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## Non-Defense Funding Increases Would Help Undo Decade of Cuts, Invest in National Needs

By David Reich

The appropriations bills for fiscal year 2022 put forward by the House and Senate appropriations committees<sup>1</sup> would alleviate some serious funding shortfalls resulting from 11 years of austerity in non-defense funding and would make important investments to meet national needs. In negotiations to finalize these bills and gain sufficient bipartisan support for Senate passage, Republicans are reportedly pressing to greatly scale back the non-defense increases. But these increases have sound reasoning, and Congress should provide a robust increase for non-defense programs in the final package.

The current appropriations debate should be viewed in the context of the significant austerity imposed on regular appropriations by the Budget Control Act of 2011, which locked in deep cuts made in 2011 and set tight caps on both defense and non-defense funding for each of the following ten years. While those caps were gradually loosened somewhat, by 2021 non-defense funding (excluding veterans' health care<sup>2</sup>) was about 9 percent lower than it had been 11 years earlier after adjusting for inflation and population growth.<sup>3</sup>

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<sup>1</sup> In this paper, "House bills" refers to the 12 appropriations bills for fiscal year 2022 that the House Appropriations Committee approved (nine of which have passed the House). "Senate bills" refers to the three bills approved by the Senate Appropriations Committee and the text and explanatory statements for the remaining nine bills published by Senator Patrick Leahy, the committee chair.

<sup>2</sup> We exclude veterans' medical care from the total because it is the largest program funded with non-defense appropriations (accounting for one-seventh of the total in 2021) and has been growing rapidly (67 percent between 2010 and 2021, adjusted for inflation) as Congress sought to fix shortfalls and improve care. Including this large and rapidly growing category would give an unrealistic impression of how most non-defense programs have been faring.

<sup>3</sup> These calculations — and those in the next paragraph — are made using the standard CBPP methodology for analyzing appropriations changes. This methodology excludes certain offsetting savings in order to focus on programmatic funding. It also adds several categories of funding exempted from the Budget Control Act caps or budget resolution limits. For more information, see the Appendix to David Reich and Katie Windham, "Boosts in Non-Defense Appropriations Needed Due to Decade of Cuts, Unmet Needs," CBPP, March 25, 2021, <https://www.cbpp.org/research/federal-budget/boosts-in-non-defense-appropriations-needed-due-to-decade-of-cuts-unmet>.

In aggregate, the pending appropriations bills for 2022 would reverse the remaining cuts and bring funding slightly above the 2010 level (after adjusting for inflation and population and excluding veterans' medical care). The House versions would lift 2022 non-defense funding to about 3 percent higher than it was in 2010, while the Senate versions would produce an increase of about 1 percent above 2010.

These are relatively modest increases in a historical context, but the resulting funding levels accomplish a wide range of goals: for example, in some cases, they would alleviate deep cuts; in others, they would accommodate rising demand and costs; and in others, they would make major investments in meeting national needs. Following are some examples of funding increases in the House and Senate bills that help illustrate why policymakers should provide robust funding for non-defense appropriations in 2022.

## Funding Increases Needed to Undo Deep Cuts, Make Key Investments

For some agencies and functions — such as the Internal Revenue Service, the Environmental Protection Agency, and the Social Security Administration — the House and Senate appropriations bills for 2022 would only partially fill the deep holes in their budgets after years of underinvestment.

- **IRS tax enforcement and taxpayer assistance.** IRS funding was cut by 20 percent between 2010 and 2021 after adjusting for inflation. These cuts have diminished the agency's capacity to enforce the tax laws and help taxpayers navigate the tax system. Staffing is down 22 percent since 2010, overall audit rates have dropped 58 percent, and the IRS answered less than one-third of taxpayer calls in 2019.<sup>4</sup> Both the House and Senate appropriations bills provide a 14 percent increase for the IRS, as a first step toward restoring its capacity to collect taxes owed and respond to taxpayer inquiries.
- **Environmental Protection Agency (EPA).** EPA's budget was cut by 27 percent, adjusted for inflation, between 2010 and 2021 — one of the largest cuts to any major agency — and its staff was cut by 17 percent over the same period. These reductions affected most areas of EPA operations, including scientific activities, regulatory and enforcement programs, cleanup of Superfund hazardous waste sites, and assistance to state and local agencies. The House bill provides a 23 percent increase for the EPA, while the Senate provides a 14 percent increase.
- **Social Security Administration (SSA) operations.** SSA's basic operating budget decreased by 13 percent between 2010 and 2021, adjusted for inflation.<sup>5</sup> Its staff also shrank by 13 percent over that period, while the number of Social Security beneficiaries rose by 21 percent. Funding shortfalls have made it more difficult for SSA to perform basic functions such as determining eligibility, paying benefits accurately and on time, and updating them promptly

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<sup>4</sup> Chuck Marr *et al.*, "Congress Needs to Take Two Steps to Fund the IRS for the Short and Long Term," CBPP, February 1, 2022, <https://www.cbpp.org/research/federal-tax/congress-needs-to-take-two-steps-to-fund-the-irs-for-the-short-and-long-term>.

<sup>5</sup> This calculation excludes "program integrity" funding that is outside the budget resolution allocation and is available only for periodically reviewing certain disability and Supplemental Security Income beneficiaries' eligibility.

when circumstances change.<sup>6</sup> The House bill provides a 9 percent increase in the Social Security basic budget and the Senate bill provides an 8 percent increase.

In other cases, such as housing assistance, funding has fallen far short of need for decades and the 2022 appropriations bills would make modest progress toward greater adequacy. Similarly, financial support for undergraduate students from low- and moderate-income families has failed to keep pace with the rising cost of higher education, which the bills would help address.

- **Housing assistance.** In contrast to several major low-income assistance programs, federal housing assistance is funded almost entirely through annual appropriations. This funding falls far short of meeting national needs, as rental assistance programs currently reach only about 1 in 4 eligible households.<sup>7</sup> The House and Senate appropriations bills provide some important increases for housing, though they are modest in scope relative to needs. The House bill includes \$1 billion to support an additional 125,000 Housing Choice Vouchers, which help low-income households rent modest units in the private market, and both bills provide funds to ensure that existing voucher subsidies are adequate to cover sharply rising market rent and utility costs. Both bills also include increases for grants to support people experiencing homelessness; housing programs serving Native Americans in tribal areas; and funding to repair and upgrade public housing, which provides affordable homes to nearly 1 million households.
- **Financial aid for college students.** The House and Senate bills increase Pell Grants, which are the foundation of federal financial aid for undergraduate students from low- and moderate-income families. Annual appropriations provide more than three-quarters of the funding for this student aid, with mandatory funding providing the rest. Pell Grant purchasing power has been declining. While the maximum grant amount —the basis for computing all grants — rose by 17 percent from academic year 2010-11 to 2021-22, that increase fell far short of the 40 percent rise in average tuition, fees, and room and board at four-year colleges and universities as estimated by the College Board. Both bills provide a \$400 (6 percent) increase in the maximum grant.

In still other areas, the appropriations bills would not only alleviate shortfalls but also make important new investments to address pressing national problems, such as by doubling federal education assistance for school districts serving low-income families or providing substantial new funding for bolstering the capacity of the nation’s public health system.

- **Support for equity in elementary and secondary education.** Both the House and Senate bills go beyond reversing erosion that has occurred over the last decade in federal aid to education by providing substantial increases in some areas. They double (or, in the case of the House, more than double) funding for the “Title I” Aid to Disadvantaged Students program,

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<sup>6</sup> Kathleen Romig, “SSA Needs Large Funding Boosts Following Pandemic, Years of Underinvestment,” CBPP, February 3, 2022, <https://www.cbpp.org/blog/ssa-needs-large-funding-boosts-following-pandemic-years-of-underinvestment>.

<sup>7</sup> Sonya Acosta and Brianna Guerrero, “Long Waitlists for Housing Vouchers Show Pressing Unmet Need for Assistance,” CBPP, October 6, 2021, <https://www.cbpp.org/research/housing/long-waitlists-for-housing-vouchers-show-pressing-unmet-need-for-assistance>.

which makes grants to school districts serving high-poverty communities to help them provide additional services and supports to students from low-income or disadvantaged backgrounds. This investment would help narrow the resource gap between high-poverty schools and other schools — a gap that particularly affects students of color.<sup>8</sup> Both bills also provide a 21 percent increase for grants under the Individuals with Disabilities Education Act, which helps schools cover the cost of special education services for students with disabilities. This increase would help keep pace with the number of children receiving services and reverse declines in the share of special education costs that the federal grants cover.

- **The Centers for Disease Control and Prevention (CDC).** The COVID-19 pandemic has highlighted the lack of resources in our nation’s public health systems, including insufficient staff and inadequate capacities for laboratory analysis, data collection and dissemination, epidemiology, and public communication, among other duties.<sup>9</sup> While various supplemental appropriations have been made to meet emergency COVID-related needs, the House and Senate bills also provide needed substantial increases of 34 percent and 24 percent, respectively, in regular, ongoing funding for the CDC, which is both the leading federal public health agency and a major source of financial and technical assistance to state and local health departments. These increases include \$1 billion in the House bill and \$600 million in the Senate bill for a new program to improve core public health infrastructure at the federal, state, and local levels.

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<sup>8</sup> Jabari Cook *et al.*, “House Appropriations Bills Take Steps to Use the Federal Budget as a Tool for Antiracism,” CBPP, February 3, 2022, <https://www.cbpp.org/research/house-appropriations-bills-take-steps-to-use-the-federal-budget-as-a-tool-for-antiracism>.

<sup>9</sup> See, for example, House Committee on Appropriations, Subcommittee on Labor, HHS, and Education, “Ready or Not: U.S. Public Health Infrastructure,” February 24, 2021, [appropriations.house.gov/events/hearings/ready-or-not-us-public-health-infrastructure](https://appropriations.house.gov/events/hearings/ready-or-not-us-public-health-infrastructure); Trust for America’s Health, “The Impact of Chronic Underfunding on America’s Public Health System: Trends, Risks, and Recommendations, 2021,” May 2021, [www.tfah.org/wp-content/uploads/2021/05/2021\\_PHFunding\\_Fnl.pdf](https://www.tfah.org/wp-content/uploads/2021/05/2021_PHFunding_Fnl.pdf).