

Overall the President's budget request for fiscal year (FY) 2014 released on April 10, 2013, totals \$3.8 trillion. Within this overall amount, the discretionary funding request totals \$1.058 trillion, which further breaks down to \$552 billion for defense agencies and \$506 billion for non-defense agencies (all of public health is considered "non-defense"). In FY 2014 alone, using the Administration's economic assumptions, the President's budget request reduces the annual deficit from \$1.1 trillion (or 7.0 percent of Gross Domestic Product [GDP]) in FY 2012 to \$744 billion (or 4.4 percent of GDP). The president's budget would reduce the deficit to 2.8 percent of GDP by 2016, and 1.7 percent of GDP by 2023.

To achieve deficit reduction, the President's budget proposes 215 cuts, consolidations, or savings totaling \$25 billion in FY 2014, and \$539 billion through 2023. A full listing of all cuts, consolidations, and savings may be found [here](#). Some of these cuts, consolidations, and savings are in the public health portfolio, including:

- Prevention and Public Health (PPH) Fund is continued at \$1 billion in FY 2014, of which \$755 million is allocated to various CDC programs.
- Centers for Disease Control and Prevention (CDC): Preventive Health and Health Services Block Grant is eliminated.
- Assistant Secretary for Preparedness and Response (ASPR): The Hospital Preparedness Program is cut by \$125 million, taking it from \$380 million in FY 2012 to \$255 million in FY 2014.
- Environmental Protection Agency (EPA): The Clean Water and Drinking Water State Revolving Funds (SRF) are cut by \$472 million.

The President's proposal would also avoid sequestration. It would do so by replacing the sequester provisions with targeted cuts and revenue raisers. The president's plan would still require \$100 billion in cuts to non-defense discretionary spending in the next decade, but is significantly less than the \$800 billion or so that would be implemented should the sequester remain in effect. Additionally, the \$100 billion in reductions would not begin until 2017.

It is important to note that the FY 2013 program numbers in the president's budget proposal are incomplete. Those numbers do not reflect the impact of sequestration reduction. Therefore, you will not see the FY 2014 numbers compared to the FY 2013 numbers in this summary. For accurate comparison, this report only compares the FY 2014 proposed funding levels to the FY 2012 enacted levels. We will not know the FY 2013 funding levels until the operating plan is released on or about April 25 (thirty days post enactment of the Continuing Resolution for FY 2013).

Additionally, FY 14 CDC numbers reflect the implementation of a Working Capital Fund in which programs will be charged for central administrative costs that were previously budgeted as a single line item. To better gain an "apples-to-apples" comparison, FY 12 numbers have been adjusted upwards to reflect the comparable amount of administrative costs in each program budget line.

Department of Health and Human Services

The President's FY 2014 budget proposal requests a total of \$80.1 billion in discretionary funding for HHS, an increase of \$3.9 billion over FY 2012.

Public health does not fare well in the President's request compared to other health and human services priorities.

- CDC bore the brunt of the discretionary cuts with a net reduction in budget authority of \$439 million or 8 percent as compared to FY 12. Since FY 2010, CDC is down \$1.173 billion, or 18 percent.
- The Substance Abuse and Mental Health Services Administration (SAMHSA) is proposed to be funded at \$3.57 billion, roughly the same amount for FY 2012.
- The Health Resources and Services Administration (HRSA) is up \$841 million in the president's FY 2014 budget proposal. Funding levels are proposed at \$9 billion, a 9 percent increase over FY 2012.
- The Food and Drug Administration (FDA) is proposed to be funded at \$4.7 billion, an increase of \$821 million (21 percent) over FY 2012.
- The National Institutes of Health (NIH) is the largest HHS operating division at \$31.3 billion, an increase of \$600 million, or 2 percent increase, over FY 2012.

Public Health Program and Activity Details Across the Federal Government

Details of key public health programs and activities in the President's request are provided below.

ASTHO's advocacy priorities for the year are highlighted in yellow. All figures are subject to adjustment as more details continue to emerge about the President's budget proposal:

\$s in 000s

Agency/Program	FY 2012 Final	FY 2014 Request	FY 2014 Request \$s +/- FY 2012 Final	FY 2014 Request % +/- FY 2012 Final
Prevention and Public Health (PPH) Fund	1,000,000	1,000,000	-0-	-0-
HRSA				
Maternal and Child Health Block Grant	638,646	638,646	-0-	-0-
AIDS Drug Assistance Program (ADAP)	933,299	943,299	+10,000	+1.1%
Ryan White Comprehensive Care Part B Base	427,528	427,528	0	0%
Title X Family Planning Grants	293,870	327,402	+33,532	+11.4%



FY 2014 President's Budget Request Analysis and Summary

CDC				
Section 317 Immunization Program Total	642,215	580,959	-61,256	-9.5%
Domestic HIV/AIDS Research and Prevention	822,633	836,124	13,491	+1.6%
Viral Hepatitis Prevention	31,282	31,410	+22	+0%
STD Prevention	161,697	161,710	+13	+0%
Food Safety	32,618	49,223	+16,605	+33.7%
National Healthcare Safety Network/HAI Prevention	30,821	43,312	+12,491	+28.8%
Core Infectious Diseases	225,728	226,754	+1,026	+0%
Community Transformation Grants (all financed through PPH Fund)	226,000	141,340	-84,660	-37.5%
Advanced Molecular Detection	0	40,000	+40,000	100%
National Center for Birth Defects and Developmental Disabilities Total	141,792	141,944	+149	0%
<i>Base Budget Authority</i>	137,287	67,148	-70,139	-51.1%
<i>PPH Fund</i>	0	74,796	+74,796	--
National Public Health Improvement Initiative (all financed through PPH Fund)	40,200	40,200	0	0%
Public Health Workforce and Career Development	66,688	67,031	+343	+0.1%
<i>Base Budget Authority</i>	41,688	42,031	+343	+0.1%
<i>PPH Fund</i>	25,000	25,000	0	0%
Health Statistics Total	159,062	181,475	+22,413	+14.1%
<i>PHS Evaluation Tap</i>	138,683	181,475	+42,792	+30.9%
<i>Base Budget Authority</i>	20,379	0	0	0%
Environmental Health Laboratory	50,406	50,607	+201	0%
Environmental Public Health Tracking Network (all financed through the PPH Fund)	35,000	29,000	-6,000	-17.1%
Healthy Homes and Lead Poisoning Prevention Program	2,520	4,988	+2,468	+50%
National Center for Injury Prevention and Control	146,304	181,585	+35,281	+19.4%
Preventive Health and Health Services Block Grant	79,545	0	-79,545	-100%
Public Health Emergency Preparedness Cooperative Agreements	666,245	658,026	-8,219	-1.2%
ASPR				
Hospital Preparedness Program	379,639	255,000	-124,639	-32.8%
FDA				
Center for Food Safety and Applied Nutrition	875,000	1,106,604	+232,604	+26%
USDA				
Supplemental Nutrition Program for Women, Infants, and Children (WIC)	6,618,497	7,142,000	+422,503	+7.3%
EPA				
Clean Water and Drinking Water State Revolving Fund	2,384,438	1,912,000	-472,438	-19.8%

Key Policy Issues and Budget Rationales Associated with the President's Budget Request

Section 317 Immunization Program: The FY 2014 budget request includes a decrease of \$61.256 million for the Section 317 immunization program below the FY 2012 level. According to the rationale provided in the President's request, health reform expansion will further increase access to immunizations and decrease the number of uninsured and underinsured individuals served by the Section 317 Program, resulting in cost savings. Since September 2010, new health plans have been required to cover Advisory Committee on Immunization Practices recommended vaccines without charging a deductible, copayment, or coinsurance when administered by an in-network provider. This reduction aligns with CDC's new policy implemented in 2012 to only fund vaccine purchased for routine vaccination of uninsured individuals and for response to outbreaks and other urgent public health vaccine needs. The FY 2014 budget request will continue to provide for critical immunization program operations, including \$25 million for implementing billing systems for immunization services at public health clinics

CDC Food Safety: The President's budget proposal continues to place emphasis on transforming our nation's food safety system into one that is stronger and that reduces foodborne illness by proposing increased funding of \$16.6 million over FY 2012 levels. In FY 2014, CDC food safety program increases will be used to enhance surveillance systems, such as PulseNet, improve the timeliness of outbreak detection and response in state and local partners through the FoodCORE program, and fund five Integrated Food Safety Centers of Excellence at state health departments.

Core Infectious Diseases: The FY 2014 request of \$226,754,000 for core infectious diseases is an increase of \$1,026,000 above the FY 2012 level. CDC's core infectious diseases budget includes a number of CDC's infectious disease activities such as—but not limited to—vector-borne diseases, Lyme disease, prion, antimicrobial resistance, and emerging infections. According to the justification of increase, the 2012 outbreak of West Nile virus, unknown in the United States before 1999, was one of the worst West Nile outbreaks on record. In the same year, Puerto Rico faced thousands of cases of dengue, another mosquito-transmitted virus that causes as many as 100 million infections globally each year. Dengue transmission has been documented in Florida, Hawaii, and Texas, often appearing after long intervals of no reported cases. Nearly 30,000 Americans are infected each year with the tick-transmitted Lyme disease bacterium, and the geographic range in the United States is steadily expanding. CDC notes that in FY 2014, the United States will confront new threats from domestic and invasive vector-borne pathogens, as well as other infections. To address those threats the CDC will continue to support epidemiologic and laboratory surveillance, and support identification of new emerging pathogens, including those with high-fatality outbreaks. CDC will continue work with local authorities to conduct surveillance, research, education, and prevention activities to reduce transmission of all disease.

Advanced Molecular Detection: The FY 2014 request includes \$40 million for the CDC's new Advanced Molecular Detection and Response to Infectious Disease Outbreaks initiative (AMD). According to the CDC's justification, AMD represents a fundamental change and modernization in CDC's current public health microbiology and bioinformatics capabilities, which depend on the core capacities, expertise, and leadership derived from this initiative. Laboratory techniques for the identification and characterization of infectious diseases have vastly changed over the past decade. These changes require substantial investments in bioinformatics expertise, database development, data warehousing, and analytics. Without sustained commitments and investment in this area, CDC's ability to derive meaningful information for public health from increasingly complex biological data sets will be jeopardized. As a result, the development of effective public health recommendations and policy will suffer. This initiative is critical to maintain CDC's standing as the nation's premier public health agency and its mission to protect Americans' health.

National Healthcare Safety Network/Healthcare-Associated Infections: The FY 2014 request for the NHSN/HAI is \$31.562 million, an increase of \$12,491,000 above the FY 2012 level. The justification for the increase is to reduce healthcare associated infections in more than 1,800 additional facilities. The justification also notes that that CDC will continue to provide data for national HAI elimination and with the increase will target HAI prevention in two critical areas: (1) focus on NHSN's Multi-Drug-Resistant Organism (MDRO) module and the new Antimicrobial Use and Resistance Module (AUR) to provide ward-specific and facility-wide data on highly antibiotic resistant infections that will trigger the "Detect and Protect" strategy that identifies pathogens and transmission within and between facilities in a region; and (2) target HAI prevention, using NHSN data to find problem areas in high-use Medicaid facilities.

Additionally, to ensure that HAI prevention reaches everyone, CDC will work with CMS under a new "Equality in Quality" prevention program to identify high-use Medicaid facilities that are outliers with high rates of HAIs. Using NHSN data, CDC and CMS will work with state health departments to target prevention programs specifically to improve the quality of care in these facilities and lower Medicaid spending for state and federal governments. CDC and CMS will evaluate the HAI prevention success and cost savings of this effort to determine whether other facilities could benefit.

Community Transformation Grants (CTG): The President's FY 2014 request of \$146 million from the PPH Fund for Community Transformation Grants is a decrease of \$84.7 million below the FY 2012 level. In FY 2014, CDC will continue to fully support CTG programs that began in FY 2011. According to CDC budget justification materials in response to the decreased funding, the small communities component of the CTG program was fully funded in FY 2012, thus new resources are not needed for these projects. The proposed FY 2014 funding will fully support the remaining Community Transformation Grants. Additionally, the justification states that the CDC will continue investing in

states and communities to reduce risk factors for the leading preventable causes of death and disability in the United States.

Healthy Homes/Child Lead Poisoning: The FY 2014 budget requests \$4,988,000 for the Healthy Homes and Lead Poisoning Prevention program, an increase of \$2,468,000 above the FY 2012 level. As noted in the justification, consistent with the FY 2012 Appropriations level, CDC is not able to fund extramural activities at the requested level. With increased funding in FY 2014, CDC will provide scientific and software expertise to state and local health departments using the Healthy Homes and Lead Poisoning Surveillance System (HHL PSS). This system facilitates data collection on lead poisoning and other health hazards in homes, initiating actions by federal, state, and local agencies to protect children from lead exposure. HHL PSS ensures that limited resources are targeted to the highest-risk children. CDC will also use increased funding to train public health workers on reliable, low-cost methods for reducing lead and other risks through its National Healthy Homes Training Center and Network.

Preventive Health and Health Services (Prevent) Block Grant Elimination: The FY 2014 budget proposes, again, to eliminate the Prevent Block Grant. The rationale cited is that through the CDC's existing and expanding activities, there is substantial funding to state health departments. According to the Administration's budget justification materials:

When the [Prevent Block Grant] was first authorized in 1981, there were minimal resources within CDC's budget allocated for categorical programs such as heart disease, diabetes, immunizations, and obesity, and many states did not receive funding from CDC to support prevention of chronic disease. However, since 1981, categorical programs at CDC have grown to over \$1 billion annually and the PHHSBG now represents a much smaller percentage of state budgets when compared to total available CDC funding.

These activities may be more effectively and efficiently implemented through the Chronic Disease Prevention and Health Promotion Program's combined Funding Opportunity Announcement, which provides resources to states to coordinate activities across categorical funding streams, as well as Affordable Care Act Prevention and Public Health Fund investments. Elimination of this program provides an opportunity to find savings, while enhancing functionality for core chronic disease.

Public Health Emergency Preparedness (PHEP) Cooperative Agreement Funding: PHEP appears to be basically level funded (down 1.2 percent) in the President's budget request. According to the budget justification, awardees must demonstrate measurable and sustainable progress toward achieving all preparedness capabilities over the PHEP cooperative agreement's five-year project period. Vital activities that prepare communities to respond and recover from public health threats and emergencies also contribute to building sustainable healthcare and public health systems used every day, including programs designed for vulnerable, special needs or at-risk populations as described under the Pandemic and All-Hazards Preparedness Act (PAHPA) of 2006.

The goal of the 2012-2017 Hospital Preparedness Program (HPP)-PHEP cooperative agreement program is to provide scientific and programmatic expertise and resources that support public health departments and healthcare systems/organizations in demonstrating measurable and sustainable progress toward preparedness capabilities for prepared and resilient communities. In addition to funding, PHEP awardees receive customized consultation services provided by CDC project officers and subject matter experts who helped develop the 15 public health preparedness capabilities.

Hospital Preparedness Program (HPP) Cut Rationale: The HPP, administered by the ASPR Office, is cut \$125 million in the President's FY 2013 budget request. The rationale provided by the Administration for this severe reduction is that the government has provided more than \$13 billion to support state, local, and hospital preparedness and response activities between 2002 and 2012. Given this previous funding and a constrained budget environment, the President's request proposes to redirect resources away from lower-priority preparedness activities. The reduction to HPP reflects increased collaboration and alignment with the CDC PHEP cooperative agreements, which has increased program efficiency and enabled a decrease in program funding.

Syringe Exchange Program (SEP) Federal Funding Rider: The President's budget proposes to reverse the decision made by Congress and lifts the federal funding ban on syringe exchange programs for FY 2014. The language requested is consistent with the previous rider and would allow funding for syringe exchange programs as long as sites were supported by local health and law enforcement authorities.

Additional Background Materials

ASTHO federal government relations staff will continue to review the President's budget materials and may need to refine and provide additional information to ASTHO members as more details and a fuller understanding of the Administration's intent emerge. While there are volumes of material to sort through, the following are key source materials on the request that you and your staff may find useful as you work to understand the request and its impact on state public health.

White House documents:

President's FY 2014 [Budget Document](#)

FY 2014 [Cuts, Consolidations, and Savings Document](#)

FY 2014 [Budget Appendix Document](#) (this is very detailed and very long, but it is very comprehensive)

Cabinet-level agency documents:

HHS [Budget in Brief](#)

HHS [Congressional Budget Justification and Other Materials](#)

USDA [Budget Summary and Annual Performance Plan](#)



EPA [Budget in Brief](#)

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