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## IN BATTLE OVER 2011 APPROPRIATIONS, BOTH SIDES CALLING FOR SUBSTANTIAL CUTS

by James Horney

Public discussions about congressional efforts to agree on a measure to fund the government for the rest of fiscal year 2011 have focused on the difference between the size of the cuts in non-security appropriations recently passed by the House and an alternative proposed by Senate Democrats and voted on yesterday. This focus has obscured the fact that the proposed cuts from *both* sides are quite deep when compared to last year's enacted funding levels, adjusted for inflation. This is the usual measuring stick for assessing increases or decreases in appropriations bills from one year to the next, since funding levels must keep pace with inflation in order to maintain the same level of public services.

The House-passed bill would cut discretionary funding by \$92 billion below the 2010 level, adjusted for inflation.<sup>1</sup> The alternative offered by Senate Appropriations Committee Chairman Inouye would cut 2011 funding by \$40 billion below the inflation-adjusted 2010 level.

The two proposals, both of which the Senate rejected on March 9, are also \$108 billion and \$56 billion, respectively, below what the President requested for 2011 in the budget he submitted last year.

In addition, the Inouye proposal is about \$28 billion below the level that Senate Republicans sought throughout 2010, known as the "Sessions-McCaskill level" since it was originally proposed by Senators Jeff Sessions (R-AL) and Claire McCaskill (D-MO). Senate Republicans voted unanimously for the Sessions-McCaskill level last year.<sup>2</sup>

Although fiscal year 2011 began more than five months ago (on October 1, 2010), Congress has not yet completed action on appropriations for the fiscal year. The government is operating under a continuing resolution (the fifth so far this year) that will expire on March 18. Congress is

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<sup>1</sup> For an analysis of the effects of the proposed cuts on selected programs, see James Horney, Danilo Trisi, and Arloc Sherman, "House Bill Means Fewer Children in Head Start, Less Help for Students to Attend College, Less Job Training, and Less Funding for Clean Water," Center on Budget and Policy Priorities, updated March 1, 2011.

<sup>2</sup> Technically, the Inouye proposal is \$28 billion below the funding level contained in the proposed omnibus appropriations bill that Senator Inouye brought to the Senate floor in December. The omnibus bill was specifically designed to hit the Sessions-McCaskill level and was put together by Senate appropriators on a bipartisan basis last fall, before pressure from House Republicans and Tea Party groups following the election led Senate Republicans to abandon what had been their proposed 2011 funding level.

Table 1

## Fiscal Year 2011 Discretionary Funding

Budget authority in billions of dollars

	2010, adjusted for inflation	President's FY 2011 request	Inouye Dec. 2010	March 4 CR	March 18 CR	Inouye March 2011	H.R. 1
Security <sup>a</sup>	638	651	638	627	627	629	631
Non-security <sup>b</sup>	480	483	470	461	457	450	395
<b>Total</b>	<b>1,118</b>	<b>1,134</b>	<b>1,107</b>	<b>1,087</b>	<b>1,083</b>	<b>1,077</b>	<b>1,026</b>

a. Funding provided by Defense, Homeland Security, and Military Construction-Veterans Affairs appropriation bills.

b. Funding provided by other nine appropriation bills.

Source: CBPP analysis.

considering various proposals that would fund the government for the rest of the year while imposing substantial cuts in the amount of funding that would be available.

### Funding Would Be Well Below 2010 Levels Under All Recent Proposals

Table 1 shows the level of 2011 discretionary funding under last year's appropriations, adjusted for inflation, and six different proposals. The amounts are split between funding for security programs (funding provided by the Defense, Homeland Security, and Military Construction-Veterans Affairs appropriations bills) and non-security programs (funding provided by the other nine appropriation bills). All of the levels exclude emergency funding, which is largely funding for the wars in Iraq and Afghanistan. The seven alternatives are:

- Funding at the 2010 level, adjusted for inflation.** The amounts shown are the CBO's baseline projections of 2011 discretionary funding from its August 2010 *Budget and Economic Outlook: An Update* (not including projected emergency funding for 2011). The amount is adjusted to include CBO's estimate of the full amount of funding required to maintain the discretionary Pell Grant maximum award at the same level as in 2010.<sup>3</sup> It is important to note that despite continued statements by House Republican leaders that proposed cuts in discretionary funding are intended to return funding to pre-stimulus, pre-bailout levels, the baseline funding level for 2011 includes *no* stimulus or bailout funding. (Stimulus funding provided under the Recovery Act was fiscal year 2009 funding, not 2010 funding; as a result, none of that funding is included in the baseline funding level for 2011. In addition, the financial rescue funding, which also was provided in fiscal year 2009, was

<sup>3</sup> CBO's discretionary baseline for the Pell Grant program in 2010 is the amount actually appropriated for 2010, adjusted only for inflation. The adjustment made here to the baseline projection for Pell Grants is the difference between that amount and CBO's estimate of the funding required to maintain the maximum award at the same level as in 2010. The amount for Pell Grants in this adjusted baseline is equal to CBO's estimate of the Pell Grant funding provided under the continuing resolution currently in effect, which *does* maintain the maximum award at the same level as in 2010.

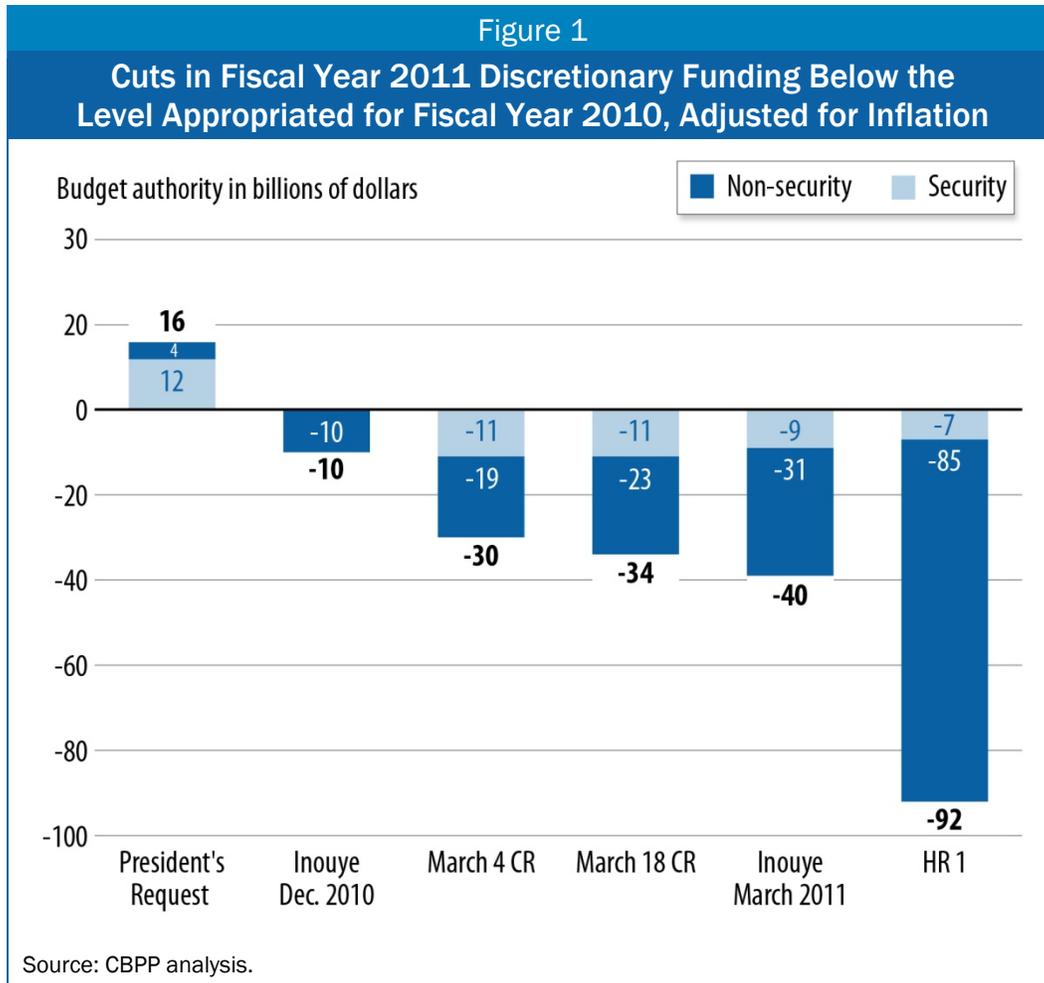
mandatory, not discretionary.<sup>4</sup>)

- **The President's request for 2011.** The amounts shown are CBO's estimate of the discretionary funding (excluding emergency funding) requested for 2011 in the budget the President submitted in February 2010. The amount is adjusted to include CBO's estimate of the full amount of funding required to maintain the discretionary Pell Grant maximum award at the same level as in 2010.<sup>5</sup>
- **Chairman Inouye's December 2010 appropriation bill.** The amounts shown are CBO's estimates of the funding provided by Chairman Inouye's proposed omnibus appropriations bill in December 2010, which failed to receive the necessary 60 votes to end a threatened filibuster. This proposal — with total non-emergency discretionary funding of \$1.107 trillion — was intended to hit the limits on discretionary funding that Senators Jeff Sessions and Claire McCaskill had proposed at various times (with some modifications) throughout calendar year 2010. The last version of the Sessions-McCaskill proposal that the Senate voted on would have limited non-emergency discretionary funding for fiscal year 2011 to \$1.108 trillion. All 40 Senate Republicans who voted supported the Sessions-McCaskill amendment in that vote, though it fell three votes short of the 60 votes needed for adoption.
- **Continuing resolution in effect through March 4.** The amounts shown are CBO's estimates of the level of funding (excluding emergencies) that would be provided under the continuing resolution that was in effect through March 4 if that legislation had been extended through the end of fiscal year 2011. This overall funding level was roughly equal to the *nominal* 2010 level of funding (i.e., the 2010 level with no adjustment for inflation).
- **Continuing resolution in effect through March 18.** The amounts shown are CBO's estimates of the level of funding (excluding emergencies) that would be provided under the continuing resolution that is in effect through March 18 if that legislation is extended through the end of fiscal year 2011. This includes a \$4 billion reduction below the March 4 continuing resolution level that House Republican leaders portrayed as a down payment (\$2 billion in savings for each of the two weeks the measure would be in effect) on the full amount of discretionary cuts in H.R. 1.
- **Full-year continuing resolution introduced March 4, 2011 by Chairman Inouye.** The amounts shown are the estimates of the funding (excluding emergencies) that would be provided under a continuing resolution proposed by Senate Appropriations Committee Chairman Inouye to fund the government through the end of fiscal year 2011. The Senate rejected this amendment on March 9.
- **Full-year appropriations passed by the House.** The amounts shown are the estimates of the funding (excluding emergencies) provided under a continuing resolution (H.R. 1) to fund

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<sup>4</sup> For a discussion of this issue, see page 4 of Horney, *et al.*

<sup>5</sup> The budget the President submitted last year called for Congress to make all Pell Grant funding mandatory (a small portion already was mandatory), but Congress decided to keep funding for the basic award discretionary. The adjustment is the amount of discretionary funding required to fund the President's proposal to maintain the maximum award at the same level as in 2010.



the government through the end of fiscal year 2011 that the House passed on February 19, 2011.<sup>6</sup> The Senate rejected this proposal on March 9.

Figure 1 compares the President's budget request and subsequent congressional proposals to the CBO baseline. As it shows, all of the congressional proposals come in well below the 2010 funding level, adjusted for inflation. For example, the continuing resolution that expired March 4 — which funded appropriations at the *nominal* 2010 level — falls \$30 billion short of maintaining the 2010 level of public services.

By far the deepest package of cuts was the House-passed H.R. 1, which provided \$61 billion less in total discretionary funding than the March 4 continuing resolution and \$92 billion less than the funding required to maintain the 2010 level of public services.<sup>7</sup>

<sup>6</sup> Horney, *et al.*

<sup>7</sup> As explained in Horney, *et al.*, H.R. 1 cuts \$66 billion in non-security funding relative to the March 4 continuing resolution. This number is greater than the total cut of \$61 billion because H.R. 1 increases security funding by \$5 billion relative to the March 4 continuing resolution.