

**NARC**

*Building Regional Communities*

# Federal Budget Update

**Friday, February 25, 2011, 3pm EST**

*The webinar will be starting shortly.*

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**Slide Transition** – At times, transition between slides will have a delay – approx. 5 to 20 seconds. Please be patient.

**Technical Assistance** – Please contact Lindsey Riley at 202.679.6116 or [lindsey@narc.org](mailto:lindsey@narc.org).

# Overview

- **FY 2012 President's Budget Request**
- **H.R. 1 Continuing Resolution**
- **Examples of HR 1 Cuts**
- **Goldman Sachs Report**
- **Survey Says...**
- **What's Next**
- **Your Role**
- **Questions/Comments**

# FY12 President's Budget

- \$3.73 trillion (FY11 was \$3.834 trillion)
- Policy mixed with funding levels
  - ✓ Education
  - ✓ job training
  - ✓ Innovation
  - ✓ research and development (clean energy)
  - ✓ infrastructure
- Push for comprehensive tax reform
- 5-year domestic spending freeze (non-security discretionary)
- 200+ program terminations & reductions
- Elimination of Earmarks
- Reorganize government
- More competitive grant processes
- Program Performance

## Where the Money Goes fiscal 2012 outlays, in billions

Health and Human Services	\$892.7
Social Security Administration	814.9
Defense—Military	707.5
Interest on the federal debt	474.1
Agriculture	144.0
Veterans Affairs	124.3
Labor	109.0
Transportation	89.6
Treasury	88.3
Office of Personnel Management	80.1
Education	70.9
Other Defense—Civil Programs	51.5
Housing and Urban Development	49.4
Homeland Security	46.9
Energy	41.4
Other Independent Agencies	34.4
Justice	33.1
State	32.5
International Assistance Programs	29.4
National Aeronautics and Space	18.2
Interior	13.8
Commerce	13.1
EPA	10.0
Corps of Engineers	8.0
National Science Foundation	7.9
The Judiciary	7.6
Legislative Branch	5.3
General Services Administration	2.1
Small Business Administration	1.2
Executive Office of the President	0.6

112TH CONGRESS  
1st Session

# H. R. 1

Making appropriations for the Department of Defense and the other departments and agencies of the Government for the fiscal year ending September 30, 2011, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 11, 2011

Mr. BOGGS of Kentucky introduced the following bill, which was referred to the Committee on Appropriations, and in addition to the Committee on the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned:

## A BILL

Making appropriations for the Department of Defense and the other departments and agencies of the Government for the fiscal year ending September 30, 2011, and for other purposes.

# CONTINUING RESOLUTION

TOTAL  
SAVINGS  
NUMBER  
AT LEAST

**100**  
BILLION  
DOLLARS

TOTAL  
TERMINATIONS

**150**  
PROGRAMS

# HR 1, Continuing Resolution

- Long-term CR – through Sept. 30, 2011
- Passed by House on Feb. 19
- \$61.5B in cuts, eliminations and rescissions
- \$99.6B below Obama's FY11 Request
- No earmarks
- Eliminates unobligated stimulus funds
- Cuts/reductions/eliminations to local/regional programs
- Politically charged – keeping election promises
- Senate Democrat pushback – will be difficult to clear
- Current CR expires March 4

## Cuts Below Current Discretionary Funding Required by H.R. 1

Budget authority in billions of dollars			
<b>Appropriations Subcommittee</b>	<b>Continuing Resolution*</b>	<b>Percent Cut in Total 2011 Funding</b>	<b>Percent Cut in Funding for Remainder of 2011</b>
Agriculture, Rural Development, FDA	\$23.305	-22.4%	-38.9%
Commerce, Justice, Science	\$56.681	-7.0%	-12.2%
Energy and Water Development	\$33.870	-11.8%	-20.5%
Financial Services and General Government	\$23.363	-12.7%	-22.0%
Interior, Environment	\$32.280	-13.7%	-23.9%
Labor, Health and Human Services, Education	\$169.350	-13.7%	-23.8%
Legislative Branch	\$4.654	-4.1%	-7.2%
State, Foreign Operations	\$50.774	-11.5%	-19.9%
Transportation, HUD	\$66.292	-21.0%	-36.4%
<b>Non-security</b>	<b>\$460.569</b>	<b>-13.8%</b>	<b>-24.0%</b>
Defense	\$508.692	1.5%	2.6%
Homeland Security	\$42.555	-2.4%	-4.2%
Military Construction, Veterans Affairs	\$75.649	-1.9%	-3.4%
<b>Security</b>	<b>\$626.896</b>	<b>0.8%</b>	<b>1.4%</b>
<b>Total</b>	<b>\$1,087.465</b>	<b>-5.4%</b>	<b>-9.4%</b>

\*If Congress were to extend the continuing resolution through the end of fiscal year 2011.

Source: Congressional Budget Office; CBPP.

Center on Budget and Policy Priorities | [cbpp.org](http://cbpp.org)

See how some cuts will impact your state:  
<http://www.cbpp.org/cms/index.cfm?fa=view&id=3405>

# Examples of H.R. 1 Cuts

<b>Program</b>	<b>Proposed Reduction</b>
HUD Brownfields	Zeroed Out
HUD Sustainable Communities	Zeroed Out Unobligated \$
DOL Job Training Programs	Zeroed Out Many
USDA Watershed and Flood Prevention	\$20.1M
USDA Rural Economic Development Loans	\$11.1M
USDA Rural Water & Waste Water Disposal	\$163.1M
USDA Rural Electrification & Telecommunications Loans	\$61.6M
FEMA Regional Catastrophic Preparedness Grants	Zeroed Out
FEMA Interoperable Communications Grant Program	Zeroed Out
FEMA Emergency Operations Centers	Zeroed Out
Urban Area Security Initiative	\$87M with prgm changes
EPA Clean Water State Revolving Fund (capitalization)	\$1.41B
EPA Drinking Water State Revolving Fund (capitalization)	\$557M
EPA Diesel Emissions Reduction Grants	\$10M
Appalachian Regional Commission	\$7.6M
Community Development Block Grants (CDBG)	\$2.49M
DOE Weatherization Assistance Program	Zeroed Out
DOT TIGER Grants	\$1.2B
DOT High Speed Rail and Intercity Passenger Rail	\$8.7B (\$152M Amtrak)

# Goldman Sachs Report

## H.R. 1 would...

- Cut economic growth by 2% of GDP
- A compromise deal (\$25B in cuts) could slow growth by 1%
- Predictions –
  - ✓ Bill won't be passed by Senate
  - ✓ \$25B compromise this year and \$50B cut next year
  - ✓ Short-term extension; No gov't shutdown

# Survey Says...

## Pew Survey:

- About ½ of Republicans agree with Tea Party views on budget issues, but the other ½ disagrees
- 62% want to increase education spending, 11% want it cut
- 26% want environmental protection cuts
- 12% back cuts to Medicare
- 84% want to keep Social Security it the same or increase it

## Harris Poll:

- Americans less keen on budget cuts than in 1980
- Support for 6 out of 20 areas for spending cuts – foreign aid, foreign military, regulatory agencies, space programs, subsidies to business and welfare spending.
- Oppose cutting Social Security, health care programs, education, highways, job programs, aid to cities, mass transit, pollution control, housing, etc.

## Gallup Poll:

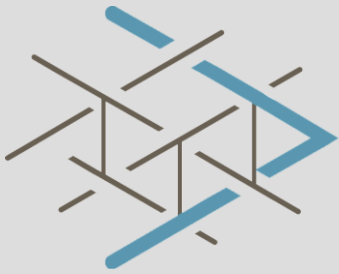
- Americans 2-to-1 want the President & Congress to reach compromise

# What's Next

- **Senate pushback** – predicting will take months to clear
- **Short-Term Extension Likely**
  - ✓ Rep. Pelosi introduced extension until **March 31**
  - ✓ Sen. Reid to introduce **1 month** clean extension
    - 53 Ds to 47 Rs in Senate; need 60 votes
  - ✓ House GOP working on **2 week** bill w/ \$4B cuts
    - Already Senate D backlash
- **Potential Gov't Shutdown**
  - ✓ Impacts all non-essential federal workers (800,000+)
  - ✓ Impacts **ALL** federal spending
  - ✓ Last shutdown in 1995 for 5 days
  - ✓ Goldman Sachs est. could cost \$8B/week
- **Separate SAFETEA-LU Extension**

# Your Role

- Prioritize areas of importance
- Talk to your Senators about the Programs/Funding important to your local gov't, communities and region
- NARC talking points help guide conversations
- All politics is local! Tell your story – showcase local successes
- Use new NARC Federal Budget webpage!



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# Questions/Comments?

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