



CHIMPs & 302(b)'s & Budget Caps, Oh My!

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What We'll Cover

① Terms You Should Know

- E.g.: Mandatory vs. discretionary
- What in the world is a CHIMP?

② Numbers You Should Know

- FY24 discretionary budget caps
- 302(b) allocations—and why they mean less than you might think

③ Case Study: NIH Funding



Congress Has ‘Power Of The Purse’

President proposes, Congress disposes



“No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law; and a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time.”

– Article I, Section 9, U.S. Constitution



Funding in Approps Bills Is 'Discretionary'

- **Discretionary:** Spending that is made available annually through the appropriations process
 - Amounts are subject to annual discretionary budget caps
 - **Mandatory:** Spending that is governed by formulas or set forth by law rather than by appropriations action
 - E.g.: Social Security, Medicare, food stamps, school lunches
 - Not counted within annual discretionary budget caps
 - Roughly 2/3 of federal budget is mandatory
- Note: Some programs are a mix (e.g., Pell Grants)*



NIH: Almost Entirely Discretionary

FY23 **Discretionary**: \$49.224 billion*

**Includes \$1.085 billion from the 21st Century Cures Act*

FY23 **Mandatory**: \$141 million (Type 1 diabetes)



Big Cut for Cures Act in FY24

- FY23 Total: \$1.085 billion
 - Precision Medicine: \$419 million
 - BRAIN: \$450 million
 - Cancer Moonshot: \$216 million
- FY24 Total: \$407 million (cut of \$678 million)
 - Precision Medicine: \$235 million
 - BRAIN: \$172 million
 - Cancer Moonshot: \$0

Note: NIH is entering FY24 \$678 million in the hole

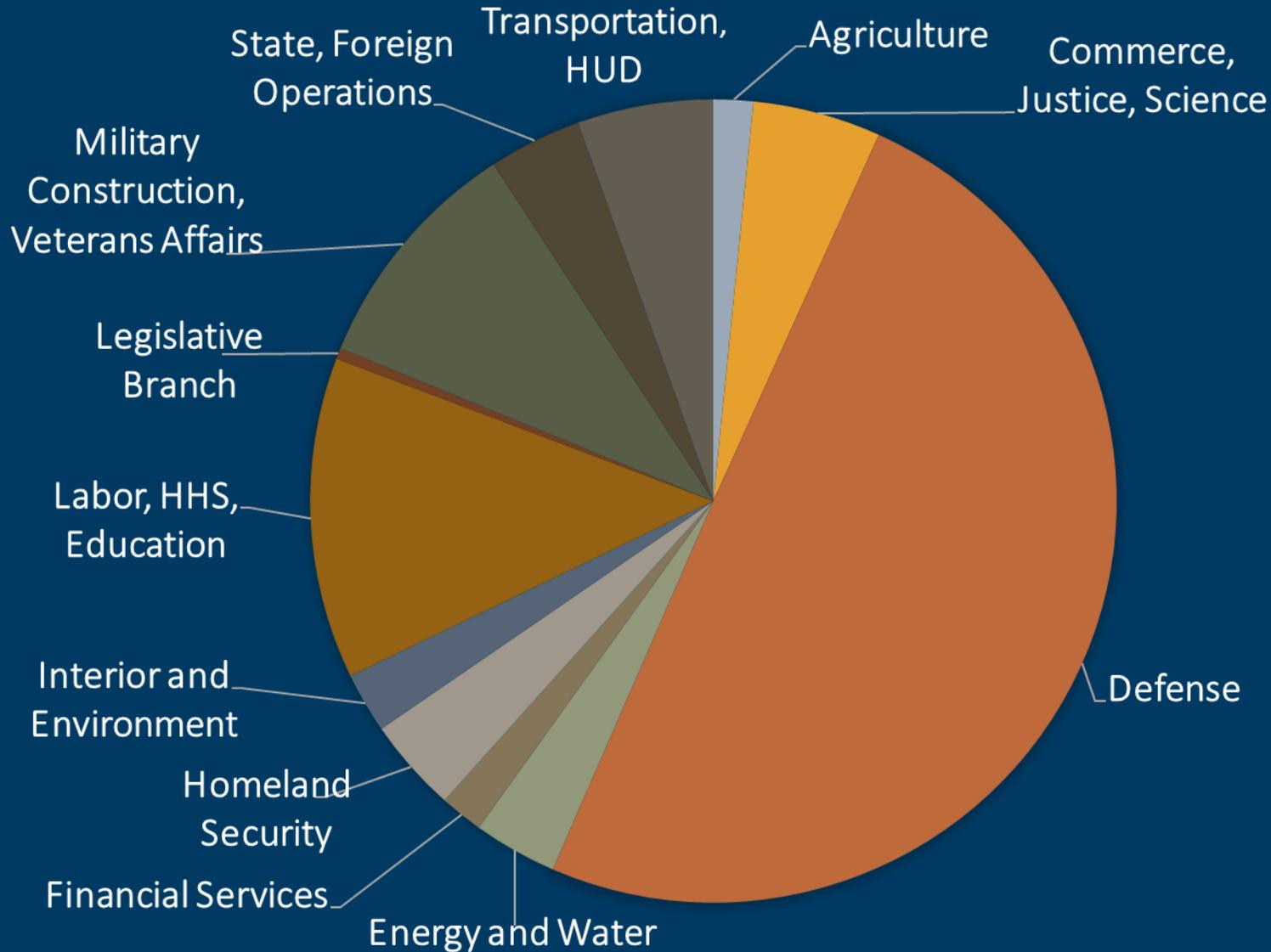


12 Appropriations Subcommittees

- Agriculture
- Commerce, Justice, Science
- Defense
- Energy and Water
- Financial Services
- State, Foreign Operations
- Homeland Security
- Interior and Environment
- Labor, HHS, Education
- Legislative Branch
- Military Construction, Veterans Affairs
- Transportation, HUD



FY23: Where the Money Goes



Grand Total:
\$1.6 trillion



302(b) Allocations

- Section 302(a) of the Congressional Budget Act—Gives the Budget Committee authority to set the overall discretionary spending level
- Section 302(b) of the Congressional Budget Act—Gives the Appropriations Committee authority to allocate funding within the overall funding cap
- Chair of each Appropriations Committee sets 302(b) allocations for the 12 subcommittees



House, Senate 302(b)'s Rarely Match

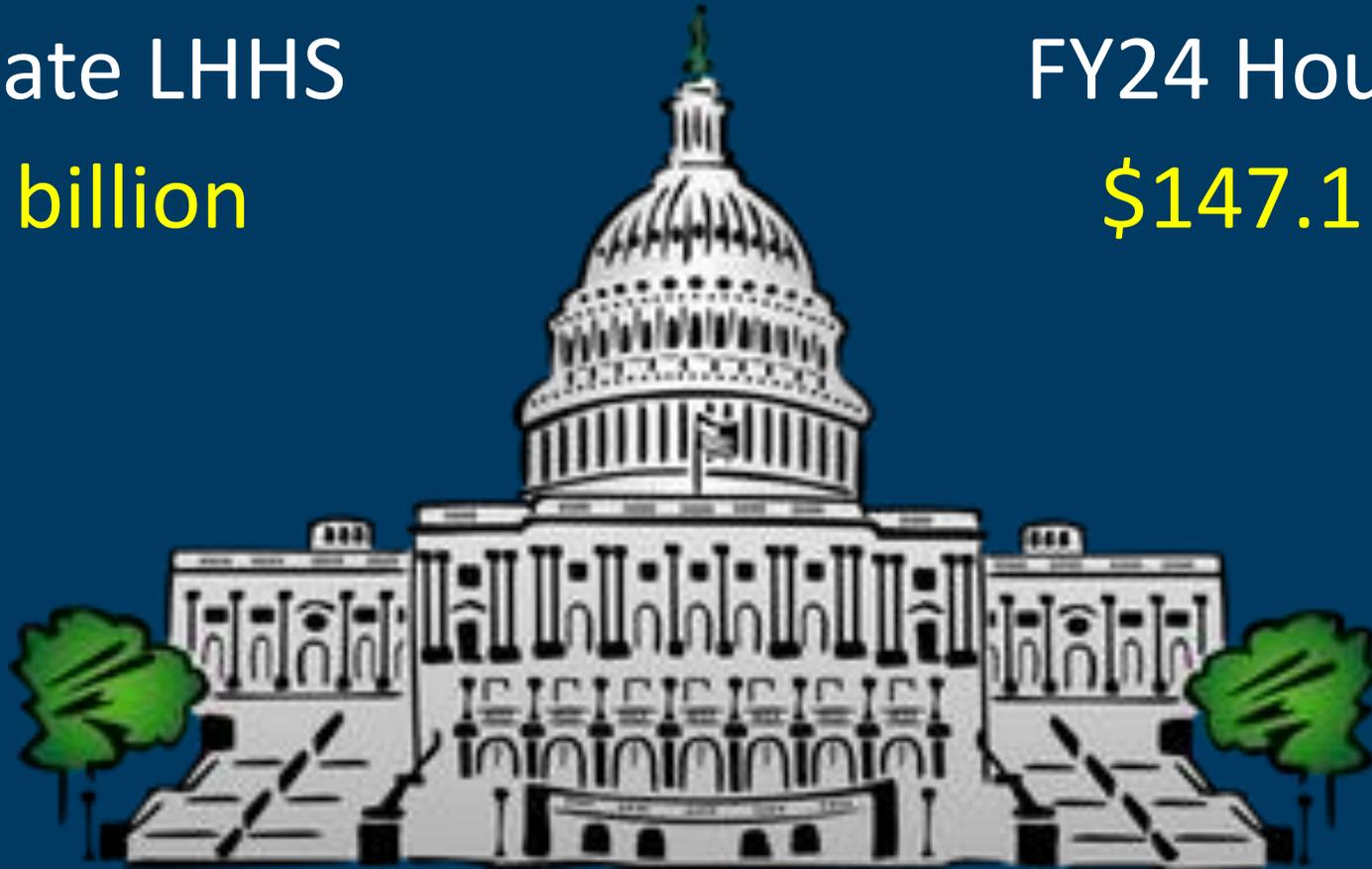
Note: Difference will be reconciled in conference

FY24 Senate LHHS

\$195.2 billion

FY24 House LHHS

\$147.1 billion



Case Study: Senate LHHS

\$195.2 billion

FY24 Senate LHHS 302(b) Allocation

\$224.4 billion

“The Fiscal Year 2024 Labor, Health and Human Services, Education, and Related Agencies appropriations bill provides \$224.4 billion in total funding.”

- Senate Appropriations Committee bill summary,
July 27, 2023



302(b)'s Don't Tell The Whole Story

Pro tip: For some appropriations bills, their “program level” (total amount of funding) can exceed their 302(b) allocation

- Extras can include:
 - Emergency funding
 - Cap adjustments
 - Rescissions
 - Changes in mandatory programs (CHIMPs)



Case Study: Senate LHHS Extras

NCI emergency: “Provided, That of the amounts made available under this heading, \$216,000,000 is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985.”

COVID Rescission: “Of the unobligated balances of funds made available by section 2401 of Public Law 117–2 \$850,000,000 are hereby permanently rescinded.”

Health care fraud and abuse control cap adjustment: “That of the amount provided under this heading, ... \$604,000,000 is additional new budget authority ... ”



Case Study: Senate LHHS Extras (cont.)

Children's Health Insurance Program CHIMP: "Of amounts deposited in the Child Enrollment Contingency Fund under section 2104(n)(2) of the Social Security Act and the income derived from investment of those funds pursuant to section 2104(n)(2)(C) of that Act, \$19,193,000,000 shall not be available for obligation in this fiscal year."

The Children's Health Insurance Program (CHIP) is a mandatory program that, among other things, provides money for a contingency fund that states can draw down from under certain conditions.

If money is left over (which happens every year), Congress can rescind it and add it to discretionary appropriations—a "change in mandatory program."



FY24 Caps in the Debt Ceiling Deal

(all \$ in billions)

	FY23	FY24	+/-
Defense	\$858	\$886	+\$28
Nondefense	\$653	\$652*	-\$1

*FY24 nondefense total excludes veterans medical care, but includes \$69 billion in “side deals”



Threat of Sequestration

April 2024

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

If Congress doesn't pass all 12 bills by April 30, 2024, OMB will apply a 1% across-the-board cut to every account—defense and nondefense



No One's Happy With the Deal

House: Nondefense allocations
\$119 billion **BELOW** the cap

Senate: \$14 billion in emergency
funding **ABOVE** the cap



NIH: House vs. Senate

(all \$ in billions)

	FY23	FY24 House	+/-	FY24 Senate	+/-
NIH Overall*	\$48.959	\$45.123	-\$3.836	\$49.224	+\$0.265
ARPA-H	\$1.5	\$0.5	-\$1	\$1.5	\$0

*Includes ARPA-H



Final Exam

Question: The Senate Appropriations Committee summary, and practically every news story about the bill, said the FY24 increase for NIH is \$934 million. Why is \$265 million a more meaningful number? (No ChatGPT allowed)



Answer: Follow the (Cures Act) Money

1. Cures Act funding drops by \$678M in FY24
2. Senate bill replaces the shortfall with \$678M in emergency funding
3. So that's a wash ($678 - 678 = 0$)
4. Otherwise, bill increases NIH funding by \$265M
5. Senate says increase is \$934M
6. \$265M increase + \$678M emergency = \$934M
7. But that ignores the \$678M Cures reduction
8. So \$265M is a better number





Questions?

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