



The World of Federal Politics and Policy

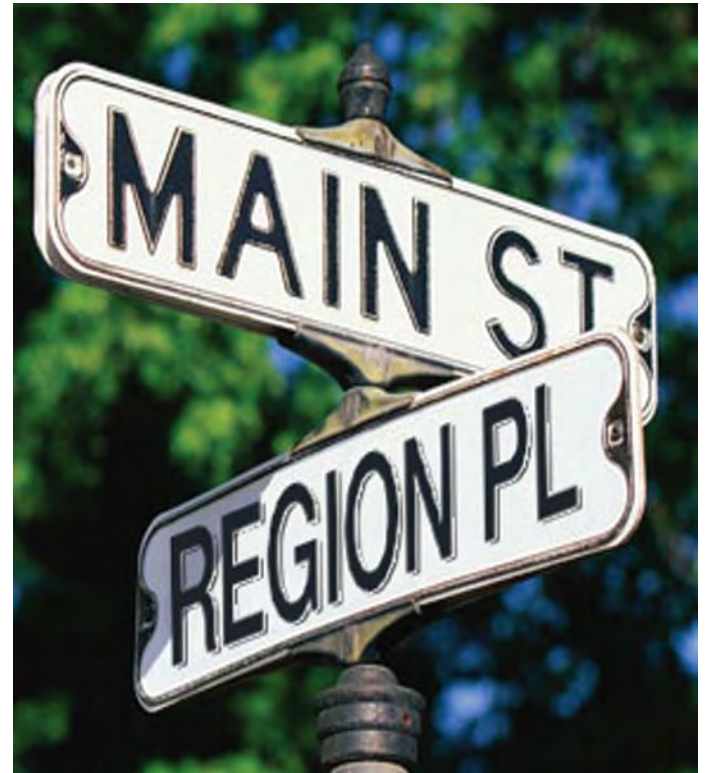
NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS

REGIONAL STRATEGIES. PARTNERSHIPS. SOLUTIONS

NOVEMBER 21, 2011

About NADO

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



Advocacy | Education | Networking | Research

Presentation Overview



- ▶ National Political Scene
- ▶ Obama Administration vs. Congress:
Politics, Policy and Budgets
- ▶ NADO Policy Agenda and the
Impact on COGs and Local Govts.

Nation's Capitol



LOST

CONFUSED

UNSURE

UNCLEAR

PERPLEXED

DISORIENTED

BEWILDERED

A Sense of Politics...

- ▶ "Politics is the art of looking for trouble, finding it everywhere, diagnosing it incorrectly, and applying the wrong remedies." ~ Groucho Marx
- ▶ "Freedom is hammered out on the anvil of discussion, dissent, and debate." ~ Voltaire
- ▶ "History is made by passionate minorities... not passive majorities." ~ Unknown

Presidential Campaign



■ President Obama

- ▶ Base remains strong
- ▶ Major anxiety with economy and job market
- ▶ Growing food, gas and everyday costs remain worry
- ▶ Best bets...
 - Avoid Democratic primary
 - GOP opponents polling even worse!
 - Independents are key



2012 GOP CANDIDATES: THE BEGINNING

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



2012 GOP CANDIDATES: NOW

The GOP (INTERNAL) Debate

CAN NEWT
BE ELECTED
WITH ALL HIS
BAGGAGE?

CAN I COME UP
WITH **THREE REASONS**
TO VOTE FOR
RICK PERRY...?

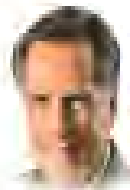
IS CAIN
DAMAGED
GOODS?

CAN I LIVE
WITH **MITT AS**
THE NOMINEE?

IS IT TOO
LATE FOR
SOMEBODY
ELSE TO RUN?!



Q: If the 2012 presidential election were held today, for whom would you vote?



Among these groups:

Independents



Ages 18 to 29



African Amer.



Hispanics*



Suburban



White college grads



White no college degree



OBAMA



ROMNEY

Q: What is the single most important issue in your choice for president?

**Economy/
jobs**
56%

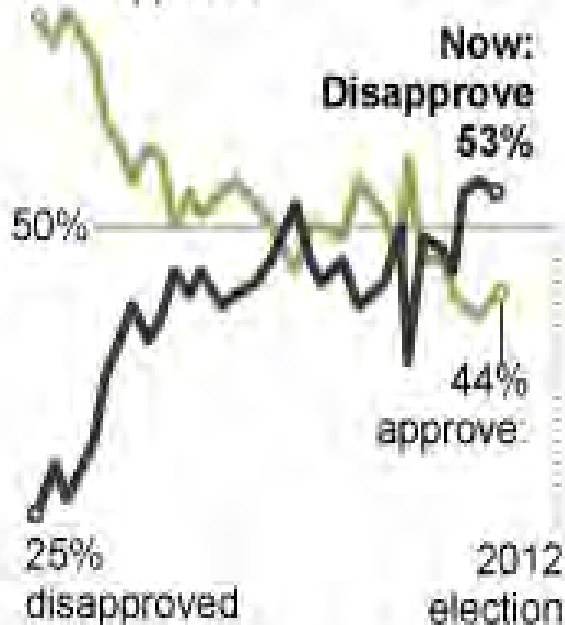
All other issues mentioned by 7 percent or fewer

The Washington Post - ABC News poll

2012 PRESIDENTIAL POLLS

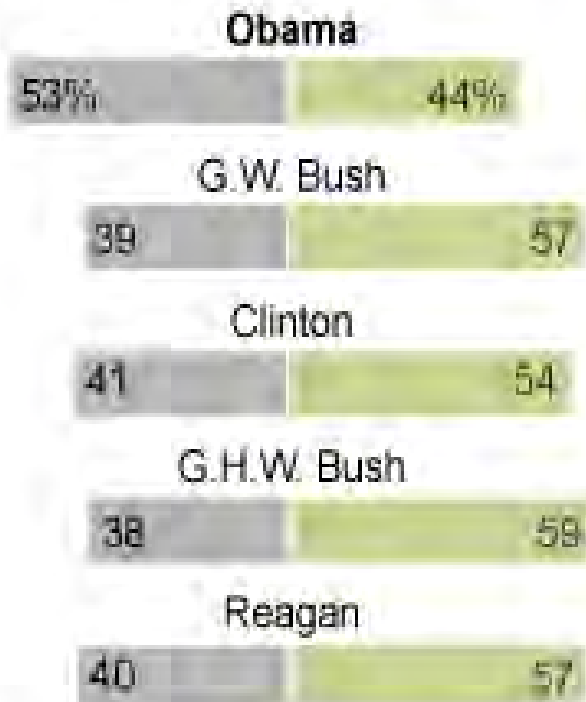
Q: Do you approve or disapprove of the way Barack Obama is handling his job as president?

Feb. 2009:
68% approved

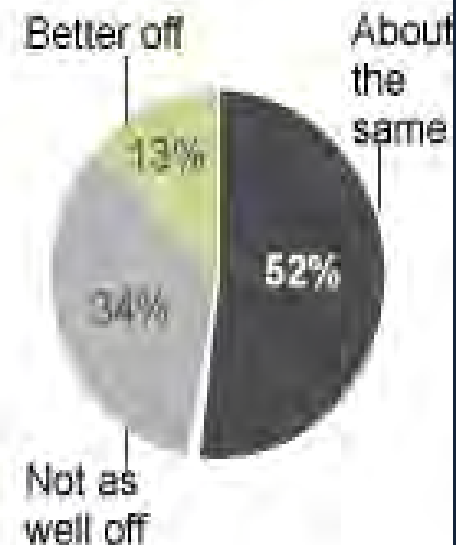


Q: How Obama compares to past presidents

DISAPPROVE APPROVE



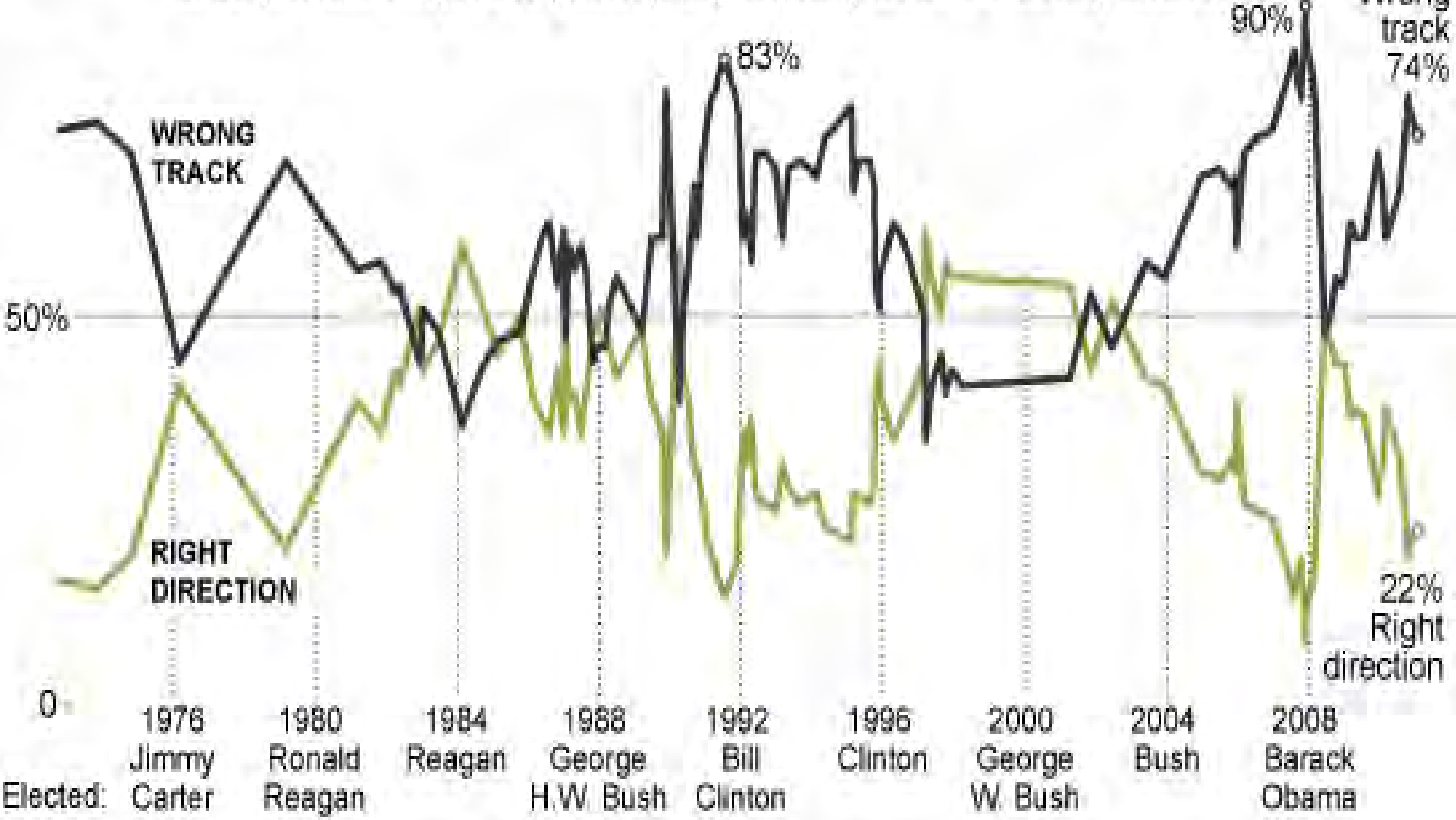
Percent saying that since Obama became president, financially they are:



The Washington Post - ABC News poll

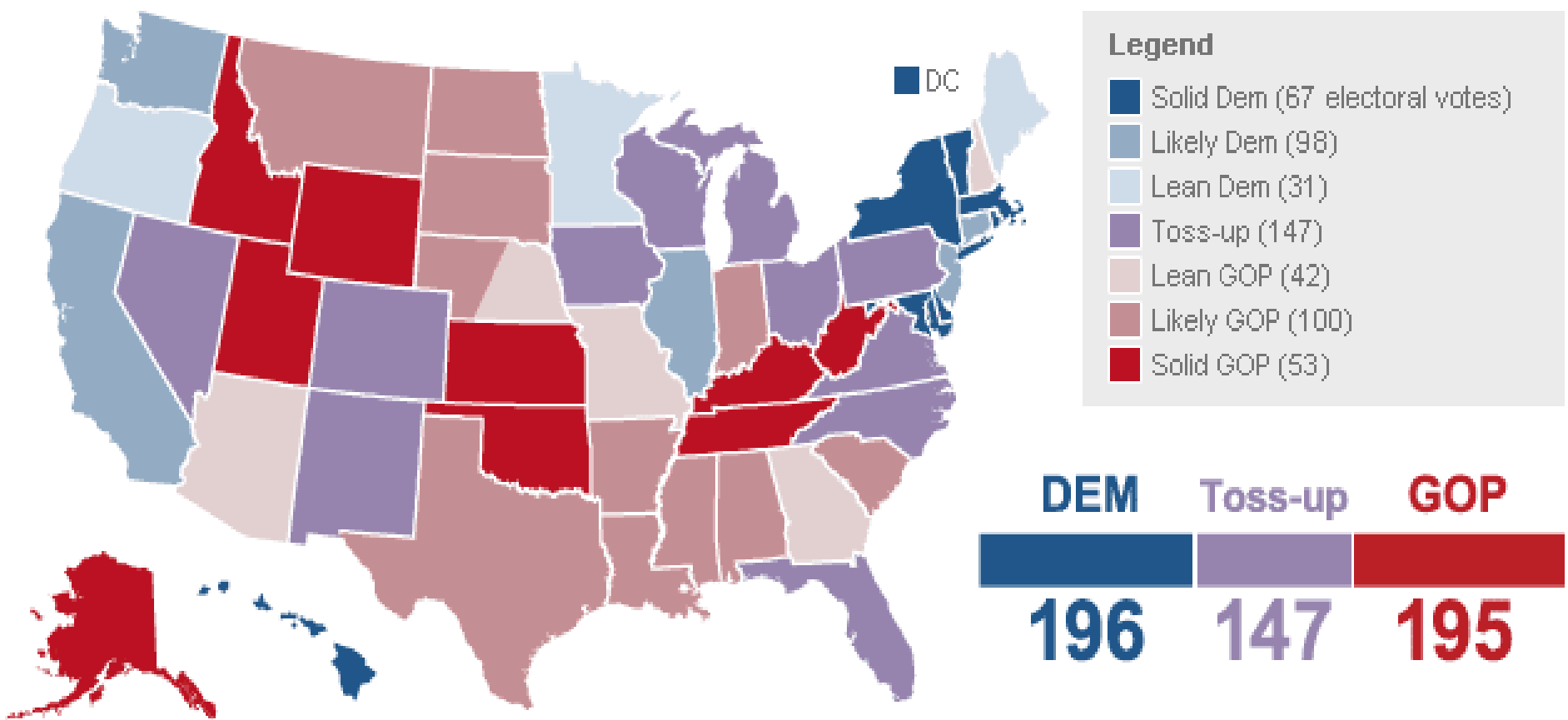
2012 PRESIDENTIAL POLLS

100% Q: Do you think things in this country are generally going in the **right direction** or do you feel things have gotten pretty seriously off on the **wrong track**?



The Washington Post - ABC News poll

Presidential Benchmarks: What Direction Is the Nation Headed?



2012 Presidential Electoral Votes

Current Projections

13 Presidential Battleground States



- Colorado
- Florida
- Indiana
- Iowa
- Michigan
- Minnesota
- Nevada
- New Hampshire
- New Mexico
- North Carolina
- Ohio
- Pennsylvania
- Virginia

	DEM	GOP	OUTLOOK
Partisan Breakdown	193*	242	+24 Margin
Seats up in 2012	<u>435</u>		218 is magic #
TOSS UP	8	12	TOSS UP
LEAN D	10	17	LEAN R
LEAN R	5	3	LEAN D
LIKELY D	18	30	LIKELY R
SOLID D	157	183	SOLID R

Source: Cook Political Report, November 17, 2011

U.S. HOUSE: 2012 ELECTION CYCLE

CONGRESSIONAL SEATS

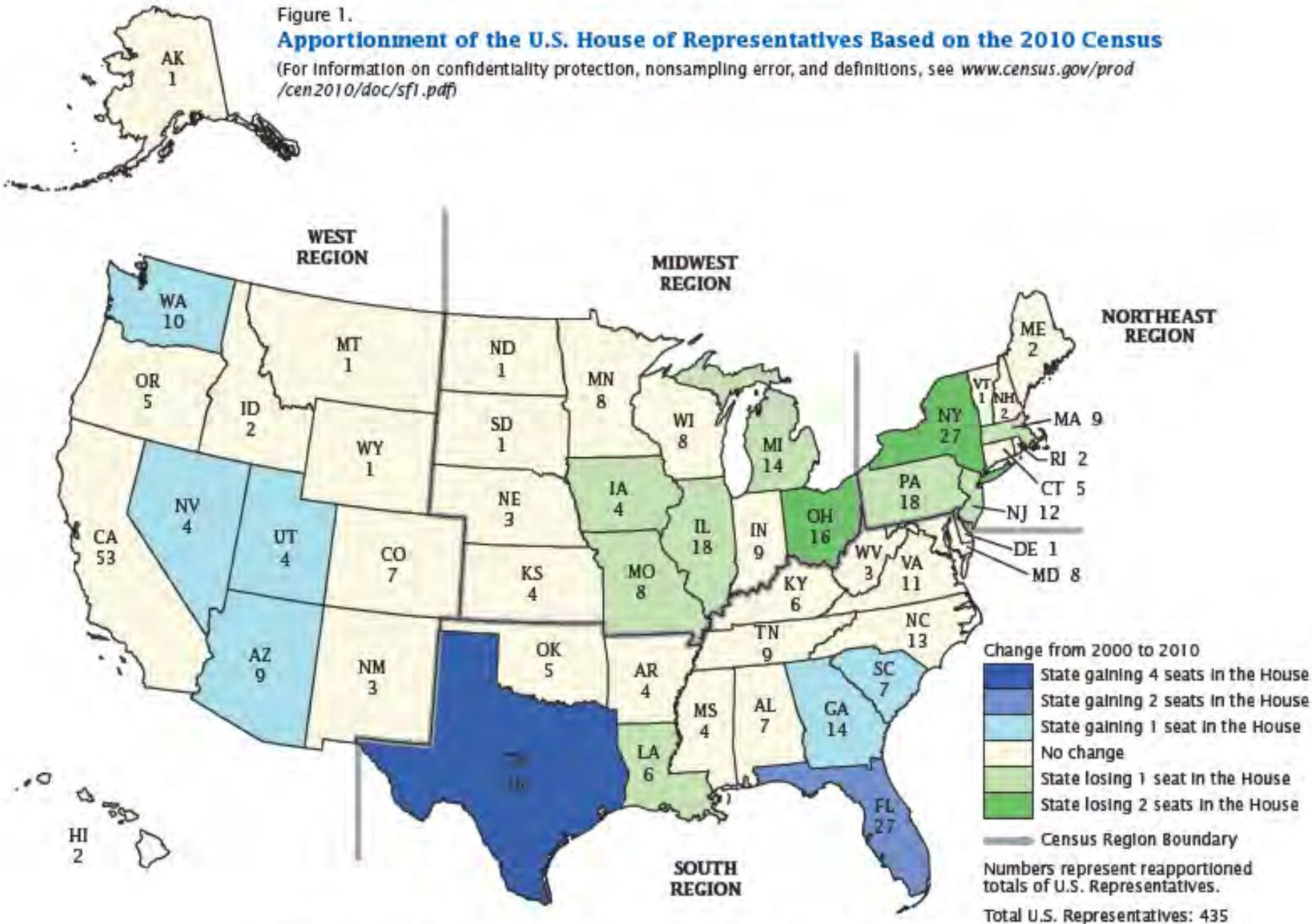
2010
OFFICIAL RESULTS



Figure 1.

Apportionment of the U.S. House of Representatives Based on the 2010 Census

(For information on confidentiality protection, nonsampling error, and definitions, see www.census.gov/prod/cen2010/doc/sf1.pdf)



Sources: U.S. Census Bureau, 2010 Census and Census 2000 at www.census.gov/population/apportionment/data.

	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
LEAN R	1	0	LEAN D
LIKELY D	5	4	LIKELY R
SOLID D	8	4	SOLID R

Source: Cook Political Report, November 17, 2011

U.S. SENATE: 2012 ELECTION CYCLE

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)
- ▶ Wisconsin (Kohl)

■ GOP Races – Toss Up

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

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



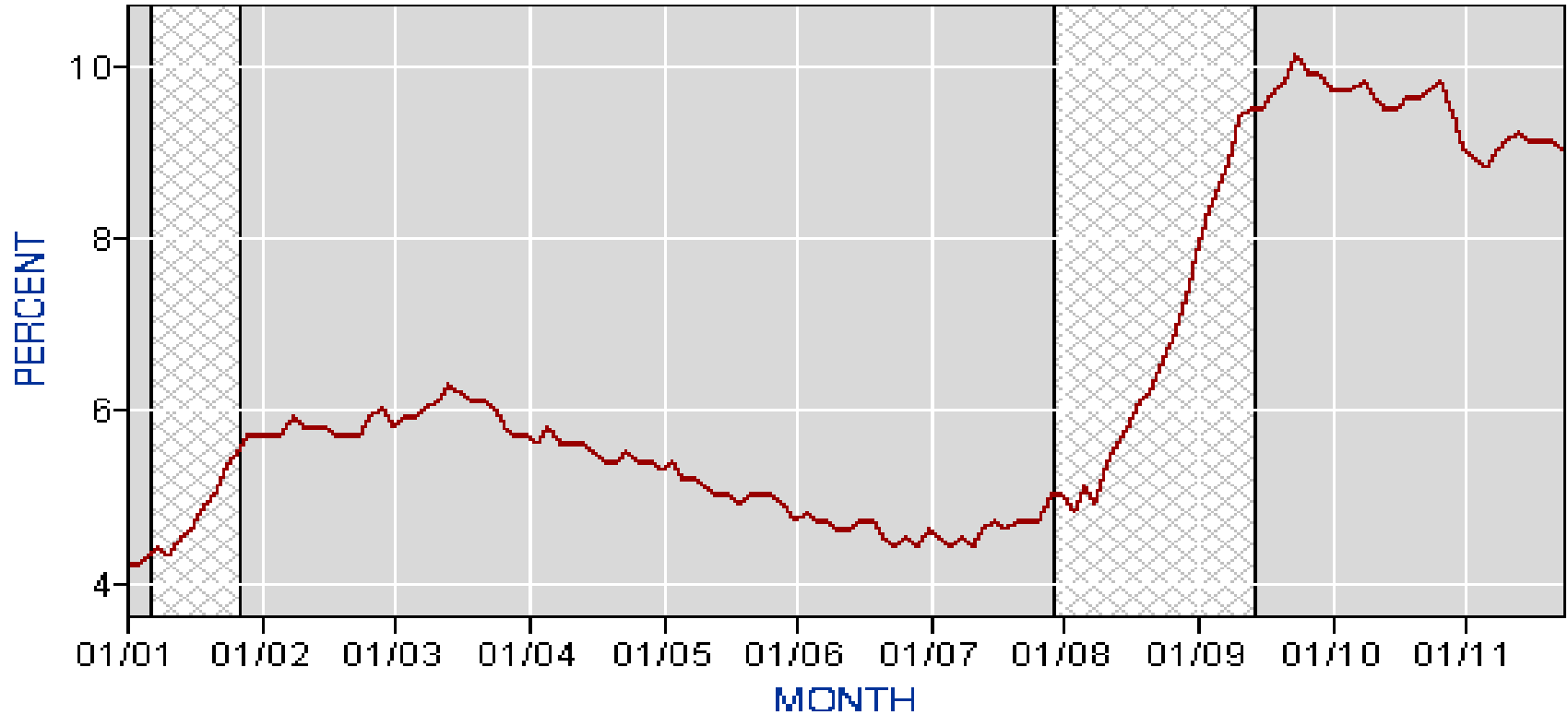
Politics, Policy & Budgets

Putting the Economy Into Perspective: Unemployment Rates

● 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
- ▶ October 2011 = 8.9 percent

Unemployment rate (seasonally adjusted)

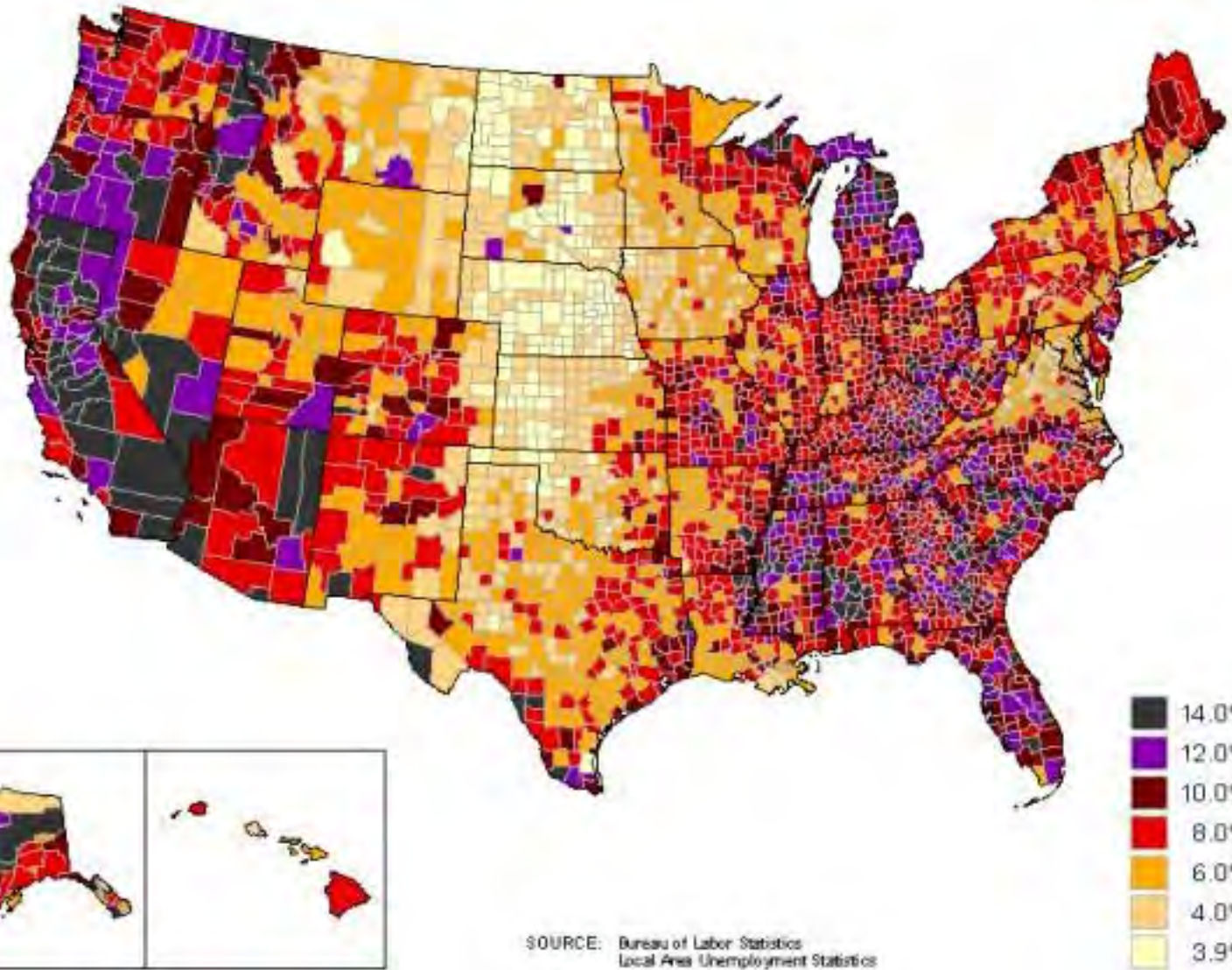


Note: Cross-hatched area represents recession.

U.S. UNEMPLOYMENT RATE: 9.0%

Job Statistics

- \$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



U.S. UNEMPLOYMENT RATE: 9.0%

Federal Budget Picture

■ Debt Ceiling: Hit \$15 Trillion in November 2011

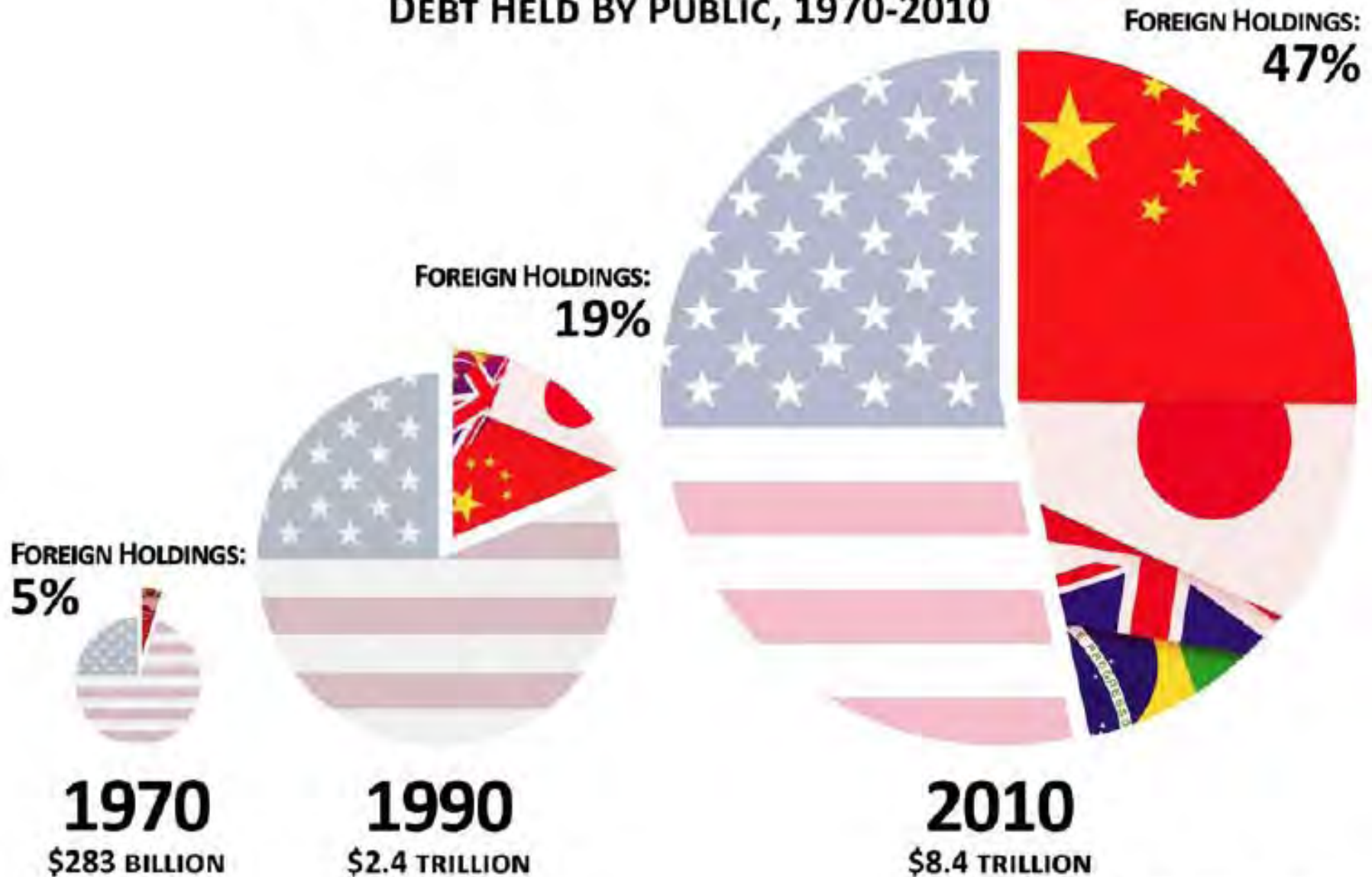
- ▶ Congress and President negotiating ~ \$1.2 trillion in reductions for next 10 years, per August debt deal
- ▶ Fed govt. borrows 40 cents of every dollar spent now
- ▶ Today, national debt is now 69% of GDP vs. 2008 was 40%
- ▶ CBO estimates rise to 109% by 2023 – the record set in WWII
- ▶ Standards & Poor's downgraded credit rating to "Negative"
- ▶ Every 1% increase in debt interest rates = \$150B (37 yrs of CDBG)

Federal Budget Picture

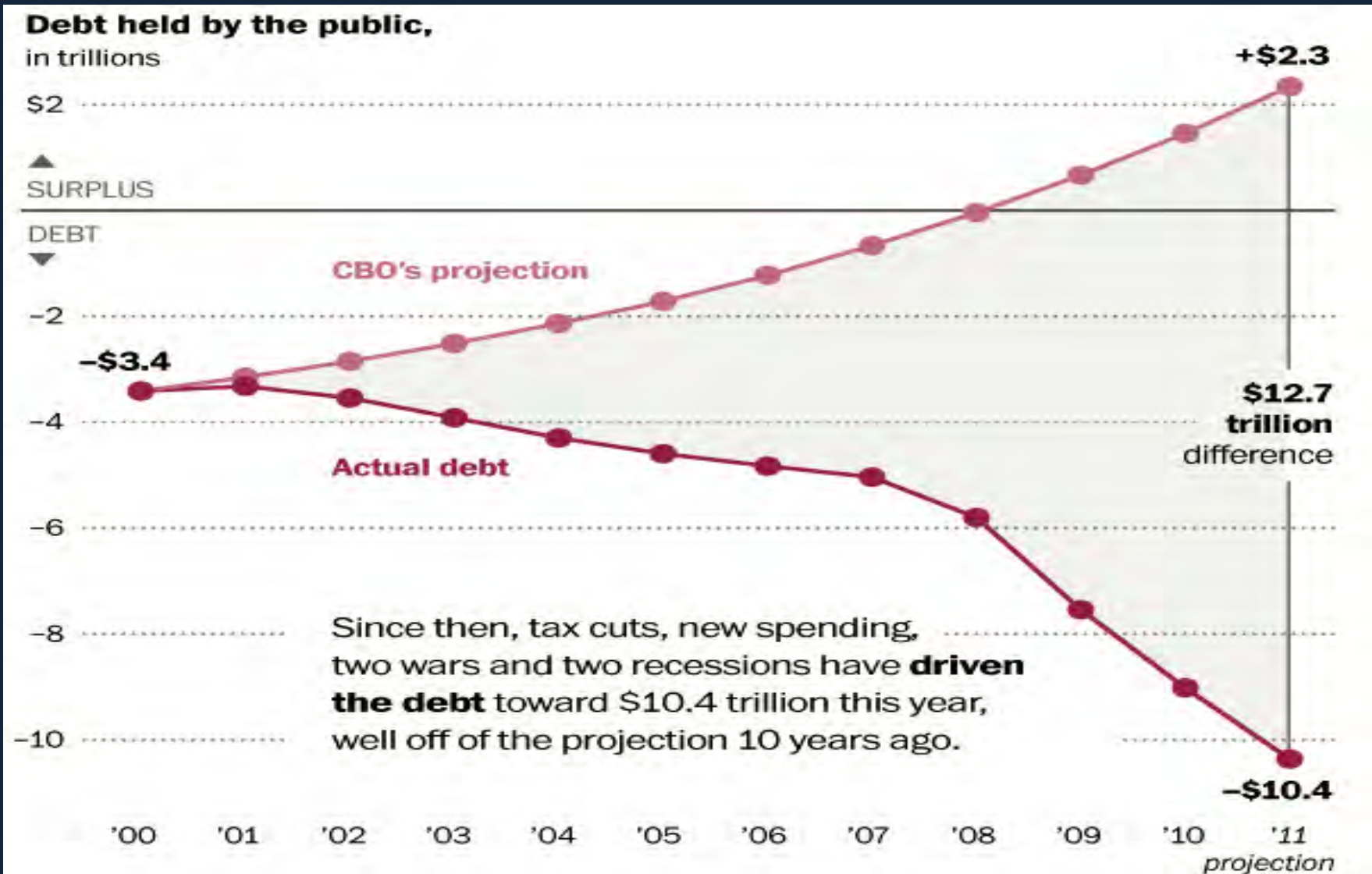
- **FY12 Projected Deficit of \$1.1 Trillion (7% of GDP)**
 - ▶ FY02-08 = Range of \$158B in FY02 to \$456B in FY08
 - ▶ FY11 projected deficit of \$1.645 trillion (10.0% GDP)
 - ▶ FY15 projected deficit of \$607 billion (3.2% of GDP)
 - ▶ ***By comparison, combined state budgets = \$1.49 Trillion***
 - ▶ ***Discretionary spending = \$1.049 Trillion in Final FY11 CR***

WHO OWNS OUR DEBT?

DEBT HELD BY PUBLIC, 1970-2010



SOURCE: U.S. DEPARTMENT OF TREASURY



Source: Washington Post, May 1, 2011; Pew Fiscal Analysis Initiative of CBO data

PROSPERITY VS. AUSTERITY!

Federal Budget Picture

■ FY2011 Deficits as Percentage of GDP

▶ Deficit is estimated at

9.5% vs. 3% for 40 year average

▶ What is the difference from average?

- Bush-era tax extension = 2.5% (\$1.6 Trillion over 10 Yrs)
- Recession = 2%
- Stimulus funding = 1%
- Wars = 1%

How we got here

The difference between the surplus projected for 2011 and the actual debt level is approaching **\$12.7 trillion**. New legislation, made up of spending as well as tax cuts, contributed to most of this difference.



Source: Washington Post, May 1, 2011; Pew Fiscal Analysis Initiative of CBO data

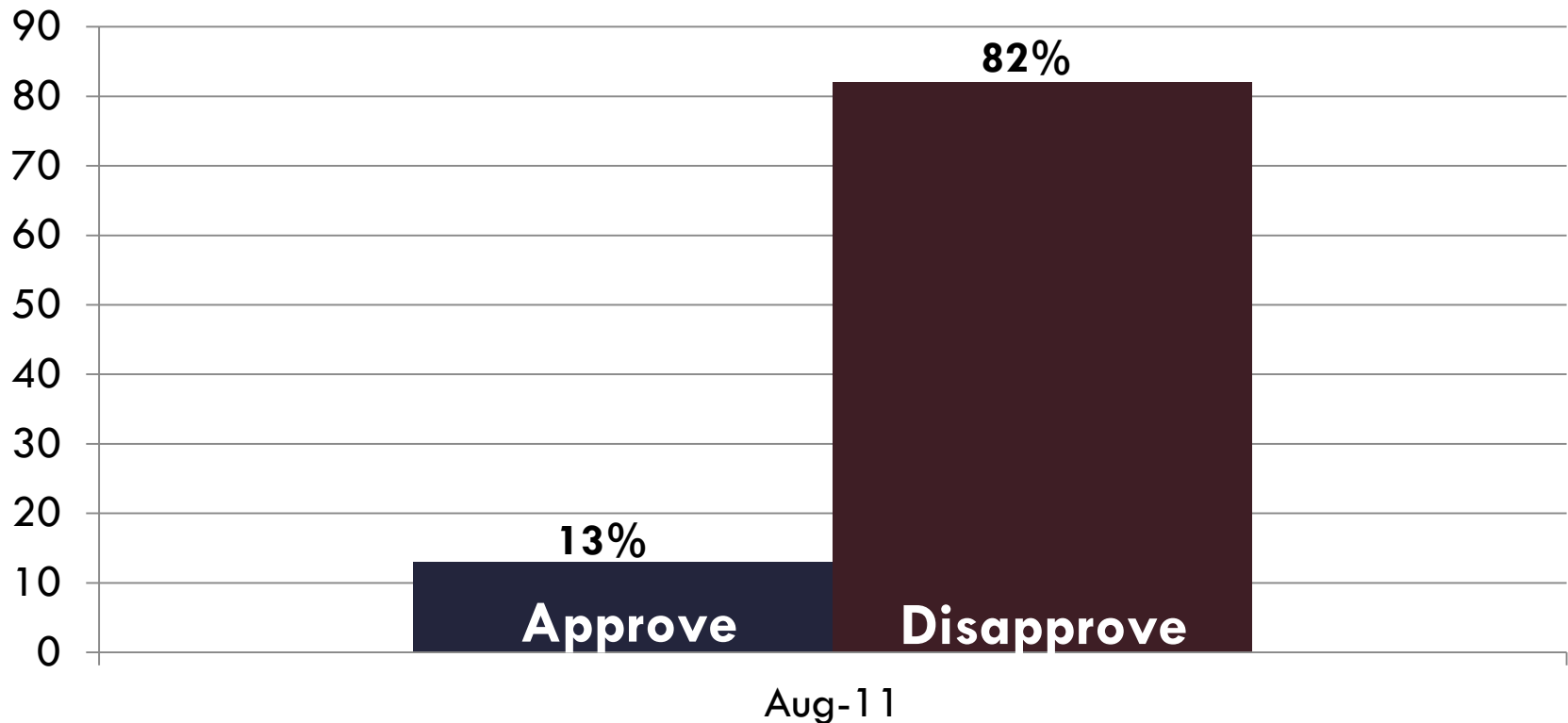
HOW DID WE DIG SUCH A BIG HOLE?

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

FEDERAL BUDGET TRENDS FY2000-2012

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?



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

DEBT CRISIS AVERTED



DEAL REACHED ON US DEBT CRISIS

BUDGET CONTROL ACT OF 2011 (S. 365) - PASSED AUGUST 1, 2011

IT'S A
BIRD!

IT'S A
PLANE!

IT'S A SUPER
COMMITTEE.

SPLAT!





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

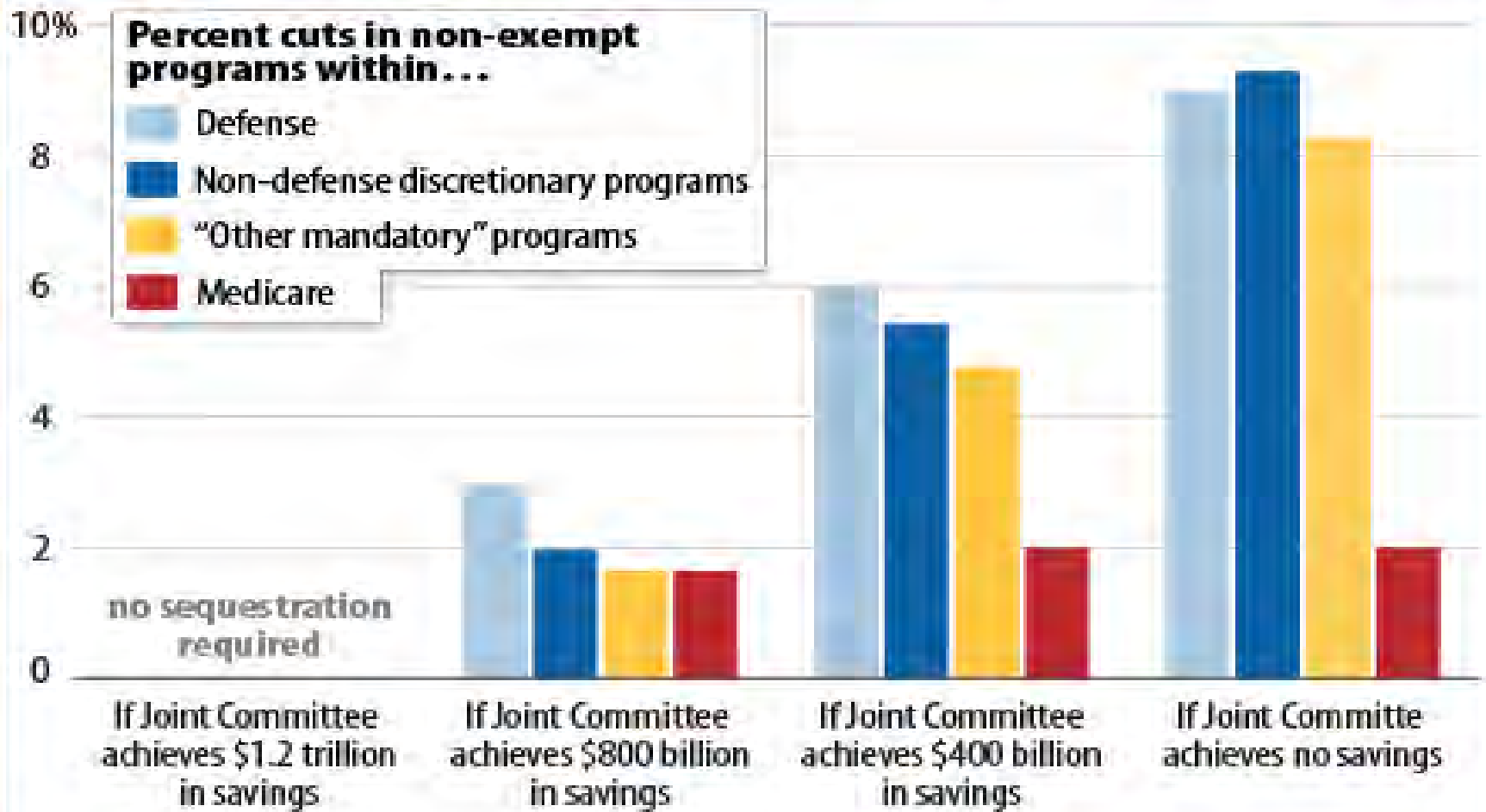
JOINT SELECT COMMITTEE ON DEFICIT REDUCTION

Joint Select Committee Process

- 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 and no Senate filibuster***
- If Congress disapproves **OR** JSC cannot agree on recommendations – sequester of \$1.2 trillion begins on January 2, 2013

Figure 2

Cuts Required in 2013 by Sequestration Under Different Scenarios



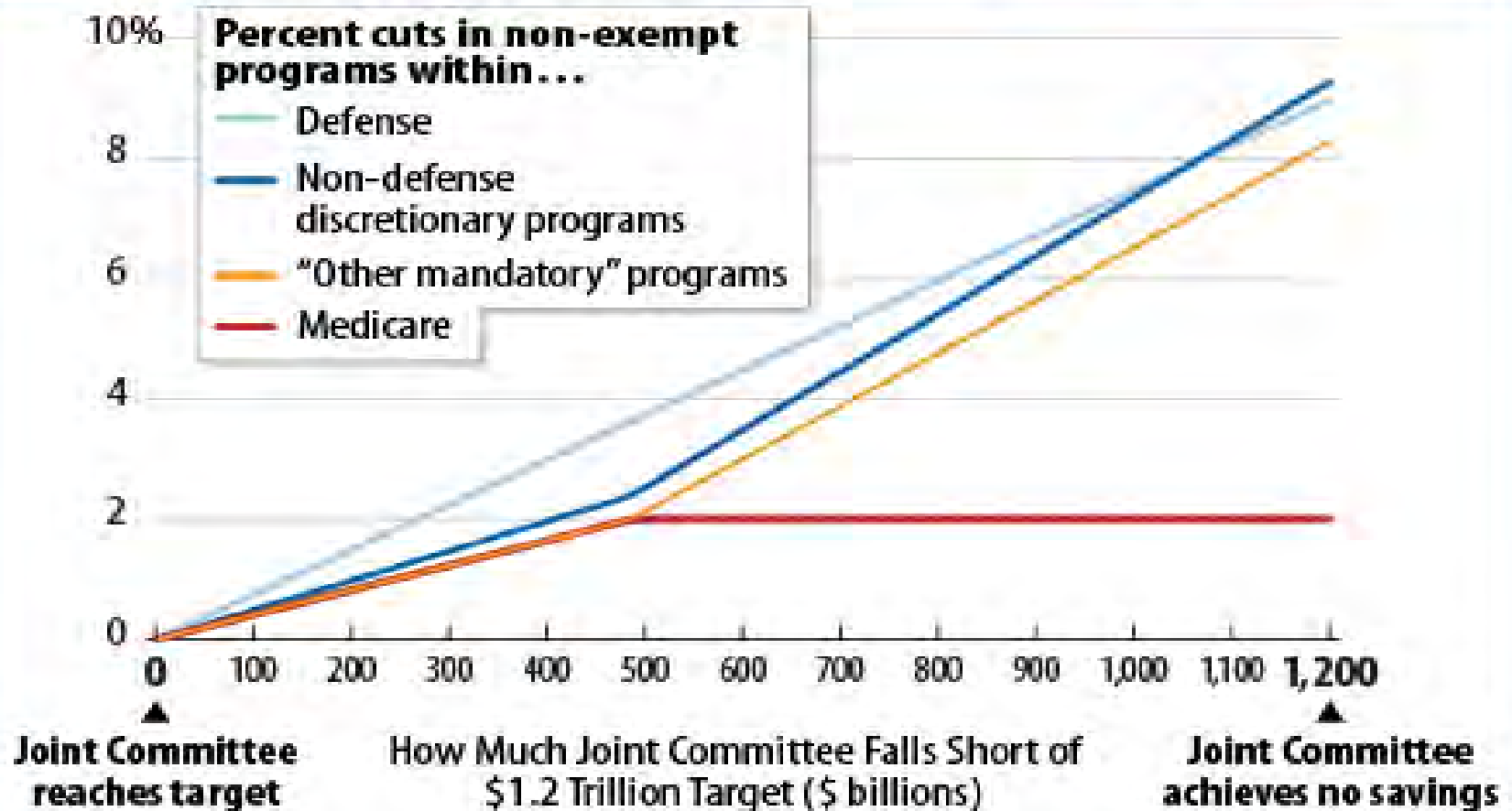
Source: CBPP calculations from Congressional Budget Office data.

Center on Budget and Policy Priorities | cbpp.org

SEQUESTRATION LEVELS

Figure 1

Cuts Required in 2013 by Sequestration Under Different Scenarios



Source: CBPP calculations from Congressional Budget Office data.

Center on Budget and Policy Priorities | cbpp.org

SEQUESTRATION LEVELS

TABLE 1:

Sequestration in 2013 if appropriations match 2013 caps and Joint Select Committee process does not produce any further deficit reduction.⁶ (Dollars in billions)

	Resources	Sequestration	
	before sequestration	Dollar reduction	Percent reduction
Defense	\$746	\$54.7	
Military personnel funding, assumed to be exempt (est.)	136	0	0.0%
Other non-war funding for 2013	<u>410</u>	36.7	9.0%
<i>Subtotal, amount subject to caps</i>	<i>546</i>		
War funding, outside of caps (estimated)	110	9.9	9.0%
Unobligated balances from prior years (estimated)	90	8.1	9.0%
Non-defense Discretionary (NDD) programs	501	38.6	
Non-exempt programs	415	38.5	9.3%
Veterans health and Pell grants, exempt (estimated)	80	0	0.0%
Health centers and Indian Health, 2% limit (estimated)	6	0.1	2.0%
Non-exempt mandatory programs	605	16.1	
Medicare payments to providers and plans, 2% limit	542	10.8	2.0%
Other non-exempt mandatory programs	63	5.2	8.3%

Source: Center for Budget and Policy Priorities

SEQUESTRATION LEVELS

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SEQUESTRATION LEVELS

“I’m not worried about the deficit. It’s big enough to take care of itself.”

-- President Ronald Reagan

“Alexander Hamilton started the U.S. Treasury with nothing, and that was the closest our country has ever been to being even.”

-- Will Rogers



Federal FY2012 Budget Outlook

Federal FY2012 Appropriations

- FY2012: Started October 1, 2011
- President Signed “Minibus” Package
 - ▶ Agriculture
 - ▶ Commerce-Justice-Science (NSF)
 - ▶ Transportation-HUD
- 9 Annual Spending Bills – ***CR thru December 16***
 - ▶ Defense
 - ▶ Homeland Security (Including FEMA)
 - ▶ Interior-Environment
 - ▶ Labor-HHS-Education

NADO Federal Policy Agenda

- ▶ White House and GAO Review of Regional Development Programs
- ▶ EDA Appropriations and Reauthorization
- ▶ SAFETEA-LU Reauthorization, with MPO and RPO Provisions
- ▶ Opportunities and Threats with WIA, SBA, EPA and HUD
- ▶ 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

HUD FY2012 Final Budget

■ Community Development Block Grant (CDBG)

- ▶ Final agreement: **\$2.948B** for formula grants
 - ▶ 11% below \$3.36B in FY2011
 - ▶ 27% cut from FY2010 level of \$3.98B
 - ▶ Allows 20% for planning, management and administration
- ▶ **\$300M in CDF Funding for Disasters plus \$100M in CDF Disaster Funds**

■ Sustainable Communities Initiative (SCI)

- ▶ Final Conference Agreement eliminates **\$100 million grant program** for Regional Planning grants and Community Challenge grants
- ▶ Senate had recommended \$90M, \$10M below FY2011 enacted level

■ HOME Investment Partnership Program

- ▶ Final agreement provides **\$1B**, cut of 38% from \$1.6B level in FY11

EDA FY2012 Final Budget

- ❖ **Overall Budget: \$457.5M (\$283.43M in FY11)**
 - ▶ **\$257.5M** for core programs and operations (Cut of \$25M from FY11)
 - ▶ **\$200M** for disaster assistance (disasters in FY11)

- ❖ **Program Breakdown:**
 - ▶ Planning Program: Cut to \$29 M (\$31M in FY11)
 - ▶ Public Works: Increased to \$111.64M (\$88.72 in FY11)
 - ▶ Economic Adjustment Assistance: Cut to \$50.06M (\$78.74M in FY11)
 - ▶ Technical Assistance: Cut to \$12M (\$13.37M in FY11)

EDA FY2012 Final Budget

Noteworthy Language from Conference Report Agreement:

- ▶ Repatriation Grants: \$5 M for EDA to work with U.S. companies to bring manufacturing and R&D jobs back to distressed regions
- ▶ EDA must commission independent review of University Centers
- ▶ New loan guarantee thru COMPETES Act (i.e. science parks)
- ▶ Reminds EDA to ensure award decisions are made at regional level rather than headquarters, plus EDA must recognize geographic equity and balance with rural areas

EDA Elimination Act

■ House – H.R. 3090

- ▶ Introduced by
Rep. Mike Pompeo (R-KS)
- ▶ 16 Cosponsors
 - Rep. Jeff Duncan (R-SC)
 - Rep. Tim Scott (R-SC)

■ Senate – S. 1869

- ▶ Sen. Jim DeMint (R-SC)
- ▶ No co-sponsors yet
- ▶ Endorsed by
Club for Growth,
Cato Institute and
Heritage Foundation

Lessons Learned

- ▶ Federal role vs. state and local responsibilities
- ▶ Examine how federal money is spent and allocated
 - *How can resources be used more effectively and efficiency?*
- ▶ Strive to align, coordinate and leverage resources
- ▶ Clearly define advocacy priorities – can't defend all!
 - *Many federal programs and accounts have been eliminated!*
- ▶ Educate your members of Congress and their staff!



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

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NADO.org | Ruraltransportation.org | Knowyourregion.org

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