



COMMITTEE ON THE BUDGET

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The Devastating Consequences of the 2020 and 2021 Budget Caps

The House Committee on the Budget has repeatedly sounded the alarm on cuts of \$125 billion to discretionary spending that will occur next year if Congress does not raise the Budget Control Act's unrealistically low discretionary spending caps. We need look no further than the President's 2020 budget request to understand the impact of a cut of that magnitude. With some sleight of hand and budget gimmickry, the President's budget complies with the caps for defense and non-defense (NDD) discretionary spending. It also demonstrates several realities of the 2020 and 2021 cuts required under current law: some priorities are cut more than others; the loss of federal resources falls heavily on states and localities; and cuts disproportionately hurt the most vulnerable members of our society. The President's budget vividly illustrates the extreme nature of the cuts required under current law. Congress must act to prevent these harmful cuts from becoming reality.

Some areas are cut more deeply than others — If Congress fails to raise the caps, total discretionary spending will fall by 10 percent relative to 2019, but these cuts will not fall equally across all departments, agencies, and programs. Some areas will be prioritized over others.

The problem is particularly pronounced among NDD priorities, which touch nearly every aspect of

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...

BUDGET COMMITTEE
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American lives. We face no-win choices. Congress will not want to jeopardize our national security with cuts to agencies like Homeland Security that fall under the NDD umbrella. Nor will Congress shortchange our veterans and their health care. The VA MISSION Act provides veterans with greater health care choice – estimated at an additional \$10 billion per year starting in 2020 – but Congress failed to provide an adequate funding source. But if Congress protects some programs from cuts, then it will have to cut others more deeply. The President's

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budget clearly shows the harm that would result from this tradeoff. Departments facing discretionary cuts in excess of 10 percent in the President's budget include the Department of State and Other International Programs (23 percent), the Department of Transportation (22 percent), the Department of Housing and Urban Development (16 percent), the Department of Agriculture (15 percent), the Department of Education (12 percent), the Department of Health and Human Services (12 percent), the Department of Energy (11 percent), and the Department of the Interior (11 percent).

With respect to defense discretionary spending, current law requires an 11 percent cut below the 2019 enacted level. This would force the Department of Defense to make the difficult decision of whether to cut readiness or modernization, or some combination of both, without the benefit of long-term planning. We have seen this before when sequestration in 2013 made indiscriminate cuts to defense that severely degraded military readiness, a problem that we are still grappling with today.

States and localities lose — Cuts of the magnitude discussed above would not simply be absorbed by departments and agencies, but in many cases would be shifted to states and localities. They could be forced to backfill these federal cuts from alternate sources. For example, a 31 percent cut to EPA as proposed by the President will hinder state and local efforts to fund water quality projects, meet federal environmental standards, and protect public health; a massive disinvestment to the Department of Education would present significant challenges for already strained state and local education budgets; and cuts to the Department of Transportation would severely limit the ability of state and local governments to maintain or improve their transportation infrastructure. These are only three examples of the billions of dollars that states and localities would be forced to do without or try to backfill.

Cuts hurt the most vulnerable members of our society — The cuts required under current law would fall disproportionately on the most vulnerable members of our society. To reach the 2020 caps level, the President eliminates programs that serve the poor, including the Community Services Block Grant, an important program that helps communities address poverty at the local level through activities targeting employment, education, housing, nutrition, and more. It zeroes out the HOME Investment Partnerships Program (HOME), which provides formula grants to states and localities to increase affordable housing stock or provide direct rental assistance to low-income people. HOME is the largest federal block grant to state and local governments designed exclusively to create affordable housing for low-income households. It eliminates the Low Income Home Emergency Assistance Program (LIHEAP) which saves lives by providing low-income households with heating and cooling assistance. Again, these are only a handful of the programs at risk if the caps are not raised.

If we want to protect these and many more programs and activities that are vital to America's economic and national security, Congress must enact a bipartisan agreement to raise the caps for 2020 and 2021 without delay.