
Parrott: President Biden's Discretionary Funding Request Addresses Crucial National Needs

CBPP today released a statement from Sharon Parrott, President, on President Biden's discretionary funding request for fiscal year 2022:

President Biden's new discretionary funding request for fiscal year 2022 proposes critical investments to strengthen education and science, protect the environment, expand housing assistance, rebuild basic government functions such as the administration of the Social Security and revenue systems and civil rights enforcement, and build a stronger and more equitable economy. This budget request marks an important break from more than a decade of underinvestment across a range of areas. These investments would help remedy shortfalls in key program areas caused largely by tight limits on this part of the budget that policymakers imposed in 2011 and that expire this year, allowing policymakers to set overall funding levels each year based on needs rather than on arbitrary caps.

The request proposes funding levels for 2022 for defense and non-defense discretionary (NDD) programs that are funded through the annual appropriations process. NDD programs cover a range of domestic and international priorities.

The request would begin to address key areas where funding didn't keep pace with rising costs, has fallen far short of need, or both. For example, it proposes substantial and much needed resources for housing assistance, including funding for 200,000 new Housing Choice Vouchers, primarily for people experiencing homelessness, as well as funding to help families with vouchers that are living in under-resourced communities move to lower-poverty neighborhoods if they choose to do so. Housing vouchers and other rental assistance are highly effective at reducing homelessness, housing instability, and overcrowding, and at improving other outcomes for children and families — yet only 1 in 4 eligible households receives rental assistance due to inadequate funding.

The budget request also includes a \$500 million increase (17 percent over 2021) in other aid for people experiencing homelessness, as well as sizeable funding increases across several programs to produce or rehabilitate affordable housing, including to improve its energy efficiency. These measures would reduce homelessness and other hardship, preserve public and other assisted housing and improve living conditions for residents, and expand housing opportunities for Black people and other people of color whose options have been constrained by historical discriminatory policies and practices.

While the President’s fiscal year 2022 housing proposals are an important first step, without further action high housing costs will continue to cause hardship for millions of renters with low incomes, raising their risks of housing instability and homelessness and undercutting their children’s chances of long-term success. Policymakers should use every legislative opportunity, including recovery legislation, to make meaningful, permanent progress in addressing the nation’s severe rental affordability challenges, including by providing multiyear, guaranteed funding to make Housing Choice Vouchers available to as many eligible households as possible.

The request also would restore funding in fiscal year 2022 in non-defense areas that were cut deeply over the last decade. Overall, funding for NDD programs other than veterans’ medical care — the largest single NDD program and the fastest growing over the decade — is 3 percent lower than it was in 2010, after adjusting for inflation, or 10 percent lower after also adjusting for population growth.

The following are areas where the Administration is requesting fiscal year 2022 funding increases:

- The President requests a critical 10 percent increase in base funding for the IRS as well as additional funding for IRS program integrity efforts, which the Administration describes as part of a multi-year initiative. IRS funding has been cut sharply over the decade (19 percent since 2010 after adjusting for inflation), a period in which the agency lost 39 percent of its most sophisticated auditors. As a result, audits of high-income tax filers have plummeted, contributing to a gap between taxes owed and taxes collected that the IRS estimates to be roughly \$400 billion every year. At the same time, the IRS answers fewer than a quarter of incoming calls from people seeking help with their taxes. The funding increase provided in the request is an important first step toward rebuilding the IRS’ capacity, including taxpayer services and enforcement, but it still leaves the IRS well below 2010 levels adjusted for inflation, so much more is needed. We encourage policymakers to pair these additional discretionary funds with a multi-year stream of mandatory funding, for example in recovery legislation, to help improve compliance and narrow the tax gap, which would help restore the revenue base and fund national priorities.
- The request includes substantial increases in key elementary and secondary education programs, strongly reversing the 11 percent inflation-adjusted decline in funding for this category since 2010. Among other priorities, it includes a historic \$20 billion increase in funding for “Title I” aid to disadvantaged students, more than doubling the current \$16.5 billion appropriation for this program, which funds additional services to help students from low-income families succeed.
- The request proposes a roughly 20 percent increase in water infrastructure funding at the Environmental Protection Agency, to support investments in ensuring access to safe drinking water and reducing water pollution. Two major EPA programs that address those needs have been cut by one-third since 2010, after adjusting for inflation.
- The request would increase base funding for the Social Security Administration (SSA) by 11 percent to help it provide essential services, such as timely determinations of eligibility for benefits, responses to questions from the public, and prompt benefit updates when circumstances change. SSA’s base funding fell by 13 percent between 2010 and 2021, after adjusting for inflation, while the number of beneficiaries grew by 21 percent.

A comprehensive analysis isn't possible until the President's full budget is released, reportedly later this spring; it will include more details on funding for NDD programs as well as the Administration's tax and mandatory spending proposals, and will cover future years. And the discretionary request must also be considered in context with the investments in economic recovery the President announced in his proposed American Jobs Act, and those the Administration is expected to announce in the coming weeks. Still, the request provides an essential roadmap for Congress as it moves forward with the annual appropriations process.

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