



## **FY 2011 Funding Process Comes to Dramatic Finish As New Budget Process Starts in Earnest**

**April 14, 2011**

### **FY 2011 Appropriations**

An end is in sight to the six-month-overdue FY 2011 appropriations process. Currently working under another one-week continuing resolution (CR), Congress is now set to approve by the end of today a long-term CR (H.R. 1473) for the rest of FY 2011. H.R. 1473 was approved this afternoon in the House of Representatives by vote of 260-167 and the Senate is expected to pass the measure later today. The CR agreement was struck by President Obama, Senate Majority Leader Reid (D-NV) and House Speaker John Boehner (R-OH) late last Friday night to prevent a government shutdown, with the Appropriations Committees working over the last five days to hammer out the details of the legislation.

H.R. 1473 contains approximately \$40 billion in cuts as compared to FY 2010 spending. This includes \$28 billion in cuts to discretionary spending programs, in addition to the \$12 billion in reductions that had already been made in the initial three CRs agreed to by Congress. Most of the "social issues" riders pushed for by Republicans were ultimately dropped from this bill when a deal was struck to grant a separate vote on those issues. The amendments on defunding implementation of the Affordable Care Act (ACA) and Planned Parenthood are expected to get party-line support in the House, but are not expected to get the necessary 60 votes in the Senate to be included in the final legislation.

**H.R. 1473 also includes an across-the-board cut to non-defense discretionary programs of 0.2 percent.** Under the legislation, the Office of Management and Budget (OMB) will be required to submit to the House and Senate Appropriations Committees a report specifying federal agency program budgets factoring in the across-the-board cut. This is very different from the usual processes involved in appropriations measures, so stay tuned to n4a's updates as the bill is implemented. Please also note that this update contains comparisons to H.R. 1, which was the House-passed final CR which contained \$61 billion in cuts; this became the House Republican leadership's position in the recently concluded

negotiations.

Notwithstanding the across-the-board cut, H.R. 1473 provides a total of \$1.5 billion for **Administration on Aging (AoA) programs**, essentially level funding compared to FY 2010. Only the nutrition programs were itemized in the legislative language, but n4a believes that virtually all of AoA's Older Americans Act programs will be treated equally: a 0.2 percent cut to FY 2010 funding levels. (Funding tables released by the House of Representatives suggest a \$16 million cut to AoA, but n4a believes this will not result in real cuts to core programs. Details to come.)

As previously reported by n4a, the **OAA Title V Senior Community Service Employment Program (SCSEP)** has been a target of spending reductions. During the last three-week CR, SCSEP was reduced by \$225 million from FY 2010. H.R. 1473 provides \$450 million for this program, the same as proposed in the President's FY 2012 budget. This amount is a cut of \$375 million below the FY 2010 level, but \$150 million more than in H.R. 1. Being on the President's reductions list in FY 2011 and FY 2012 has made SCSEP particularly vulnerable in this budget environment.

*Other Key Programs:*

- The Corporation for National and Community Service (AmeriCorps and Senior Corps programs) is funded at 1.1 billion, which is \$72 million below the FY 2010 enacted level but \$952 million above H.R. 1. H.R. 1473 does not specify the funding levels for the Foster Grandparents, RSVP and Senior Companion programs.
- The Community Services Block Grant (CSBG) is funded at \$680 million, which is \$20 million below the FY 2010 enacted level but \$285 million above H.R. 1.
- Low Income Home Energy Assistance Program (LIHEAP): The bill provides \$4.71 billion for LIHEAP, \$390 million less than FY 2010. However, it maintains the base formula grant to states at last year's level of \$4.51 billion.
- The Social Services Block Grant (SSBG) was not targeted for cuts and therefore remains at its FY 2010 level of \$1.7 billion.
- Community Development Block grants are funded at \$3.5 billion; \$950 million below the enacted level and \$1.5 billion above H.R. 1.
- H.R. 1473 rejects the elimination of the \$750 million Prevention and Public Health Fund of ACA that was proposed in H.R. 1.

## **FY 2012 Budget**

On April 5, Congressman Paul Ryan (R-WI), who chairs the House Budget Committee, introduced the House Republican Budget Resolution for FY 2012, which begins on October 1, 2011. The far-reaching proposal calls for even deeper cuts in discretionary spending than what the House Republicans had proposed for the remainder of FY 2011 (in H.R. 1). On April 6, the House Budget Committee passed the plan along party lines. The vote to adopt the non-binding plan will come tomorrow. The Democratic-controlled Senate is anticipated to consider its own budget resolution over the next several weeks.

Over the next decade, the Ryan budget resolution would cut about \$6 trillion in federal spending. It would make major cuts in several programs critical to the health and wellness of older adults including Medicare, Medicaid, senior housing and senior nutrition, transportation

and supportive services programs.

***Key elements of the Ryan budget plan:***

The Ryan budget plan would **freeze non-security discretionary spending** on programs such as the Older Americans Act, Section 202 and 811 housing, transportation and other social services programs at 2008 levels for the next five years.

The plan would **convert the Medicaid program into a block grant to states and cut it by \$1.4 billion**—about \$600 billion from repealing the coverage expansion under the ACA and \$771 billion from a reduction in federal Medicaid funding over the next 10 years. Under the proposal, Medicaid would be indexed for inflation and population growth. The non-partisan Congressional Budget Office (CBO) predicts that this reduction in federal funding will force states to restrict eligibility for the program, cut back on the services covered, and/or reduce already inadequate payment levels for health care providers.

The plan would also **convert Medicare into a voucher program for those now age 55 and younger** (beginning in 2022) and **increase Medicare eligibility to age 67**. Under the redesigned program beneficiaries would be provided with a Medicare payment to buy insurance from a list of guaranteed private coverage options, similar to the Part D benefit. The CBO has predicted this proposal will increase the cost of health coverage for beneficiaries significantly.

The plan sets out a new fast-track process that would be triggered if the **Social Security** Trustees Report shows a shortfall in the program within 75 years. Should that happen, the committee of jurisdiction must report Social Security legislation to fully close the shortfall by January 30 of that year. The House and Senate would then be required to take up the legislation under “expedited procedures.”

The plan would **repeal key Affordable Care Act (ACA) provisions** including the CLASS program for financing long-term services and supports as well the Prevention and Public Health Fund.

Under the plan **eligibility for rental assistance and Supplemental Nutrition Assistance Program (SNAP) would become contingent on a work requirement**. Given that more than half of rental assistance recipients and many SNAP recipients are age 65 and older, it would likely not be feasible for many of these individuals to go back to work.

For more information about these and other federal aging policy issues, please contact n4a’s Public Policy and Legislative Affairs staff: Amy E. Gotwals ([agotwals@n4a.org](mailto:agotwals@n4a.org)) and K.J. Hertz ([khertz@n4a.org](mailto:khertz@n4a.org)), 202.872.0888.

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