



Special Budget Report President Obama's 2013 Budget Request

On February 13, President Obama released his fiscal year 2013 (FY 13) budget proposal. The FY 13 budget year begins on October 1, 2012. The budget is submitted under very different parameters than previously due to the passage last year of the Budget Control Act of 2011, which established caps on discretionary spending through 2021. The proposed budget adheres to these caps, seeking to achieve \$4 trillion in deficit reduction over the next decade. It also includes \$1.5 trillion in new taxes, primarily by allowing the Bush-era tax cuts to expire at the end of this year for families making \$250,000 or more per year.

As is customary for an election-year budget request, accolades have been few and the general consensus is that the budget numbers reflect a wish list that will not be decided until after the November elections.

<p>2012 Projected Deficit: \$1.33 trillion, 8.5 percent of GDP 2013 Projected Deficit: \$901 billion, 5.5 percent of GDP 2018 Projected Deficit: \$575 billion, 2.7 percent of GDP 2022 Projected Deficit: \$704 billion, 2.8 percent of GDP</p>

The budget recycles a proposal from last year, that failed to gain traction in Congress, that would provide \$50 billion in upfront investment for transportation infrastructure, \$30 billion to modernize at least 35,000 schools and \$30 billion to help states hire teachers and police, rescue and fire department workers. The budget also proposes \$8 billion to create a fund to encourage community colleges and businesses to work together to train workers in high-growth industries.

Infrastructure Bank - The budget seeks to create a new National infrastructure Bank (NIB). The NIB would be a supplement to existing water, energy and transportation assistance programs. As envisioned, a total of \$10 billion would be sought for



authorization of which \$2.2 billion is considered likely to be spent in fiscal year 2013. The NIB would provide not more than 50% of a project's costs in the form of loans, loan guarantees and related subsidies. Funding of projects would be determined on the basis of a number of criteria including project size, geographic location and sustainability. Interest rates would be set at the federal Treasuries rate for similar maturity dates. Loan terms could be extended beyond the 35 year threshold.

U.S. Department of Agriculture - Provides \$23 billion in discretionary funding, a decrease of nearly 3 percent or almost \$700 million, below the 2012 enacted level.

- \$19 million in assistance under the Rural Energy for America Program to agricultural producers and rural small businesses for renewable energy systems, energy efficiency improvements, and renewable energy development.
- \$700 million increase in the community facility program.
- Eliminates Rural Community Facilities program (-\$6m).
- Eliminates Resources Conservation Service's Watershed Rehabilitation Program.

U.S. Department of Energy - Provides \$27.2 billion in discretionary funds, a 3.2 percent increase above the 2012 enacted level.

- Provides \$310 million for the SunShot Initiative; \$95 million for wind energy, including off-shore wind technologies; and \$65 million for geothermal energy and enhanced geothermal systems.
- Cuts fossil energy R&D program from \$534 million in 2012 to \$421 million in 2013, which includes \$12 million to fund a multi-year research initiative aimed at advancing technology and methods related to natural gas and oil production from hydraulic fracturing in shale and other geologic formations.
- Proposes to repeal over \$4 billion per year in tax subsidies to oil, gas, and other fossil fuel producers.

Department of Housing and Urban Development - Provides \$44.8 billion, an increase of 3.2 percent, or \$1.4 billion, above the 2012 program funding level.

- Restores the 2011 funding level of \$100 million for the Sustainable Communities Initiative (eliminated by Congress FY11).



- Provides \$3 billion for the Community Development Block Grant (CDBG) formula program and \$1 billion for the HOME Investment Partnerships program.
- Cuts Community Services Block Grant from \$679m enacted in 2012 to proposed \$350m.
- Provides \$3 billion for LIHEAP program. The proposal is \$450 million above the President's 2012 Budget level and \$452 million below the 2012 enacted level.
- Eliminates Rural Community Facilities program.

Department of Interior - \$11.4 billion in discretionary funding, an increase of about one percent above the 2012 enacted level.

- Includes \$86 million to maintain capacity to review and permit new renewable energy projects on Federal lands and waters.
- Increases funding under the Wildland Fire Account.
- Bureau of Reclamation reduced by approximately \$30m from 2012 enacted level.
- Provides \$450 million for the Land and Water Conservation Fund programs.
- Eliminates geothermal payments to counties.

Bureau of Reclamation

- Water and Related Resources funded at \$818.6 million includes \$395.6 million for resource management and development activities.
- \$423.1 million to fund operation, maintenance and rehabilitation activities at Reclamation facilities, including dam safety.
- \$128 million for the Central Valley Project (CVP). A significant portion is for ecosystem restoration, including \$2.9 million for final work on the Red Bluff Pumping Plant and Fish Screen, \$14.1 million for the Trinity River Restoration Program, and \$2 million in the CVP Restoration Fund.
- \$17.8 million for the Multi-Species Conservation Program within the lower Colorado River basin.
- \$18.9 million for Endangered Species Act recovery implementation programs.
- \$18.6 million for the Klamath Project.
- \$7.1 million for the Klamath Basin Restoration Agreement.
- \$36 million for the California Bay-Delta Program for categories aligned with the



Interim Federal Action Plan: \$27.6 million to address degraded Bay-Delta ecosystem activities, \$6.5 million for smarter water supply and use, and \$1.9 million for a renewed federal-state partnership.

- \$39.9 million for the Central Valley Project Restoration Fund.
- Proposes \$53.9 million for the WaterSMART Program – Sustain and Manage America's Resources for Tomorrow that funds water recycling and other water conflict reduction efforts (\$21 million for grants and \$16 million for Title XVI).

U.S. Department of Justice - Provides \$27.1 billion in discretionary funding, a decrease of 0.4 percent below the 2012 level.

- Provides \$257 million to support America's first responders and the hiring and retention of police officers and sheriffs' deputies.
- Includes \$4 billion in immediate assistance for the retention, rehiring, and hiring of police officers in 2012, as requested by the President in the American Jobs Act.
- Provides \$20 million for the Byrne Criminal Justice Innovation Program.

U.S. Department of Transportation – Provides \$74 billion in discretionary and mandatory budgetary resources for the Department of Transportation, an increase of 2 percent, or \$1.4 billion, above the 2012 enacted level.

- \$50 billion in immediate investments to support critical infrastructure projects and proposes six-year, \$476 billion surface reauthorization plan to be paid by a “peace dividend” from ramping down overseas military operations.
- Proposes to permanently authorize the Transportation Investment Generating Economic Recovery (TIGER) program.
- Lowers funding for the airport grants program to \$2.4 billion, a reduction of \$926 million, by eliminating guaranteed funding for large and medium hub airports.

U.S. Corps of Engineers - Provides \$4.7 billion, a 5.4 percent decrease from the 2012 enacted level.

- \$1.6 billion in total for high-return construction projects in the three main mission areas of the Corps: flood and storm damage reduction, commercial navigation, and aquatic ecosystem restoration.

- Reduces funding for lower-priority programs and activities from 5.0 million enacted in FY 12 to 4.71m proposed.
- Funding preserved for California Bay-Delta, Chesapeake Bay, Everglades, Great Lakes, and Gulf Coast programs.

U.S. Environmental Protection Agency - Provides \$8.3 billion, a decrease of 1.2 percent, or \$105 million, below the 2012 enacted level.

- Funds Drinking Water and Clean Water State Revolving Funds at \$2 billion, a reduction of \$359 million (DWSRF - \$850million and CWSRF - 1.2 billion).
- Priority for green infrastructure targeting energy and water nexus projects, including sustainable practices.
- Priority to fund National Estuary projects.
- Priority to target control of nutrient loadings through increased monitoring.
- Provides \$1.2 billion for State and Tribal Assistance Grants to support program implementation.
- Maintains aggressive funding of enforcement programs.
- Funds the Great Lakes Restoration Initiative at \$300 million.
- Increases funding for Chesapeake Bay restoration by \$15 million.
- Proposes to terminate funding for the Environmental Protection Agency's Beach Grants Programs.
- Proposes to eliminate the Environmental Education Program Account.