

# WEBINAR

## Budget Resolutions, Sequester Caps, and Funding for Housing Programs

- Deborah Weinstein, Coalition on Human Needs
- Linda Couch, NLIHC
- Gideon Anders, National Housing Law Project

April 21, 2015

# OCO and the CHIMPS

Federal Budget Strategies in ~~Strange~~ Constrained Times

Deborah Weinstein



April 21, 2015

# Background

- The Budget Control Act (2011) set 2 layers of caps on discretionary spending
- ✂ First layer placed annual caps on all discretionary spending – less than inflation.
- ✂ Results so far: cuts of about **16%** since FY 2010.

## ***First layer of caps***

**But 16  
percent  
is just the  
overall  
average**

## **Cuts in a few housing programs, FY's 2010-2015**

*(adjusted for inflation)*

Public Housing Capital Fund	<b>-32%</b>
Public Housing Operating Fund	<b>-16%</b>
Community Dev. Block Grant	<b>-32%</b>
Housing for the Elderly	<b>-52%</b>
Housing for Persons with Disabilities	<b>-59%</b>

## ***Second layer of caps***

### **Sequestration:**

**Goal:** cut \$1.2 trillion over 10 years beyond cuts from cap layer 1.

If Congress fails to meet goal, “sequestration” cuts of about \$110b a year, largely to discretionary programs.

### **Sequestration in FY13:**

**100,000 rental vouchers lost;**

**About 30,000 replaced in FYs 14,15**

**But still 67,000 behind**

# Now What

Sequestration will be back in FY 2016 unless the law is changed.

That means caps set at \$1.017T for defense and domestic discretionary (about \$38b less for each)

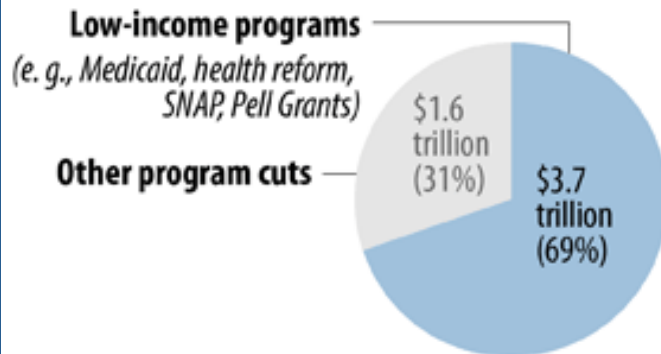


**What do the proposed  
budgets do?**

# Both House and Senate Hit Low-Income Programs Hard

## House

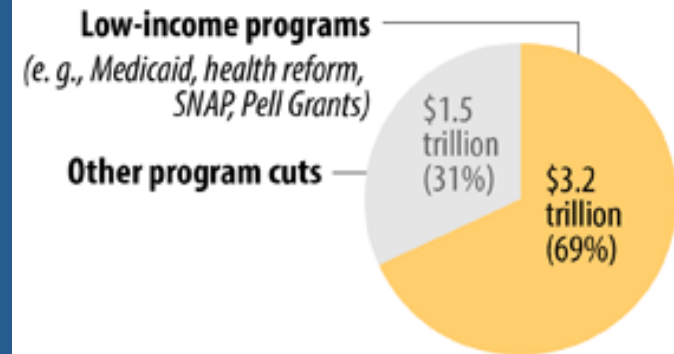
**69% of Non-Defense Cuts in House Budget Committee Plan Come From Low- and Moderate-Income Programs**



Source: CBPP based on data from Congressional Budget Office and FY 2016 House Budget Resolution and Committee markup.

## Senate

**69% of Non-Defense Cuts in Senate Budget Committee Plan Come From Low- and Moderate-Income Programs**

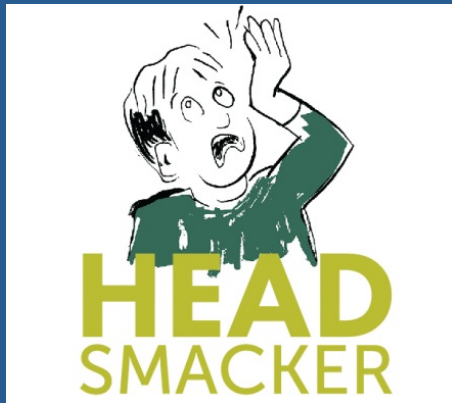


Source: CBPP based on data from Congressional Budget Office and FY 2016 Senate Budget Resolution and Committee markup.



# Un-SAVE Budgets:

- Would push millions of people into poverty or make them more deeply poor
- Cuts overall spending by at least \$5 trillion over 10 years; slashes funds for education, transportation, health care...
- Reduces revenues by AT LEAST \$1.0 - 1.5 trillion, paid for in unspecified ways
- Increases Pentagon spending



# Terrible House/Senate Cuts (through FY25)

Turns Medicaid and  
SNAP into ~~block grants~~  
State Flexibility Funds  
– Medicaid cut \$913b;  
SNAP about \$140b;  
Makes about \$1.1  
trillion in mystery cuts.

# The House and Senate budget resolutions **do not** replace sequestration.

## *In fact:*

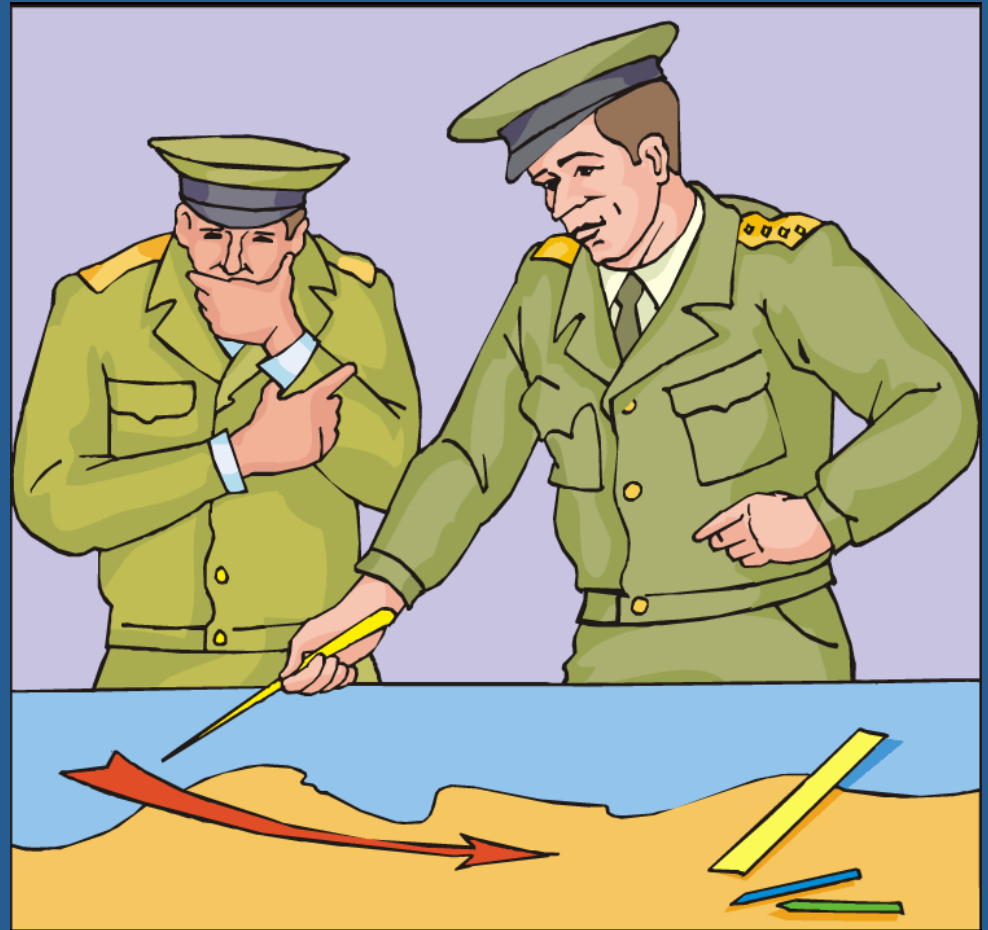
- ✂ The House would cut nearly \$1T below sequester levels over 10 years
- ✂ The Senate would cut about \$400b below sequester levels over 10 years

**But** not all  
discretionary  
programs treated  
alike

Pentagon has  
found a way out:

**OCO\***

*\*Overseas Contingency  
Operations*

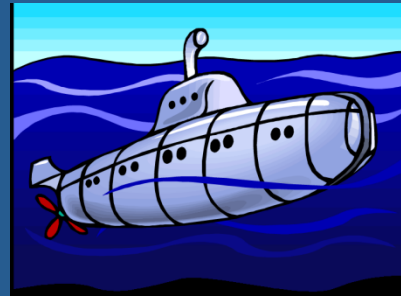


# OCO

- Overseas Contingency Operations = **war funding**
- Uncapped
- President funded it at \$58 billion
- House/Senate budgets assume \$96 billion

*(House: \$88.4b for Defense; \$7.1b for State)*

Last year: “a backdoor loophole that undermines the integrity of the budget process.” ***That was then.***



# Pentagon gets flexibility; domestic programs get jammed.

Senate budget reduces,  
then eliminates **CHIMPS**.



## Changes in Mandatory Programs:

Savings from mandatory  
programs applied to  
domestic discretionary  
programs – this year, \$19b.

**Another Senate constraint:**  
rescissions from budget  
authority that don't result in  
outlay savings: point of  
order.

# Problem:

- **We want to stop sequestration for domestic programs.**
- Could happen through another deal like Ryan-Murray.
- But OCO could mean Pentagon and contractors don't feel they need to make a deal, leaving domestic programs beset by OCO and no CHIMPS.

## **2016-2017 Goals**

- Get rid of sequestration for domestic/international discretionary programs (for 2 or **more** years)
- Do not replace them with cuts to benefits/eligibility in mandatory programs (like SNAP, EITC/CTC, or Medicaid)
- Parity: for every dollar added to Pentagon beyond caps, add a dollar for domestic approps
- If cuts have to be replaced, seek fair revenues and savings in mandatory programs that don't hurt low-income people

# What leverage do we have?

## President Obama:

- He can veto appropriations bills or reconciliation bills. (Then it will take 2/3 vote in House & Senate to override.)
- He can refuse to designate OCO funds as war-related.

## Us:

- We can come together to speak **loudly** to Congress about the impact of another round of sequester cuts.
- We can support and encourage the President to threaten vetoes and refuse to designate OCO.



# We *can* prevent cuts.

- The President has promised to veto appropriations bills that undo sequester for defense but not for domestic – we have to hold him to it.
- We need steady communications with Congress showing the impact of current and projected cuts.
- We need to educate the public and our own networks about the consequences of cuts.
- Stay connected! Get our emails! **Thanks!**



[www.chn.org](http://www.chn.org)

# Funding for HUD Programs



## Starting in the Hole: NDD Caps Under the BCA

Allowable spending will remain flat in FY16 if sequester caps stay.

FY12	FY13	FY14	FY15	FY16
\$487.1 B	\$468.4 B	\$491.8 B	\$492.3 B	\$492.3 B

# Funding for HUD Programs



## HUD Funding Needs Increase Compared to FY15 Just to Maintain Existing Assistance:

- Federal Housing Administration receipts: down by about **\$1 billion** compared to FY15 receipts.
- Project-Based Rental Assistance renewals: shift to calendar-year cycle brings **\$1 billion** additional cost to FY16.
- Tenant-Based Rental Assistance renewals: renewing currently-housed voucher families requires **\$1 billion** additional funds in FY16.

All while spending caps for all NDD programs provide FLAT funding.

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# Funding for HUD Programs



## Timing

Budget resolution negotiation / agreement: NOW

Appropriations Subcommittee Allocations:

- House: April 22
- Senate: around May 18

House and Senate appropriations subcommittee / full committee bills: May/June

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# Funding for HUD Programs



## Timing

House and Senate consideration (?): June, July ?

Expect stalling of appropriations process in summer until Fall deal-making

Year-end deal on ending sequester caps – what we have to fight for

- 2-year end to caps? Longer?
- 302b reallocation?

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# Funding for HUD Programs



## 302bs = Allocations to THUD Subcommittees

House action on 302bs tomorrow, April 22.

Draft House 302b's out:

- THUD would receive about \$1.5 billion more than THUD had in final FY15 omnibus.
- But wait, what about that \$3 billion need for HUD just to keep even?
- 3,020 organizations signed March letter to appropriators asking for strong 302b. Will Senate's be better? Do we want it to be?

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# Funding for HUD Programs



## Tenant-Based Rental Assistance

About \$1 billion additional needed to renew current vouchers.

HUD proposal to restore 67,000 vouchers lost by FY13 sequester cuts.

Significant increase to administrative fee proposed.

**Outlook:** renewal likely; any restoration dependent on lifting of spending cap.

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# Funding for HUD Programs



## Project-Based Rental Assistance

HUD, with Congressional approval, shifted PBRA renewals to calendar-year cycle in FY15. This created a one-time renewal savings in FY15.

About \$1 billion increase needed for FY16 as calendar-year funding now fully in place.

**Outlook:** full funding likely but recent history of short-funding could be attractive. Advocates on high alert.



# Funding for HUD Programs



## Public Housing

HUD seeking minor increases for capital and operating funds for FY16, increases for Choice Neighborhoods Initiative and Jobs Plus, funding for Rental Assistance Demonstration.

**Outlook:** some increases for core funds likely but big money for CNI unlikely.

# Funding for HUD Programs



Moving to Work: Proposal to increase to 15 more PHAs, up to 150,000 combined public housing and housing choice voucher units.

Current MTW Demonstration	HUD FY16 Proposal
No targeting requirement under 30% AMI	Maintains current policy.
Undefined and unenforced requirement to serve at least the same number of families.	Must maintain an undefined 90% voucher "utilization" rate, which could lead to fewer assisted households.
HUD has required almost no controlled, experimental evaluation of alternative policies.	No explicit evaluation component.

# Funding for HUD Programs



HOME and CDBG

Section 202

Homeless Assistance

Fair Housing

Section 811

Healthy Housing

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# Funding for HUD Programs



Be Ready for Amendments!

AFFH, MTW, NHTF, CDBG, ??

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# Funding for HUD Programs



Tools:

NLIHC budget chart:

[http://nlihc.org/sites/default/files/FY16\\_HUD-USDA-Budget-Chart\\_2.5.15.pdf](http://nlihc.org/sites/default/files/FY16_HUD-USDA-Budget-Chart_2.5.15.pdf)

State and Congressional District Housing Profiles:

<http://nlihc.org/library/housingprofiles>

NLIHC state coalition partners: <http://nlihc.org/partners/state>

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**HOUSING JUSTICE**

National Housing Law Project

# **RURAL HOUSING SERVICE FISCAL YEAR 2016 BUDGET PROPOSAL**

**Gideon Anders  
Senior Attorney  
National Housing Law Project**

4.21.15

# Multi-Family Rental Programs

Program	Fiscal Year 14	Fiscal Year 15	Proposed FY 16
Sec. 515 Direct Loans	\$28.4 Million	\$28.4 Million	\$42.4 Million
Rental Pres. Demo (MPR)	\$20 Million	\$17 Million	\$19 Million
Sec. 514 Farm Labor Loans	\$23.9 Million	\$23.6 Million	\$23.9 Million
Sec. 516 Farm Labor Grants	\$8.3 Million	\$8.3 Million	\$8.3 Million
Sec. 521 Rental Assistance	\$1,110 Million	\$1,089 Million	\$1,172 Million
Sec. 542 Rural Vouchers	\$12.6 Million	\$7 Million	\$15 Million
Section 538 Guar. Loans	\$150 Million	\$150 Million	\$200 Million

# Proposed Amendments in Budget

- Seeks to establish Minimum Rents
  - Statutory authority for \$50/month
    - Propose to start with \$25/month
    - \$50 only impacts households with less than \$2,000 annual Income
    - \$25 only impacts households with less than \$1,000 annual income
  - Opposition Sign-on letter: <http://nlihc.org/issues/budget/RHS-Proposal>
- Income Verification w/ SS Database
- Rental Assistance
  - Continue prohibition on contract renewals during 12-month contract term
  - Seeks absolute discretion to renew contracts



# Proposed Amendments in Budget (Continued)

- Extend Voucher Eligibility to households in developments with maturing mortgages
  - Good proposal in light of 75% of RHS maturing mortgages in the next 10 year.
  - Problem are:
    - Program operates at 50% utilization rate
    - not enough funding
      - not enough funding
      - even at 50% utilization rate, needs \$25.7 million in FY16
  - Requests discretion to decline vouchers to undefined groups of households
    - E.g. Persons living in non-rural areas.

# Single Family Programs

Program	Fiscal Year 14	Fiscal Year 15	Proposed FY 16
Sec. 502 Direct Loans	\$900 Million	\$900 Million	\$900 Million
Sec. 504 Repair Loans	\$26.3 Million	\$26.3 Million	\$26.3 Million
Sec. 504 Repair Grants	\$28.7 Million	\$28.7 Million	\$26 Million
Sec. 502 Guaranteed Loans	\$24 Billion	\$24 Billion	\$24 Billion

# Other Programs

Program	Fiscal Year 14	Fiscal Year 15	Proposed FY 16
Sec. 523 Self Help TA	\$25 Million	\$27.5 Million	\$10 million
Sec. 533 Pres. Grants	\$3.5 Million	\$3.5 Million	0
Rural Comm. Dev. Initiative	\$6.0 Million	\$4.0 Million	\$4.0 Million



NATIONAL LOW INCOME  
HOUSING COALITION

# Thank you.

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