniel Morgan	7-5849	dmorgan@crs.loc.gov
Domestic Nuclear Detection Office	Daniel Morgan	7-5849	dmorgan@crs.loc.gov
General Provisions	William Painter	7-3335	wpainter@crs.loc.gov

Appendix. Appropriations Terms and Concepts

Budget Authority, Obligations, and Outlays

Federal government spending involves a multistep process that begins with the enactment of budget authority by Congress. Federal agencies then obligate funds from enacted budget authority to pay for their activities. Finally, payments are made to liquidate those obligations; the actual payment amounts are reflected in the budget as outlays.

Budget authority is established through appropriations acts or direct spending legislation and determines the amounts that are available for federal agencies to spend. The Antideficiency Act⁹ prohibits federal agencies from obligating more funds than the budget authority enacted by Congress. Budget authority also may be indefinite, as when Congress enacts language providing “such sums as may be necessary” to complete a project or purpose. Budget authority may be available on a one-year, multiyear, or no-year basis. One-year budget authority is only available for obligation during a specific fiscal year; any unobligated funds at the end of that year are no longer available for spending. Multiyear budget authority specifies a range of time during which funds may be obligated for spending, and no-year budget authority is available for obligation for an indefinite period of time.

Obligations are incurred when federal agencies employ personnel, enter into contracts, receive services, and engage in similar transactions in a given fiscal year. *Outlays* are the funds that are actually spent during the fiscal year.¹⁰ Because multiyear and no-year budget authorities may be obligated over a number of years, outlays do not always match the budget authority enacted in a given year. Additionally, budget authority may be obligated in one fiscal year but spent in a future fiscal year, especially with certain contracts.

In sum, budget authority allows federal agencies to incur obligations and authorizes payments, or outlays, to be made from the Treasury. Discretionary agencies and programs, and appropriated entitlement programs, are funded each year in appropriations acts.

Discretionary and Mandatory Spending

Gross budget authority, or the total funds available for spending by a federal agency, may be composed of discretionary and mandatory spending. Discretionary spending is not mandated by existing law and is thus appropriated yearly by Congress through appropriations acts. The Budget Enforcement Act of 1990¹¹ defines *discretionary appropriations* as budget authority provided in annual appropriations acts and the outlays derived from that authority, but it excludes appropriations for entitlements. *Mandatory spending*, also known as *direct spending*, consists of budget authority and resulting outlays provided in laws other than appropriations acts and is typically not appropriated each year. Some mandatory entitlement programs, however, must be

⁹ 31 U.S.C. §§1341, 1342, 1344, 1511-1517.

¹⁰ Appropriations, outlays, and account balances for various appropriations accounts can be viewed in the end-of-year reports published by the U.S. Treasury titled *Combined Statement of Receipts, Outlays, and Balances of the United States Government*. The DHS portion of the report can be accessed at <http://fms.treas.gov/annualreport/cs2005/c18.pdf>.

¹¹ P.L. 101-508, Title XIII.

appropriated each year and are included in appropriations acts. Within DHS, Coast Guard retirement pay is an example of appropriated mandatory spending.

Offsetting Collections¹²

Offsetting funds are collected by the federal government, either from government accounts or the public, as part of a business-type transaction such as collection of a fee. These funds are not considered federal revenue. Instead, they are counted as negative outlays. DHS *net discretionary budget authority*, or the total funds that are appropriated by Congress each year, is composed of discretionary spending minus any fee or fund collections that offset discretionary spending.

Some collections offset a portion of an agency's discretionary budget authority. Other collections offset an agency's mandatory spending. These mandatory spending elements are typically entitlement programs under which individuals, businesses, or units of government that meet the requirements or qualifications established by law are entitled to receive certain payments if they establish eligibility. The DHS budget features two mandatory entitlement programs: the Secret Service and the Coast Guard retired pay accounts (pensions). Some entitlements are funded by permanent appropriations, and others are funded by annual appropriations. Secret Service retirement pay is a permanent appropriation and, as such, is not annually appropriated. In contrast, Coast Guard retirement pay is annually appropriated. In addition to these entitlements, the DHS budget contains offsetting Trust and Public Enterprise Funds. These funds are not appropriated by Congress. They are available for obligation and included in the President's budget to calculate the gross budget authority.

302(a) and 302(b) Allocations

In general practice, the maximum budget authority for annual appropriations (including DHS) is determined through a two-stage congressional budget process. In the first stage, Congress sets overall spending totals in the annual concurrent resolution on the budget. Subsequently, these totals are allocated among the appropriations committees, usually through the statement of managers for the conference report on the budget resolution. These amounts are known as the *302(a) allocations*. They include discretionary totals available to the House and Senate Committees on Appropriations for enactment in annual appropriations bills through the subcommittees responsible for the development of the bills.

In the second stage of the process, the appropriations committees allocate the 302(a) discretionary funds among their subcommittees for each of the appropriations bills. These amounts are known as the *302(b) allocations*. These allocations must add up to no more than the 302(a) discretionary allocation and form the basis for enforcing budget discipline, since any bill reported with a total above the ceiling is subject to a point of order. The 302(b) allocations may be adjusted during the year by the respective Appropriations Committee issuing a report delineating the revised suballocations as the various appropriations bills progress toward final enactment.

Table A-1 shows comparable figures for the 302(b) allocation for FY2015, based on P.L. 114-4, and the President's request for FY2016. House and Senate allocations for the Homeland Security appropriations bill will be added as they become available.

¹² Prepared with assistance from Bill Heniff Jr., Analyst in American National Government.

Table A-1. FY2015 and FY2016 302(b) Discretionary Allocations for DHS
(budget authority in billions of dollars)

FY2015 Comparable	FY2016 Request Comparable	FY2016 House Allocation	FY2016 Senate Allocation	FY2016 Enacted Comparable
39.670 ^a	41,194 ^b	39,320 ^b	40,213	

Source: CRS analysis of the explanatory statement accompanying H.R. 240 as printed in the *Congressional Record* of January 13, 2015, pp. H275-H322, and the FY2015 DHS *Budget-in-Brief*.

- a. This authority does not include the \$213 million for overseas contingency operations or the \$6,438 million for disaster relief covered by adjustments to the discretionary spending caps set by the Budget Control Act.
- b. This authority does not include the \$6,713 million requested for disaster relief covered by adjustments to the discretionary spending caps set by the Budget Control Act.

The Budget Control Act, Discretionary Spending Caps, and Adjustments

The FY2012 appropriations bills were the first appropriations bills governed by the Budget Control Act, which established discretionary security and nonsecurity spending caps for FY2012 and FY2013. The bill also established overall caps that govern the actions of appropriations committees in both chambers. Subsequent legislation, including the Bipartisan Budget Act of 2013,¹³ amended those caps. For FY2015, the overall cap on discretionary spending is \$1,014 billion. Separate limitations are made for defense and nondefense spending—roughly \$521 billion and \$492 billion, respectively. Most of the budget for DHS is considered nondefense spending.

In addition, the Budget Control Act allows for adjustments that would raise the statutory caps to cover funding for overseas contingency operations/Global War on Terror, emergency spending, and, to a limited extent, disaster relief and appropriations for continuing disability reviews and control of health care fraud and abuse.

Three of the four justifications outlined in the Budget Control Act for adjusting the caps on discretionary budget authority have played a role in DHS's appropriations process. Two of these—emergency spending and overseas contingency operations/Global War on Terror—are not limited.

The third justification—disaster relief—is limited. Under the Budget Control Act, the allowable adjustment for disaster relief is determined by the Office of Management and Budget (OMB), using the following formula:

Limit on disaster relief cap adjustment for the fiscal year = Rolling average of the disaster relief spending over the last ten fiscal years (throwing out the high and low years) + the unused amount of the potential adjustment for disaster relief from the previous fiscal year.

For FY2014, OMB determined the allowable adjustment for disaster relief was \$12,143 million,¹⁴ of which only \$5,717 million was exercised. In February 2015, OMB noted the FY2015 allowable adjustment for disaster assistance was \$18,430 million: \$11,913 million from the

¹³ P.L. 113-67.

¹⁴ Office of Management and Budget, *OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2015*, Washington, DC, March 10, 2014, p. 9.

rolling average and \$6,517 million in carryover from FY2014.¹⁵ FY2015 was the first year in which more than \$1 billion of allowable adjustment for disaster relief carried over from the previous fiscal year.

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¹⁵ Office of Management and Budget, *OMB Sequestration Update Report to the President and Congress for Fiscal Year 2016*, Washington, DC, February 2, 2015, p. 12.