

# Client Alert



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## **Federal Budget**

### **President Obama Releases FY 2012 Budget Request**

On Monday, February 14, President Obama released his proposed budget for federal fiscal year 2012, which begins on October 1. Including all categories, both discretionary spending and mandatory programs such as Social Security and Medicare, the President's proposed budget is approximately \$3.7 trillion, which is about \$273 billion above federal spending for FY 2010 and approximately \$100 billion below projected spending levels for fiscal year 2011 (Congress has not yet completed work on FY 2011 appropriations bills, so the actual level of spending for FY 2011 has not yet been determined). For discretionary programs subject to the annual appropriations process, the President has proposed approximately \$1.340 trillion, of which \$730 billion is for defense programs and \$610 billion is for non-defense activities. The total being proposed for discretionary spending is about \$7 billion below the amount for FY 2010.

The release of the President's budget is simply the first step in the federal budget process. In the coming weeks and months, administration officials will be called before House and Senate committees to explain and defend the President's proposals. It will then be up to the Congress to develop its own budget for FY 2012 and pass appropriations bills consistent with that budget. If the House and Senate cannot agree on an overall budget, each body will attempt to pass appropriations bills consistent with its own budget. The differences in those bills would then have to be resolved before they could be sent to the President for his approval. All that work should be completed by the beginning of the fiscal year on October 1<sup>st</sup>. However, in recent years, Congress has been unable to meet that deadline and this year should prove equally as difficult.

A key feature of the President's budget proposal is a freeze on non-security discretionary spending for five years. This freeze is an extension of the one proposed by the President last year and is based on FY 2010 enacted levels. This proposal is not an across-the-board cut that would freeze all agency budgets, but an approach in which areas critical for growth and job creation are protected or increased while other programs are cut back. Over a decade, the five-year freeze would save more than \$400 billion.

Following are summaries of the highlights of the budget proposals for federal agencies of most interest to local governments:

## **Contents**

Department of Agriculture .....	3
Department of Commerce .....	4
Corps of Engineers.....	5
Department of Defense .....	7
Department of Education .....	8
Department of Energy .....	10
Environmental Protection Agency .....	12
Department of Health and Human Services.....	14
Department of Homeland Security .....	15
Department of Housing and Urban Development .....	16
Department of the Interior .....	17
Bureau of Reclamation .....	18
Department of Justice .....	19
Department of Labor.....	20
Department of Transportation.....	22
Department of Veteran Affairs .....	25

## **Department of Agriculture**

The Obama Administration's FY 2012 budget request for the U.S. Department of Agriculture (USDA) is \$24 billion in discretionary funding; a decrease of about \$2 billion below the 2011 estimate and \$3 billion below FY 2010 enacted levels. The President's stated vision for USDA is to expand economic opportunity through innovation, helping rural America to thrive; to promote agriculture production sustainability that better nourishes Americans while also helping feed others throughout the world; and to preserve and conserve our Nation's natural resources through restored forests, improved watersheds, and healthy private working lands.

Highlights of the proposed budget include:

- \$7.39 billion for the Women, Infants and Children (WIC) supplemental nutrition program, an increase of \$133 million from FY 2010 enacted levels and FY 2011 estimated levels.
- \$18 million for broadband grants and \$0 for broadband loans under the Rural Utilities Service (The Budget notes that USDA has a carryover balance of about \$1.221 billion for loans that will be available as a result of USDA focusing on implementing the Recovery Act programs over the last two years.).
- \$30 million for grants under the Distance Learning and Telemedicine program.
- \$1 billion in Community Facilities direct loan program; \$0 for guaranteed loans; and \$38 million for grants under the Rural Housing Service.
- \$325 million for competitive research grants through the Agriculture and Food Research initiative.
- \$1.408 billion for the Environmental Quality Incentives Program.
- \$783 million for Conservation Technical Assistance.
- Elimination of funding for the Resource Conservation and Development Program, Watershed and Flood Prevention Operations, and the Watershed Rehabilitation Program.

## **Department of Commerce**

The Obama Administration's FY 2012 Budget requests \$8.8 billion in discretionary spending, a decrease of \$5.1 billion from the 2010 enacted level. The budget reflects increased funding for the National Institute of Standards and Technology and continued strong support for the promotion of U.S. exports. Reductions are made through ramping down the 2010 Census and decreasing funding for non-essential programs such as the Emergency Steel Loan Guarantee program, the Public Telecommunications Facilities Grant program, and the Baldrige Performance Excellence program.

Highlights include:

- \$325 million for the Economic Development Administration (EDA), including:
  - \$40 million for EDA's Regional Innovation Program, a collaborative effort with HUD and USDA, which will support a nationwide competition to encourage 20 communities 'Growth Zones' to develop and implement regional strategic plans.
  - \$20 million for the Wireless Innovation Fund, which will allow the agency to help distressed communities expand or cultivate new innovative wireless applications.
- \$143 million for the Hollings Manufacturing Extension Partnership.
- \$764 million for NIST laboratories as part of the President's Plan for Science and Innovation, an increase of \$100 million above the 2010 enacted level
- \$526 million for the International Trade Administration to increase American exports and export-related jobs.
- \$1.9 billion for NOAA weather satellite systems.
- \$1 billion for the Census Bureau to process, tabulate and release 2010 Census data.
- An investment of \$10 billion in mandatory spending over the next several years, offset by spectrum auction proceeds, to help build an interoperable public safety broadband network.

## **Corps of Engineers**

The President's budget request for the civil works mission of the U.S. Army Corps of Engineers is \$4.631 billion, \$814 million below the enacted FY 2010 level and \$308 million below the amount requested for FY 2011. The budget request for the construction program supports high-return investments for ongoing work in the three main mission areas of the Corps: commercial navigation; flood and storm damage reduction; and aquatic ecosystem restoration. In connection with the FY 2012 budget request, the Administration will propose changes in the way federal navigation activities are funded. The Administration will work with Congress to reform the laws governing the Inland Waterways Trust Fund, including increasing the revenue paid by commercial navigation users sufficiently to meet their share of the costs of activities financed through the fund. In addition, the Administration will propose legislation to expand the authorized uses of the Harbor Maintenance Trust Fund so that its receipts are available to finance the federal share of efforts carried out by several agencies in support of commercial navigation through the Nation's ports. The budget supports ongoing, high-performing ecosystem restoration efforts, including continued progress toward restoring the Florida Everglades, the California Bay-Delta, Chesapeake Bay and the Gulf coast.

Highlights of the budget include:

- \$166 million to construct commercial navigation improvements on America's inland waterways.
- \$721 million for efforts to reduce the risk of flood and storm damage.
- \$470 million to restore aquatic ecosystems.
- The budget request provides \$50 million (\$46 million in the Operation and Maintenance account and \$4 million in Flood Control and Coastal Emergencies (FCCE)) for a comprehensive levee safety initiative to help ensure that federal levees are safe and to assist non-federal parties to address safety issues with their levees. The initiative includes funding for ongoing work on the National Levee Inventory Program as well as for the Silver Jackets interagency teams.
- The proposed FY 2012 construction program includes two high-priority new construction starts: Hamilton City, CA (\$8 million), and Raritan to Sandy Hook (Port Monmouth), NJ (\$3 million).
- The budget request includes four new studies: Englebright and Daguerre Point Dams (Yuba River) Fish Passage, CA; Cano Martin Pena, PR; the Chesapeake Bay Comprehensive Plan; and the Louisiana Coastal Area Comprehensive Study. Funding is also included for the Water Resources Priorities Study, a high-priority evaluation of the nation's vulnerability to inland and coastal flooding and of the effectiveness, efficiency, and accountability of existing programs and strategies.

**Client Alert**  
**February 15, 2011**  
**President's Budget**

- The budget request proposes no new funding for the Section 206 Aquatic Ecosystem Restoration Program, the Section 204 Beneficial Uses of Dredged Material Program, the Section 205 Small Flood Control Project Program, the Section 1135 Project Modifications for Improvement of the Environment Program, or the Section 111 Navigation Mitigation Project Program. Instead, the budget proposes that these programs be funded with unobligated balances available from the Sections 14, 103, 107, and 208 Continuing Authorities Programs.
- The budget does not include funding for Corps projects that involve wastewater and water projects and does not continue funding for a number of projects the Administration considers a low priority.

## **Department of Defense**

The President's FY 2012 budget request for the Department of Defense (DOD) is \$553 billion, an increase of \$22 billion above the FY 2010 appropriation.

The budget includes a series of management and acquisition reforms that will produce a net of \$78 billion in savings through 2016. Cost-cutting measures include the consolidation of several Air Force operation centers, reduced Army construction costs, and the Navy's use of multi-year procurement strategies.

Highlights of the FY 2012 budget request for the Department of Defense include:

- Maintains ready forces with \$172 billion to support training and readiness and continues efforts to rebalance military forces to focus on both today's wars as well as potential future conflicts.
- Prepares for emerging threats by fully funding the \$31.8 million reorganization of a chemical, biological, radiological, nuclear and high-yield explosive response element and the addition of eight Homeland Response Forces, which will be in place prior to the end of fiscal year 2012; \$200 million for a public-private partnership of a vaccine manufacturing facility in support of the Administration's new Medical Counter Measure Initiative; and \$138 million to continue building DOD's Institute of Infectious Disease at the new Interagency Biodefense Campus. This facility will be an important asset to help protect the Nation from public health threats like emerging infectious diseases and deliberate biological attacks.
- Enhances the Administration's commitment to maintaining a reliable nuclear deterrent by increasing investments in the nuclear weapons complex and in weapon delivery technologies, and to nonproliferation by preventing the spread of nuclear materials around the world.
- Provides \$500 million for DOD's global military "train and equip" assistance programs. In the past, DOD has used these programs to fund counterterrorism training in a variety of countries.
- Continues strong support for servicemembers and military families, providing \$8.3 billion to support military families, including greater availability of affordable, high-quality child care and supporting quality education for military dependents. The Budget also includes funding for a 1.6 percent pay raise for military service members, as well as a variety of monthly special skill-based payments, enlistment and reenlistment bonuses, and other benefits.
- Supports access to medical care for over 9.6 million servicemembers, retirees, and their families. This includes ongoing support for wounded warrior transition units and centers of excellence in vision, hearing, traumatic brain injury, and other areas to continuously improve the care provided to wounded, ill, and injured servicemembers.

## **Department of Education**

The Obama Administration's FY 2012 Budget requests \$77.4 billion for the U.S. Department of Education. The President's FY 2011 Budget request was for \$72.9 billion, and the FY 2010 enacted level was \$64.1 billion. Excluding Pell Grants, the budget request totals \$48.8 billion, an increase of \$2.1 billion over FY 2010 enacted levels.

Highlights of the Budget include:

- Continues support for a \$5,550 maximum Pell Grant award, \$819 above the level in 2008, while putting the program on a sustainable fiscal path by eliminating the year-round Pell Grant and the in-school interest subsidy for graduate and professional student loans.
- \$1.4 billion for three new competitions, modeled on the successful Race to the Top initiative. Those competitions are as follows:
  - \$350 million to establish the Early Learning Challenge Fund, a competitive fund administered by the Department of Education and the Department of Health and Human Services, for States that are ready to take dramatic steps to improve the quality of their early childhood programs.
  - \$900 million for a new K-12 Race to the Top that will bring the Race to the Top reform approach to school districts, with a focus on cost-effective reforms that improve student achievement in an era of tight budgets.
  - \$150 million for the First in the World Competition Among Colleges and Universities. This new initiative will increase college access and completion and improve educational productivity. The proposal introduces into the Fund for Improvement of Postsecondary Education an evidence-based framework, enabling the Fund to become a postsecondary "Investing in Innovation" program that will test, validate, and scale up effective approaches. In addition to these competitive grants, the Budget also provides \$50 million in 2012 and a total of \$1.3 billion over five years in performance-based funding to institutions that have demonstrable success in enrolling and graduating more high-need students and enabling them to enter successful employment.
- \$26.8 billion, an increase of 6.9 percent, in a reformed Elementary and Secondary Education Act (ESEA) focused on raising standards, encouraging innovation, and rewarding success, while allowing States and districts more flexibility to invest resources where they will have the greatest impact. The new ESEA directs funds to reform-oriented competitive initiatives, consolidates dozens of programs, and cuts programs that do not demand results.
- \$300 million for the Investing in Innovation program to support effective approaches to student learning.
- \$80 million to expand effective models of STEM teacher preparation.



**Client Alert**  
**February 15, 2011**  
**President's Budget**

- \$90 million for a new Advanced Research Projects Agency-Education (ARPA-ED) that would promote breakthroughs in educational technology.
- \$150 million in Promise Neighborhoods, to support effective community services, strong family supports, and rigorous comprehensive education reforms to improve the educational and life outcomes for children and youth in high-need communities.
- \$975 million in competitive initiatives to recruit, prepare, reward, and retain great teachers. Included in that total is:
  - \$500 million for the Teacher and Leader Innovation Fund, a competitive program for States and districts with smart approaches to strengthening the impact of school professionals.
  - \$250 million in Teacher and Leader Pathways, a competitive program to invest in effective teacher and leader preparation programs.
  - \$185 million for a grant program for States that agree to measure the performance of their teaching institutions, supply scholarship aid to talented individuals attending the most successful programs, hold the least effective teacher education programs accountable for results, upgrade licensure and certification standards, and provide recognition and portable certification to effective classroom teachers. This is a replacement of the existing TEACH grants program.
  - \$40 million for a new competitive grant to improve and expand teacher education programs at minority-serving institutions.
- Eliminates 13 discretionary programs and consolidates 38 K-12 programs into 11 new programs that emphasize using competition to allocate funds, giving communities more choices around activities, and using rigorous evidence to fund what works. The Administration's proposal also includes provisions to ensure that new grant competitions result in an equitable geographic distribution of funds nationwide, including to rural communities.

## **Department of Energy**

The President's FY 2012 budget request provides \$29.5 billion for DOE to support its missions, a 12 percent increase over the FY 2010 enacted level. While funding has been increased in critical areas, the Administration is also committed to putting the nation on a sustainable fiscal path and has identified areas for savings, such as inefficient fossil energy programs where industry has the resources to move forward without Federal assistance.

The budget request for the Department of Energy:

- Provides \$6.3 billion for clean energy research, development, demonstration, and deployment activities.
- More than doubles funding for energy efficiency activities, increases support for renewable energy activities by over 70 percent, and provides \$550 million for the Advanced Research Projects Agency–Energy.
- Doubles the number of Energy Innovation Hubs, adding three more across the country to research energy storage, critical materials for energy, and new SmartGrid technologies and systems. These new hubs join those already modeling nuclear reactor technology, developing liquid fuels from sunlight and carbon dioxide, and studying energy efficient buildings.
- Creates a multi-pronged initiative with the goal of reducing energy usage in our nation's commercial buildings by 20 percent by 2020 through the Better Buildings Initiative. This includes a new pilot program to increase financing opportunities for universities, schools, and hospitals; a new \$100 million "Race to Green" competition for state and municipal governments to implement innovative approaches to building codes; and performance standards; a private-sector Buildings Challenge; increased building technology R&D funding; and a redesign of tax incentives.
- Helps advance the goal of one million electric vehicles on the road by 2015 through a shift from the existing tax credit incentive to a rebate that would be available to consumers at the point of sale and a \$588 million investment in research, development and deployment programs.
- Increase the percentage of electricity produced by clean energy sources by encouraging early commercial deployment of innovative clean energy technologies with additional loan guarantee support for nuclear power plants and innovative energy efficiency and renewable energy projects that will be coupled with tax incentives for renewable energy generation and manufacturing.
- Includes \$7.6 billion to maintain a safe, secure, and effective nuclear weapons stockpile in support of the planned decrease in deployed U.S. and Russian weapons under the New START Treaty approved by the Senate.

**Client Alert**  
**February 15, 2011**  
**President's Budget**

- Proposes \$2.5 billion to prevent the proliferation of nuclear weapons by fully funding efforts to secure and dispose of nuclear material, to develop technologies to detect and deter nuclear testing and smuggling, and to support international nonproliferation treaties.

## **Environmental Protection Agency**

The President's FY 2012 budget request includes \$9 billion for the Environmental Protection Agency, a decrease of \$1.3 billion below the FY 2010 enacted level.

The budget request slashes Environmental Protection Agency (EPA) funding for wastewater and drinking water infrastructure projects, but provides a big boost in funding for two high profile, EPA-backed, environmental restoration initiatives. The budget request proposes to cut \$947 million in EPA assistance for water and wastewater projects nationwide. That represents over 70 percent of the \$1.3 billion in reductions in the president's proposed budget for EPA.

Restoration programs in the Chesapeake Bay (\$67.4 million) and the Great Lakes (\$350 million) were major winners in EPA's budget, while the Puget Sound and San Francisco Bay restoration programs suffered significant reductions in comparison to the fiscal year 2010 approved amounts. The budget request provides \$19.3 million for Puget Sound, \$30.7 million less than approved for fiscal year 2010, and \$4.8 million for the San Francisco Bay restoration program, \$2.2 million less than enacted in fiscal year 2010.

EPA's non-point source (Section 319) grants also came under significant pressure in the president's budget request. The budget request provides \$164.8 million for the grants, an 18 percent cut from the \$200.9 million approved for the grants in fiscal year 2010.

Highlights of the proposed budget include:

- \$1.55 billion for the Clean Water State Revolving Fund for states to provide low-interest loans to communities for wastewater water infrastructure, \$550 million below the FY 2010 enacted level.
- \$990 million for the Drinking Water State Revolving Fund for states to provide low-interest loans to communities for drinking water infrastructure, \$397 million below the FY 2010 enacted level.
- \$125.4 million for technical assistance and integration of sustainable community development with environmental remediation activities to stimulates economic growth in areas stymied by Brownfields.
- Elimination of funding for the State and Tribal Assistance Grants Congressionally-directed spending account.
- An increase in the number and frequency of inspections at oil and chemical facilities with an increase of \$4.5 million for the Oil Spill Prevention, Preparedness, and Response program and \$1.3 million for the State and Local Prevention and Preparedness program.

**Client Alert**  
**February 15, 2011**  
**President's Budget**

- An increase in funding for the Office of Children's Health Protection by \$3.7 million to ensure that children's environmental health impacts are carefully considered in EPA program implementation, science policy, and regulatory development.

## **Department of Health and Human Services**

President Obama's FY 2012 budget request for the Department of Health and Human Services totals \$79.9 billion, a slight overall increase compared to the FY 2010 enacted level. Reductions in such popular programs as the Community Services Block Grant would be used to add funding to newly authorized programs under the Affordable Care Act and Head Start, and Food and Drug Administration, and several other priority programs. A total of \$465 million would go to implementing provisions of the health care overhaul law. The budget would also delay for two years a scheduled cut in Medicare reimbursement rates for physicians and other providers who treat seniors. The following is a summary of the major provisions of interests to local governments:

- Eliminates the one-year old "TANF Emergency Fund," that expanded the use of Recovery Act funds for employment support services for families.
- Sunsets of FMAP boost from the Recovery Act.
- Eliminates the "trigger mechanism" in the Low Income Home Energy Assistance Program (LIHEAP) that would increase the program's funding in periods when energy costs spike or when there are "large numbers of families in poverty." Previous funding for that provision would be eliminated, saving an estimated \$2 billion.
- Provides an additional \$800 million to help states help working families pay for child care would experience. Funding would be for the Child Care and Development Block Grant.
- Increases Head Start and Early Head Start funding by \$900 million.
- Provides \$2.375 billion for HIV/AIDS prevention and treatment activities under the Ryan White Program, an increase of \$900 million over the enacted FY 2010 level.
- Level funds the Social Services Block Grant at \$1.7 billion.
- Cuts in half funding for the Community Services Block Grants (funding request of \$350 million).
- \$20 million for an additional round of awards from the Strengthening Communities Fund, which funds non-profits and local governments' capacity building needs to address the economic downturn.
- \$320 million decrease in funding for Temporary Assistance for Needy Families (TANF).

## **Department of Homeland Security**

Because it was not fully subject to the President's freeze on domestic spending, the FY 2012 budget request for the Department of Homeland Security (DHS) was one of the few areas to receive spending increases. Overall, DHS funding would increase by roughly \$309 million over FY 2010 enacted levels, with a total funding request of \$43.2 billion. Investments in some areas are balanced by proposed reductions in others, including personnel costs for the U.S. Coast Guard and elimination of several Border Patrol Service programs. Additional funding would be included for airport screening technology. Targeted for cuts, however, are core programs for state and local governments, which the White House were cut to eliminate what it characterized as duplication. For instance, the budget request would eliminate funding for the Emergency Operations Center Program and the Interoperable Communications Grant Program.

The following are requested funding other programs supporting state and local First Responders:

- \$1 billion for the State Homeland Security Grant Program (\$48 million more than the FY 2010 enacted level).
- \$50 million for Operation Stonegarden (same as FY 2010 enacted level).
- \$920 million for the Urban Area Security Initiative (or \$33 million more than the FY 2010 enacted level).
- Elimination of the Metropolitan Medical Response System Program.
- \$350 million for the Emergency Management Performance Grant Program (an increase of \$5 million over the FY 2010 enacted level).
- \$305 million for the Assistance to Fire Fighters Grant Program (or \$55 million *more* than the FY 2010 enacted level).
- \$250 million for the SAFER Act Program (hiring grants), (or \$55 million *less* than the FY 2010 enacted level).
- \$300 million for Port Security Grants (same as FY 2010 enacted level).
- \$50 million for the Buffer Zone Protection Program (same as FY 2010 enacted level).

## **Department of Housing and Urban Development**

President Obama's FY 2012 budget requests \$48 billion for the Department of Housing and Urban Development (HUD), an increase of over \$900 million over 2010. \$5 billion of this total is expected to be offset by projected receipts from FHA and Ginnie Mae.

Highlights of the Budget include:

- \$3.69 billion for Community Development Block Grant formula funding.
- \$1.65 million for the HOME Investment Partnerships Program.
- \$75 million for Veterans Affairs Supportive Housing (HUD-VASH) vouchers.
- \$56.9 million for HUD-HHS vouchers to fund tenant-based rental assistance targeted to homeless families and chronically homeless persons.
- \$150 million for the Sustainable Communities Initiative.
- \$25 million for the Rural Housing Stability program to assist individuals and families who are homeless, in imminent danger of losing housing, or in the worst case housing situations in rural communities.
- \$250 million for the Choice Neighborhoods program.
- \$1 billion for the National Affordable Housing Trust Fund (HTF).
- \$2.37 billion total for Homeless Assistance Programs.
- \$200 million for Emergency Solutions Grants.
- \$19.22 billion for the Tenant-Based Rental Assistance program.
- \$9.43 billion for the Project-Based Rental Assistance program.
- \$88 million to support expand and preserve homeownership through Housing Counseling.
- \$200 million to convert Public Housing, Section 8 Moderate Rehabilitation, Rent Supplement, and Rental Assistance programs to long-term project-based Section 8 contracts.



## **Department of the Interior**

The Obama Administration's FY 2012 Budget requests \$12 billion for the U.S. Department of the Interior (DOI), or no increase from previous years. It reflects increases in land and water conservation programs, as well as increased funding for oversight of offshore oil and gas drilling. Savings, estimated at \$3 billion over 10 years, are achieved through decreases in the U.S. Geological Survey, significant reductions to construction programs across the Department, and some tribal program reductions.

Highlights of the proposed budget include:

- \$900 million through the Land and Water Conservation Fund for DOI and USDA, with \$200 million for State grants (200 percent increase from \$40 million), some of which will be competitively awarded for urban parks and public-private conservation projects.
- \$500 million to, among other things, restructure Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE), hire new oil and gas inspectors, establish real-time monitoring of key drilling activities, as well as implement more aggressive reviews of company oil spill response plans.
- \$1.05 billion for Bureau of Reclamation, a decrease from \$1.14 billion in FY10, specifically noting that the Administration's water policy goals are dependent upon Federal agencies working together and with State and local governments, Tribes, industry, and the agriculture sector.
- \$73 million, to maintain agency capacity to review and permit renewable energy projects on federal lands.
- \$2.5 billion for the Bureau of Indian Affairs, a decrease from \$2.6 billion in FY10. Includes funding to operate six new detention centers that were constructed with Recovery Act funds. Also increases funds for tribal courts and additional law enforcement officers, coordinates community policy programs to reduce crime, and protects natural resources in Indian Country.

## **Bureau of Reclamation**

The President's FY2012 budget request for the Department of the Interior's Bureau of Reclamation (Reclamation) is \$1.02 billion, about \$85 million below the amount appropriated in FY 2010, and \$50 million below the FY2011 request. The budget request emphasizes Reclamation's core mission to address the water needs of growing populations, environmental needs, and cost effective investments in assisting States, Tribes, and local entities in solving water resource problems. It also emphasizes the operation and maintenance of Reclamation facilities in a safe, efficient, economic and reliable manner.

Highlights of the budget include:

- Reclamation's Water and Related Resources account includes a request for \$805.2 million, with \$398.5 million for water, energy, land, and fish and wildlife resource management and development activities.
- Of the \$154.6 million for California's Central Valley Project, \$34.8 million is for the Red Bluff Pumping Plant and Fish Screen and \$10.5 million for the Trinity River Restoration Program.
- \$18.3 million for the Multi-Species Conservation Program within the Lower Colorado River Basin.
- \$39.7 million for the California Bay-Delta Program for projects aligned with the Interim Federal Action Plan, such as \$26.2 million to address degraded Bay-Delta ecosystem activities; \$11.5 million for smarter water supply and use; and \$2.0 million for a renewed Federal-State partnership.
- \$18.6 million for the Klamath Project, including studies and initiatives to improve water supplies for competing uses in the Basin.
- \$17.8 million for the Columbia and Snake River Salmon Recovery Project implementing biological opinions in the Basin.
- \$10.2 million for the Federal share of costs to commence the rehabilitation of the Minidoka Dam and Spillway Project.
- WaterSMART Program funding is requested at \$58.9 million for water conservation and management competitive grants, authorized Title XVI projects, basin studies, and a new, small amount of funding for the Cooperative Watershed Management Program.
- \$9 million in appropriated funds for the San Joaquin River Restoration Settlement program. An additional \$24.1 million in revenues from water-user payments will be available for the SJR Restoration program that includes both fishery and water supply recovery projects.

## **Department of Justice**

President Obama's FY 2012 budget requests \$28.2 billion in funding for the Department of Justice. The budget request is a 2% increase above enacted funding levels for FY 2010. The budget proposal for DOJ reduces local and state grant programs by a total of \$588 million from 2010 the enacted level. The budget also proposes savings of \$49 million through the delay of technology upgrade projects and \$107 million through the streamlining of operations and consolidation of duplicative programs.

Highlights of the budget include:

- \$102,751,000 for Law Enforcement Wireless Communications.
- \$600 million for the COPS Hiring Program.
- \$20,500,000 for the COPS Community Policing Development program.
- \$10 million for the COPS Secure Our Schools program.
- \$431,750,000 for the Office of Violence Against Women.
- \$280 million for Juvenile Justice programs.
- \$60 million for the Missing and Exploited Children Program, including funding for the Internet Crimes Against Children and the AMBER Alert Programs.
- \$519 million for the Edward Byrne Memorial Justice Assistance Grant program.
- \$30 million for the new Byrne Criminal Justice Innovation Program.
- \$25 million for competitive grants to improve the functioning of the criminal justice system, prevent or combat juvenile delinquency, and assist victims of crime.
- \$136 million for the State Criminal Alien Assistance Program (SCAAP).
- \$25 million for the Children Exposed to Violence Initiative.
- \$12 million for the Justice Information Sharing and Technology program.
- \$10 million for the Smart Policing program.
- \$12,500,000 for the State and Local Gun Crime and Gang Violence Reduction Program.

## **Department of Labor**

The President's FY 2012 budget request provides \$12.8 billion for the U.S. Department of Labor, a 5 percent reduction from the 2010 enacted level.

Highlights of the budget request include:

- \$380 million for the Departments of Labor and Education for a competitive Workforce Innovation Fund to encourage new approaches to job training. Competitive grants will support bold, systemic reforms of the workforce system, including breaking down silos between programs and paying programs for success.
- Supports reform of the Workforce Investment Act (WIA), which authorizes nearly \$10 billion for programs that match unemployed workers with jobs and help workers upgrade their skills to compete in the global economy.
- Senior Community Service Employment Program is cut by \$375 million or 45 percent compared to 2010 enacted, and transfers it to the Department of Health and Human Services to improve coordination with other programs for seniors.
- The Budget also cuts the Job Corps construction budget to offset higher operations costs.
- Provides short-term relief for businesses in States with indebted Unemployment Insurance (UI) systems, coupled with opportunities for States to improve the long-term solvency of their systems so they can repay their debts and provide adequate benefits when they are needed. In addition, the Budget provides \$70 million for program integrity activities and proposes legislation to give States additional tools to reduce improper payments and employer tax evasion.
- Safeguards workers' pensions by encouraging companies to fully fund their employees' promised pension benefits and assuring the long-term solvency of the Federal pension insurance system. To ensure that these reforms are undertaken responsibly during challenging economic times, the Budget calls for two years of study and public comment before implementation and gradual phasing in of any increases. This proposal is estimated to save \$16 billion over the next decade.
- Maintains strong support for worker protection with \$1.8 billion for the Department's worker protection agencies, putting them on sound footing to protect the health, safety, wages, and working conditions, and retirement security of the nation's workforce. The Budget provides targeted increases to protect the safety and health of miners, detect and deter the misclassification of workers as independent contractors, and enhance protections for whistleblowers.
- Assists families who need to take time off to care for a child or other loved one by supporting a \$23 million competitive State Paid Leave Fund to help States launch paid leave programs.

**Client Alert**  
**February 15, 2011**  
**President's Budget**

- Creates new opportunities to save for retirement by establishing a system of automatic workplace pensions and doubling the small employer pension plan start-up credit.
- Expands the use of work-sharing, allowing firms to retain workers by reducing employees' weekly hours, instead of having to lay them off; and gives workers a partial unemployment check to supplement their reduced paycheck.

## **Department of Transportation**

The President's budget request provides \$128 billion for the Department of Transportation for FY 2012, including \$13 billion in discretionary budget authority, \$109 billion in obligation limitations and \$6 billion in mandatory budget authority. The request represents an increase of 66% compared to the FY 2010 level. Increases are made to enable the Department to deliver on its core safety mission and support economic growth. The budget request also features reforms to surface transportation programs, including a consolidation of 55 duplicative, often-earmarked highway programs into five streamlined ones.

Highlights of the budget request include:

### ***Surface Transportation Programs***

- \$70.5 billion for FHWA:
  - Highway Safety Improvement Program.
  - National Highway Program.
    - Highway Infrastructure Performance Program.
    - Flexible Investment Program.
  - Livable Communities Program.
  - Federal Allocation Programs: Federal Lands Transportation, Federal Lands Access, Tribal transportation, emergency Relieve, and Workforce Development.
  - Research, Technology, and Education.
- \$22.4 billion for FTA:
  - Bus and Rail State of Good Repair Program.
  - Transit Formula Grant Program.
  - Transit Expansion and Livable Communities Program, which includes: Capital Investment Grants, Planning Programs, the new Livable Communities demonstration grants, Transit in the Parks, and Tribal Transit.
  - Safety and Operations Program.
- \$8.3 billion for FRA:
- \$5 billion for a National Infrastructure Bank, of which:
  - \$200 million is for planning and cost/benefit analysis.
  - \$70 million is for establishing and administering the program.
- Research and Technology Deployment Program.

### ***Aviation Programs***

The budget request includes \$18.7 billion for the FAA for FY 2012, an increase of \$3.0 billion over the FY 2010 enacted level, for the following areas:

- Operation, maintenance, communications, and logistical support of the air traffic control and air navigation systems.
- Facilities and Equipment.
- Grants-in-Aid for Airports (AIP).
- Research, Engineering and Development to support the continuation of work in both NextGen and other research areas.

### ***New & Noteworthy in the FY 2012 Budget:***

- A new livability grant program (\$4.1 billion in 2012 and \$28 billion over six years) for projects like multi-modal transportation hubs (where different forms of transportation converge) and streets that accommodate pedestrian, bicycle, and transit access.
- Establishment of a \$5 billion National Infrastructure Bank to provide credit assistance in the form of grants and loans to leverage transportation dollars.
- The Budget lowers funding for the airport grants program to \$2.4 billion, a reduction of \$1.1 billion, by eliminating guaranteed funding for large and medium hub airports. The Budget focuses the traditional Federal grants to support smaller commercial and general aviation airports that do not have access to additional revenue or other outside sources of capital. At the same time, the Budget would allow larger airports to increase non-Federal passenger facility charges.
- The FY 2012 President's Budget includes an "Up-Front" \$50 billion economic boost for airport, highway, transit, and rail programs and distributed as follows:
  - \$25 billion to fund critical highway and bridge improvements.
  - \$450 million for Transportation Infrastructure Finance and Innovation (TIFIA).
  - \$7.5 billion for transit and rail capital asset renewal and replacement.
  - \$3 billion for Urban and Rural Formula transit funding.
  - \$1 billion for New Starts.
  - \$3 billion to develop our high speed rail network.
  - \$2.5 billion for Amtrak.
  - \$3.1 billion for Grants-In-Aid for Airports.
  - \$250 million for FAA Facilities and Equipment, of which \$200 million of this funding will be available for NextGen.
  - \$2.2 billion to improve the condition of Land Port of Entry (LPOEs).
  - \$2 billion for the TIGER program.

***Insight into SAFETEA-LU Reauthorization***

The budget request also includes details on the president's six-year surface transportation reauthorization proposal:

- The Administration will propose to reauthorize SAFETEA-LU at a level of \$556 billion over six-years.
- The DOT Surface Transportation Reauthorization proposal will consolidate over 55 separate highway programs into five core programs: the National Highway Program; Highway Safety Improvement; Livable Communities; Federal Allocation; and Research, Technology, and Education.
- The DOT Surface Transportation Reauthorization proposal will also merge five transit programs into one state of good repair program and one specialized transportation program.



## **Department of Veteran Affairs**

The President's budget request for FY 2012 for the Department of Veterans Affairs includes \$61.85 billion in discretionary funding, a 10.6 percent increase from the FY 2010 enacted amount.

The budget request for the Department of Veterans Affairs:

- Prioritizes specialized care needed by veterans, providing \$6 billion for post-traumatic stress, traumatic brain injury, and other psychological and cognitive health needs, as well as collaborative programs between the Department of Defense and VA.
- Dramatically expands benefits and medical care for veterans' caregivers, providing \$208 million for specialized training, stipends, health care and mental health services. These benefits will enhance the standard of care through the retention of better trained, more qualified caregivers.
- Combats veteran homelessness with a \$939 million investment to continue the Administration's historic commitment to end veteran homelessness and expand services for homeless and at-risk veterans.
- Successfully implements an automated claims processing system for the timely and accurate delivery of Post-9/11 GI Bill education benefits to veterans and their beneficiaries. In 2012, over 500,000 participants are expected to receive almost \$8.5 billion in tuition, fee, housing, and stipend benefits.
- Continues the development of a Virtual Lifetime Electronic Record for the secure and seamless access, sharing and exchange of health, benefits, and administrative data that will allow improved care and services to service members and veterans.
- Continues to enhance the administration of veterans' benefits by implementing high priority technology improvements to address the claims backlog.
- Includes \$270 million investment, a 12 percent increase from the 2011 medical care enacted amount, for gender-specific health care for eligible women veterans to address their overall health care needs at every point where the veterans access care.
- Reduces costs and improves efficiency through implementation of a new, \$183 million paperless claims processing system, which will speed processing, enhance the security of personal data, and improve veterans' access to benefits information.
- Reduces spending for construction by 38 percent from the FY 2010 enacted amount to focus resources on providing timely, high-quality care and benefits to veterans.

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