The Federal Budget Battle and the Funding Outlook for Ending Homelessness

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Federal Spending, FY 2012

- Interest on National Debt: 6%
- Social Security: 21%
- Medicare: 13%
- Medicaid and CHIP: 7%
- Other Entitlement Programs: 16%
- Non-Defense Discretionary: 17%
- Defense Discretionary: 19%

Source: Congressional Budget Office
Non-Defense Discretionary Spending, FY 2012

- Diplomacy and international affairs: 8%
- Law enforcement and governance: 12%
- Economic security: 13%
- Science, environment, and energy: 13%
- Transportation and economic development: 20%
- Health care and health research: 19%
- Education and training: 16%

Note: Shares do not add to 100 percent due to rounding.
Source: Center on Budget and Policy Priorities based on Office of Management and Budget data.
Budget Outlook Has Improved, But Remains Challenging

Debt held by the public as a percent of GDP, 1940-2040

Source: Historical data from OMB; projections from CBPP based on CBO, JCT, and Social Security and Medicare Trustees data.
The Budget Control Act of 2011 (BCA)

1. Set binding limits on discretionary spending in each fiscal year from 2012 to 2021, with separate sub-caps for defense and non-defense programs.

2. Triggered “sequestration” when Congress failed to agree on at least $1.2 trillion more in deficit reduction. Requires automatic, across-the-board cuts in non-exempt entitlement and discretionary programs in FY 2013, and further cuts in FY 2014 – 2021, including by lowering the defense and non-defense discretionary spending caps.
Deficit Reduction Enacted Since 2010, *Excluding Sequestration*

- $1.6 trillion in program cuts (mostly BCA discretionary spending caps)
- $0.7 trillion in revenues ("fiscal cliff" deal)
- $0.5 trillion in interest savings
- $2.8 trillion in total deficit reduction enacted
Non-Defense Discretionary Funding Under BCA Caps Will Be Far Below Historical Levels *before* Sequestration

Non-defense discretionary funding as a percent of GDP, 1976-2023

Note: Excludes one-time emergency funding for Hurricane Sandy relief in 2013.
Source: Center on Budget and Policy Priorities based on Office of Management and Budget and Congressional Budget Office data.
$900 Billion in Additional Deficit Reduction Would Stabilize the Debt Over the Coming Decade

Debt ratio (percent of GDP)

Notes: BCA stands for the Budget Control Act, enacted in August 2011, and reflects the BCA caps, but not sequestration after 2013; ATRA stands for the American Taxpayer Relief Act, enacted in January 2013. Source: Center on Budget and Policy Priorities based on Congressional Budget Office data.
Sequestration in 2013 Has Set Back Efforts to End Homelessness

• Sharp reduction in new households receiving housing vouchers – estimated loss of 120,000 – 140,000 vouchers by early 2014

• 25% cut in ESG funds and potential CoC grant renewal shortfall

• Cuts in capital/production programs in 2011 – 2013 will reduce supply of affordable housing over long term

• See appendix tables in our new report for state-by-state figures on voucher and ESG cuts
Annual Funding Cycle for Discretionary Programs

• HUD/OMB develop budget request (summer/fall)
• President’s budget release (early February)
• House/Senate budget resolution(s) – enforceable blueprint(s) for tax/spending, including overall discretionary spending target(s) (March/April)
• 12 annual appropriations bills to fund discretionary programs, including T-HUD bill (committee markups in May-July, floor/conference before October 1?)
• “Continuing resolution” (CR) – if Congress fails to pass all appropriations bills by October 1; may extend from short term to full year
## An Apples-to-Apples Comparison of House and Senate Budget Resolutions for FY 2014

<table>
<thead>
<tr>
<th>Category</th>
<th>House (Ryan)</th>
<th>Senate (Murray)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entitlement safety net</td>
<td>Deep cuts in Medicaid, Food Stamps</td>
<td>No cuts in Medicaid, Food Stamps</td>
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<tr>
<td>Defense discretionary</td>
<td>-$195 billion</td>
<td>-$640 billion</td>
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<tr>
<td>Non-defense discretionary</td>
<td>-$970 billion</td>
<td>-$15 billion</td>
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<tr>
<td>Revenue increases</td>
<td>+$45 billion</td>
<td>+$970 billion</td>
</tr>
<tr>
<td>Total deficit reduction</td>
<td>-$6.2 trillion</td>
<td>-$2.3 trillion</td>
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</tbody>
</table>

Notes: Figures are cumulative totals, 2014-2023, measured against a CBPP/CRFB current policy baseline. The CBPP/CRFB baseline assumes sequestration is cancelled, but that discretionary spending will continue to be limited by the BCA spending caps. Non-defense discretionary outlays under Senate resolution are net of reductions over time and up-front jobs initiatives.
Status of FY 2014 Funding for Housing and Other Discretionary Programs

- House writing bills totaling $967 billion, equal to sum of sequestration caps – BUT is shifting ~$47 billion from non-defense to defense programs
- Senate writing bills totaling $1.058 trillion, equal to pre-sequestration BCA caps. No changes in defense/non-defense caps for FY14
- Result: $10 billion gap between House/Senate THUD bills, and $6 billion gap in HUD title
Cuts in Non-Defense Discretionary Funding Under House (Ryan) Are $2\frac{1}{2}$X as Deep as Sequestration

Non-defense discretionary funding as a percent of GDP, 2010-2023

Note: The one-time appropriation for emergency Hurricane Sandy relief in 2013 is excluded.
## Proposed Funding Levels for HUD Programs in FY 2014
(Millions of dollars)

<table>
<thead>
<tr>
<th>Program</th>
<th>2013 post-sequestration</th>
<th>House 2014</th>
<th>Senate 2014</th>
<th>Senate minus House</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Choice Voucher Renewals</td>
<td>$16,349</td>
<td>$17,000</td>
<td>$17,568</td>
<td>$568</td>
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<tr>
<td>Housing Choice Voucher Admin</td>
<td>$1,306</td>
<td>$1,350</td>
<td>$1,685</td>
<td>$335</td>
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<tr>
<td>Public Housing Operating</td>
<td>$4,054</td>
<td>$4,262</td>
<td>$4,600</td>
<td>$338</td>
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<tr>
<td>Public Housing Capital</td>
<td>$1,777</td>
<td>$1,500</td>
<td>$2,000</td>
<td>$500</td>
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<tr>
<td>Section 8 Project-Based Rental Asst.</td>
<td>$8,851</td>
<td>$9,451</td>
<td>$10,700</td>
<td>$1,249</td>
</tr>
<tr>
<td>Homeless Assistance</td>
<td>$1,933</td>
<td>$2,088</td>
<td>$2,260</td>
<td>$172</td>
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<tr>
<td>HOME</td>
<td>$948</td>
<td>$700</td>
<td>$1,000</td>
<td>$300</td>
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<tr>
<td>Section 202 Elderly Housing</td>
<td>$355</td>
<td>$375</td>
<td>$400</td>
<td>$25</td>
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<td>Section 811 People with Disabilities</td>
<td>$156</td>
<td>$126</td>
<td>$126</td>
<td>-</td>
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<td>Native American Housing Grants</td>
<td>$616</td>
<td>$600</td>
<td>$675</td>
<td>$75</td>
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<tr>
<td>CDBG Formula Grants</td>
<td>$3,078</td>
<td>$1,637</td>
<td>$3,150</td>
<td>$1,513</td>
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</table>
Senate Funding Bill Would Recover Most Vouchers Lost Through Sequestration; House Bill Would Not

Number of vouchers in use for which no renewal funding was provided, by year

Note: Figures show number of vouchers used by families in prior year that received no renewal funding under annual appropriation. Estimates for House and Senate bills in 2014 are in comparison to voucher usage in 2013 at the pre-sequestration level.

Source: CBPP analysis of Department of Housing and Urban Development data.
Senate Bill Would Roll Back Sequestration Cuts In Housing Assistance, While House Bill Would Deepen Them

Change in annual funding level relative to 2010, in millions of inflation-adjusted dollars

<table>
<thead>
<tr>
<th>Program</th>
<th>2013, post-sequestration</th>
<th>House 2014</th>
<th>Senate 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Housing</td>
<td>-$1,935</td>
<td>-$2,105</td>
<td>-$1,267</td>
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<tr>
<td>Housing Choice Vouchers</td>
<td>-$1,389</td>
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<td>-$80</td>
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<td>CDBG formula</td>
<td>-$2,702</td>
<td>-$1,207</td>
<td>-$1,189</td>
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<tr>
<td>HOME Investment Partnerships</td>
<td>-$1,000</td>
<td>-$1,265</td>
<td>-$965</td>
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<tr>
<td>Section 8 Project-Based Rental Assistance</td>
<td>-$301</td>
<td>-$74</td>
<td>$1,394</td>
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<tr>
<td>Homeless assistance</td>
<td>-$47</td>
<td>$145</td>
<td>$246</td>
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Note: CDBG=Community Development Block Grant. Figures for public housing include operating and capital funding. Figures adjusted for inflation using Consumer Price Index data.
Source: Office of Management and Budget and Department of Housing and Urban Development data.
Uncertainty Reigns; Budget Goals Unchanged

• Goal is to undo sequestration, restore NDD funding – but requires a change in law possible only as part of debt limit or broader budget deal

• Key principle of any deal: deficit reduction should not increase poverty or income inequality

• Must factor in the $1.6 trillion in discretionary cuts already made – no more NDD cuts

• Only a balanced package, including significant new revenue, will protect safety net programs

• Critical to document and publicize real harm of sequestration; both data and stories are important
CBPP Housing/Budget Resources

- Background/analysis of low-income housing policy

- Fact sheets on federal rental assistance programs

- Timely updates on housing policy issues
  - [http://www.offthechartsblog.org/category/housing/](http://www.offthechartsblog.org/category/housing/)

- Primer on federal budget process

- Background/analysis of federal budget issues