

Using Evidence and Evaluation in Federal Budget Decisions

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Association for Public Policy Analysis and Management (APPAM)

“How Policymakers Use APPAM Member Research”

2015 Spring Conference in Washington, D.C.

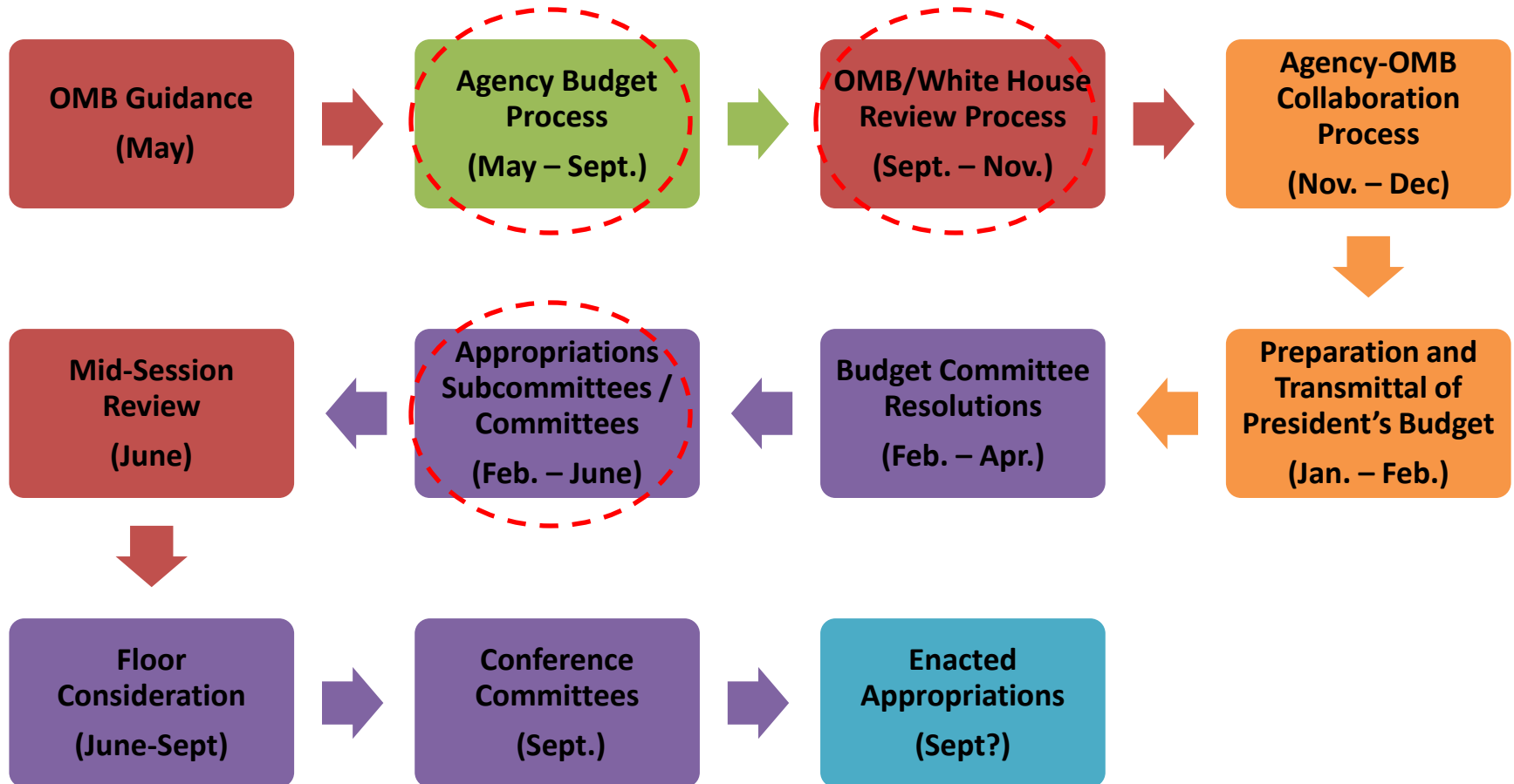
Presentation Overview

- Federal Budget Formulation Process Overview
- Opportunities for Evaluation Use
 - Agency Formulation
 - White House Review
 - Appropriations
- Crosscutting Themes
- Discussion

Federal Budget Formulation Process

- Budgets are policy documents, including funding *and* other policy matters.
- Formulation process takes more than a year and involves thousands of agency staff, policy officials, congressional staff, and elected officials.

Federal Budget Formulation Process





OMB Guidance

- Indicates President's top priorities for formulating proposals
- Includes guidance for agency budget requests (e.g., +/- 5%)
- May request additional performance and evaluation activities and submissions

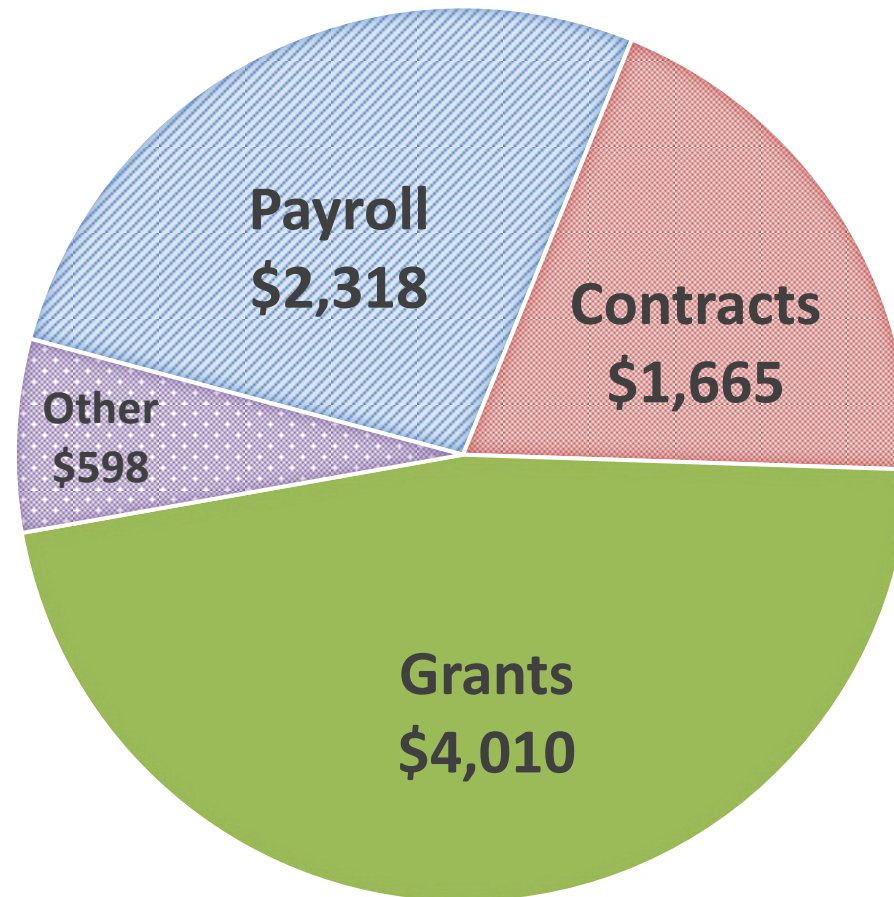


Agency Process – EPA’s Approach

- The annual planning formulation processes can take many forms but some needs are common:
 - Highest priority funding or policy areas
 - New or existing priorities or initiatives
 - Program changes to increase effectiveness or efficiency or respond to emerging issues/concerns
 - Possible offsets to cover any increases to fixed costs
 - Pay and benefits, rent, security, major IT systems, and other operational costs such as workforce support
 - Support for government-wide initiatives

EPA's FY 2016 \$8.6 B President's Budget Request

(Dollars in Millions)





Use of Evidence and Evaluation at EPA

- During agency formulation processes evidence and evaluation data can be used to guide decisions in:
 - Designing/supporting new programs/initiatives
 - Eliminating or reducing existing programs
 - Reshaping/refocusing existing programs
- Strategic Reviews include information to support these choices:
 - Past performance results and trends – good and bad
 - Evaluations – formal as well as internal
 - Findings of audits and evaluations (GAO, IG, others)
 - Emerging issues opportunities and challenges
- Throughout budget cycle, performance results and analyses are used to support budget and policy choices and communicate impact and results of agency programs



Important Considerations for EPA

- The President's budget request is a product of agency and OMB collaboration supporting the administration's policies and priorities
- Evidence and evaluations guide agency decisions; however, high quality, timely, cost and performance information is not always available at the right level of detail to inform choices
- The linkages between funding levels and program results are not always well understood and the contributing factors, including lag times, are not always within agency span of control or influence
- In recent years, the EPA's enacted budgets primarily reflect the impact of incremental changes to previous year's enacted budget and not the policy choices in the President's request



The EPA's Formulation Process

- **March – May:** Agency conducts Strategic Reviews to consider annual progress toward long-term strategic objectives to inform annual planning – *NEW*
- **May – Sept:** Agency considers priorities and discusses options for funding and policy direction
 - Highly collaborative internal process considers agency, state and tribal partners and stakeholder needs and priorities
 - Over 40% of the EPA's budget supports our partner's environmental efforts
 - Leadership from the 13 national program offices and 10 regional offices meet to discuss priorities and proposals developed by agency
 - Relative merits of policy choices, increases, decreases and realignments within the agency's top-line targets are considered
- **Oct – Jan:** Agency engages in discussions with OMB



OMB & White House Review

- **Staff Review (Sept.)**

- The career staff consider agency requests and Presidential priorities, identified by OMB and White House Policy Councils.
- Specifically looking for alignment with previous and upcoming priorities, agency strategic plans, and performance goals.
- Discuss proposals, program performance, and evaluations with Agency staff.
- Build a case for funding levels and develop funding recommendations, rely on submitted and “discovered” information.

- **Policy Official Reviews (Oct. & Nov.)**

- Prepare formal briefing books and issue papers, with appropriate evidence for policy recommendations
- Meet with OMB’s Director, Deputies, etc. to develop recommendations. May request additional information or research on specific issues.
- Brief and solicit feedback from White House policy councils and tee up sensitive issues for West Wing decisions.
- Brief POTUS for final decisions.



OMB-Agency Collaboration

- **OMB Passback (Nov.)**

- Provide formal White House recommendations to agencies for discretionary and mandatory funding issues as well as other policy announcements in the Budget

- **Agency Appeals and Settlement (Nov.-Dec.)**

- Agencies can request reconsideration of White House funding levels through direct appeals, often accompanied with new or additional information when possible
- Final agreement reached for presentation



OMB-Agency Collaboration

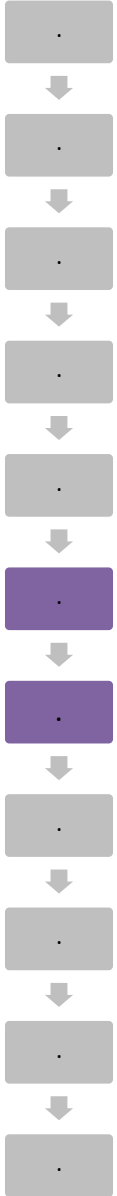
- **Prepare Materials (Dec.-Feb.)**

- Justifications developed to articulate rationale
- Incorporate evidence considered
- May include some ex post decision evidence

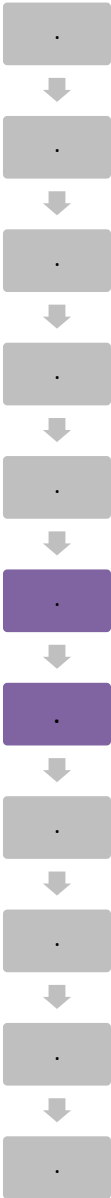
- **Transmittal (Feb.)**

- The EPA/Agencies and OMB support the request at congressional hearings, through stakeholder outreach, and in responses to congressional questions
- Frequently asked to provide justification and support for program changes or funding increments

Congressional Budget and Appropriations Processes

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- **Review Budget Request (Feb-March)**
 - Staff meet with agencies and external groups
 - **Budget Hearings (March-May)**
 - Members review agency budget requests in public setting
 - **Member Request Letters (March-April)**
 - Members of Congress, Committees, groups submit requests for bill

Congressional Budget and Appropriations Processes

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- **Budget Resolution (April)**
 - Nonbinding resolution, sets 10-year plan for spending and taxes
 - **Appropriations 302(a) and 302(b) allocations (May)**
 - Set totals for each subcommittee
 - **Appropriations staff begin writing bills & reports (May)**
 - **Markups and Floor Action (May – July)**
 - Amendments at each stage: subcommittee, committee and floor

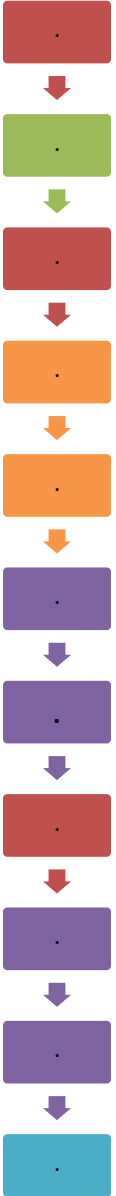
Mid-Session Review

- OMB submits re-estimates of the Budget

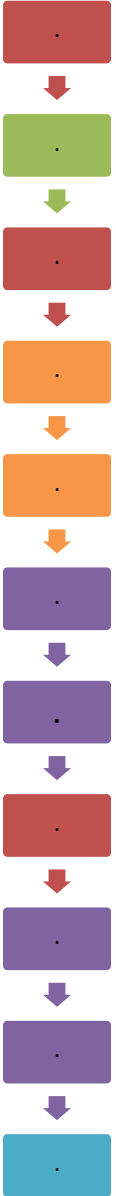
Congressional Budget and Appropriations Processes

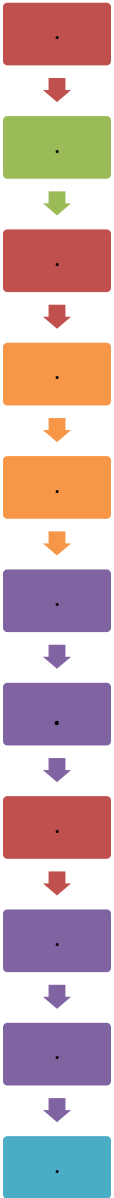
- **Conference (Aug)**
 - Official or not, based on House and Senate reported bills
- **Final Appropriation (Sept)**
 - Within 30 days, agency develops operating plan adhering to funding levels and Congressional direction
- **Continuing Resolutions (Sept)**
 - Extra time to complete negotiations
 - Can complicate timing of any proposed program changes

Crosscutting Themes

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- **Evaluation use limited** in budget decisions, more likely to consider timely performance indicators
 - **Analysts are interested** in evaluation results, may have difficulty locating due to large portfolio responsibilities and limited time/resources
 - **Negative results do not translate to lower funding;** positive results do not mean higher funding levels
 - **Numerous opportunities to discuss evaluation** and program learning through formal budget process

Discussion

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- **Question #1:** How do budget and program staff *identify* and process relevant evidence and evaluations?
 - **Question #2:** How do budget and program staff *weigh* different types of studies—such as reports from agency program offices, General Accountability Office, Inspectors General, or external research produced by APPAM members—in reaching budget decisions?
 - **Question #3:** In presenting budget recommendations to policy officials within the executive and legislative branches, how and to what extent do budget and program staff *translate* research to justify recommendations?
 - **Question #4:** What types of evidence are most *useful* for informing budget decisions?
 - **Question #5:** What *practices* are most effective for researchers to communicate findings to be relevant for budget decisions?



Thank you.

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