Budget Resolutions, Sequester Caps, and Funding for Housing Programs

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- Linda Couch, NLIHC
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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.
Cuts in a few housing programs, FY’s 2010-2015
(adjusted for inflation)

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

But 16 percent is just the overall average.
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

- Low-income programs (e.g., Medicaid, health reform, SNAP, Pell Grants)
  - $1.6 trillion (31%)
  - $3.7 trillion (69%)
- Other program cuts

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

- Low-income programs (e.g., Medicaid, health reform, SNAP, Pell Grants)
  - $1.5 trillion (31%)
  - $3.2 trillion (69%)
- Other program cuts

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
  
  \begin{itemize}
  \item House: $88.4b for Defense;
  \item $7.1b for State
  \end{itemize}

Last year: “a backdoor loophole that undermines the integrity of the budget process.”  \textit{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)
Starting in the Hole: NDD Caps Under the BCA

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY12</td>
<td>$487.1 B</td>
</tr>
<tr>
<td>FY13</td>
<td>$468.4 B</td>
</tr>
<tr>
<td>FY14</td>
<td>$491.8 B</td>
</tr>
<tr>
<td>FY15</td>
<td>$492.3 B</td>
</tr>
<tr>
<td>FY16</td>
<td>$492.3 B</td>
</tr>
</tbody>
</table>
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.
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
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?
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?
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.
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.

<table>
<thead>
<tr>
<th>Current MTW Demonstration</th>
<th>HUD FY16 Proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>No targeting requirement under 30% AMI</td>
<td>Maintains current policy.</td>
</tr>
<tr>
<td>Undefined and unenforced requirement to serve at least the same number of families.</td>
<td>Must maintain an undefined 90% voucher “utilization” rate, which could lead to fewer assisted households.</td>
</tr>
<tr>
<td>HUD has required almost no controlled, experimental evaluation of alternative policies.</td>
<td>No explicit evaluation component.</td>
</tr>
</tbody>
</table>
Funding for HUD Programs

HOME and CDBG

Homeless Assistance

Section 811

Section 202

Fair Housing

Healthy Housing

www.nlihc.org
Funding for HUD Programs

Be Ready for Amendments!

AFFH, MTW, NHTF, CDBG, ??
Funding for HUD Programs

Tools:
NLIHC budget chart: 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
RURAL HOUSING SERVICE
FISCAL YEAR 2016 BUDGET PROPOSAL

Gideon Anders
Senior Attorney
National Housing Law Project

4.21.15
# Multi-Family Rental Programs

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

• Income Verification w/ SS Database

• Rental Assistance
  – Continue prohibition on contract renewals during 12-month contract term
  – Seeks absolute discretion to renew contracts
• 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

<table>
<thead>
<tr>
<th>Program</th>
<th>Fiscal Year 14</th>
<th>Fiscal Year 15</th>
<th>Proposed FY 16</th>
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<tbody>
<tr>
<td>Sec. 502 Direct Loans</td>
<td>$900 Million</td>
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<td>Sec. 504 Repair Loans</td>
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<tr>
<td>Sec. 504 Repair Grants</td>
<td>$28.7 Million</td>
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<td>$26 Million</td>
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<tr>
<td>Sec. 502 Guaranteed Loans</td>
<td>$24 Billion</td>
<td>$24 Billion</td>
<td>$24 Billion</td>
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### Other Programs

<table>
<thead>
<tr>
<th>Program</th>
<th>Fiscal Year 14</th>
<th>Fiscal Year 15</th>
<th>Proposed FY 16</th>
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</thead>
<tbody>
<tr>
<td>Sec. 523 Self Help TA</td>
<td>$25 Million</td>
<td>$27.5 Million</td>
<td>$10 million</td>
</tr>
<tr>
<td>Sec. 533 Pres. Grants</td>
<td>$3.5 Million</td>
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<tr>
<td>Rural Comm. Dev. Initiative</td>
<td>$6.0 Million</td>
<td>$4.0 Million</td>
<td>$4.0 Million</td>
</tr>
</tbody>
</table>

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Thank you.

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