



Federal Legislative and Policy Forum: NADO Annual Training Conference, Miami, FL

NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS

About NADO's Mission

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

Washington



Putting the Economy Into Perspective

***How does public perception
impact the federal policy agenda?***

Putting the Economy Into Perspective: Unemployment Rates and GDP Growth

● Unemployment Rates

- ▶ Dec 2007 = 4.9 percent
- ▶ Oct 2009 = 10.2 percent, highest since April 1983
- ▶ June 2010 = 9.6 percent
- ▶ Feb 2011 = 8.9 percent
- ▶ June 2011 = 9.2 percent
- ▶ July 2011 = 9.1 percent
- ▶ August 2011 = 9.1 percent

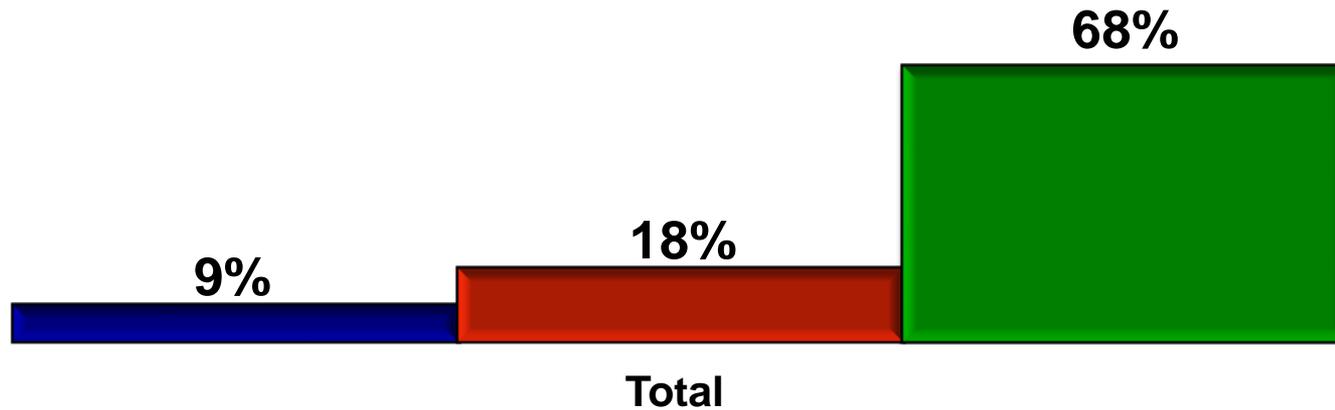
● GDP Growth is Key Political Measurement

Jobs

- **\$14 million unemployed, 45% for 27 weeks or more**
- **8.5 million part-time workers who want but cannot find full-time jobs**
- **2.2 million workers dropped out of labor force because they cannot find jobs**
- **14.7% unemployment rate for those with less than high school diploma**
- **9.5% unemployment rate for those with high school diploma**
- **8.0% unemployment rate for those with some college or an associate degree**
- **4.5% unemployment rate for those with bachelor's degree or higher**

Putting the Economy Into Perspective

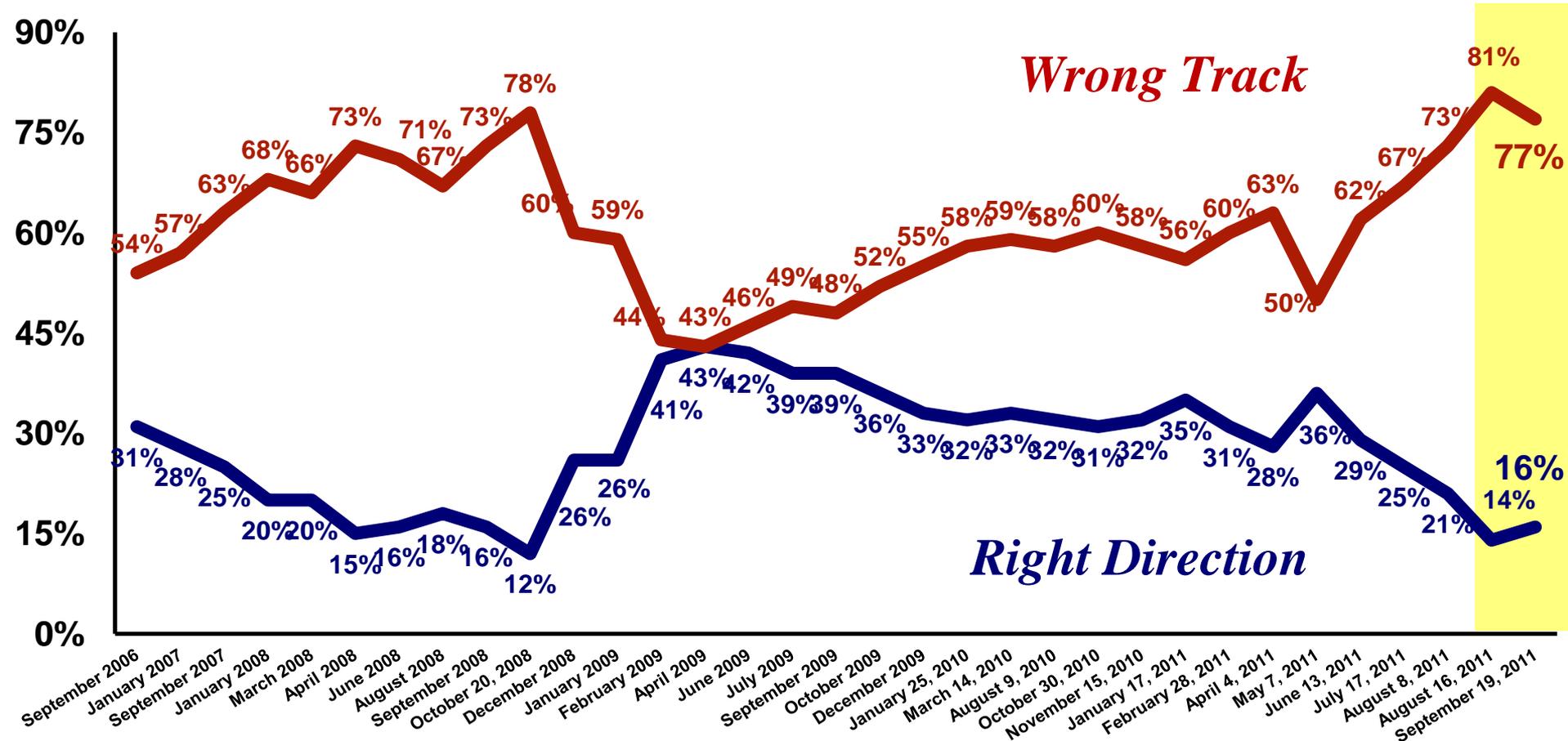
Over two-thirds of voters believe we are still in a recession.



National Bloomberg poll (September 9-12, 2011)

The mood of the country – overwhelmingly negative

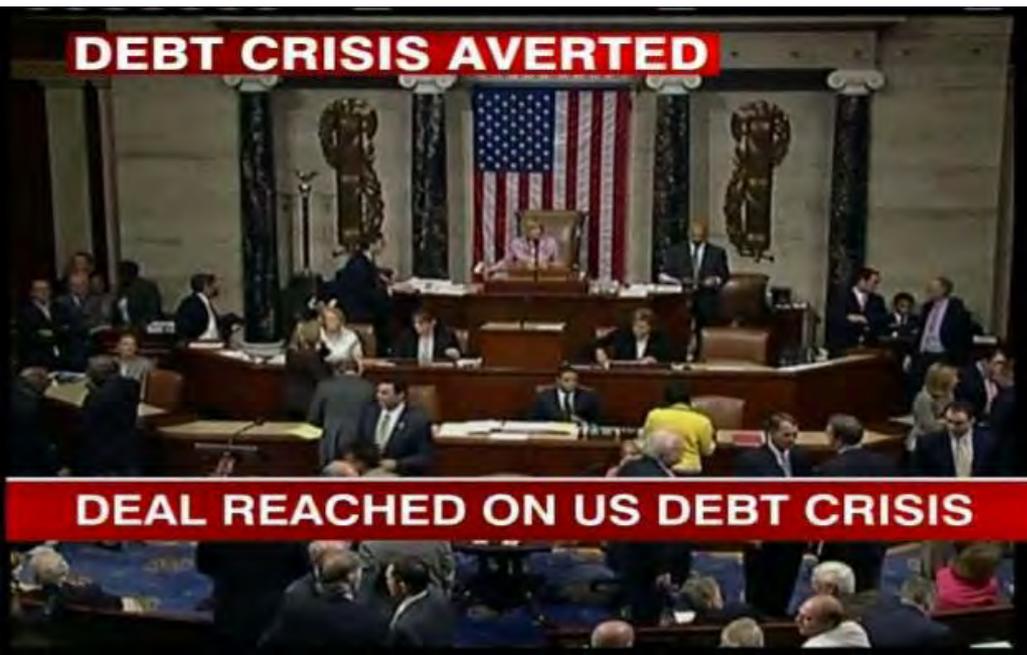
Now, generally speaking, would you say that things in the COUNTRY are going in the right direction, or have they pretty seriously gotten off on the wrong track?



Details of the Debt Deal

Debt Deal

Budget Control Act of 2011 (S. 365)
Passed August 1



Debt Deal: Overview of Major Components

- Debt ceiling increase with required reductions in deficit
 - ▶ \$2.1 to \$2.4 trillion
- Balanced Budget Amendment
- Discretionary Spending Caps
 - ▶ \$917 billion in spending reductions over 10 year period
 - ▶ Appropriations Committee would make decisions
- Joint Select Committee on Deficit Reduction
 - ▶ Goal: \$1.5 trillion in deficit reduction

Putting it all in Context



\$2.1 trillion is a BIG number

How long would it take
to count to
2,100,000,000,000
at a rate of 1 number
per second?

66,500 years



Or is it a BIG number?

- **Less than 5 percent of federal spending**
 - ▶ Federal spending expected to be \$44.7 trillion over 10 year period FY2012 – FY 2021
- **Less than ½ of the growth of the federal debt**
 - ▶ National debt expected to grow \$5.6 trillion, from \$10.2 trillion in FY2011 to \$15.8 trillion in Fy2021
 - ▶ Even with \$2.1 trillion in deficit reduction, debt will grow by \$3.5 trillion

Discretionary Spending Caps



Federal Budget

Context

- 60 percent – Mandatory spending
- 40 percent – Discretionary spending*
- *Debt ceiling deal only “capped” discretionary spending

10 Year Discretionary Budget Authority Caps

- **For FY2012 and FY 013**
 - ▶ Two categories – security and non-security
 - ▶ Security – DoD, Intelligence, DHS, VA, International Affairs
 - ▶ Non-security – everything else
- **For FY2014 – FY2021**
 - ▶ Single category

Enforcement of Caps

- **Sequestration:**

- ▶ Automatically occurs if discretionary budget authority exceeded caps
- ▶ President required to issue order cancelling budget authority in uniform percentage necessary to eliminate the breach of the caps

What Does All of This Mean?

- Any new spending will have to be offset by reduced spending elsewhere – General Fund programs remain vulnerable
- Congress can always adjust the caps – up or down
- Congress can also exempt certain programs from any sequester

Other Steps Under BCA

- **Vote on Balanced Budget Amendment to the Constitution**
 - ▶ House and Senate must vote on the Constitutional amendment some time between 9/30/11 and 12/31/11
- **Work of the Joint Select Committee on Deficit Reduction (JSC) or “super committee”**

Joint Select Committee on Deficit Reduction



Patty Murray



Max Baucus



John Kerry



James Clyburn



Xavier Becerra



Chris Van Hollen



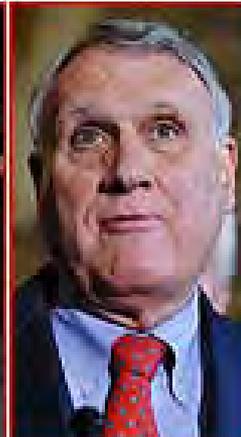
Jeb Hensarling



Dave Camp



Fred Upton



John Kyl



Pat Toomey

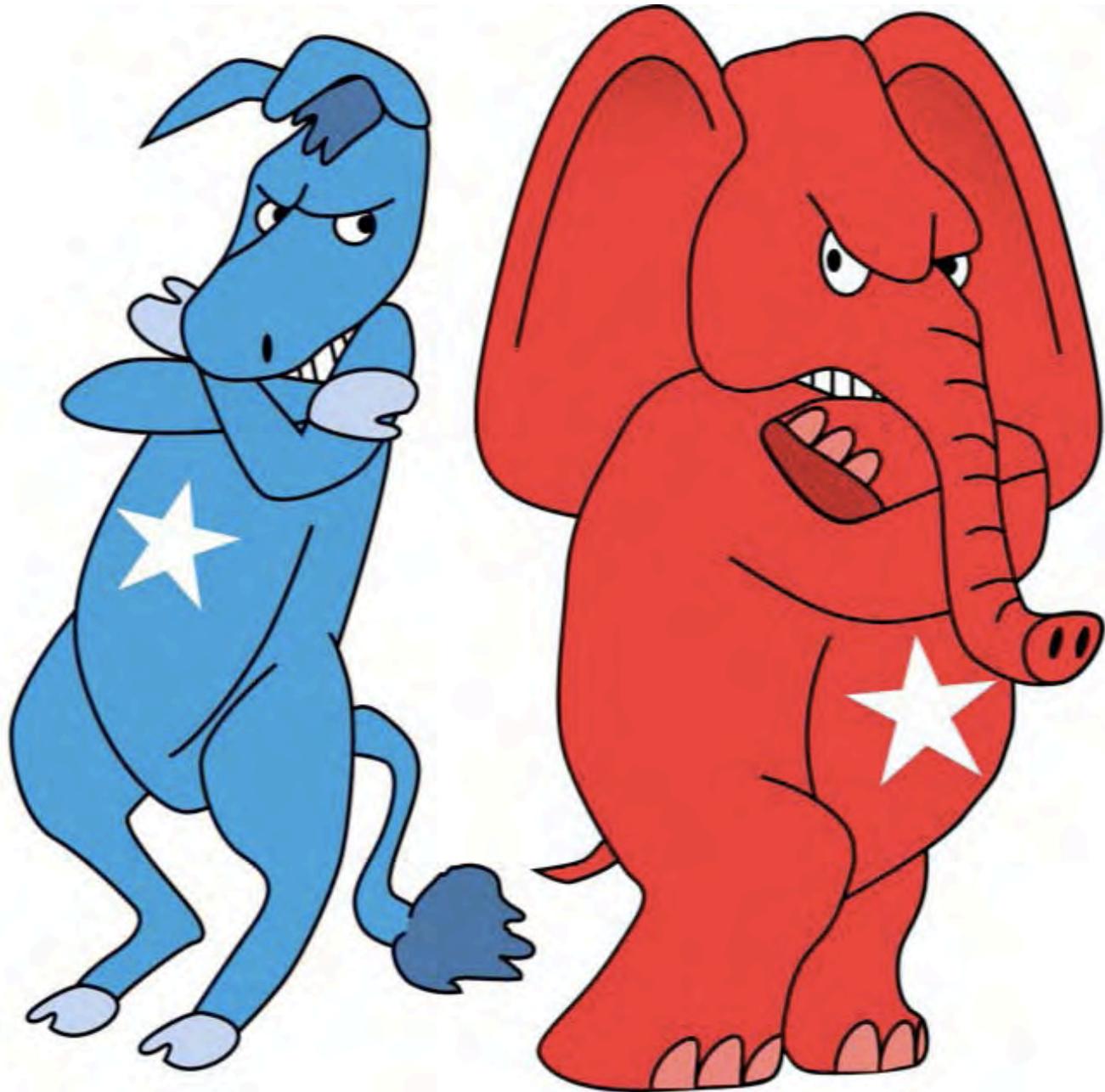


Rob Portman

PHOTOS: GETTY IMAGES

JSC Mandate

To identify \$1.2 - \$1.5 trillion in deficit reduction – through spending cuts or revenue increases OR – a combination of the two.



Joint Select Committee Process

- Authorizing Committees may make recommendations by October 14
- JSC reports recommendations to both House and Senate by November 23rd - IF at least 7 of the 12 members support recommendations
- Congress has until December 23rd to approve or disapprove the recommendations – no amendments
- If Congress disapproves OR JSC cannot agree on recommendations – sequester of \$1.2 trillion on January 2, 2013

What would happen under a sequester?

- If no recommendations are agreed to or the recommendations fall short of \$1.2 trillion, then a sequester
- Sequester amounts would be split evenly between defense and non-defense (both mandatory and discretionary programs) from FY 2013 – FY2021

Federal Surface Transportation Reauthorization

Where does transportation bill fit?

- Operating under an extension until March 31, 2012
- Fuel taxes also extended until March 31, 2012
- Extension at current funding levels for highways and transit programs

Next steps in authorization process

- Both House and Senate express desire to pass a bill
– question is timing for consideration
- House currently pursuing 6 year bill
- Senate currently pursuing 2 year bill

What are the obstacles to completing a bill?

- Funding, funding, funding
- House had proposed a 33 percent reduction –
Senate proposed current funding levels
- House leadership now intimating desire to find
additional revenue – unclear how much

Context

- To do 2 year bill at current funding levels – need approximately \$12 billion
- To do 6 year bill at current funding levels – need approximately \$75 billion
- What are the options?

Timing

- Senate leadership wants to move legislation in coming weeks.....but.....”show me the money!”
- House has yet to announce timeframe
- Work of super-committee may impact decisions

NADO Priorities

For Transportation Reauthorization

NADO Priorities for Transportation Reauthorization:

■ Regional Transportation Planning Organization (RTPO) Bill

- ▶ Reps. Tim Walz (D-MN) and Richard Hanna (R-NY): H.R. 1565
- ▶ Sens. Amy Klobuchar (D-MN) and Lamar Alexander (R-TN): S. 625
- ▶ Strengthen role of rural local officials in the statewide transportation planning and investment process by establishing and giving federal recognition to RTPOs for areas outside the boundaries of MPOs

NADO Priorities for Transportation Reauthorization:

■ MPO Threshold

- ▶ More than 200 of the nation's 382 MPO's would lose their MPO designation if threshold was changed
- ▶ Hopeful from committee staff feedback--grandfather existing but raise to 100,000 or 200,000 for new



Federal Budget Outlook

FY12 House Budget Resolution (Ryan Plan)

FY12 Appropriations

FY12 House Budget Resolution

FY12 House Budget Resolution

- **Sets Cap for Discretionary Spending in Appropriations**
 - ▶ Does NOT Require President's Signature
- **U.S. Senate Has Yet to Unveil a Budget Res.**
- **This has been superseded by Debt Deal**

FY12 Federal Appropriations Trends

FY2012 Federal Appropriations: Recent Trends

- ▶ In 2008, Democrats moved only 1 spending bill to House Floor; only 5 of 12 bills reported out of committee
- ▶ In 2010, House failed to adopt budget resolution
- ▶ In 2010, only 2 spending bills passed committee and floor
- ▶ This year, House has passed 6 bills: HS, Milcon, AG, Defense, E&W, LB
- ▶ Senate has only passed 1: Milcon
- ▶ We have now entered the current fiscal year with NOT ONE spending bill reconciled!
- ▶ Start of FY12: October 1, 2011
- ▶ **Continuing Resolution until November 18**

Agriculture Appropriations

USDA – Rural Development

Rural Development Programs face cuts!!!

- House bill provides \$2.1B for RD, \$338M cut
- Senate bill provides \$2.2B
- Administration's Regional Innovation Initiative is supported in the Senate not in the House bill
 - ✓ House Appropriators claim that requests for additional information on the RII program have gone “unanswered”

USDA – Rural Development - Breakdown

	Final FY2011 CR	FY12 House	FY12 Senate
Water and Waste Disposal Program (Direct Loans)	896.47	730.68	730.69
Water and Waste Disposal Program (Guaranteed Loans)	75	0	0
Water and Waste Disposal Program (Grants)	434.13	327.11	425.11
Intermediary Relending Program	19.14	14.64	20.66
Rural Business Enterprise Grants	34.93	20	29.32
Rural Business Opportunity Grants	2.48	2.25	2.11

Treasury's CDFI Program

- **\$200M in Senate, \$183 in House - Down from \$227M in FY11**
 - ◆ Bank on USA
 - ◆ NO House funding
 - ◆ \$36M in Senate
 - ◆ Healthy Food Financing Initiative
 - ◆ NO House funding
 - ◆ \$22M in Senate

Financial Services Appropriations

U.S. Small Business Administrations Programs

Senate makes more cuts than the House

- **7(a) and 504 Programs:** combined \$211.6M in the House, \$206.8M in the Senate
- **Microloan Program**
 - ✓ House: \$3.76M, \$14.48 for technical assistance
 - ✓ Senate: \$3.67M, \$21.95 for technical assistance
- **Regional Clusters:** House provides \$8M, \$3M below the Presidents FY12 request

Homeland Security - FEMA

- **State and Local Programs** – MAJOR consolidation in the House
✓ \$1 billion to be used at the discretion of the DHS Secretary
- **Emergency Management Performance Grants:** \$350M House (same as Senate)
- **State Homeland Security Grant Program:** Senate: \$430 million, \$203 million below FY2011

Interior & Environment Funding

- So far, only the House has produced a FY12 Interior and Environment Appropriations bill
- EPA programs are significantly cut!
 - ◆ **Clean Water:** \$687M, down from \$1.52B in FY11
 - ◆ **Drinking Water SRF:** \$829M, down from \$963M in FY11
 - ◆ **Brownfields:** Maintains basic funding levels at \$23.68M
 - **Infrastructure Projects:** \$60M, a cut of \$39.8 million

Department of Labor

Workforce Programs See Major Cuts in Both the House and the Senate

Employment & Training Administration- Workforce Investment Act

- House: \$962M, approximately 70 percent below FY2011.
- Senate: \$3.3B

Workforce Innovation Fund

- Senate: \$100M, down from \$125M last year
- House eliminates!!!

Health and Human Services Funding

- **Low Income Home Energy Program (LIHEAP)**
 - House: \$3.39B
 - Senate: \$3.6B (\$1.1B below current funding)
- **Administration on Aging**
 - House: \$1.47B
 - Senate: \$1.53B, \$4M cut from FY2011

THUD Appropriations

Department of Transportation

- **Federal-Aid Highway**
 - House cuts to \$27B from \$41B
 - Senate maintains level funding
- **TIGER Program**
 - House Eliminates!!!
 - Senate provides \$550M
- **House Leadership has now indicated a willingness to fund level with FY2011**
- **House Appropriators did NOT like the Administration's Budget for DOT**

THUD Appropriations

Department of Housing and Urban Development

■ Community Development Block Grant (CDBG)

The Senate has proposed to cut CDBG by \$485 million this fiscal year! If that happened, CDBG would have been cut by 38% in just two year!

\$400M CDBG Disaster Funding (Senate only)

■ Sustainable Communities Initiative (SCI)

House Eliminates!!!

Senate: \$90M, \$10M below FY2011 level

FY12 EDA Appropriations

- EDA funded under CJS
- Both House and Senate have introduced a bill
- House provided \$258M for EDA, \$25M below FY2011 levels and \$67M below President's request
- Senate provided \$392M for EDA. \$135M for disaster assistance
- Both cut EDA core programs by \$25M
- **Economic Development Assistance Programs:**
 - ✓ Planning Program: maintained at \$31M
 - ✓ Public Works: cut to \$123.28M, down from \$158.28M in FY10
 - ✓ Economic Adjustment: increased to \$81M, up from \$44M in FY10

Energy & Water Appropriations

Federal-State Regional Commissions

Appalachian Regional Commission

FY2011: \$68.26 million

FY2012 House: \$68.4 million

FY2012 Senate: \$58.024 million

Northern Border Regional Commission

FY2011: \$1.497 million

FY2012 House: \$1.35 million

FY2012 Senate: \$1.275 million

Delta Regional Authority

FY2011: \$11.67 million

FY2012 House: \$11.7 million

FY2012 Senate: \$9.925 million

Southeast Crescent Regional Commission

FY2011: \$250,000

FY2012 House: \$250,000

FY2012 Senate: \$212,500

* No Federal Co-Chair and is not yet operational

Denali Commission

FY2011: \$11.97 million

FY2012 House: \$10.7 million

FY2012 Senate: \$9.07 million

Preparing for 2013

Aug. 17 OMB Directive for FY2013

- Set fiscal 2013 budget requests at 5% below the 2011 level
- Identify additional 5% for “worst case scenario”
- Directs agencies against across-the-board cuts, but instead at specific programs
- Directs agencies to identify programs that deserve additional funding
- No deadline set for submission of identified cuts

NADO Policy Priorities Update

NADO Policy Agenda

- White House and GAO Review of Regional Development Programs
- EDA Appropriations and Reauthorization
- SAFETEA-LU Reauthorization, with RTPO Legislation
- HUD Community Development Block Grant (CDBG) Funding
- FEMA Support for State and Local Preparedness and Response
- HUD-DOT-EPA Sustainable Development Initiative
- USDA Rural Development in 2012 Farm Bill
- Opportunities and Threats with WIA, SBA, EPA and HUD
- EPA Brownfields: Repeal Administrative Cost Prohibition

FY11 EDA Reauthorization

● FY11 EDA Reauthorization

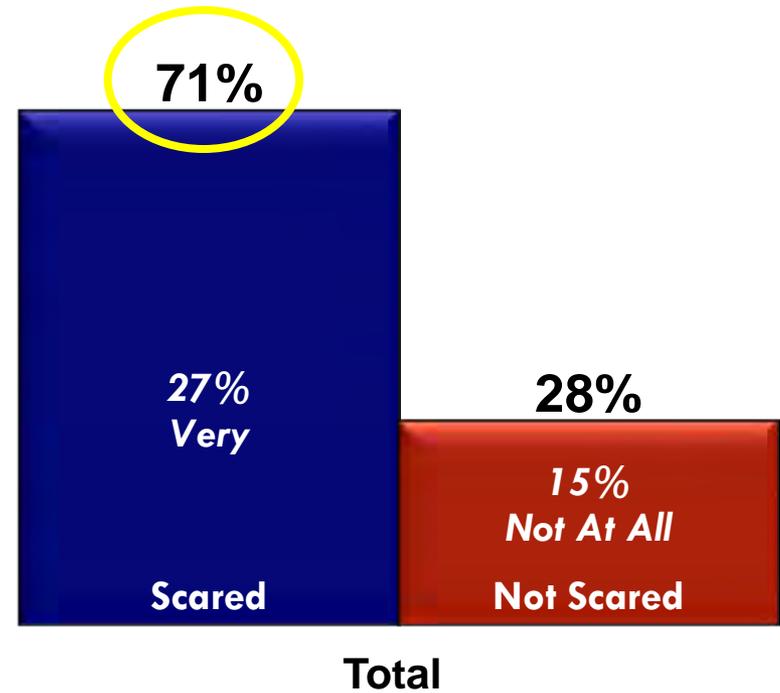
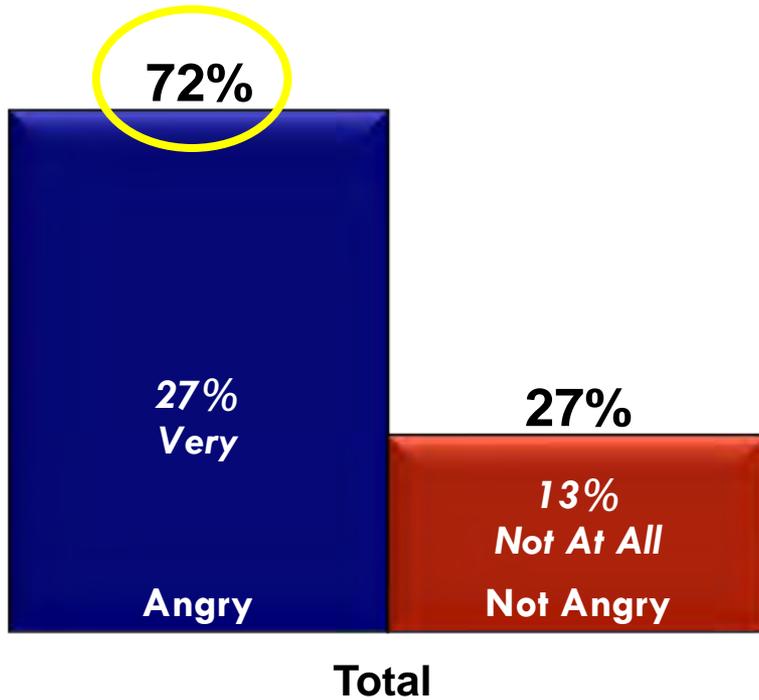
- Senate EPW introduced S. 782
- Became platform for a partisan-charged political battle
- 90 amendments offered to 29-page reauthorization bill
- Pulled from the Senate floor
- EDA has not been reauthorized since 2008 yet receives funding through the appropriations process
- House has not yet considered a reauthorization measure
 - **Held first hearing July 27: “The Economic Development Administration: How to Improve Effectiveness through Reforms and Consolidation”**

The Political Climate Moving Forward

Voters say they're angry and scared.

Would you say you are very angry, somewhat angry, not very angry or not angry at all about the way things are going in the country today?

Would you say you are very scared, somewhat scared, not very scared or not scared at all about the way things are going in the country today?



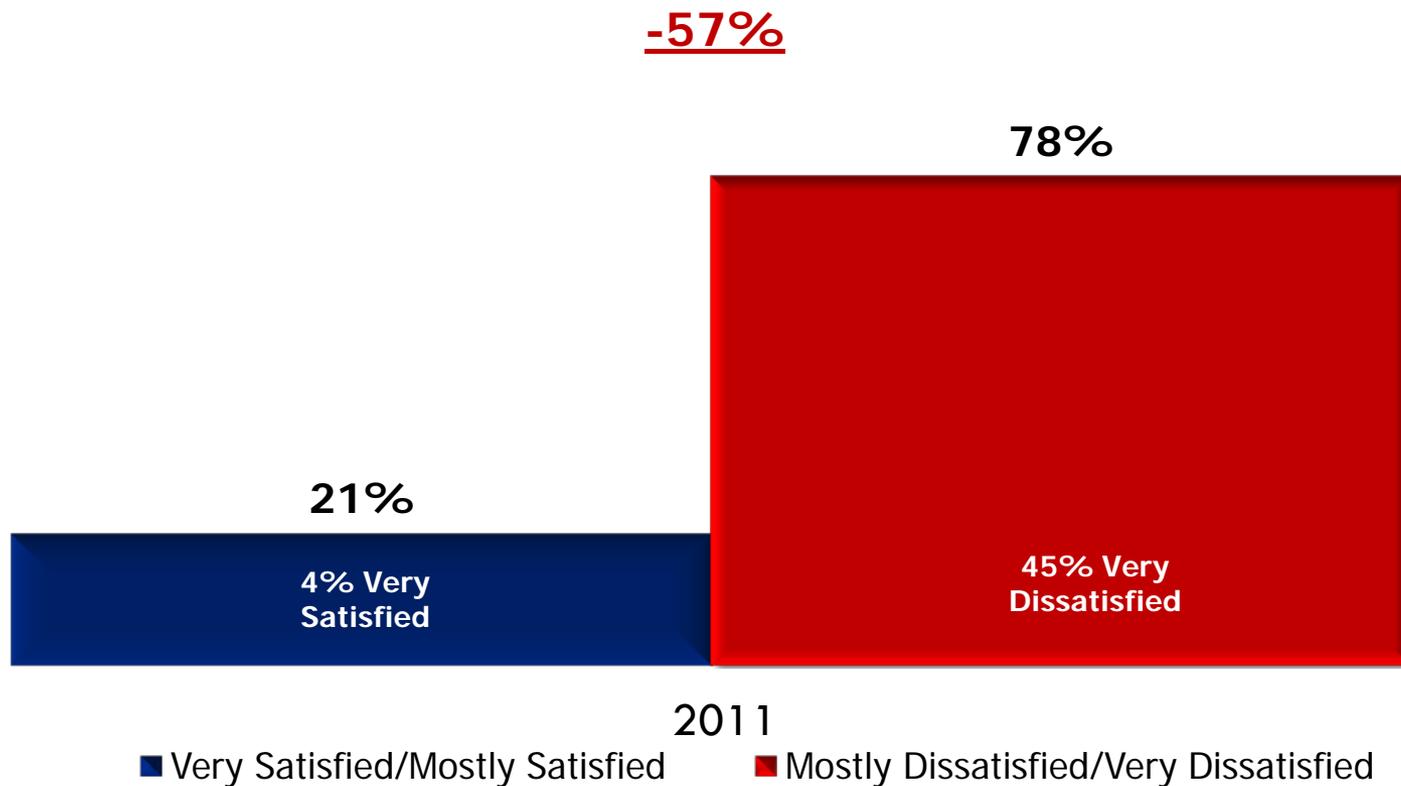
CNN/Opinion Research (September 9-11, 2011)

The Republican Party is split into roughly thirds:

- 1.** Republicans who do not think of themselves as Tea Party supporters.
- 2.** Republican Tea Party supporters who say they are better described as Republicans.
- 3.** Republican Tea Party supporters who say they are better described as a supporter of the Tea Party.

Satisfied with how the Country's Political System is Working

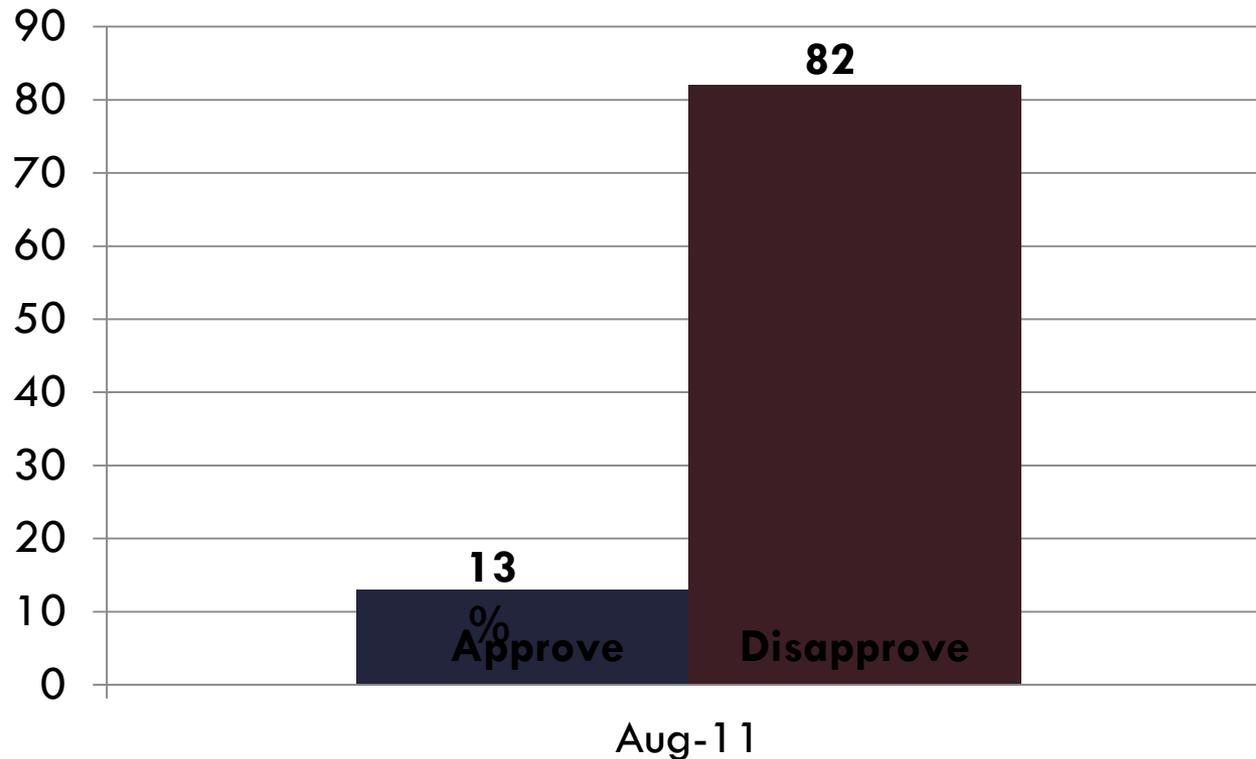
How satisfied are you with the way this country's political system is working- would you say very satisfied, mostly satisfied, mostly dissatisfied, or very dissatisfied?



The Congress

As a result of the debt negotiations, Congressional approval has fallen to its lowest point in history

Do you approve or disapprove of the way Congress is handling its job?



NADP.org
National NBC/WSJ survey (August 27-31, 2011)

**The 2012 House and
Senate elections are tilted
towards the Republicans**

U.S. Senate: 2012 Election Cycle

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

Source: Cook Political Report, 2011

U.S. Senate: 2012 Election Cycle

■ Democratic Races – Toss Up

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

■ GOP Races – Toss Up

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

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

U.S. House – 2012 Election Cycle

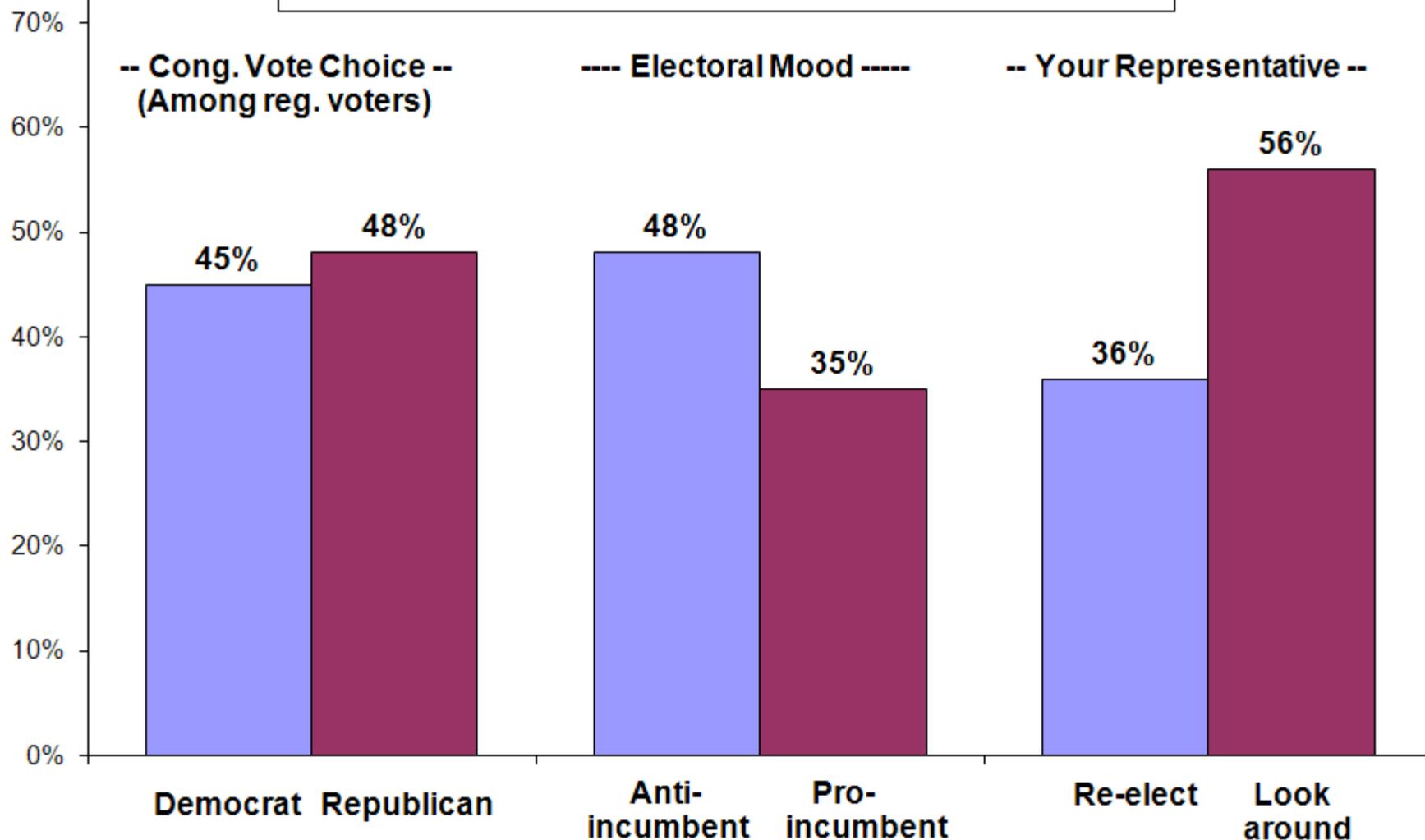
- 435 House seats up in 2012
- Primary challengers are still biggest concern for most incumbents, especially GOP members

**In the past two
generations, no re-
elected president has
come close to carrying
25 seats in the House**

However...

Midterm Elections in November

ABC News/Washington Post poll



The Presidency

2012 Presidential Landscape

■ President Obama

- ▶ Difficulties with base
- ▶ Growing anxiety with economy
- ▶ Increase in food, gas and everyday costs are worry
- ▶ **Independents are key**



The 2012 GOP Field

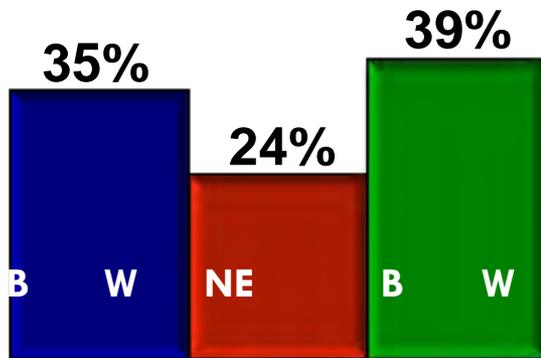
- ▶ Romney (MA)
- ▶ Perry (TX)
- ▶ Cain (GA)
- ▶ Paul (TX)
- ▶ Gingrich (GA)
- ▶ Bachmann (MN)
- ▶ Huntsman (UT)
- ▶ ~~Christie (NJ)~~
- ▶ ~~Palin (AK)~~
- ▶ ~~Daniels (IN)~~
- ▶ ~~Huckabee (AR)~~
- ▶ ~~Pawlenty (MN)~~
- ▶ ~~Trump (NY)~~



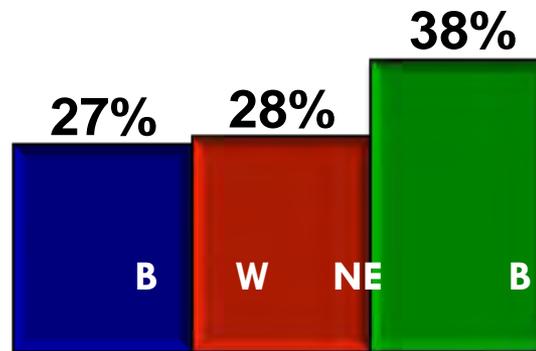
President Obama

81% of voters believe Obama's economic policies have had no effect on the economy or have made conditions worse

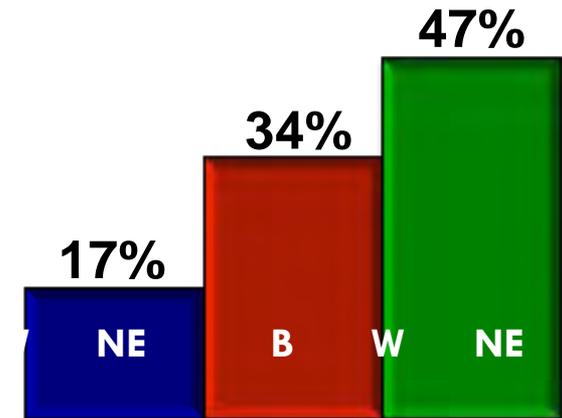
81%



January
2011



February
2011

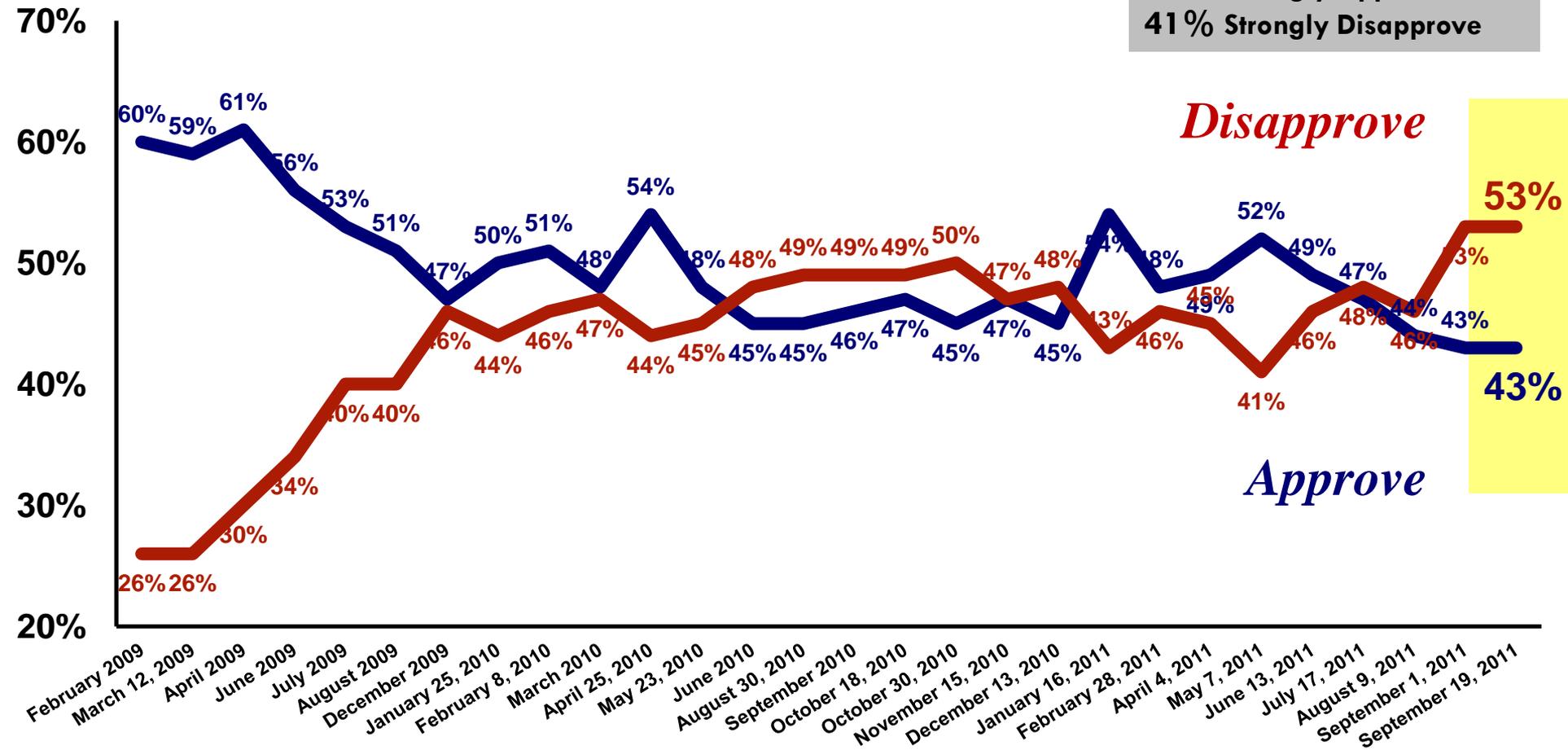


September
2011

Obama's Job Approval

Obama's Approval Intensity

19% Strongly Approve
41% Strongly Disapprove



Tracking presidential approval is critical to understanding the outcome of the 2012 election.

Today

Approve

43.6%

Disapprove

50.9%

The Obama Advantage

Fundraising Capability
No Primary
Standing President

Key Take Away Points

- ✓ Voters are angrier now than 2006, 2008 or 2010. It will be another very turbulent election.
- ✓ Simply based on his ability to fundraise, Barack Obama will be a formidable candidate no matter the state of the economy.
- ✓ Obama is perceived as “left of center” and after appealing to his base he will shift himself to the political mainstream.

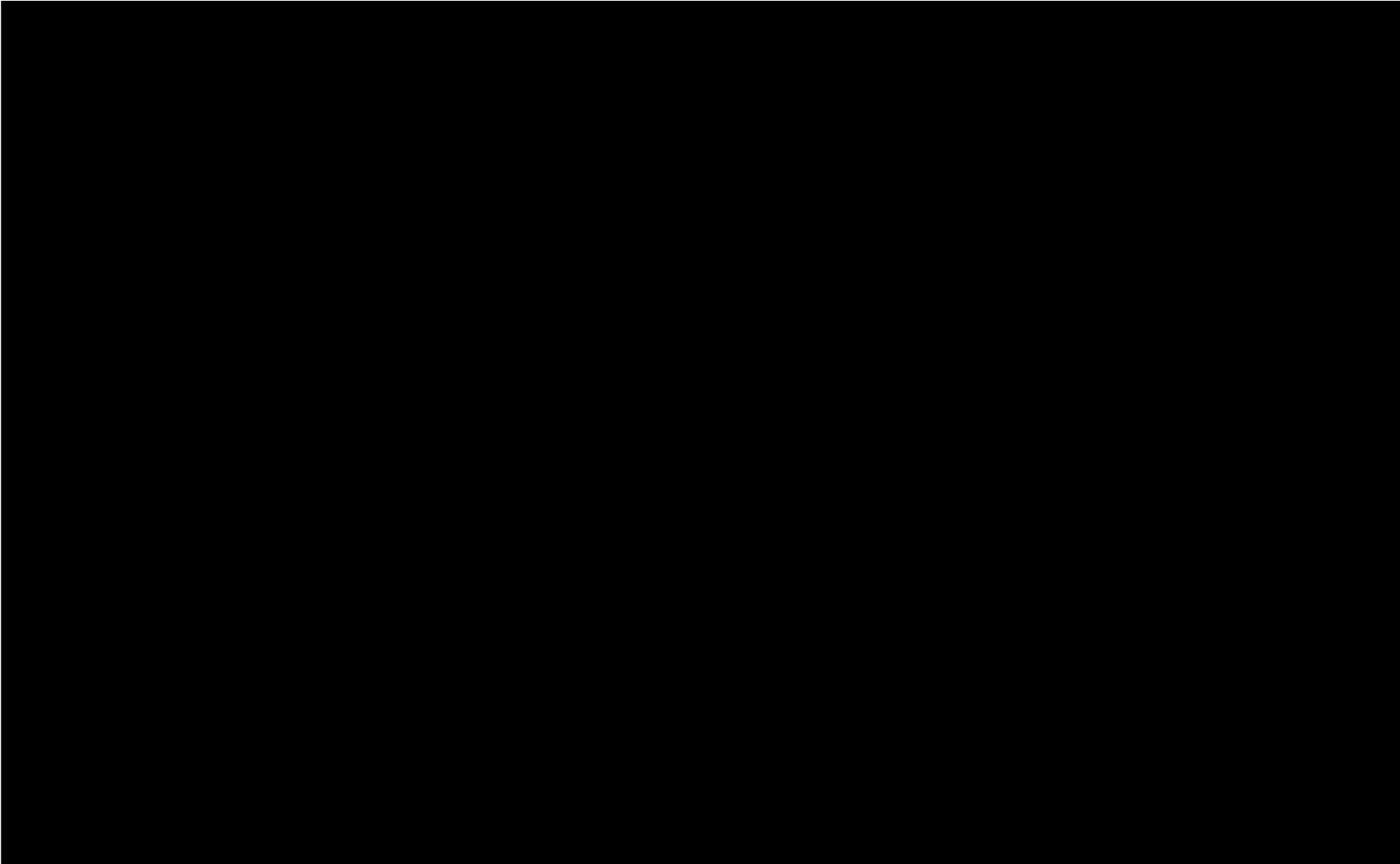
Key Take Away Points

- ✓ The focus by the American public on government spending is unprecedented.
- ✓ A majority of Americans believe the country has been on the wrong track for 92 straight months – with no end in sight.
- ✓ Americans remain focused on the economy and jobs.



**What we are up against and
what you can do to help**

Rep. Pompeo - EDA Floor Speech (10/4)



We can prevail in any political environment and we have proven it

**In FY2011, EDA was about to be cut by \$80 million dollars!!!
Almost 1/3 of its entire budget!**

Key votes:

- All Democrats and 145 Republicans
- Ten Republicans in House Leadership
- 19 Republican members of the House Appropriations Committee
- 23 out of the 51 “Most Conservative Members of Congress”
- Over 50% of the House Tea Party Caucus

Keys Grassroots Advocacy

Most powerful tools remain:

- Know the political landscape
- Build personal relationships and build trust
- Provide timely, concise and accurate information
- Become a valued partner and resource
- Be persistent and engaged in the process

Keys to Success for Regional Councils

■ Tell Your Story...

- ◆ Regular Visits and Face-to-Face Meetings
- ◆ Professional Web Site... *Making A First Impression!*
- ◆ Statewide Impact Reports and Power Points
- ◆ Annual Report with Humanized Stories & Impact
- ◆ Professionally-Designed Newsletters and Reports
- ◆ Informed Board Members and Partners to Reinforce Your Message and Credibility

How are you creating messages that resonate with policy makers and how are you marketing your core programs and projects?



**National Association of Development Organizations (NADO)
and the NADO Research Foundation**

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