Federal Legislative Update
IMLA Mid-Year Seminar

April 23, 2012

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Helping Cities Leaders Build Better Communities

Discussion Topics

- Review of Major Federal Budget Actions in 2011
- The 2012 Climate
- NLC's 2012 Federal Legislative Priorities
- Review of 2012 Congressional Activity
- Questions and Answers

Major Federal Budget Actions in 2011

- February/March:
  - Congress adopts FY 2011 continuing resolution that prevents federal government shutdown on March 4.
  - The legislation included $38 billion in reductions in domestic discretionary spending.

Impact of Federal Budget Cuts on Cities

Federal Program	FY 2010	FY 2011	Percent Change
Job Training	$3.8 billion	$2.9 billion	(23.7%)
Highways	$41.8 billion	$41.1 billion	(1.70%)
CDBG	$4 billion	$3.34 billion	(16.5%)
COPS	$ 791 million	$ 496 million	(37.3%)
Clean Water SRF	$2.1 billion	$1.5 billion	(28.6%)
Drinking Water SRF	$1.4 billion	$ 965 million	(31.1%)

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Major Actions in 2011, cont'd.

- July/August

  - The Budget Deficit Control Act, P.L. 112-25, became law, included:
    - $900 million in FY 2012 spending cuts over FY 2011.
    - The "Super Committee" to find an additional $1.2 trillion in cuts for FY 2013 or else.

Major Actions in 2011, cont'd.

- November/December
  - Congress reaches agreement on funding the federal government in FY 2012
  - Super Committee fails to find $1.2 trillion in spending cuts.
  - *Sequestration* (automatic spending cuts) are set to take effect in January 2013.

Impact of Federal Budget Cuts on Cities

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Highways	$41.8 billion	$41.1 billion	(1.70%)
CDBG	$4 billion	$2.9 billion	(27.5%)
COPS	$ 791 million	$ 166 million	(79.0%)
Clean Water SRF	$2.1 billion	$1.5 billion	(28.6%)
Drinking Water SRF	$1.4 billion	$ 919 million	(34.4%)

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Breaking Down the Sequestration

- BCA called for $2.1 trillion in spending cuts in FY 2012 and FY 2013.
- First $900 billion came out of the FY 2012 budget.
- For FY 2013, need to find $1.2 trillion in cuts or automatic spending cuts will be triggered - split evenly between defense and non-defense discretionary spending.

2012: Spending Pressure Continues

- The BCA sets limits on federal spending through 2021 - $1.047 Trillion for FY 2013.
- The federal debt now exceeds $15 trillion; the debt ceiling is $17 trillion – 40 cents of every $1 spent is borrowed.
- Bush tax cuts, payroll tax cut extension, and the unemployment benefits extension are all set to expire at the end of the year.
- Election Year

Balancing the Budget: Our Position

- Balanced approach that includes revenue enhancements and spending savings.
- Cuts shouldn't happen on the backs of cities – non-defense discretionary programs or cost-shifting.
- Cities are not special interests – preserve the tax exemption for municipal bonds and local authority.
- Cut spending and invest in our future.

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NLC 2012 Legislative Priorities

- Enact a New Transportation Program
- Protect Local Sources of Revenue
  - Pass legislation authorizing cities to collect taxes owed from on-line sales (Market Place Fairness Act)
- Invest in Cities
  - Support federal investments in cities through the CDBG and other programs.
- Invest in America's Human Capital
  - Reauthorize the Workforce Investment Act
  - Reauthorize the Elementary and Secondary Education Act

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Review of 2012 Congressional Activity

- Payroll Tax Cut Extended, includes allocation of spectrum to a nationwide public safety network
- Federal Aviation Administration Reauthorized
- Senate Passes 2 Year Transportation Bill
- House passes anti-eminent domain bill on a voice vote (HR 1433)
- House passes JOBS Act (390-23); Senate considers it

Thank You

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