About NADO

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

*Jobs and Sustained Economic Growth. Modern Infrastructure Assets.*

*Workforce Readiness. Quality of Life. Vibrant Communities.*
NADO Federal Policy Agenda

- White House and Hill Review of Regional Development Programs
- **EDA** Appropriations and Reauthorization
- **SAFETEA-LU Reauthorization**, with MPO and RPO Provisions
- **HUD Community Development Block Grant (CDBG)** Funding
- Key programs such as **Fed-State Commissions, WIA, SBA and EPA**
- **FEMA Support** for State and Local Preparedness and Response
- **HUD-DOT-EPA** Sustainable Development Initiative
- **USDA Rural Development** in 2012 Farm Bill
U.S. House – 2012 Election Cycle

435 House seats up in 2012

Current House Lineup:

- Democrats: 190
- Republicans: 242
- Vacancies: 3
### U.S. House: 2012 Election Cycle

#### Partisan Breakdown

<table>
<thead>
<tr>
<th>Seats up in 2012</th>
<th>DEM</th>
<th>GOP</th>
<th>OUTLOOK</th>
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<tbody>
<tr>
<td>190 (+3 Vacancies)</td>
<td>190</td>
<td>242</td>
<td>+24 Margin</td>
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<tr>
<td><strong>435</strong></td>
<td><strong>218 is magic #</strong></td>
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#### TOSS UP

<table>
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#### LEAN

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<th>LEAN D</th>
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<td>12</td>
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<table>
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<td>2</td>
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<th>LIKELY D</th>
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<tr>
<td>9</td>
<td>16</td>
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<th>SOLID D</th>
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<td>157</td>
<td>190</td>
<td><strong>SOLID R</strong></td>
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Source: Cook Political Report
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<th>OUTLOOK</th>
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<td>51 + 2 Is</td>
<td>51</td>
<td>47</td>
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<td>Seats up in 2012</td>
<td>23</td>
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<td>33</td>
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<td>6</td>
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<td>TOSS UP</td>
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<tr>
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<tr>
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<tr>
<td>SOLID D</td>
<td>8</td>
<td>5</td>
<td>SOLID R</td>
</tr>
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</table>

Source: Cook Political Report, Oct
U.S. Senate: 2012 Election Cycle

Democratic Races – Toss Up

- Hawaii Open (Akaka)
- Tester (MT)
- North Dakota Open (Conrad)
- Virginia Open (Webb)
- Wisconsin Open (Kohl)
- Connecticut (Lieberman-I)

Changes:

- McCaskill (MO) – NOW LEANING D
- Nebraska Open (Nelson) – NOW LEANING R
- New Mexico Open (Bingaman) – NOW LEANING D

GOP Races – Toss Up

- Brown (MA)
- Heller (NV)
- Lugar (IN)
- Maine Open (Snowe)
Presidential Election
Economic Concerns Continue to Be Cited as Most Important Problem

What is the most important problem facing our country today?

- 31% Economy in General
- 26% Unemployment/Jobs
- 14% Dissatisfaction with Government
- 8% Federal debt
- 6% Healthcare
STATES THAT WILL DECIDE THE ELECTION

KEY SWING STATES

Source: Cook Political Report
A Presidency in Perspective

How does Barack Obama's approval rating compare to past president's at this stage of their reelection campaigns?

Obama 48%
Bush 50%
Clinton 54%
Bush 41%
Carter 43%

Source: Gallup Presidential Job Approval Polling.
Context for Federal Policy and Budget Debates
Federal Budget Picture

Debt Ceiling: Hit $15 Trillion in November 2011

- 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 if no change – the record set in WWII
<table>
<thead>
<tr>
<th>Outlays</th>
<th>FY2000</th>
<th>FY2005</th>
<th>FY2010</th>
<th>FY2012 Estimate</th>
<th>FY00-12 Change</th>
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<tbody>
<tr>
<td>Appropriations</td>
<td></td>
<td></td>
<td></td>
<td>$881B</td>
<td>+ $603B</td>
</tr>
<tr>
<td>Defense / Security</td>
<td>$278B</td>
<td>$443B</td>
<td>$815B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Security</td>
<td>$339B</td>
<td>$487B</td>
<td>$491B</td>
<td>$462B</td>
<td>+ $123B</td>
</tr>
<tr>
<td>Mandatory</td>
<td></td>
<td></td>
<td></td>
<td>$468B</td>
<td>+ $269B</td>
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<tr>
<td>Medicare</td>
<td>$199B</td>
<td>$290B</td>
<td>$446B</td>
<td></td>
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<tr>
<td>Medicaid</td>
<td>$117B</td>
<td>$194B</td>
<td>$273B</td>
<td>$269B</td>
<td>+ $152B</td>
</tr>
<tr>
<td>Other Mandatory</td>
<td>$123B</td>
<td>$337B</td>
<td>$644B</td>
<td>$598B</td>
<td>+ $475B</td>
</tr>
<tr>
<td>Debt Interest</td>
<td>$220B</td>
<td>$178B</td>
<td>$196B</td>
<td>$240B</td>
<td>+ $20B</td>
</tr>
<tr>
<td><strong>TOTAL OUTLAYS</strong></td>
<td>$1.790T</td>
<td>$2.479T</td>
<td>$3.456T</td>
<td>$3.729T</td>
<td>+$ 1.939T</td>
</tr>
</tbody>
</table>
ABSENT REFORMS, DEBT IS SET TO SKYROCKET IN THE COMING DECADES

Sources: Congressional Budget Office (January 2012) and Bipartisan Policy Center
DEBT CRISIS AVERTED

DEAL REACHED ON US DEBT CRISIS

August 1

Budget Control Act of 2011 (S. 365)
Debt Deal: Overview of Major Components

- Debt Ceiling Increase With Required Reductions in Deficit

- Discretionary Spending Caps

- Joint Select Committee on Deficit Reduction (Super Committee)
  - Goal: Find $1.5 trillion in additional deficit reduction
  - Or else...automatic sequestration
UNDERSTANDING THE BREAKDOWN OF SEQUESTRATION LEVELS

Total “triggered” cut $1.2 trillion

- Subtract 18 percent in debt service savings

Evenly split each year’s cut between defense and non-defense accounts

- Distribute remaining $984 billion evenly among fiscal years 2013 to 2021

$109.3 billion per year

- Defense $54.7 billion
- Non-defense $54.7 billion

$109.3 billion per year

$109.3 billion per year

$109.3 billion per year
How Does the Sequester Work?

- **What is unique about FY2013**
  - Cuts occur in the middle of the fiscal year (Jan. 2013)
  - Discretionary cuts occur no matter what Congress appropriates
  - Sequester cuts happen at “program-project activity” (PPA) level

- **Across-the-board cuts difficult for many PPAs:**
  - Accounts that are nearly all personnel costs, like those for Border Patrol Agents
  - Large procurement of construction projects
Some mandatory spending and non-defense discretionary (NDD) programs are *exempt* from the sequester

**Mandatory Exemptions**
- Social Security
- Medicaid
- Food stamps (SNAP)
- Medicare annual cuts are limited to 25 and are made to provider payments

**NDD Exemptions**
- Pell Grants
- Department of Veteran’s Affairs programs
- Transportation programs paid for by the Highway Trust Fund
- Cuts to Indian health and migrant health centers are capped at 2%
Sequestration Transparency Bill

- Passed both houses of Congress on bipartisan basis; signed by President Obama

- Required OMB to issued official sequestration report
  - 9.4 percent to non-exempt defense discretionary spending
  - 8.2 percent to non-exempt domestic discretionary spending

- OMB determined that Highway Trust Fund programs and the FAA’s Airport Improvement program are exempt from cuts
  - However, bailout transfers from the General Fund to the Highway Trust Fund would be subject to the sequestration
Even with Sequester, Federal Budget Expands by Nearly $2 Trillion
Can Sequestration Be Avoided?

- YES!

- Congress would have to pass legislation and President Obama would need to sign before January 2, 2013

- Moody’s Investors Services warned it would lower the U.S. credit rating if negotiations do not produce a plan to stabilize and reduce the national debt
FY2013 Federal Appropriations
FY2013 Appropriations

- Senate FY13 discretionary spending level: $1.043 trillion
  - No FY2013 appropriations bills passed by full Senate
  - Senate appropriations committee approved 11 of 12 FY2013 appropriations bills

- House FY13 discretionary spending level: $1.028 trillion
  - House passed 7 of 12 FY2013 appropriations bills
EDA: Budget Background

- President’s FY2013 request: $219M
  - $38M below FY12 enacted level ($257.5M) = 15% cut
  - $64.43M below FY11 enacted level ($283.43M) = 23% cut
  - $74M below FY10 enacted level ($293M) = 25% cut
- EDA’s final FY12 funding total of $457.5M included $200M for disaster assistance and $257.5M for programs and operations
- Since FY2001, funding for EDA’s core economic development assistance programs has decreased by approximately 50 percent!
Economic Development Administration

Amendments to H.R. 5326
House FY13 Commerce-Justice-Science Appropriations Bill

- **Michaud Amendment**: to restore a $38 million cut to EDA with a $38 million funding offset from the Census Bureau’s periodic census account
  - *The Michaud amendment was defeated by a 190-218 vote*

- **Pompeo Amendment**: to eliminate EDA
  - *The Pompeo amendment was defeated by a bipartisan vote of 129-279*

- **Scalise Amendment**: to reduce the salaries and expense line items for three U.S. Department of Commerce accounts, including EDA’s operations account by $7.5 million
  - *The Scalise amendment was defeated by a vote of 174-233*
HUD CDBG: Background

President’s FY13 Request: Level funding for formula grants at $2.948B

- 11% below FY11 level of $3.34B
- 26% below FY10 level of $3.99B

This continues a recent downward trend in CDBG funding since the program reached a high of $4.36 billion in FY2003
FY13 Appropriations: HUD CDBG

- **Senate FY13 T-HUD Appropriations Bill= $3.1 B**
  - Only passed by Senate Appropriations Committee

- **House FY13 T-HUD Appropriations Bill= $3.4 B**
  - Passed by the full House
  - Amendment by Rep. Tom McClintock (R-CA) to eliminate all funding for CDBG grants in FY2013 was soundly defeated with a 342-80 vote
  - Included report language that would examine how grantees use CDBG funds as matching dollars for other federal programs
What’s Next?
What’s Next: FY2013 Appropriations

- Six month Continuing Resolution (Oct. 1, 2012 - March 27, 2013)—H.J. Res. 117
- Reflects $1.047 trillion cap in 2011 Budget Control Act
- $8 billion over current spending
- Agencies operate on current levels plus .621 percent
What’s Next: Farm Bill

- Current law (P.L. 110-246) expired September 30, 2012
  - Second time since 1973
- S. 3240 passed by Senate on 6/21/12
- H.R. 6083 passed by House Agriculture Committee on 7/12/12
- House introduced 1 year extension (H.R. 6228)
- No floor time dedicated to moving in House
- House and Senate leaders promised to revisit after elections
- Major issues moving forward:
  - Overall funding: Senate bill saves $23B over 10 years
  - House bill saves $35 billion over 10 years
  - Disagreements over SNAP (House cuts $16B, Senate cuts $4.5 B)
What’s Next:

- Fiscal Cliff?
- $607 billion in U.S. taxes and spending expire Dec-Jan
  - Bush tax cuts
  - 2010 Obama tax holiday
  - Expensing of investments and onset of tax provisions for Affordable Care Act
  - Emergency unemployment benefits
  - Onset of sequestration
What’s Next

- $16.3 trillion borrowing limit
- WSJ: We are now around $15.8 trillion and could hit the limit as early as December
- U.S. Treasury Department has wiggle room
A cartoon depicting a blue train labeled "G.O.P. 2012," a red train labeled "Obama 2012," and a yellow car labeled "Economy" crossing a railroad track at a "Debt Ceiling" sign with a person in the red train appearing concerned.