



Federal Legislative Report:

Politics, Budgets and Policy

NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS
REGIONAL STRATEGIES. PARTNERSHIPS. SOLUTIONS
April 2011

About NADO's Mission

- Strengthen local governments, communities and economies through the regional strategies, partnerships and solutions of the nation's regional development organizations

Presentation Overview



- Federal Political Climate, Including 2012 Elections
- FY2012 Budget Resolution and Federal Debt Ceiling
- Details of Final FY2011 Continuing Resolution
- NADO Legislative Priorities and Status Report:

Action Needed from the Grassroots



Federal Political Climate

2012 Presidential Landscape

■ President Obama

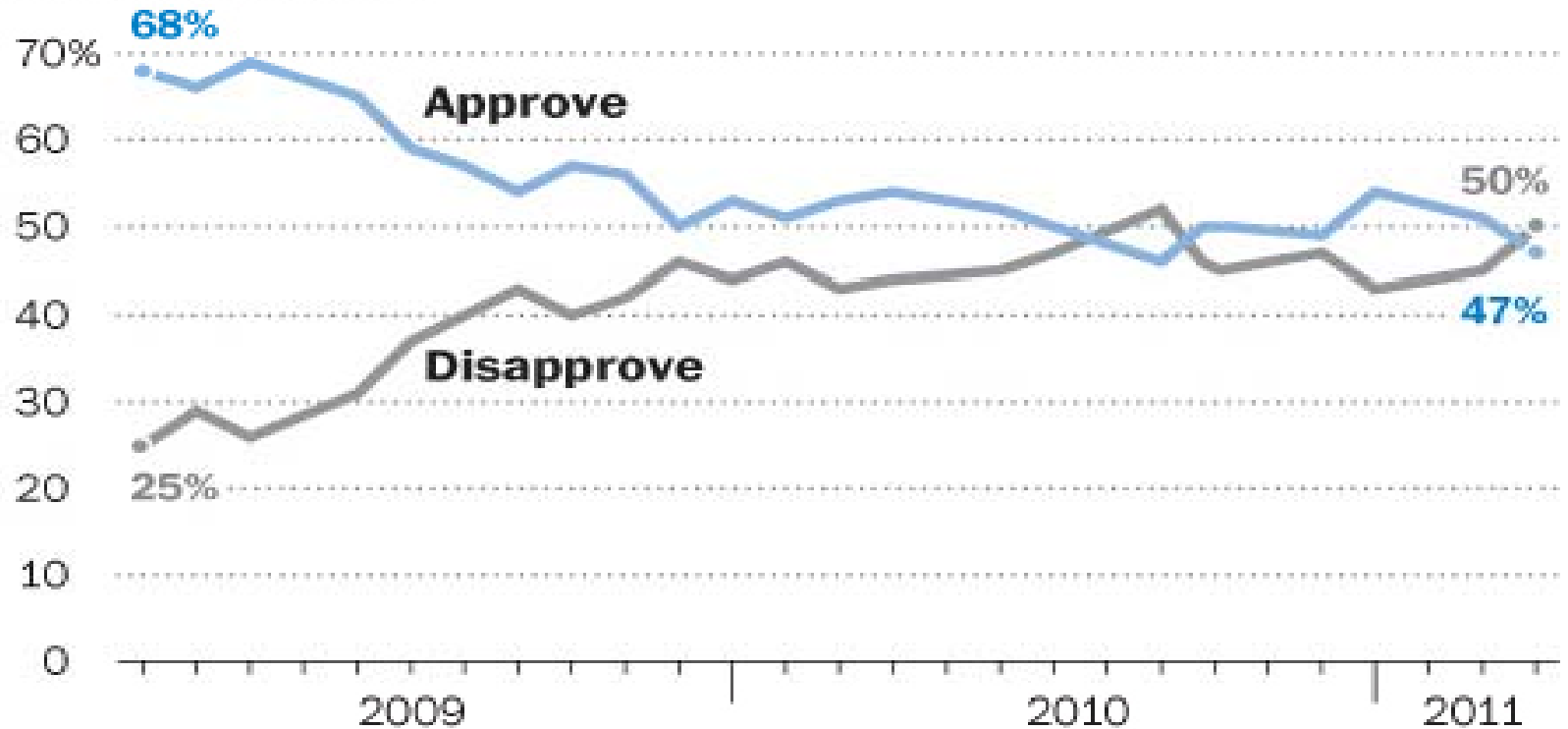
- ▶ Base remains strong
- ▶ Independents are key
- ▶ Growing anxiety with economy, even with better job reports
- ▶ Increase in food, gas and everyday costs are worry
- ▶ Best bets – Avoid Democratic primary and GOP opponents polling even worse!

■ Sample of GOP Field

- ▶ ~~Barbour (MS)~~
- ▶ Daniels (IN)
- ▶ Gingrich (GA)
- ▶ Huckabee (AR)
- ▶ Huntsman (UT)
- ▶ Palin (AK)
- ▶ Pawlenty (MN)
- ▶ Romney (MA)
- ▶ Trump (NY)

Presidential Polls: April 2011

Q: Do you approve or disapprove of the way Barack Obama is handling his job as president?



Presidential Polls: April 2011

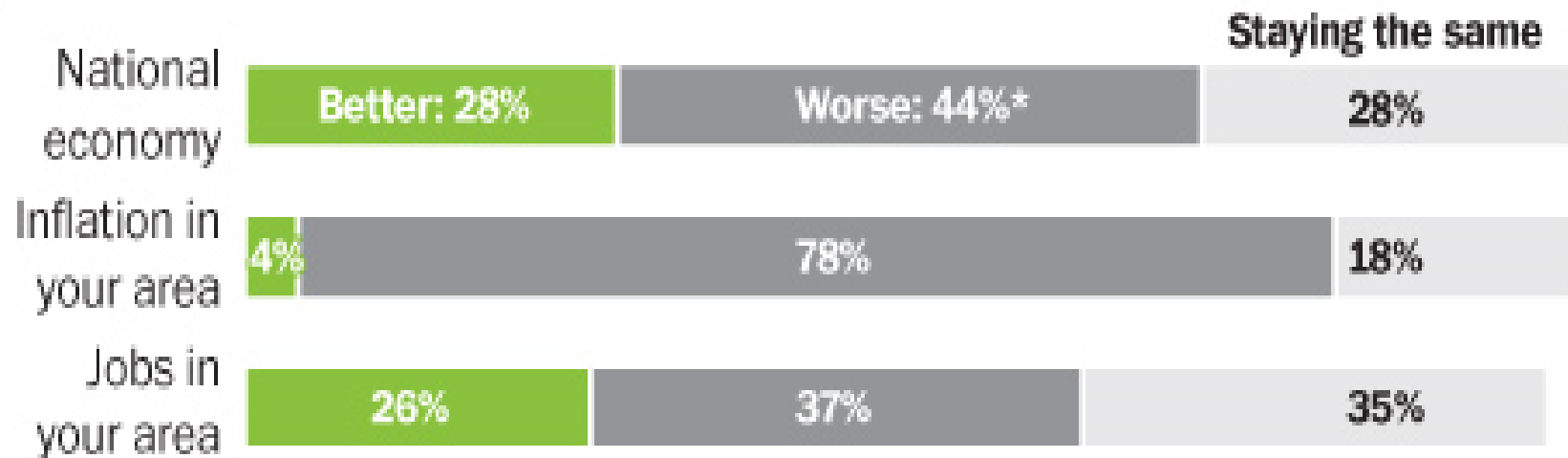
Q: Overall, how satisfied or dissatisfied are you with the choice of candidates for the Republican nomination for president next year?
Among Republicans and GOP-leaning independents



Among all Americans

Presidential Polls: April 2011

Q: Is ... getting better, getting worse or staying about the same?



*Highest level in more than two years.

Presidential Polls: April 2011

Q: If the 2012 presidential election were being held today and the candidates were Barack Obama, the Democrat, and . . . , the Republican, for whom would you vote?*



*Other/no opinion not shown.

SOURCE: This Washington Post-ABC News poll was conducted by telephone April 14 to 17, 2011, among a random national sample of 1,001 adults, including users of both conventional and cellular phones. The results from the full survey have a margin of sampling error of plus or minus 3.5 percentage points; it is five points for the sample of self-identified Republicans and GOP-leaning independents. Sampling, data collection and tabulation by TNS of Horsham, Pa.

The Washington Post - ABC News poll

U.S. Senate: 2012 Election Cycle

	DEM	GOP	OUTLOOK
Partisan Breakdown	51	47	
Seats up in 2012	23	<u>33</u>	10
TOSS UP	7	2	TOSS UP
LEAN D	2	0	LEAN R
LIKELY D	4	3	LIKELY R
SOLID D	10	5	SOLID R

Source: Cook Political Report, April 11, 2011

U.S. Senate: 2012 Election Cycle

■ Democratic Races – Toss Up

- ▶ McCaskill (MO)
- ▶ Tester (MT)
- ▶ Nelson (NE)
- ▶ New Mexico Open (Bingaman)
- ▶ North Dakota Open (Conrad)
- ▶ Virginia Open (Webb)
- ▶ Manchin (WV)

■ GOP Races – Toss Up

- ▶ Brown (MA)
- ▶ Nevada Open (Ensign)

■ ***GOP Senators Are
More Concerned with
Tea Party Primary
Opponents***

U.S. House – 2012 Election Cycle

	DEM	GOP	OUTLOOK
Partisan Breakdown	193	242	+24 Margin
Seats up in 2012	<u>435</u>		
TOSS UP	8	8	TOSS UP
LEAN D	10	18	LEAN R
LIKELY D	24	38	LIKELY R
SOLID D	151	178	SOLID R

Source: Cook Political Report, April 11, 2011

U.S. House – 2012 Election Cycle

- Redistricting is still biggest unknown
- California will be major battleground
 - ▶ 1 out of 6 House seats changed in '10 nationally;
None switched parties out of 53 CA House seats
 - ▶ GOP controls 200+ seats nationally w redistricting
 - ▶ Independent Commissions like CA now control 90+ seats
- Primary challengers are still biggest concern for most incumbents, especially GOP members



Federal Budget Outlook

Federal Budget Picture

- **Debt Ceiling: Hit \$14.3 Trillion by May 16 *(or July 8)***
 - ▶ Congress and President Negotiating Nearly \$4 Trillion in Reductions for Next 10-12 Years, per Debt Commission
 - ▶ Standards & Poor's Downgraded Credit Rating to "Negative"
- **FY12 Projected Deficit of \$1.1 Trillion (7% of GDP)**
 - ▶ FY02-08 = Range of \$158B in FY02 to \$456B in FY08
 - ▶ FY11 projected deficit of \$1.645 trillion (10.0% GDP)
 - ▶ FY15 projected deficit of \$607 billion (3.2% of GDP)
 - ▶ ***By comparison, combined state budgets = \$1.49 Trillion***
 - ▶ ***Discretionary spending = \$1.049 Trillion in Final FY11 CR***

Federal Budget Picture

■ Debt Held by the Public (\$14.3 Trillion)

- ▶ Debt Held by the Public: 65% Now vs. 90% by 2021
- ▶ Every 1% increase in debt interest rates = \$150B (37 yrs of CDBG)

■ FY2011 Deficits as Percentage of GDP

- ▶ Deficit Is Estimated at 9.5% vs. 3% for 40 Year Average
 - Bush-era tax extension = 2.5% (\$1.6 Trillion over 10 Yrs)
 - Recession = 2%
 - Stimulus funding = 1%
 - Wars = 1%

Federal Budget Trends FY2000-2012

Outlays	FY2000	FY2005	FY2010	FY2012	FY00-12 Change
Appropriations					
Defense / Security	278B	443B	815B	881B	+\$603B
Non-Security	339B	487B	491B	462B	+\$123B
Mandatory					
Medicare	199B	290B	446B	468B	+\$269B
Medicaid	117B	194B	273B	269B	+\$152B
Other Mandatory	123B	337B	644B	598B	+475B
Debt Interest	220B	178B	196B	240B	+20B
TOTAL OUTLAYS	1.790T	2.479T	3.456T	3.729T	+1.939T

WHO OWNS OUR DEBT?

DEBT HELD BY PUBLIC, 1970-2010

FOREIGN HOLDINGS:
47%

FOREIGN HOLDINGS:
5%



1970

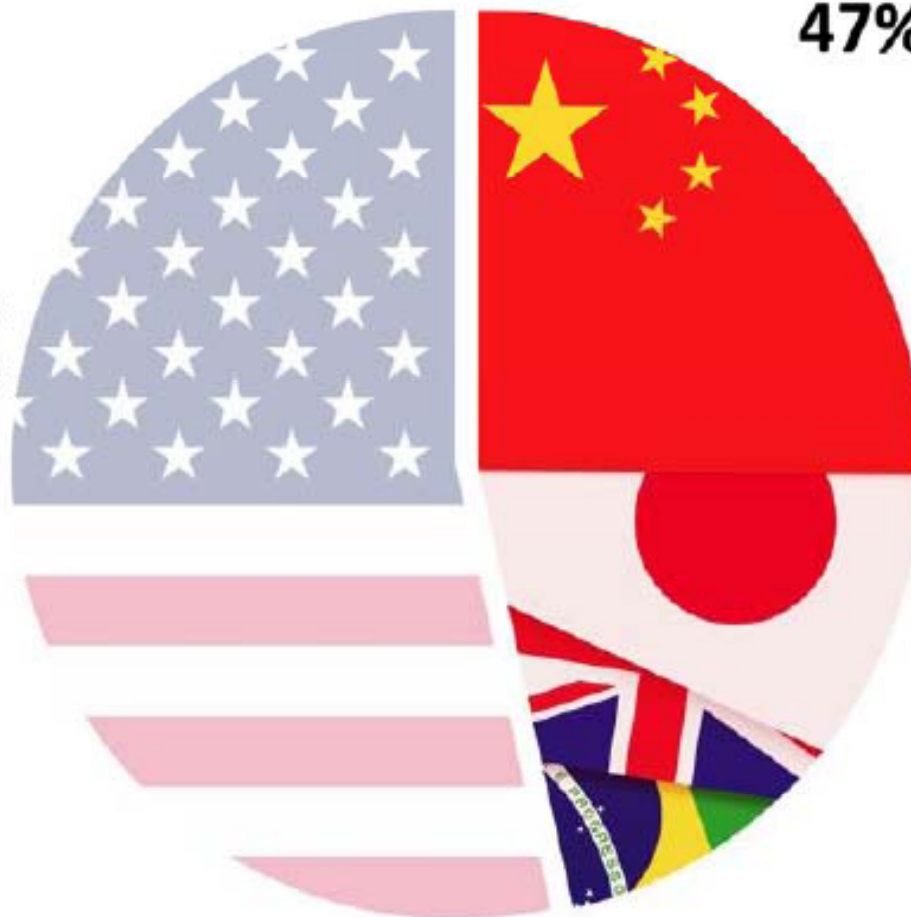
\$283 BILLION

FOREIGN HOLDINGS:
19%



1990

\$2.4 TRILLION



2010

\$8.4 TRILLION

SOURCE: U.S. DEPARTMENT OF TREASURY

FY12 Budget Resolution

■ Sets Cap for Discretionary Spending in Appropriations

- ▶ Does NOT Require President's Signature
- ▶ House Unlikely to Reconcile with Senate so "Deeming Res"

■ FY12 House Budget Targets

- ▶ FY12 Resolution Cuts \$30B; \$7B Below Original H.R. 1
- ▶ GOP Plans All Cuts from Non-Defense Accounts;
\$468B in 2011 to \$438B in 2012, a 6.5% Reduction

■ U.S. Senate Has Yet to Unveil Its FY12 Budget Res

- ▶ "Gang of Six" Pushing New Bipartisan Budget Plan

House FY12 Budget Resolution

■ **Function 450: Community and Regional Development**

- ▶ Targets CDBG, CDFI and HUD Brownfields for Cuts
- ▶ Targets FEMA Flood Insurance Program for Cuts

■ **Function 400: Transportation**

- ▶ Eliminates High Speed Rail Funding under U.S. DOT
- ▶ Terminates New Starts and Small Starts under FTA
- ▶ Balance Highway Trust Fund (GF of \$35B since 2008)
- ▶ Phase Out Essential Air Service Program under U.S. DOT

FY2012 Federal Appropriations

■ Recent History

- ▶ In 2008, Democrats Moved Only 1 Spending Bill to House Floor; Only 5 of 12 Bills Reported out of Committee
- ▶ In 2010, House Failed to Adopt Budget Resolution
- ▶ In 2010, Only 2 Spending Bills Passed Committee and Floor

■ FY12 Appropriations Timeline

- ▶ House Chairman Rogers (R-KY): Pass All 12 Bills by August 8
- ▶ No Timeline Announced by Chairman Inouye (D-HI) in Senate
- ▶ Start of FY12: October 1, 2011



Final FY11 Continuing Resolution

FY11 Final CR Highlights



- Overall Cut of \$40B in FY11 Spending (\$28B + \$12B)
- No Project Earmarks; Money Put into Savings
- No “Statement of Managers”, Meaning Agencies Have More Discretion and Control
- Many State and Local Block Grant Program Cuts
- Across-the-Board Cut of .02% for Non-Defense Accounts

FY11 Final CR Highlights

● USDA Rural Development

- ▶ **Rural Water and Waste:** \$529M in Budget Authority, Cut of 7%
- ▶ **Rural Community Facilities:** \$41.5M in BA, Down 24%
- ▶ **Rural Business Account:** \$85.5M in BA, Cut of 12%
 - **Rural Business Enterprise Grants:** \$30M, Cut of \$9M
 - **Intermediary Relending Program:** \$30M, Cut of \$8.5M
 - **Rural Microentrepreneur Assistance Program:** *Eliminated, Savings of \$45M*

- ***Resource Conservation and Development District (RC&D) Program under NRCS is Eliminated in Final FY11 CR***

FY11 Final CR Highlights

● Federal-State Regional Commissions

▶ **ARC:** \$68.4M, Cut of 10% from FY10

▶ **DRA:** \$11.7M, Cut of 10% from FY10

▶ **Denali Commission:** \$10.7M, Cut of \$1.3M

■ \$15M rescinded from Dept. of Energy set-aside for Denali

▶ **Northern Border Regional Commission:**

Retains at \$1.5M

FY11 Final CR Highlights

● Treasury's Community Development Financial Institution (CDFI)

▶ \$227.25, Cut of \$19.5M

- \$22M for Bank Enterprise Awards
- No Money for Capital Magnet Fund

FY11 Final CR Highlights

● **Economic Development Administration**

- ▶ **\$284M, Cut of \$9M = Same as Obama Request**

- ▶ **Agency Has 60 Days to Submit Detailed Spend Plan**

- It is currently unknown if the agency will retain the planning grant program, including for EDDs, at the FY10 level of \$31M, which included the extra \$10K per EDD

FY11 Final CR Highlights



● EPA

- ▶ **Clean Water SRF:** \$1.525B, Cut of \$578M (27%)
- ▶ **Drinking Water SRF:** \$965M, Cut of \$424M (30%)
- ▶ **Brownfields Site Assessment:** Stays at \$100M
- ▶ **Brownfields Assistance to States:** Stays at \$49.5M

FY11 Final CR Highlights

● Energy

- ▶ **Weatherization – Final Level Still Pending**
- ▶ **State Energy Program – Final Level Still Pending**
 - The Department of Energy's Office of Energy Efficiency and Renewable Energy (EERE) has 30 days to provide Congress with a FY11 spending plan for both accounts
- ▶ **Energy Efficiency and Conservation Block Grant: \$0**

FY11 Final CR Highlights

● FEMA / DHS

- ▶ **State Homeland Security Grants:** \$580M, Cut of \$311M
 - \$10M Citizen Corps / \$45M REAL ID / \$55M Operation Stonegarden
- ▶ **Urban Area Security Initiative:** \$725M, Cut of \$163M
- ▶ **Firefighter Assistance Grants:** \$810M, Same as FY10
 - \$405M SAFER Hiring Grants and \$405M for firefighter grants
- ▶ **Pre-disaster Mitigation Fund:** \$50M, Cut of \$50M with an additional \$19.6M rescinded from past years
- ▶ **Flood Map Modernization:** \$182M, Cut of \$38M

FY11 Final CR Highlights

● **Health and Human Services (HHS)**

- ▶ **Administration on Aging: \$1.5B, Core Programs Are Level**
- ▶ **Head Start: \$7.575B, Increase of \$325M**
- ▶ **Low-Income Home Energy Assistance: \$4.71B,**
Cut of \$399M (Mostly from Contingency Fund)
- ▶ **Community Services Block Grant: \$680M, Cut of \$20M**
- ▶ **Social Services Block Grant: Level at \$1.7B**

FY11 Final CR Highlights

● Housing and Urban Development

- ▶ **CDBG:** \$3.343B, Down \$647M or 16.2% from FY10
 - Eliminates earmark accounts for EDI & Neighborhood Initiative
- ▶ **HOME Investment Program:** \$1.6B, Cut of 12%
- ▶ **Sustainable Communities:** \$100M, Cut of \$50M
 - \$100M for Regional Integrated Planning Grants
 - \$50M for Community Challenge Grants
- ▶ **Brownfields and Rural Innovation = *Eliminated***

FY11 Final CR Highlights

● Labor's Workforce Investment Act

- ▶ Original H.R. 1 Plan in House = **Zero**
- ▶ Final Bill Cuts 3 Core Accounts About 10% Each
 - Adult: \$771.04M, Cut of \$93M
 - Dislocated Workers : \$1.064B, Cut of \$122M
 - Youth Employment: \$828M, Cut of \$98M

FY11 Final CR Highlights

● Labor's Workforce Programs

- ▶ **Workforce Innovation Fund (New): \$125M**
 - President's FY12 Plan Proposed to Fund by Taking 8% from WIA Adult, Dislocated Workers and Youth Programs
- ▶ **Job Corps:** Level at \$1.7B; Rescinds \$75M in Construction
- ▶ **YouthBuild Program:** \$80M, Down by \$22.5M
- ▶ **Green Jobs Innovation:** *Eliminated*
- ▶ **Career Pathways Innovation Fund:** *Eliminated*

FY11 Final CR Highlights

● Labor's Workforce Programs

▶ Community Service Employment for Older Americans

- **\$450M**, Decrease of \$375M from FY10,
which included a special one-time appropriation
of \$225M to supplement ARRA funds
- Final FY11 Level Is Closer to \$150M Cut from Baseline
- Does ***NOT*** transfer to HHS as proposed by President

FY11 Final CR Highlights

● Transportation

- ▶ **Maintains SAFETEA-LU Core Programs**
- ▶ **TIGER Grants: \$528M, Cut of 12% (DOT Discretionary)**
- ▶ **High Speed Rail Grants: Eliminated (Savings of \$2.5B)**
- ▶ **FTA New Starts / Small Starts: \$1.594B (Cut = NJ/NY Tunnel)**
- ▶ **Transit TIGGER Grants: \$50M, Cut of \$25M**
- ▶ **FAA Airport Improvement Program: Stays at \$3.5B**



NADO Policy Priorities Update

NADO Policy Agenda



- White House and GAO Review of Regional Development Programs
- EDA Appropriations and Reauthorization
- SAFETEA-LU Reauthorization, with RPO Legislation
- HUD-DOT-EPA Sustainable Development Initiative
- USDA Rural Development in 2012 Farm Bill
- Opportunities and Threats with WIA, SBA, EPA and HUD
- EPA Brownfields: Repeal Administrative Cost Prohibition
- Funding for Federal-State Regional Commissions

EDA Appropriations

● Final FY11 CR

- ▶ Final FY2010: \$293 Million
- ▶ Final FY11 CR: \$284 Million
 - ✓ Programs: \$246M (Cut of \$9M below FY10)
 - ✓ Salaries and Expenses: Level at \$38M
 - ✓ *EDA must submit EDAP spending w/in 60 days*

President's FY12 EDA Budget

■ Economic Development Assistance Programs:

- ◆ **\$284.3M Request**, Increase of \$29.3M from FY2010
 - ◆ Maintains **Planning** at \$31M
 - ◆ **Cuts Public Works to \$89M**, down from \$158.28M in FY10
 - ◆ **\$40M Regional Innovation Program** for 20 Growth Zones
 - ◆ **Increases Economic Adjustment to \$81M**, up from \$44M in FY10
 - ◆ As authorized by COMPETES Act, **new \$100M loan guarantee program** for science and technology parks and incubators

■ **Salaries and Expenses: \$40.6M**, Up \$2.6M from FY10

President's FY12 EDA Budget

■ Regional Innovation Program (Economic Growth Zones)

- ◆ **National Competition** under partnership with HUD and USDA
- ◆ **Select 20 growth zones** (estimated at 14 urban and 6 rural)
- ◆ **Resources for planning and seed capital**, including rigorous economic development analysis, additional strategic planning, capacity building and project implementation

EDA Reauthorization

● **Senate EPW Committee Approved Bill (S. 782)**

- ▶ Restore match rates to pre-2005 levels
- ▶ Specify Secretary's discretion with match waivers
- ▶ Codify roles and duties of EDDs
- ▶ Increases EDD planning grant funding w/ overall EDA funding
- ▶ Increase federal share for multi-EDD planning efforts
- ▶ RLF reuse plans – Conversion of project assets
- ▶ Maintenance of Effort for construction projects

● **House T&I Committee Has Yet to Draft Bill**

SAFETEA-LU Reauthorization

- Current programs operating under CR through Sept. 30, 2011
- HTF revenue is major roadblock; HTF solvent thru mid 2012
- House T&I and Senate EPW want bills by Memorial Day recess
- Senate Finance and House Ways and Means control \$\$\$;
No timeline for finance committees to deal with revenue issues

RPO Legislation Status

- Reps. Richard Hanna (NY) & Tim Walz (MN) Bill (H.R. 1565)
- Sens. Amy Klobuchar (MN) & Lamar Alexander (TN) Bill (S. 625)
 - ▶ “Cooperation” vs. “Consultation” for Non-Metro Local Officials
 - ▶ Definition of RPOs w administrative/fiscal agent
 - ▶ Outline of work program and RPO committees
 - ▶ U.S. DOT review of state consultation models
- NADO President Ware Testified before House T&I in April ‘11

Take Action



- Urge Senators to Support Passage of EDA Reauthorization Bill (S. 782) on Senate Floor
- Urge Senators to Co-Sponsor Klobuchar-Alexander RPO Legislation (S. 625)
- Urge House Members to Co-Sponsor Walz-Hanna RPO Legislation (H.R. 1565)
- Urge House and Senate Members to Fully Fund Regional Development Programs in FY12 Budget Resolution

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