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SPECIAL REPORT: President’s Budget Proposal for Fiscal Year 2014, California Implications - April 10, 2013

PLEASE NOTE: Because of the length of this report, some e-mail systems will not accept the entire report. It is available in its entirety in pdf format at:

<http://www.calinst.org/pubs/Budget2014.pdf>.

On Wednesday, April 10, 2013 President Barack Obama released the Administration’s Budget Proposal for Fiscal Year 2014, which begins October 1, 2013.

The Budget proposed total FY 2014 spending, including entitlements, of \$3.77 trillion. Of that, \$1.058 trillion is in discretionary spending. The Budget cancels out the sequestration cuts which, if included, would have resulted in \$966 billion in discretionary spending. Because it eliminates these cuts, in many instances in its Budget documents, the Administration compares its FY14 request to the FY12 enacted level. When it is possible, this report substitutes the FY13 Continuing Resolution funding level. In other instances, the report uses the FY12 level.

Additional tax revenues would be raised by, among other things, adopting the so-called “Buffet Rule,” requiring taxpayers with over \$1 million in annual income to pay at least a 30 percent tax rate after charitable deductions. The Budget would also raise \$230 billion in revenue by adopting the “chained consumer price index” to calculate increases in Social Security and other program benefits. By eliminating the sequestration cuts, and including additional money for new initiatives, spending in FY14 would increase by \$160 billion. Among the new initiatives would be additional money for child care, infrastructure, and teacher rehiring programs.

The President does not attempt to balance the Budget. However, it would reduce the deficit as a percentage of gross domestic product to 1.7 percent by 2023. The deficit projected for FY 2014 is \$744 billion, or 4.4 percent of GDP.

The Budget documents outline the Administration’s recommendations for discretionary and mandatory spending, as well as its revenue proposals. Developing a reliable analysis of any budget is difficult. This report provides a California-oriented analysis of the proposal prepared by the staff of the California Institute for Federal Policy Research.

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DEPARTMENT OF HOMELAND SECURITY

The Budget provides \$39 billion in discretionary funding for the Department of Homeland Security, a decrease of 1.5 percent, or \$615 million, below the 2012 enacted level.

Transportation Security Administration

Aviation Security

The Budget proposes \$5.218 billion in discretionary and mandatory resources for the Transportation Security Administration's aviation security efforts. Of this amount, an estimated \$2.246 billion is financed by offsetting collections from passenger and air carrier security fees. The \$2.246 billion amount includes neither the first \$250 million in mandatory passenger security fee collections, which are provided to the Aviation Security Capital Fund, nor an additional \$200 million in mandatory passenger security fee collections submitted for deficit reduction.

Surface Transportation Security

The Budget proposes \$109 million for surface transportation security activities. It includes resources to support inspectors, canine teams, and Visible Intermodal Prevention and Response teams deployed to augment surface transportation security.

Federal Law Enforcement Training Center

For FY14, the Budget requests total budget authority of \$349 million compared to \$330 million under the 2013 Continuing Resolution (CR). The Center, in addition to providing law enforcement training to federal personnel, provides training to State and local law enforcement personnel on a space-available basis.

Citizenship and Immigration Services

The Budget requests \$124 million in discretionary appropriations for CIS, compared to the FY13 CR funding of \$103 million. Of that funding, \$114.2 million is for the E-Verify Program. The Budget documents state that over 430,000 employers are currently enrolled in E-Verify and the program continues to grow by approximately 1,500 new employers each week.

The Budget assumes that USCIS will continue to be funded primarily through fees on the applications and petitions it adjudicates.

Immigration and Customs Enforcement

For salaries and expenses of ICE the FY11 Budget proposes approximately \$5.3 trillion in total budget authority, compared to the FY 13 CR of \$5.866 trillion.

Customs and Border Protection

The Budget proposes \$11.104 billion in total budget authority for program and financing for the CBP, as compared to \$10.189 billion under the FY13 CR.

The funding includes \$221 million to add 1,600 new Customs and Border Protection officers and mobile equipment to speed processing and inspecting passengers and cargo at U.S. ports of entry, as well as more seizures of illegal items.

Border Security Fencing, Infrastructure, and Technology

The Budget proposes, \$351,454,00, for border security fencing, infrastructure, and technology, compared to \$399 million under the FY13 CR. This will fund acquisition, delivery, and sustainment of border security technology and infrastructure capabilities and services

United States Visitor and Immigrant Status Indicator

The President's Budget proposes the consolidation of US-VISIT to Customs and Border Protection and Immigration and Customs Enforcement, and therefore requests no separate funding.

Federal Emergency Management Agency

State and Local Programs

The Budget calls for \$2.123 billion in funding for State and local programs. Of that funding, \$1.043 billion is allocated to the National Preparedness Grant Program (NPGP), which would consolidate stand-alone state and local grant programs, with the purpose of achieving the National Preparedness Goal through the protection of critical infrastructure and key resources, the development and sustainment of capabilities, including nationally deployable resources to prevent and protect against terrorism and to respond to, recover from, and mitigate against all hazards, according to the Budget documents.

Also included in the funding is \$670 million for Firefighter Assistance Grants (funding under the CR is \$679 million). This funding supports grant programs such as the Staffing for Adequate Fire and Emergency Response (SAFER) grants, the Assistance to Firefighter Grant (AFG), and the Fire Prevention and Safety grant program.

Emergency Management Performance Grants are funded at \$350 million, versus \$352 million under the CR.

National Predisaster Mitigation Fund

No funding is requested; the program will operate exclusively from unobligated prior year appropriated balances. Approximately \$36 million was provided in the FY13 CR.

Disaster Relief Funding

Through the Disaster Relief Fund (DRF), FEMA provides a significant portion of the total Federal response to Presidentially declared major disasters and emergencies. According to the Budget documents, "Beginning in 2012, the amended Balanced Budget and Emergency Deficit Control (BBEDCA) includes a discretionary cap adjustment for disaster relief, facilitating a shift from a reliance on supplemental appropriations. DRF funding has historically been fungible, but the BBEDCA requires that funding appropriated as disaster relief under the cap adjustment go toward declared major disasters only as defined under section 102(2) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act. Cap adjustment funding is not to be used for base/non-major disaster spending on emergency declarations, disaster readiness support activities, pre-disaster surge costs, or Fire Management Assistance Grants. The DRF request can be broken down into four principal components: catastrophic obligations, non-catastrophic obligations, recoveries, and a reserve. The funding required for the catastrophic category (events greater than \$500 million) is based on FEMA spend plans for all prior declared catastrophic events. It should be noted that these figures include no funds for new catastrophic events that may occur in 2014. It is assumed that any new catastrophic events in 2014 will be funded with emergency supplemental funding requests as provided for in the BBEDCA. The non-catastrophic funding level is based on a new approach that uses the ten-year average for non-catastrophic events. As opposed to the method used in previous years that utilized the five-year average, this approach provides a more realistic projection of non-catastrophic needs in 2014. The recoveries figure represents an estimate of the amount that FEMA will recover and de-obligate from prior projects. The 2013 Budget included a \$500 million reserve. Given the uncertainty over whether this reserve will be used in 2013, an additional \$500 million is again included for a reserve in 2014."

DEPARTMENT OF EDUCATION

The Budget provides \$71.2 billion in discretionary funding for the Department of Education, which is 4.6 percent, or \$3.1 billion, above the 2012 enacted level.

Pell Grants

Pell Grants are the single largest source of grant aid for postsecondary education. The FY 2014 Budget request includes \$35.3 billion for Pell Grants, of which \$22.8 billion is discretionary, to support a projected average award of \$3,769. This is an increase from the FY 2013 funding of \$33.7 billion and an average award of \$3,678.

Campus-Based Aid Programs

The Budget provides more than \$10 billion for Supplemental Educational Opportunity Grants, Federal Work Study, and Perkins Loans, including a \$150 million increase for the Federal Work Study program.

Investing in Innovation - i3 Fund

The Budget provides \$215 million for the i3 fund, which uses an evidence-based approach to evaluate the effectiveness of K-12 programs. This represents an increase of \$66 million above the 2012 enacted level. The i3 program is intended to identify and support effective teachers and leaders, improve performing schools, and encourage parent engagement. As part of this investment, i3 will also support up to \$65 million for the Advanced Research Projects Agency for Education, which will fund education technology research.

STEM Teacher Education

The Budget proposes a reorganization of science, technology, engineering, and math (STEM) education programs to increase the impact of Federal investments in four areas: K-12 instruction; undergraduate education; graduate fellowships; and education activities that typically take place outside the classroom. The reorganization involves a consolidation of 90 programs across 11 different agencies and realignment of ongoing STEM education activities to improve the delivery, impact, and visibility of STEM efforts. Nearly \$180 million will be redirected from consolidated programs towards the Department of Education, the National Science Foundation (NSF), and the Smithsonian Institution to implement core initiatives in these four priority areas

In line with the Government-wide STEM reorganization, the Department of Education will dedicate \$80 million toward the President's goal of generating 100,000 effective STEM teachers over the next decade. The Budget also invests \$265 million, redirected from within the Department and from other agencies, to support STEM Innovation Networks, which will be districts, or consortia of districts, working in partnership with universities, science agencies, museums, businesses, and other educational entities. Funds would also support a STEM Master Teacher Corps, and a STEM Virtual Learning Network, a robust online community to inform and guide the field in adopting the most effective practices for improving teaching and learning.

Elementary and Secondary Education Act

The Administration is proposing legislation reauthorizing the Elementary and Secondary Education Act (ESEA), including programs in the following accounts. Consistent with this reauthorization proposal, the Budget proposes to realign programs in ESEA accounts. When new authorizing legislation is enacted, the Administration has indicated that resources will be requested for these programs.

Accelerating Achievement and Ensuring Equity

The Budget allocates \$10.8 billion to the Accelerating Achievement and Ensuring Equity program, which awards Title I Grants to local educational agencies and provides financial assistance to state educational agencies. This is a decrease from the FY 2013 funding of \$15.8 billion.

Preschool Development Programs

The Budget allocates \$750 million for a preschool development grants program, which will make competitive grants available to states to carry out activities that support high-quality preschool programs for children from low and moderate-income families. Additionally, the Budget proposes \$1.3 billion for the Preschool for All program, which would cost \$77 billion over 10 years and be offset by an increased tobacco tax from \$1.01 to \$1.95.

Impact Aid

The FY13 CR provided \$1.299 billion in Impact Aid; the Administration estimates that under its proposed legislation \$1.224 billion would be available for Impact Aid.

Impact Aid Payments will be made on behalf of approximately 950,000 federally connected students enrolled in about 1,200 local educational agencies (LEAs) to assist them in meeting their operation and maintenance costs. Average per-student payments will be approximately \$1,200, according to the Budget

documents. Payments for children with disabilities under Impact Aid in addition to those provided under the Individuals with Disabilities Education Act (IDEA) will be provided on behalf of approximately 55,000 federally connected students with disabilities in about 900 LEAs. Average per-student payments will be approximately \$900.

Education Improvement Programs

The Budget allocates about \$1.8 billion for various education improvement programs, most of which will go toward improving teacher quality state grants.

Promise Neighborhoods

The Budget makes a \$300 million investment in Promise Neighborhoods, an increase of \$240 million over the 2012 enacted level. This initiative supports high-need communities that combine effective, services for children and families with comprehensive reforms centered on high-quality schools. A portion of these funds will also be targeted to designated Promise Zones – high-poverty communities where the Federal Government will engage more directly with local leaders to break down barriers and help them access and coordinate the resources and expertise they need to create jobs, leverage private investment, increase economic activity, reduce violence, and improve educational opportunities.

Community Learning Centers

The Budget provides \$1.3 billion to states and other entities for projects that provide students, particularly those in high-need schools, the additional time, support, and enrichment activities that can improve their achievement.

Race to the Top

The Budget provides \$1 billion to support competitive grants to states to discover new ways to comprehensively change higher education policies and practices while doing more to contain tuition and increase college affordability.

Redesigning High Schools

The Budget provides \$300 million to support competitive grants to transform teaching and learning in high schools by encouraging partnerships among LEAs, postsecondary institutions, businesses, and non-profits to prepare students for college and career.

School Safety

The Budget provides \$112 million to help schools develop and implement emergency preparedness plans, create safer school climates through evidence-based behavioral intervention practices, provide support and services to children exposed to pervasive violence, collect data on school safety and climate, and highlight best practices regarding school behavioral intervention and discipline policies, including the equitable implementation of these policies.

DEPARTMENT OF TRANSPORTATION

Provides a total of \$76.6 billion in discretionary and mandatory budgetary resources for the Department of Transportation, an increase of 5.5 percent, or \$4 billion, above the 2012 enacted level. Additionally, the Budget provides \$50 billion for transportation investments, which includes \$40 billion in "Fixit-First" investments to improve existing infrastructure assets most in need of repair, \$10 billion to help spur States and local innovation in infrastructure development, and \$200 million to fund communities that include enhanced resilience to extreme weather and other impacts of climate change in their planning efforts.

Transportation Planning, Research, and Development

The Budget proposes \$7 million to Transportation Planning, Research, and Development for financing research and studies concerned with planning, analysis, and information development. Funding also supports regulatory modernization, energy and environmental assessments, and contracts with other organizations. This is a decrease from the FY 2013 funding amount of \$9 million.

Federal Aviation Administration (FAA)

The Budget requests \$15.5 billion in FAA budget authority, a decrease from the FY 2013 estimate of \$16

billion. Included in this amount is nearly \$1 billion in 2014 for the Next Generation Air Transportation System (NextGen). NextGen is the multi-year effort currently underway to improve the efficiency, safety, capacity, and environmental performance of the aviation system. These funds would continue to support the transformation from a ground-based radar surveillance system to a more accurate satellite-based surveillance system; the development of 21st Century data communications capability between air traffic control and aircraft to improve efficiency; and the improvement of aviation weather information. The Budget also lowers funding for the airport grants program to \$2.9 billion offset in part by eliminating guaranteed funding for large hub airports.

Federal Highway Administration (FHWA)

The Budget requests \$41 billion in FHWA budget authority, a decrease from the FY 2013 estimate of \$42.5 billion. Additionally, \$27 billion would be provided for highway restoration, repair, and construction projects. The Budget would fully fund the authorized funding levels provided in the Moving Ahead for Progress in the 21st Century Act (MAP-21) for surface transportation programs and reserves funding after the expiration of MAP-21 in 2015 for a long-term reauthorization of surface transportation programs, including a 25 percent increase from current funding levels.

Federal Railroad Administration (FRA)

The Budget requests \$6.6 billion in FRA budget authority, an increase from the FY 2013 estimate of \$1.8 billion. The Budget proposes a five-year, \$40 billion rail reauthorization to improve passenger rail services, develop new high speed rail corridors, and strengthen the economic competitiveness of the freight rail system. The President's goal is to provide 80 percent of Americans with convenient access to a passenger rail system, featuring high-speed service, within 25 years.

Federal Transit Administration (FTA)

The Budget proposes \$10.9 billion in FTA budget authority, a decrease from the FY 2013 Annualized CR amount of \$21.5 billion. The Budget pays for its proposed rail and surface transportation proposals with savings from ramping down overseas military operations. Specifically, the Budget uses near-term savings from reduced overseas operations to fully offset the long-term reauthorization proposals.

FTA's programs were significantly changed by passage of a new surface transportation authorization law - Moving Ahead for Progress in the 21st Century (MAP-21). MAP-21 provides new authority to strengthen public transportation safety. MAP-21 also provides a renewed focus on reinvesting in and modernizing transit assets to help bring transit systems throughout the country into a state of good repair. FTA's budget proposal restructures agency programs and accounts in accordance with MAP-21. This proposal includes \$8.6 billion to support FTA's base formula programs that provide assistance to transit agencies in both urban and rural areas. The Budget also proposes \$1.98 billion in new budget authority for Capital Investment Grants, the impact of which will be maximized through FTAs newly-streamlined New Starts program under MAP-21.

Pipeline Safety and Hazardous Materials Safety Administration (PSHMSA)

The Budget proposes \$255 million in PSHMSA budget authority, an increase from the FY 2013 Annual CR amount of \$202 million. The Budget proposes a Pipeline Safety Reform initiative to improve the Department's Pipeline Safety program. The Budget maintains the size of the State Pipeline Safety Grant program and institutes several reforms to the Federal program, including doubling the number of pipeline safety inspectors.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

The Budget provides \$47.6 billion for Department of Housing and Urban Development (HUD) programs, an increase of \$4.2 billion, or 9.7 percent, above the 2012 enacted level. This includes \$37.4 billion to provide rental housing assistance to 4.7 million low-income families and \$2.4 billion for

preventing homelessness. Savings are achieved through reduced funding for new affordable housing construction and reforms to the Department's rental assistance programs.

Community Development Block Grant (CDBG) Program

The Budget funds the CDBG formula grant program at \$2.8 billion, a decrease from the FY 2013 funding of \$3.7 billion, to assist State and local governments in addressing local priorities and needs. The CDBG program provides over 1,200 flexible annual formula grants to States, local governments, and Insular Areas to benefit mainly low-to moderate-income persons, according to the Administration. The Budget also includes \$200 million for a new competitive set-aside grant program to provide funds to areas hit hardest by the foreclosure crisis to support specific activities that support neighborhood stabilization.

Tenant-based Rental Assistance

The Budget funds the Tenant-Based Rental Assistance program (a.k.a. the Housing Voucher Program) at just under \$20 billion, an increase from the FY 2013 amount of just over \$19 billion. The Housing Choice Voucher program provides housing assistance to 2.2 million extremely low- to very low-income families to rent in the neighborhoods of their choice. This is the Federal government's largest and most income-targeted program for assisting very low-income families to rent decent, safe and sanitary housing in the private market.

In addition to continuing assistance for families anticipated to be under lease by 2013, the Budget provides new vouchers to make progress on HUD's annual performance goals to maximize the number of families receiving rental assistance and to reduce the number of homeless veterans. The Budget includes \$111 million to renew over 14,000 vouchers for persons with disabilities that were previously funded from the Section 811 account, and \$75 million in new vouchers for homeless veterans through the HUD-Veteran Affairs Supportive Housing (HUD-VASH) program.

Project-Based Rental Assistance (PBRA)

The Budget funds the Project-Based Rental Assistance program at \$10.3 billion, an increase from the FY 2013 amount of \$9.4 billion. Approximately \$400 million is requested as an advance appropriation to become available in 2015. The PBRA program assists approximately 1.2 million extremely low- to low-income households in obtaining decent, safe, and sanitary housing in private accommodations.

The Budget also includes the following proposals that are specific to the PBRA program: (1) collects excess reserves (residual receipts) from owners in the PBRA program and uses them to cover a portion of the assistance payments; (2) establishes a demonstration project allowing HUD to enter multi-year agreements to repay private investors who provide upfront funding for energy efficiency retrofits of HUD-assisted housing; and (3) amends the Low-Income Housing Preservation and Resident Homeownership Act (LIHPHA) to align owner distribution policies in properties governed by LIHPHA with other PBRA-assisted properties in order to facilitate preservation transactions.

Public Housing Capital Fund (PHCF)

The Budget funds the Public Housing Capital Fund at just under \$2 billion, an increase from the FY 2013 amount of \$1.9 billion. The PHCF is a formula program designed to respond to the capital and management improvement requirements of Public Housing properties.

According to the Budget documents, this program preserves and enhances an affordable housing resource that serves approximately 1.1 million low-income families. Of the amount requested, over \$1.9 billion will fund capital grants to Public Housing Authorities. The balance includes: up to \$20 million for emergency capital needs resulting from non-Presidentially declared emergencies and natural disasters; up to \$15 million for a Jobs-Plus pilot modeled after the evidence-based Jobs-Plus demonstration; and up to \$8 million for Public Housing financial and physical assessment support.

The Choice Neighborhoods Initiative (CNI)

The Budget funds the Choice Neighborhoods Initiative at \$398 million, an increase from the FY 2013 amount of \$121 million. CNI's goal is to transform neighborhoods of poverty into sustainable, mixed-income neighborhoods with well-functioning services, schools, public assets, transportation, and access to jobs through the coordination of neighborhood investments from multiple sources.

HOME Investment Partnership

The Budget funds HOME at \$945 million, a decrease from the FY 2013 amount of just over \$1 billion. This program provides flexible annual formula grant assistance to States and units of local government to increase the supply of affordable housing and expand homeownership for low- to very-low income persons. Sixty percent of the formula grant funds is awarded to participating local governments and 40 percent is awarded to states. The Budget mitigates this reduction by providing \$1 billion to capitalize the Housing Trust Fund to expand the supply of housing targeted to very-low income families.

Homeless Assistance Grants

The Budget funds Homeless Assistance Grants at \$2.38 billion, an increase from the FY 2013 amount of \$1.9 billion. The Homeless Assistance Grants account provides funds for the Emergency Solutions Grant (ESG) and Continuum of Care (CoC) programs. These programs, which award funds through formula and competitive processes, enable localities to shape and implement comprehensive, flexible, coordinated approaches to address the multiple issues of homelessness. HUD estimates it will use \$1.95 billion for competitive renewals in the CoC program and \$346 million for the Emergency Solutions Grant Program, \$60 million of which will be used for rapid re-housing in high-need communities. The Budget also includes \$40 million for new competitive permanent supportive housing projects in the CoC program, and \$8 million for the Homeless Data Analysis Project.

Housing Opportunities for Persons with AIDS (HOPWA)

The Budget funds HOPWA at \$330 million, a decrease from the FY 2013 amount of \$334 million. HOPWA provides States and localities with resources and incentives to devise long-term comprehensive strategies for planning and providing housing and supportive services to meet the complex, multiple needs of persons living with HIV and AIDS and their families.

To modernize the program, the Administration is proposing an updated formula based on living cases of HIV and adjusted for an area's fair market rent and poverty rates, focusing HOPWA funds on areas that have the most need. The proposal also includes several changes that will allow better targeting of HOPWA resources and more flexibility for grantees to provide the most cost-effective, timely interventions. These changes will be proposed in separate legislation.

Housing for the Elderly and Housing for People with Disabilities

The Budget funds Housing for the Elderly at \$426 million, an increase from the FY 2013 amount of \$377 million. Specifically, the Budget provides \$310 million to renew and amend operating subsidy contracts for existing Section 202 housing, \$70 million to support service coordinators who work on-site to help residents obtain critical services, such as benefit counseling, and \$20 million to support a demonstration program to test and implement housing with services models for seniors.

The Budget funds Housing for People with Disabilities at \$137 million, a decrease from the FY 2013 amount of \$166 million. Specifically, the Budget provides \$106 million to renew and amend operating subsidy contracts for existing Section 811 housing, and \$20 million for new Project Rental Assistance (PRA) awards.

DEPARTMENT OF JUSTICE

The Budget requests a total of \$27.6 billion in discretionary funding, compared to the FY13 request of \$27.1 billion.

State and Local Law Enforcement Assistance

The 2014 Budget requests \$1,005,000,000 for the Office of Justice Programs' (OJP) State and Local Law Enforcement Assistance. The FY13 Budget requested \$935,000,000.

Within that total funding are the following programs:

- **SCAAP** - The Budget proposes zeroing out funding for the State Criminal Alien Assistance Program; the FY13 CR funded the program at \$220 million. California historically receives about 40 percent of the funding for this program.

- **Byrne Justice Assistance Grants (JAG)** - The Edward Byrne Memorial Justice Assistance Grants program awards grants to state and local governments to support a broad range of activities to prevent and control crime based on local needs and conditions, including: law enforcement programs; prosecution and court programs; prevention and education programs; corrections and community corrections programs; drug treatment programs; and planning, evaluation, and technology improvement programs. The FY 2014 Budget proposes \$331,000,000 for the program, compared to \$339 million in the FY13 CR.

Of the total requested, \$2,000,000 is for the State and Local Anti-Terrorism Training program, \$2,000,000 is for a state and local assistance help desk and diagnostic center, \$15,000,000 for VALOR, a program that supports officer safety, \$10,000,000 is for an initiative to assist and support evidence-based policing, \$5,000,000 will fund Smart Prosecution Initiatives, and \$2,500,000 will be used to fund non-partisan voter education about, and a plebiscite on, options that would resolve Puerto Rico's future political status.

- **Byrne Incentive Grants** - The 2014 Budget proposes \$40,000,000 for this new initiative. The program will provide supplementary grants to states and localities using Byrne JAG formula grant funds for evidence-based purposes. These incentive grants are to serve as inducements for states and localities to use formula funds (as well as state and local funds) to implement proven public safety strategies.

- **Byrne Competitive Grants** - The Byrne Competitive Grants program awards grants to state, local, and tribal government agencies, for-profit and non-profit organizations, and faith-based and community organizations to improve the functioning of the criminal justice system and assist victims of crime. The FY 2014 Budget proposes \$14,000,000 for this program, the same as the FY13 spending level.

- **Byrne Criminal Justice Innovation Program** - The Budget requests \$33 million, compared to the \$14 million funded under the CR. In addition to this request, the Budget documents state that other area of the budget include "companion investments of \$200,000,000 and \$10,000,000, respectively, in HUD's Neighborhood Stabilization and Rental Assistance Demonstration programs, and \$300,000,000 in the Department of Education's Promise Neighborhoods program, as well as tax incentives to promote investment and economic growth."

- **Border Prosecution Initiatives** - The Budget proposes zero-funding the Initiative, compared to the \$9 million provided in the CR.

- **Intellectual Property Enforcement Program** - The Budget proposes \$2 million in funding, compared to the \$6 million funded under the CR.

Community Oriented Policing Services

The FY 2014 Budget requests \$439.5 million for the Office of Community Oriented Policing Services (COPS) Appropriations account, which supports programs administered by COPS and the Office of Justice Programs (OJP), compared to the \$200 million provided under the CR. Included within that funding is:

- **Hiring Grants** - The 2014 Budget proposes \$257,000,000 for this program, approximately the same as last year's request, and substantially less than the \$200 million appropriated in FY13. Within the requested amount, up to \$50,000,000 may be used for non-sworn law enforcement positions to redeploy sworn law enforcement officers who are currently filling these positions to community policing activities. Within this amount, \$15,000,000 also will be dedicated toward the hiring of tribal law enforcement officers and \$15,000,000 will be used to fund training and technical assistance that supports the integration of community policing strategies throughout the law enforcement community so that it can more effectively address

emerging law enforcement and community issues. Also within this amount, \$10,000,000 will be used to fund the collaborative reform model of technical assistance.

Methamphetamine - This program provides assistance to help stem clandestine methamphetamine manufacture and its consequences. The 2014 Budget proposes \$12,500,000 for this program.

Comprehensive School Safety Program - This program provides funding to support the hiring of school safety personnel, including but not limited to sworn school resource officers, civilian public safety positions, school psychologists, social workers, and counselors. The program is to be administered by COPS in collaboration with the Department of Education to ensure a comprehensive approach to promoting school safety. The 2014 Budget proposes \$150,000,000 for this program.

Office on Violence Against Women

The Budget requests \$412,500,000 for programs administered by the Office on Violence Against Women (OVW), compared to the \$415 million provided by the CR.

Juvenile Justice Programs

The 2014 Budget requests \$332 million for the Office of Justice Programs' (OJP) Juvenile Justice Programs, compared to the \$264 million in FY13 funding.

Community Oriented Policing Stabilization Fund

The Budget proposes \$4 billion in assistance for the retention, rehiring, and hiring of police officers in FY 2012, as requested by the President in the American Jobs Act. If enacted, states and localities would gain a preference for implementing programs and policies that focus on the recruitment of post-9/11 veterans for law enforcement positions.

DEPARTMENT OF AGRICULTURE

The Budget provides \$22.6 billion in discretionary funding for the Department of Agriculture, roughly equal to the 2012 enacted level. Targeted investments have been made in renewable energy, rural development, and key research areas. Deficit reduction savings were also achieved by eliminating direct farm payments, decreasing crop insurance subsidies, and better targeting conservation funding. According to the Budget document, these actions will reduce the deficit by \$37.8 billion over 10 years.

U.S. Forest Service

The Budget funds the Forest Service at \$329 million, a decrease from the FY 2013 amount of \$430 million. Funding provides for capital improvement and maintenance of Forest Service assets including facilities, roads, and trails. The Budget shifts activities previously conducted under the Legacy Roads and Trails program, such as road decommissioning, to the Integrated Resource Restoration program under the National Forest System appropriation.

Market Access Program (MAP)

The Budget funds the MAP at \$200 million, which is consistent with the annual \$200 million payment as authorized by the 2008 Farm Bill-amended by the Taxpayer Relief Act of 2012-for FYs 2008-2013. Under the MAP, Commodity Credit Corporation (CCC) Funds are used to reimburse participating organizations for a portion of the costs of carrying out overseas marketing and promotional activities.

Agricultural Research Service (ARS)

The Budget funds the ARS at \$1.12 billion, an increase from the FY 2013 amount of \$1.10 billion, which includes increases for new and expanded research initiatives in environmental stewardship; animal/crop breeding and protection; food safety; child and human nutrition; priority initiatives in the earth sciences area including, sustainable agriculture, climate change, and bioenergy; and the National Agricultural Library, as well as salary increases. ARS will finance these new and expanded initiatives

almost entirely through the redirection of \$125.2 million in existing lines of research including the consolidation or closure of some research locations. The proposed reductions will provide necessary funding for the critical research priorities proposed by the agency for 2014.

The Agriculture and Food Research Initiative (AFRI)

The Budget funds the AFRI at \$383 million, a decrease from the FY 2013 amount of \$463 million. AFRI is a competitive grant program for fundamental and applied research, extension, and education to address food and agricultural sciences.

Animal and Plant Health Inspection Service (APHIS)

The Budget funds the APHIS at \$798 million, a decrease from the FY 2013 amount of \$822 million. The Budget request includes funding to continue implementation of the refocused Animal Disease Traceability program that will enable the Agency to detect animal disease faster, minimize disease spread, and assist in keeping global trade markets open to U.S. animals and animal products. The Agency is also requesting funding to enforce the Animal Welfare retail pet store rule, which closes a loophole of pets being sold over the Internet, phone, and by mail, that are currently exempt from the regulatory process. The requested funding levels will help support these regulatory efforts.

Food Safety and Inspection Service (FIS)

The Budget funds the FIS at \$1 billion, which is a \$2.1 million decrease from the FY 2013 level. The Budget funding would enable FIS to inspect meat, poultry and egg products. The Budget contains increased funding to implement the Cooperative Interstate Shipment program. There is a decrease for implementation of new methods in poultry slaughter inspection. In addition, the budget proposes a performance-based user fee, which will be charged to plants that have sample failures or require additional inspection activities due to regulatory non-compliance.

Agricultural Marketing Service (AMS)

The Budget funds the AMS at \$83 million, approximately \$0.8 million above the FY 2013 level. These marketing activities assist producers and handlers of agricultural commodities by providing a variety of marketing-related services.

Economic Research Service (ERS)

The Budget funds ERS at \$79 million, a \$1 million increase from the FY 2013 level. The Economic Research Service provides economic and other social science research and analysis to inform public and private decision-making on food, agriculture, natural resources, and rural America.

Wildland Fire Management (WFM)

The Budget funds WFM at \$2.3 billion, roughly the same amount that was appropriated for FY 2013. The Budget would fund Forest Service fire preparedness, fire suppression, hazardous fuels treatments, joint fire sciences, research and development, and cooperative fire programs on National Forest System (NFS) lands, adjacent State and private lands, and other lands under fire protection agreement.

Food and Nutrition Service (FNS)

The Budget funds the FNS at \$147 billion, an increase from the FY 2013 amount of \$139 billion. The Budget also includes \$79 billion—a decrease from the FY 2013 amount of \$85.5 billion—for the Supplemental Nutrition Assistance Program (SNAP). SNAP is the primary source of nutrition assistance for low-income Americans. The Women, Infants, and Children (WIC) program, which serves the nutritional needs of low-income, pregnant and post-partum women, infants, and children up to age five, is funded at \$7.1 billion, an increase from the FY 2013 amount of \$6.7 billion.

National Forest Land Acquisition

The Budget funds National Forest Land Acquisition at \$58 billion, an increase from the FY 2013 amount of \$53 billion. For acquisition of lands within the exterior boundaries of the Cache, Uinta, and Wasatch National Forests, Utah; the Toiyabe National Forest, Nevada; and the Angeles, San Bernardino, Sequoia, and Cleveland National Forests, California, as authorized by law, \$912,000, to be derived from forest receipts. Appropriations for the purchase of lands are permitted in order to minimize erosion and flood damage to critical watersheds by providing soil stabilization and restoration of vegetation within the aforementioned National Forests.

DEPARTMENT OF LABOR

The Budget provides \$12.1 billion in discretionary funding for the Department of Labor, an increase of more than \$20 million from the comparable 2012 level. The Budget contains investments in training and resources for job seekers. It also includes savings from projected reductions in workload for the Unemployment Insurance program and administrative efficiencies. Additionally, it seeks to improve services for workers and job seekers by modernizing the Federal job training system, including through the creation of a Universal Displaced Worker program and invests \$150 million in a competitive Workforce Innovation Fund to engage States and localities in identifying effective models. Finally, it establishes a Community College to Career Fund to invest in successful job training partnerships between community colleges and business.

Employment and Training Administration (ETA)

The Budget funds the ETA at \$3.5 billion, an increase from the FY 2013 amount of \$3.4 billion. The Workforce Investment Act, the expired legislation that is the primary authorization for this account, is intended to provide workers with the information, advice, job search assistance, and training they need to get and keep jobs; and to provide employers with skilled workers. Funds appropriated for this account generally are available on a July to June program year basis, and include substantial advance appropriation amounts. Also under this Budget is the \$12.5 billion Pathways Back to Work Fund, which supports subsidized employment and training opportunities for low-income and long-term unemployed adults, summer and year-round employment opportunities for low-income youth, and competitive grants to support innovative training and employment programs for these populations.

Employee Benefits Security Administration (EBSA)

The Budget funds the EBSA at \$180 million, a decrease from the FY 2013 amount of \$184 million.

Occupational Safety and Health Administration (OSHA)

The Budget funds the OSHA at \$571 million, a decrease from the FY 2013 amount of \$569 million.

Workforce Innovation Fund (WIF)

This program is jointly funded by the Departments of Labor and Education, in order to spur job training innovation among States and localities. The Budget funds the WIF at \$150 million to support competitive grants to test innovative strategies and replicate evidence-based practices in the workforce system. The Fund will support cross-program collaboration and systemic reforms to improve education and employment outcomes for participants. The Administration intends to set aside \$50 million of the funds for veterans (including recently separated veterans), members of military families, and members of the National Guard and Reserves. In addition, at least \$10 million of the funds for programmatic innovations target disconnected youth, with a particular focus on youth under age 20. This effort to serve disconnected youth will be coordinated with the Departments of Education and Health and Human Services. A portion of the Fund may also be used for Pay for Success financing to engage social investors, the Federal government, and a State or local community to collaboratively support effective interventions.

Transition Assistance Program (TAP) & Jobs for Veterans State Grants

The Budget funds TAP at \$14 million, an increase over the FY 2013 amount of \$9 million. TAP provides employment workshops for departing service members in the continental U.S. and at major overseas installations. The Budget funds Jobs for Veterans State grants at \$203 million, an increase from the FY 2013 amount of \$166 million.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

The Budget provides \$80.1 billion in discretionary funding for the Department of Health and Human Services, \$3.9 billion above the 2012 enacted level. The Budget continues to invest in Administration priorities, such as Affordable Care Act implementation, medical research, Mental health services, and Head Start. Savings are achieved through elimination of the Preventive Health and Health Services Block Grant, and reductions in the Low Income Home Energy Assistance Program and the Community Services Block Grant.

Grants to States for Medicaid

The Budget funds grants to states for Medicaid at \$284.2 billion, an increase from the FY 2013 amount of \$269.4 billion. Medicaid assists States in providing medical care to their low-income populations by granting Federal matching payments under title XIX of the Social Security Act to States with approved plans.

The Grants to States for Health Insurance Premium Review

The Affordable Care Act amends the Public Health Service Act and provides that the Secretary shall carry out a program to award grants to States for a five-year period beginning in fiscal year 2010. The Grants to States for Health Insurance Premium Review program provides funding to help States develop or enhance their current rate review activities. The program provides \$250,000,000 over the five-year period beginning with fiscal year 2010. States may receive no less than \$1,000,000 and no more than \$5,000,000 in any one grant year.

National Institutes of Health (NIH)

The Budget funds the NIH at \$31.3 billion, an increase from the FY 2013 amount of \$31 billion. This funding supports biomedical research and research training on-campus and at academic and independent research institutions across the United States, including delivering on the Administration's commitment to enhance investment in Alzheimer's research. The Budget will increase focus on research that aims to increase understanding of the brain, improve the clinical trials network, and enhance the development of new therapeutics to treat diseases and disorders. NIH will implement new policies to collect better data on trainees and institutions' administrative costs.

Food and Drug Administration (FDA)

The Budget funds the FDA at \$4.4 billion, with FY 2014 discretionary authority at \$2.6 billion. The Budget includes funding for counterterrorism activities that specifically relate to the protection of products or therapies regulated by the FDA (such as drugs, vaccines, foods, and animal feed), and the availability of medical products for public health preparedness in the event of an attack. Specifically, the Budget requests funding for food protection, drug safety, medical device review and safety, developing medical countermeasures, and headquarters consolidation in White Oak, Maryland.

Substance Abuse and Mental Health Service Administration (SAMHSA)

The Budget funds the SAMHSA at \$3.4 billion, an increase from the FY 2013 amount of \$3.35 billion. SAMHSA provides Federal support to strengthen the capacity of the Nation's health care delivery system to provide effective substance abuse prevention, addiction treatment, and mental health services for people at risk for or experiencing substance abuse or mental illness. Of the FY 2014 amount, \$175 million would fund

substance abuse prevention. Additionally, the Budget includes a new \$130 million initiative to expand mental health treatment and prevention services, including: \$55 million for Project AWARE (Advancing Wellness and Resilience in Education) to provide Mental Health "First Aid" training in schools and communities.

Community Services Block Grant (CSBG)

The Budget funds CSBG at \$350 million, a significant decrease from the FY 2013 amount of \$682 million. The Budget further proposes to use competition to target the funds to high-performing agencies that are most successful in meeting important community needs.

Public Health and Social Services Emergency Fund

The Budget provides \$1.3 billion, an increase from the FY 2013 amount of \$767 million. This Fund supports HHS activities related to countering potential biological, nuclear, radiological, chemical, and cybersecurity threats to civilian populations, and for other public health emergencies.

Funding for Health Centers

The Budget requests \$3.8 billion for health center services in 2014 to support services to an estimated 22 million patients. The Affordable Care Act provides the Health Center program with a total of \$9.5 billion through 2015.

DEPARTMENT OF COMMERCE

The Budget requests \$8.6 billion for the Department of Commerce.

Economic Development Assistance Programs

The budget requests \$282,000,000 in discretionary budget authority for grants for economic development assistance as provided by the Public Works and Economic Development Act of 1965 and for trade adjustment assistance. This is compared to \$182 million requested in the FY13 budget, and the \$220 million enacted in FY12 funding.

International Trade Administration (ITA)

The Budget requests \$520 million for the International Trade Administration to continue to implement the National Export Initiative, a Federal strategy to increase U.S. exports and export-related jobs. This compares to the \$470 million provided in the FY13 CR.

The funding is intended to allow ITA to increase its export promotion efforts in key, growing markets abroad, strengthen trade enforcement, and support the activities of SelectUSA, which helps attract investment capital to the United States that creates jobs.

Included in the ITA funding is \$20 million for the Interagency Trade Enforcement Center, an interagency effort to address unfair trade practices and barriers, and \$20 million for SelectUSA, which promotes investment in the United States.

National Oceanic and Atmospheric Administration (NOAA)

The Budget requests \$3,277,833,000 for the operations, research, and facilities account of NOAA, compared to the \$3.040 billion provided under the FY13 CR.

National Ocean Service - Funding of \$497 million, versus the \$468 million in the CR, is requested.

National Marine Fisheries Service - Funding of \$847 million is requested, compared to \$798 million in the CR.

Pacific Coastal Salmon Recovery

The FY13 budget requests \$50,000,000, compared to the \$65 million provided in the FY13 CR. The Pacific Coastal Salmon Recovery Fund account was established in 2000 to augment State, tribal, and local

programs to conserve and restore sustainable Pacific salmon populations and their habitats. Through 2012, over \$1 billion has been provided to the States of California, Oregon, Washington, Alaska, and Idaho and to the federally-recognized Pacific Coastal and Columbia River Tribes to supplement State and Federal programs and promote the development of partnerships among Federal, State, tribal, and local governments to conserve salmon.

U. S. Patent and Trademark Office

The 2014 Budget requests a program level of \$3.08 billion for USPTO and full access for the agency to its fee collections.

According to the Budget documents, “USPTO will continue its aggressive patent pendency reduction agenda to reduce overall pendency and backlog over the next three years; continue to reengineer its quality management program; make improvements to its information technology infrastructure; and improve intellectual property protections worldwide.”

National Institute of Standards and Technology

The budget request for FY14 is \$693,745,000, compared to \$570 million provided in FY 13 funding. Within the \$694 million request, current Administration priority areas targeted for budget increases include Advanced Manufacturing, Cybersecurity, Healthcare IT, Disaster Resilience, Forensics, Advanced Communications, and NIST Centers of Excellence in measurement science and new technology areas, according to the Budget documents

Hollings Manufacturing Extension Partnership (MEP) -The request includes \$153 million for MEP, a \$25 million increase over the FY 2012 enacted level. MEP is a Federal-State-industry partnership that provides U.S. manufacturers with access to technologies, resources, and industry experts.

National Telecommunications and Information Administration (NTIA)

The budget requests \$52,122,300, compared to the \$46 million provided in FY13. The National Telecommunications and Information Administration (NTIA) is the principal Executive Branch adviser on domestic and international telecommunications and Internet policy. NTIA manages the Federal Government's use of the radio frequency spectrum and performs extensive research in telecommunication sciences.

State and Local Implementation Fund - The Middle Class Tax Relief and Job Creations Act of 2012 provides \$135 million for grants to state and localities to plan for the build-out of a nationwide broadband network for first responders. The grants will support State, regional, tribal, and local jurisdictions to identify, plan and implement the most efficient and effective options for utilizing and integrating infrastructure associated with the nationwide public safety broadband network. The Act provides borrowing authority to support these activities until spectrum auctions are conducted and their proceeds are available through the Public Safety Trust Fund.

Broadband Technology Opportunities Program - The American Recovery and Reinvestment Act of 2009 provided over \$4 billion to deploy broadband and promote adoption in underserved areas. NTIA will continue to provide oversight of active projects funded through these grants.

Public Safety Trust Fund - The Middle Class Tax Relief and Job Creation Act of 2012 authorizes the repurposing of spectrum from private license holders to wireless broadband through the use of voluntary incentive auctions. A portion of the proceeds from these incentive auctions and other auctions authorized in the Act will be deposited in the Public Safety Trust Fund. The Act directs that over \$7 billion of these proceeds be used to support the establishment of a nationwide, interoperable public safety broadband network to support first responders and make other improvements to emergency communications. The Act also created the First Responder Network Authority (FirstNet) within NTIA

to manage the communications network and allows NTIA to borrow over \$2 billion prior to the auctions authorized by the Act to support the establishment of the network.

DEPARTMENT OF THE INTERIOR

The Budget requests \$11.7 billion, compared to the Administrations FY13 request of \$11.4 billion in discretionary funding, and an increase of over four percent above the 2012 enacted level.

Bureau of Land Management

The Budget requests \$1.148 billion in total budget authority for BLM, compared to the \$1.079 billion provided in the FY13 CR.

Oregon and California Grant Lands - \$115,543,000 is requested for the management of these lands, as compared to the \$110 million provided under the FY13 CR.

Payments for Oregon and California and Coos Bay Wagon Road grant lands, receipts - The Budget states: "The Secure Rural Schools and Community Self-Determination Act of 2000 (P.L. 106-393), as amended by P.L. 110-343 and by P.L. 112-141, provides annual transition payments to the 18 O&C counties. These payments were derived from revenues from federal activities on O&C lands in the previous fiscal year that were not deposited to permanent operating funds, supplemented by amounts from the General Fund when necessary. The last payment authorized under P.L. 106-393 was for 2006. Section 601 of Division C of P.L. 110-343 amends and reauthorizes the Secure Rural Schools Act (P.L. 106-393). Payments authorized for 2012 by P.L. 112-141 will be made in 2013. Amendments to P.L. 106-393 retain most provisions of the original Act, but reduce payments each year. The Budget reflects a five-year reauthorization of the Secure Rural Schools Act with funding through mandatory appropriations. Counties not opting to receive a portion of the USDA Forest Service payments to communities will receive funds authorized under the 1937 and 1939 statutes. Payments to the Oregon counties under the 1937 statute will be 50 percent of revenues from O&C grant lands. Payments under the 1939 statute are for lost tax revenue in two Oregon counties and are estimated to be 75 percent of all revenues from Coos Bay Wagon Road grant lands."

Forest ecosystems health and recovery - Funds in this account are derived from revenue generated from the Federal share of receipts from the sale of salvage timber from the Oregon and California grant lands, public domain lands, and Coos Bay Wagon Road lands. Pursuant to Public Law 102-381, as amended, this account was established to allow BLM to more efficiently and effectively address forest health issues. Funds can be used for other forest health purposes, including release from competing vegetation and density control treatments. \$5 million is requested for FY14, compared to \$6 million in FY13 funding.

Bureau of Reclamation

The Water and Related Resources account under the BOR supports the development, management, and restoration of water and related natural resources in the 17 Western States. The Budget proposes \$784 million in budget authority for the Bureau of Reclamation, compared to the \$882 million provided in FY13 funding.

CALFED - The Budget request for CALFED funding for FY14 is \$37,000,000, consistent with prior years' funding. The budget supports actions in the Interim Federal Action Plan under the following program activities: \$1.7 million for a Renewed Federal State partnership, \$9.9 million for Smarter Water Supply and Use, and \$25.5 million for Habitat Restoration.

Central Valley Project Restoration Fund - According to the Budget documents, the budget of \$53.3 million is expected to be offset by discretionary receipts totaling \$53.3 million, which is the maximum amount that can be collected from project beneficiaries. The discretionary receipts are adjusted on an annual basis to maintain payments totaling \$30.0 million (October 1992 price levels) on a three-year rolling average basis. The budget of \$53.3 million for the CVPRF was developed by BOR after considering the effects of the San Joaquin River Restoration Settlement Act (P.L. 111-11, March 30, 2009) which redirects certain fees, estimated at \$5.6 million in FY 2013, collected from the Friant Division water users to the San Joaquin

Restoration Fund. Funds will be used for habitat restoration, improvement and acquisition, and other fish and wildlife restoration activities in the Central Valley Project area of California.

San Joaquin Restoration Fund - This fund was established to implement the provisions described in the Settlement (Settlement) for the National Resources Defense Council (NRDC) et al. v. Rodgers lawsuit. The Settlement's two primary goals are: 1) To restore and maintain fish populations in "good condition" in the main stem of the San Joaquin River below Friant Dam to the confluence of the Merced River, including naturally reproducing and self-sustaining populations of salmon and other fish; and 2) To reduce or avoid adverse water supply impacts to all of the Friant Division long-term contractors that may result from the Interim Flows and Restoration Flows provided for in the Settlement. The Budget proposes \$26.0 million of discretionary funds for the San Joaquin River Restoration Fund account in 2014.

Fish and Wildlife Service

The Budget proposes about \$1.295 billion in FY14 funding, compared to the \$1.234 billion in FY13 funding.

National Park Service

The FY14 request is for \$2.285 billion, compared to the FY13 budget authority of \$2.250 billion.

Wildland Fire Management

The Budget proposes \$777 million in new budget authority, compared to the \$826 million provided in FY13. Funding is used for fire preparedness, suppression operations, fire science and research, emergency rehabilitation, hazardous fuels reduction, and rural fire assistance.

Land and Water Conservation Fund

The Administration proposes to permanently authorize annual mandatory funding, without further appropriation or fiscal year limitation for Land and Water Conservation Fund programs beginning in fiscal year 2014. Annual funds will be appropriated to the Department of the Interior and allocated to the Bureau of Land Management, Fish and Wildlife Service, National Park Service, and the Department of Agriculture's Forest Service for authorized land acquisition and grant programs. The annual amount to be allocated will be shown in each of the receiving accounts.

The Administration estimates that the dedicated fund could reach \$900 million by 2015 for LWCF programs to support land conservation and resource protection, in collaboration with Federal, State, and local partners.

DEPARTMENT OF DEFENSE

The Budget provides \$526.6 billion in discretionary funding for the base budget of the Department of Defense, a decrease of \$3.9 billion, or 0.7 percent, below the 2012 enacted level.

Procurement of Weapons Systems

The Budget provides \$166.9 billion to develop and buy weapons systems. For example, the Budget includes \$8.4 billion to continue the F-35 Lightning II (Joint Strike Fighter) aircraft program, which is designed to counter threats posed by a sophisticated adversary, and \$5.4 billion for the VIRGINIA class submarine to provide asymmetric capabilities, such as improving the Navy's ability to operate in coastal waters and support special operations forces.

Research, Development, Test, and Evaluation

The Budget provides \$67.5 billion for DOD research, development, test and evaluation activities. This funding supports DOD efforts to: evaluate new tactical vehicles; continue to develop the Air Force KC-46 aerial refueling tanker; continue to design the OHIO class ballistic missile submarine replacement; and

advance other critical technologies. Also, the Budget includes \$12 billion for the early-stage science and technology (S&T) programs.

Base Closings

The Budget provides \$526.6 billion for the Department of Defense's (DOD's) base funding in 2014, representing a decrease of \$3.9 billion, or 0.7 percent, below the 2012 enacted level. The Budget also requests authorization for another Base Realignment and Closure round in 2015 to close or realign excess infrastructure and avoid wasting limited resources maintaining unneeded facilities. The actual closing of any bases would involve a multiyear process that would not start until 2016.

DEPARTMENT OF ENERGY

The Budget requests \$28.4 billion in discretionary funds for the Department of Energy, an eight percent increase above the 2012 enacted level of \$26.3 billion.

Science

The Budget provides \$5,152,752,000 in budget authority for the Office of Science, compared to approximately \$4,904,000,000 in FY13 funding.

Basic Energy Sciences is funded at \$1.862 billion compared to \$1.722 billion in FY13 funding.

Fusion Energy Sciences is funded at \$458 million, compared to the FY 13 funding of \$404 million.

Small Business Innovation Research and **Small Business Technology Transfer** are zero funded. SBIR received \$2 million in FY13 funding.

Advanced Research Projects Agency-Energy (ARPA-E)

The Budget requests \$379,000,000 for ARPA-E, substantially higher than the \$277 million in FY13 funding under the CR.

Race to the Top for Energy Efficiency and Grid Modernization

The Budget includes \$200 million in one-time funding for Race to the Top performance based awards to support state governments that implement effective policies to cut energy waste and modernize the grid.

Electricity Delivery and Energy Reliability

The Budget proposes \$169,015,000 for the program, compared to the \$140 million in FY13 funding. The mission of the Office of Electricity Delivery and Energy Reliability (OE) is to drive electric grid modernization and reliability in energy infrastructure. OE programs include:

Smart Grid - The Smart Grid program targets modernization of the electric system at the distribution level. The program develops tools and applications with a goal of achieving a self-healing system for improved reliability and integration of demand-side management and improved system efficiency.

Energy Efficiency and Renewable Energy

The Budget requests \$2.776 billion in funding for this program, compared to \$1.831 billion in FY13 funding. Included in the request is funding for the following:

Solar Energy - \$357 million, compared to \$378 million in FY13

Wind Energy - \$144 million, compared to \$115 million in FY13

Vehicle Technologies - \$575 million, compared to \$340 million in FY13

CORPS OF ENGINEERS

The Budget provides \$4.7 billion for the Army Corps of Engineers civil works program, a 5.5 percent decrease from the 2012 enacted level, a 5.4 percent decrease from the 2012 enacted level, and consistent with the FY13 Budget request. The Budget proposes to achieve savings by prioritizing investments that will yield high economic and environmental returns or address a significant risk to public safety. Within that

funding, \$1.35 billion is concentrated on high-return construction projects in the three main mission areas of the Corps: flood and storm damage reduction; commercial navigation; and aquatic ecosystem restoration.

California Projects

For funding levels for specific California projects, go to:
<http://cdm15141.contentdm.oclc.org/cdm/ref/collection/p16021coll6/id/12>

ENVIRONMENTAL PROTECTION AGENCY

The President's Budget provides \$8.2 billion for the Environmental Protection Agency, a decrease of \$296 million, or 3.5 percent, below the 2012 enacted level.

Clean Water State Revolving Fund and Drinking Water State Revolving Fund

The Budget reduces funding for the State Revolving Funds (SRFs). The Budget proposes a combined \$1.9 billion for Federal capitalization of the SRFs, representing a reduction of \$472 million from the 2012 enacted level. The Budget also proposes a gradual reduction to focus on communities most in need of assistance, but will still allow the SRFs to finance approximately \$6 billion in wastewater and drinking water infrastructure projects annually. Going forward, EPA will work to target SRF assistance to small and underserved communities with limited ability to repay loans, according to the Budget documents.

State and Tribal Assistance Grants

The proposed Budget provides \$3.154 billion for State and Tribal Assistance Grants, compared to \$4.190 billion provided for FY13.

Brownfields Assessment and Cleanup

The Budget documents state that it will "leverage funding from across the Federal Government, as well as State, local, and private investment in order to promote job creation and economic growth in brownfields affected communities through initiatives such as the Urban Waters Federal Partnership, the Partnership for Sustainable Communities, and Strong Cities, Strong Communities. In order to support these initiatives and communities around the Nation while recognizing fiscal constraints, the Budget increases funding for technical assistance, but slightly reduces competitive grant funds."

Clean Diesel Grants

The Budget requests no money for clean diesel grants, compared to the \$50 million funded in FY11 and \$30 million funded in FY12.

NASA

The budget proposes \$17.7 billion in FY14 discretionary funding for the National Aeronautics and Space Administration (NASA), a decrease of 0.3 percent, or about \$50 million, below the 2012 enacted level.

Exploration

The Budget requests \$3,915,505,000 for the exploration account, as compared to the \$3.794 billion provided in the FY13 CR.

This appropriation provides for the full costs associated with NASA's development of systems and capabilities required for human exploration of space beyond low Earth orbit, and for U.S. crew access to the International Space Station. The systems and capabilities include launch and crew vehicles for missions beyond low Earth Orbit, affordable commercial crew access to the Space Station, technologies and countermeasures to keep astronauts healthy and functional during deep space missions, and technologies to reduce launch mass and the cost of deep space missions.

NASA's human space exploration programs include the Space Launch System, the Orion Multi-Purpose Crew Vehicle, Exploration Ground Systems, Commercial Crew, Advanced Exploration Systems, and Human Research.

Education

The Budget provides \$94,200,000 million for the Education program. This funds the costs associated with NASA's education activities within the Office of Education. NASA's Education program works to educate and inspire students at all levels to pursue careers in the fields of science, technology, engineering, and mathematics (STEM).

The Budget also consolidates \$47.5 million of small science, technology, engineering, and mathematics (STEM) education programs from across NASA into larger programs at other agencies to achieve the best return on investment, while attaining tangible Government-wide STEM education goals, according to the Budget documents. The Budget preserves \$67.5 million for the Space Grant and Global Learning and Observations to Benefit the Environment programs at NASA, as well as minority-serving education programs, and refocuses an additional \$26.8 million from other NASA education and outreach programs to facilitate the wider application of its best education assets in close coordination with the National Science Foundation, the Department of Education, and the Smithsonian Institution.

NATIONAL SCIENCE FOUNDATION

The budget provides \$7.6 billion for the National Science Foundation, an increase of \$593 million above the 2012 enacted level.

In line with the Administration's reorganization of science, technology, engineering, and mathematics (STEM) education programs to improve effectiveness of Federal investments, the Budget proposes consolidating disparate STEM undergraduate education activities across the Government into a new consolidated program at NSF. It includes research on how new technologies can facilitate adoption and use of new approaches to instruction. The Budget provides \$123 million for this new program.

SMALL BUSINESS ADMINISTRATION (SBA)

The Budget provides \$810 million for the Small Business Administration, a decrease of \$109 million from the 2012 enacted level, which the Administration attributes primarily to the decreased estimated subsidy cost of its 7(a) Business Loan Guarantee Program.

The Budget will support \$1.1 billion in direct disaster assistance loans, the normalized 10-year average. In the wake of Hurricane Sandy, the Budget provides \$192 million for loan administrative expenses to operate the Disaster Loans Program. Of this total, \$159 million will be designated as qualifying disaster funding. SBA's Disaster Loans Program provides low-interest disaster loans to homeowners, renters, and businesses of all sizes whose property is damaged or destroyed in a disaster.

TAXES

The President's Budget calls for numerous changes in the tax code, including the following:

- **Permanently extend increased refundability of the child tax credit.** Previous tax changes increased the refundability of the child tax credit by reducing the earnings threshold for refundability to \$3,000 (unindexed) from \$10,000 (indexed after 2001). The Budget proposes to permanently extend the \$3,000 earnings threshold, effective for taxable years beginning after December 31, 2017.

- **Permanently extend the Earned Income Tax Credit (EITC) marriage penalty relief.** Previous tax changes provided marriage penalty relief to married couples filing a joint return (regardless of the number of qualifying children) by increasing the amount by which the income thresholds for the phaseout of the EITC exceed the thresholds for other taxpayers from \$3,000 (indexed for inflation after 2008) to \$5,000 (indexed for inflation after 2009). The Budget proposes permanently extending the \$5,000 increase in the thresholds for the phaseout of the EITC, effective for taxable years beginning after December 31, 2017.

- **Permanently extend qualified tuition credit.** Previous law provided taxpayers with a credit of up to \$2,500 per eligible student per year for qualified tuition and related expenses paid for each of the first four years of the student's post-secondary education in a degree or certification program. The student must be enrolled at least half-time to receive the credit, which is partially refundable and phased out above specified income thresholds. The adjusted baseline extends the credit permanently, effective for taxable years beginning after December 31, 2017.

- **Provide tax incentives for locating jobs and business activity in the United States and remove tax deductions for moving jobs overseas.** To provide a tax incentive for U.S. companies to move jobs into the United States from offshore, the Administration proposes to create a credit against income tax equal to 20 percent of the expenses paid or incurred in connection with insourcing a U.S. trade or business. In addition, to reduce incentives for U.S. companies to move jobs offshore, the proposal would disallow deductions for expenses paid or incurred in connection with outsourcing a U.S. trade or business.

- **Provide new Manufacturing Communities tax credit.** The Administration proposes to provide new tax credit authority to support qualified investments in communities affected by military base closures or mass layoffs, such as those arising from plant closures. This would provide about \$2 billion in credits for qualified investments approved in each of the three years, 2014 through 2016.

- **Enhance and make permanent the R&E tax credit.** A tax credit of 20 percent is provided for qualified research and experimentation expenditures above a base amount. An alternative simplified credit of 14 percent is also provided. These tax credits will expire with respect to expenditures paid or incurred after December 31, 2013. The Administration proposes to permanently extend these tax credits and to raise the rate of the alternative simplified credit to 17 percent.

- **Provide a tax credit for the production of advanced technology vehicles.** Current law provides a tax credit for plug-in electric drive motor vehicles. The Administration proposes to replace this credit with a credit for all advanced technology vehicles, that meet certain criteria.

- **Modify and permanently extend renewable electricity production tax credit.** The Administration proposes to permanently extend the production tax credit for renewable energy property and to make it refundable. The refundable credit would be allowed with respect to property the construction of which begins in 2014 or thereafter for property that is part of a facility otherwise eligible for the renewable electricity production tax credit and for solar property.

- **Extend increased expensing for small business.**

- **Expand and simplify the tax credit provided to qualified small employers for non-elective contributions to employee health insurance.**

- **Eliminate fossil fuel tax preferences.** Current law provides a number of credits and deductions that are targeted towards certain oil, gas, and coal activities. The Administration proposes to repeal a number of tax preferences available for fossil fuels.

- **Deny deduction for punitive damages.** The Administration proposes to deny tax deductions for punitive damages paid or incurred by a taxpayer, whether upon a judgment or in settlement of a claim.

- **Provide small businesses a temporary 10-percent tax credit for new jobs and wage increases.**

- **Provide America Fast Forward Bonds.** The stimulus bill, ARRA, created the Build America Bond program as an optional new lower cost borrowing incentive for State and local governments on taxable bonds issued in 2009 and 2010 to finance new investments in governmental capital projects. The Administration proposes to create a new permanent America Fast Forward Bond program, which would be an optional alternative to traditional tax exempt bonds.

- **Provide for automatic enrollment in IRAs, including a small employer tax credit, and double the tax credit for small employer plan start-up costs.**

- **Provide exclusion from income for student loan forgiveness for students in certain income-based or income-contingent repayment programs who have completed payment obligations.**

- **Implement the Buffett Rule by imposing a new "Fair Share Tax".** The Administration proposes a new minimum tax, called the Fair Share Tax (FST), for high income taxpayers. The tentative FST equals 30

percent of AGI less a charitable credit. The tax would be phased in starting at \$1 million of AGI, and fully phased in at \$2 million of AGI.

- Restore the estate, gift, and generation-skipping transfer (GST) tax parameters in effect in 2009.

Under the proposal, estates and GSTs would be taxed at a maximum tax rate of 45 percent with a life-time exclusion of \$3.5 million. Gifts would be taxed at a maximum tax rate of 45 percent with a lifetime exclusion of \$1 million. These parameters would be effective for the estates of decedents dying and transfers made after December 31, 2017, and would not be indexed for inflation.