



COMMITTEE ON THE BUDGET

Chairman John Yarmuth

February 19, 2019

Congress Must Act Now to Raise the Caps

Now that Congress has completed action on appropriations for 2019 with more than one-third of the fiscal year already elapsed, it is time to turn our attention to 2020. To have any hope of completing funding bills for 2020 on time and with amounts sufficient to meet our national needs, Congress must first take action to set new top-line funding levels. Earlier this month, the House Budget Committee held a hearing at which experts testified on the broad array of programs and activities supporting national security and economic prosperity that are at risk of draconian budget cuts if we do not act to raise the caps imposed by a previous Congress in the Budget Control Act of 2011 (BCA). Absent a bipartisan agreement, defense and non-defense discretionary spending combined would be slashed by more than 10 percent in 2020.

These caps were never supposed to take effect. They were deliberately set at destructively low levels to force an agreement on a comprehensive deficit reduction plan. That effort failed, and we have dealt with this problem ever since through bipartisan agreements in 2012, 2013, 2015, and 2018 to provide more realistic funding levels. Any agreement that we reach must also provide for imperative and required expenditures in 2020 – including the decennial census and veterans' health care. These programs together require billions of dollars more of discretionary resources, potentially crowding out other important programs. Simply put, if we do not act again, programs that are vital to our economic and national security will face devastating cuts.

Non-Defense Discretionary *is* National Security

Beginning with the BCA, Democrats have advocated for parity – that is, equivalent treatment of defense and non-defense discretionary spending. Our security depends on much more than the military. Roughly

What is “non-defense discretionary?”

- Public health and disease control
- Highways and transit grants
- Veterans' health care
- Agricultural research
- Workplace safety
- K-12 education support
- National parks
- Housing assistance and mortgage insurance
- Small business assistance
- Head Start
- Food safety
- Scientific research and space exploration
- Clean air and water
- Job training
- Embassy security
- Pell grants
- Energy efficiency research
- Hazardous waste cleanup
- Waterway maintenance for commerce and recreation
- Weather forecasting
- Hurricane-proofing communities
- Forest and wildlife habitat management
- Conservation resources for farmers
- Census and national statistics
- Patents and trademarks
- Consumer protection enforcement
- Aviation safety
- Disaster assistance
- Economic development grants to communities
- Rural infrastructure improvements
- Drug safety assessments
- Child care
- Refugee assistance
- Special nutrition assistance for women, infants, and children
- Help with heating and cooling bills for struggling families and senior citizens
- Customs and border protection
- Federal courts
- Immigration enforcement
- FBI
- Combating illegal drugs
- Secret Service
- Preservation work at the National Archives
- Enforcing campaign finance rules and protecting free and fair elections
- Much, much more...

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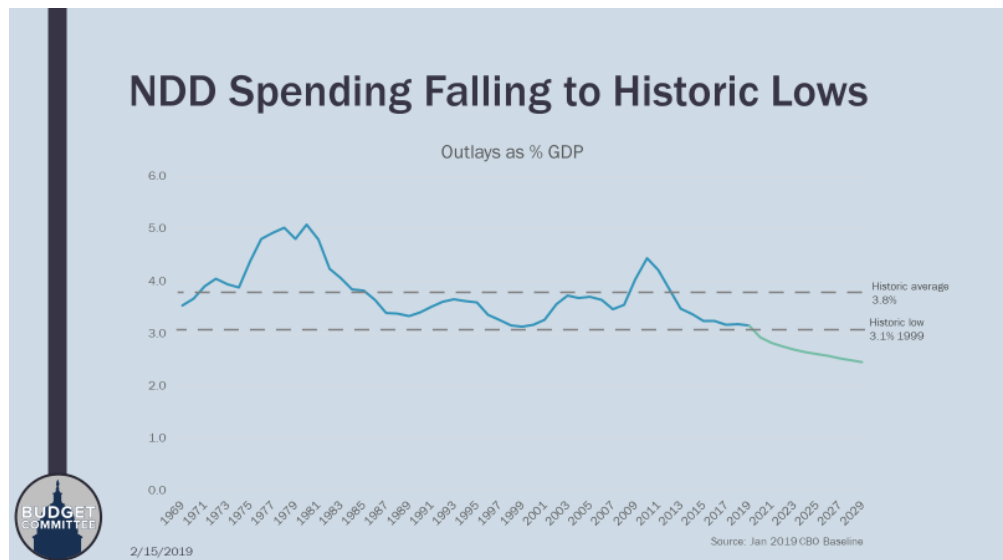
one-third of the non-defense discretionary (NDD) budget goes toward veterans' programs, homeland security, diplomatic operations, foreign aid, and Justice Department activities. Other NDD activities such as food safety, environmental protection, climate change mitigation, and infrastructure recapitalization are also critical for a healthy economy, which is a major underpinning of our national security. These activities would be vulnerable to harmful cuts if the non-defense caps are not increased along with the defense caps.

“We need to throw that division out the window” — In his hearing testimony, Steven Kosiak of the Center for a New American Security described pitting defense against non-defense as a false choice, stating, “whatever the merits of dividing overall discretionary spending into ‘Defense’ and ‘Non-Defense’ discretionary categories for purposes of enforcing the [BCA] and previous budget agreements, we need to throw that division out the window when trying to understand the share of discretionary spending used to support US national security.”

In his testimony, he made a compelling case for a broader definition of national security, noting that the BCA originally established categories of “Security” and “Non-Security.” The 112th Congress defined “security” to include the Department of Defense, the Department of Homeland Security, the Department of Veterans Affairs, the National Nuclear Security Administration, the Intelligence Community Management Account, and all budget accounts in Function 150 (International Affairs). Mr. Kosiak pointed out this list should include other activities funded from non-defense that are directly related to security, such as law enforcement and a narrow segment of public health programs focused on food safety and the control of infectious diseases. He concludes that more than one-third of the non-defense budget directly supports national security. He added that “reasonable minds” could easily reach a broader definition of security to include those activities that provide crucial support to the economic, scientific, education, health, and environmental foundations upon which our security ultimately rests. If using a broader definition, the share supporting our national security easily climbs to two-thirds of non-defense discretionary spending.

Non-Defense Discretionary Spending Will Soon Fall Below Its Historic Low

While categorizations of discretionary spending have varied in recent history, what we currently call non-defense



discretionary spending has fallen over the last 50 years. Indeed, as a percentage of GDP, federal NDD spending in 2018 is currently well below the 50-year historic average of 3.8 percent and, at 3.2 percent, approaching our historic low of 3.1 percent. If we fail to raise the caps, NDD spending as a percent of GDP will fall even further, to the detriment of our shared safety and prosperity.

Two of the hearing witnesses, Dr. Umair A. Shah and Sarah Abernathy, testified to the impact of cuts in public health and education respectively.

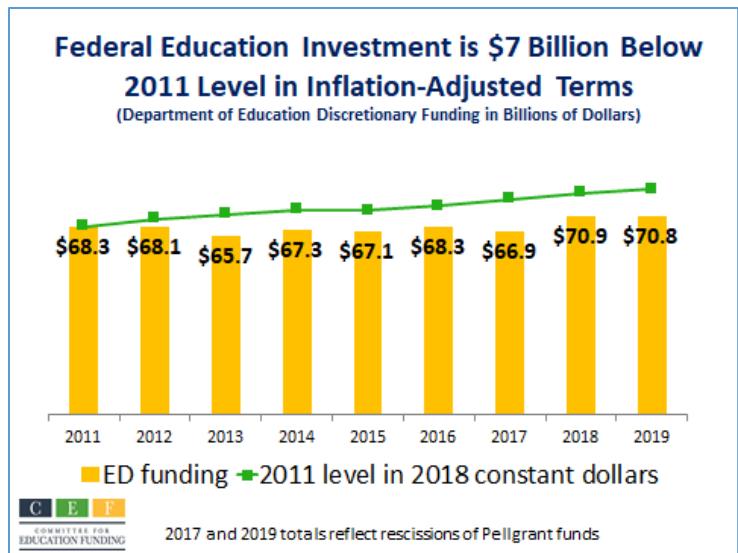
“We are losing the battle” — Regarding investments in public health, Dr. Shah stated that “current funding is inadequate, and we are losing the battle. If nothing changes, we will get more of the same: more disease, diminished quality of life, and lower life expectancy.”

As Executive Director of Harris County Public Health (HCPH), Dr. Shah was on the front lines in Houston during Hurricane Harvey and other recent natural disasters, responding to a range of pressing health issues including food and water safety, disease outbreak, mold prevention, and even mental health issues. Public health officials play a key role in both the preparation for and the aftermath of a natural disaster. Yet Dr. Shah noted in his written testimony that federal support for emergency preparedness has fallen since the early 2000s, pushing that burden to state and local levels:

Simply put, emergency preparedness capacity is not at adequate levels to protect us. We need a national response strategy that does not react to the latest disaster but is proactive in anticipating and investing in preparedness and resilience strategies needed for the next emergency.

Dr. Shah’s testimony further highlighted the many other ways in which federal investment in public health directly affects American lives – including, for example, preventing both infectious and chronic disease, and promoting environmental health and food safety. In Dr. Shah’s own words, “we need Congress to view public health as a key partner to build strong and resilient communities.”

“A cut that large would be devastating” — Discussing the looming 10 percent cut to total discretionary resources if Congress fails to raise the caps, Ms. Abernathy of the Committee for Education Funding stated in her written testimony, “a cut that large [to education] would be devastating.” She testified that current education funding has already fallen below inflation-adjusted funding levels in 2011 when the BCA was enacted.



Congress cut funding for education in 2013, 2015, 2017, and 2019, imperiling our already inadequate investments in programs including Head Start, Pell grants, and services for students with disabilities. Finally, we need look no further than the President’s last two budget requests to understand the impact of an across-the-board cut to federal investments in education:

One can get a measure of the cuts required by looking at the President’s last two budget requests, which cut education funding by 11 percent. To reach savings of that magnitude, the President’s 2019 budget outright eliminated 32 education programs, including the \$1 billion afterschool program, the \$2 billion teacher and school leader training program, and the \$1 billion Student Support and Academic Enrichment block grant created by the Every Student Succeeds Act. The President’s budget also reduced funding for 25 other education programs, including cutting in half support for the Federal Work-Study program that helps provide paying jobs for low-income college students.

Discretionary Spending Is an Investment in America

During the hearing, Republican members of the Committee acknowledged the value of the programs and activities presented by the experts. Yet they continually bemoaned deficits and debt, while flatly denying their role in worsening America’s balance sheet with tax cuts for the wealthy.

However, as Dr. Shah reminded us during the testimony, the federal budget is not simply spending out versus revenues in, but also about investments today that result in less spending *and* better outcomes over time. Both Dr. Shah and Ms. Abernathy highlighted the impact of these investments over time. From Dr. Shah’s written testimony:

The evidence is growing that cuts to public health create a false economy, by saving pennies today, governments wind up with a dollar of cost tomorrow. A recent study in Public Health Reports found that a 10 percent increase in local public health expenditures corresponded with 7.5 percent fewer cases of infectious diseases and a decrease in 1.5 percent Years of Potential Life Lost – a technical term to measure premature mortality¹. A recent systematic review of 18 different public health programs found that investments in local public health had calculated substantial, positive ROIs [return on investments].

Likewise, Ms. Abernathy noted the long term “return of more than \$7 for every \$1 invested through better lifetime outcomes in terms of increased health, reduced crime, higher employment and income, and more civic involvement.” These investments may not pay for themselves within the accounting of the legislative budget process, but as Dr. Shah noted in his written testimony, these are about “investments in our people, our communities.”

The Time to Act Is Now

Despite the President’s ongoing delay in releasing his budget request for 2020, the appropriations process for this cycle is upon us. The Appropriations Committee is already determining needs and priorities for all discretionary programs for 2020. The sooner we can have a bipartisan agreement in place on the caps, the sooner the Appropriations Committee can have clarity regarding a “top-line” spending level within which to craft their must-pass legislation. Delaying this inevitable and necessary decision will only create chaos and disruption in the appropriations process at the final hour. Instead, Congress should ensure that the appropriators can begin consideration of their bills within a new, realistic budgetary framework today.

The 2020 Census and VA increase the stakes — Finally, the hearing also touched on the imperative need to address underfunding for both the 2020 Census and veterans’ health care.

In 2020, the constitutionally mandated Census requires up to \$6 billion more in funding over 2019 levels. Failure to adequately fund the Census would lead to an undercount and misallocation of a broad range of federal spending. Second, our veterans’ health programs need an additional \$10 billion or more per year starting in 2020 because of the VA MISSION Act. That act provided veterans with greater health care choice, but Congress failed to provide an adequate funding source. To provide for these vital needs without increasing overall non-defense discretionary programs would force even greater reductions in other important investments.

¹ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3234401/>

As Chairman Yarmuth noted in his opening remarks, we reached bipartisan agreements in 2012, 2013, 2015, and again in 2018. We must do so again today to invest in both defense and non-defense priorities, boost economic development and guarantee that every American family has the chance to build a better future.