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SPECIAL REPORT: President's Budget Proposal for Fiscal Year 2011, California Implications - February 1, 2010

On Monday, February 1, 2010, President Barack Obama released the Administration's Budget Proposal for Fiscal Year 2011, which begins October 1, 2010. The Budget proposes FY 2011 spending of \$3.834 trillion, with discretionary spending of \$1.415 trillion. The President has proposed freezing discretionary spending for three years, with the exception of spending for the military, homeland security, the State Department and Veterans Affairs. The budget documents outline the Administration's recommendations for discretionary and mandatory spending, as well as its revenue proposals. Developing a reliable analysis of any budget is difficult. This document provides a California-oriented analysis of the proposal prepared by the staff of the California Institute for Federal Policy Research. It is available on the Institute's website at http://www.calinst.org/pubs/Budget2011.shtml or alternatively in pdf format at http://www.calinst.org/pubs/Budget2011.pdf.

DEPARTMENT OF HOMELAND SECURITY

The FY2011 proposed funding for the Department of Homeland Security is approximately \$43.5 billion, versus the \$42.7 billion requested in FY 2010.

Citizenship and Immigration Services

The budget requests \$382,000,000, of which \$137,000,000 is for immigration verification programs, including the E-Verify program and the Systematic Alien Verification for Entitlements

(SAVE) program. In FY10, the \$137 million was targeted solely for the E-Verify program.

Total funding of \$18 million is requested for an Immigrant Integration program within USCIS, in order to improve the integration of immigrants into the United States by promoting citizenship through education and preparation programs. Last year's request was for \$10 million.

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The Budget assumes that USCIS will continue to be funded primarily through fees on the applications and petitions it adjudicates.

Immigration and Customs Enforcement

For salaries and expenses of ICE the FY10 Budget proposes \$5.52 billion in budget authority, versus, the roughly \$5.43 billion estimated for last year.

The Budget requests approximately \$1.6 billion for ICE programs to identify and remove illegal aliens who commit crimes. Included in this total is continued support for the Secure Communities program, to apprehend and remove criminal aliens.

Federal Law Enforcement Training Center

For 2011 the Budget requests about \$240 million in budget authority for the FLETC, slightly above the \$239 million estimated for FY09. The Center, in addition to providing law enforcement training to federal personnel, provides training to State and local law enforcement personnel on a space-available basis.

Customs and Border Protection

The Budget proposes about \$9.8 billion in FY11 discretionary authority, compared to the FY10 estimate of \$10.1 billion. This funding will support 20,000 Border Patrol agents and complete the first segment of Customs and Border Protection's (CBP's) virtual border fence. The Budget also includes funding for 300 new CBP officers for passenger and cargo screening at ports of entry, as well as expansion of pre-screening operations at foreign airports and land ports of entry.

Border Security Fencing, Infrastructure, and Technology

A total of \$574,173,000 is requested for border security, fencing, and infrastructure, compared to the roughly \$800 million for FY10.

The DHS Secure Border Initiative (SBI) is a comprehensive, multi-year plan to secure the borders of the United States and reduce illegal cross border activities such as smuggling of economic migrants, illegal drugs, and articles and people with terrorist intent. Within this broader SBI framework, the SBInet Program is responsible for acquisition, development, installation and integration of technologies to provide (1) surveillance and detection tools for situational awareness; (2) command, control, and intelligence tools; and, (3) a communications infrastructure needed to augment the DHS ONENET communications network to transport sensor information to/from field and headquarters elements

United States Visitor and Immigrant Status Indicator

The 2010 Budget includes approximately \$334.6 million for US-VISIT, to create an automated entry and exit system; to integrate existing biometric databases; use available data to match alien arrival and departure records; and use biometrics to screen visa applicants and applicants for admission to the United States against law enforcement databases. The FY10 budget request was about \$356 million for the program.

Federal Emergency Management Agency

The budget requests about \$7.3 billion for total FEMA funding.

Homeland Security Grants

The FY11 Obama Administration FEMA grants request is for about \$4 billion, compared to the \$3.87 billion requested in FY10.

Of the total, \$2,040,000,000 is requested for the State and Regional Preparedness Program, of which

- \$1,050,000,000 is for the State Homeland Security Grant Program, compared to \$950 million last year. \$50,000,000 is slated for Operation Stonegarden to address the Nation's Southwest Border security issue;

- \$1,100,000,000 is for the Urban Area Security Initiative, compared to \$887,000,000 last year;

- \$345,000,000 for Emergency Management Performance Grants

- \$300 million each for the Transit and Port Security Grants programs

Firefighter Assistance Grants

The Budget requests \$610,000,000, compared to last year's \$590 million, for firefighter assistance grants. The FIRE grant program is rurally-focused and, therefore, California receives only about 5 percent of funds generally.

Pre-Disaster Mitigation Fund

\$100 million is proposed for Pre-Disaster Mitigation grants, \$50 million less than requested in FY10.

Disaster Relief Funding

The budget proposes \$1.95 billion. The DRF is used in the instance of a presidentially-declared disaster or emergency by the Federal Emergency Management Agency to assist State and local governments in the response, recovery, and mitigation against emergency and disaster events.

DEPARTMENT OF EDUCATION

Total discretionary budget authority for the Department of Education is proposed at \$49.7 billion, an increase from the FY2010 enacted of \$46.8 billion.

Elementary and Secondary Education Act

For carrying out provisions of the Elementary and Secondary Education Act of 1965 and related programs, President Obama's budget for FY 2011 proposes a total \$3 billion increase from FY2010. The total proposed allocation for ESEA in FY2011 is \$28 billion. The budget proposal also includes \$1 billion in additional funding if Congress successfully completes the overhaul of the law.

As part of the Administration's Elementary and Secondary Education Act (ESEA) reauthorization proposal, the Budget proposes to consolidate 38 K-12 programs into 11 new programs discussed below.

Excellent Instructional Teams (three programs): This proposal seeks to increase teacher effectiveness and reduce disparities in access to high-quality teachers and school leaders between disadvantaged students and their peers. It consolidates nine existing programs into three programs: Effective Teachers and Leaders (\$2,500 million for FY2011); Teacher and Leader Innovation Fund (\$950 million for FY2011); and Teacher and Leader Pathways (\$405 million for FY2011).

Effective Teaching and Learning for a Complete Education (three programs): This proposal is aimed at building on the Administration's efforts to raise the quality and rigor of academic standards and instruction. It consolidates 15 existing programs into three new programs, each with a dedicated focus on one of the following academic areas: literacy; science, technology, engineering, and mathematics (STEM); and other subjects that contribute to a well-rounded education, such as history, civics, arts, and foreign language. \$450 million is provided for the literacy program for FY2011; \$300 million is provided for the science and technology program; and \$265 million for a program designed to promote a "well-rounded" education.

Expanding Educational Options: This proposal supports increasing the supply of high-quality educational options available to students in low-performing schools by creating and expanding effective charter schools and other effective, autonomous and accountable schools, and by implementing comprehensive systems of public school choice. It consolidates five existing programs into the new Expanding Educational Options program (\$490 million for FY2011).

College Pathways and Accelerated Learning: This proposal is aimed at expanding educational opportunities for all students by providing accelerated courses and instruction in schools that enroll concentrations of students from low-income families. The proposed program consolidates three existing programs into the new College Pathways and Accelerated Learning program (\$100 million for FY2011).

Supporting Student Success: This proposal promotes comprehensive strategies that create safe and drug-free learning environments for students. It consolidates six existing programs into the new Successful, Safe, and Healthy Students program. In addition to these consolidations, this proposal also includes two other programs, Promise Neighborhoods and a reformed 21st Century Community Learning Centers.

Race to the Top: This proposal permanently establishes the Race to the Top program (\$1,350 million for FY2011), which was created under the American Recovery and Reinvestment Act (ARRA). It creates incentives for State and local reforms and innovations designed to lead to significant improvements in student achievement, high school graduation rates, and college enrollment rates, and to significant reductions in achievement gaps.

Investing in Innovation: This proposal permanently establishes the Investing in Innovation program (\$500 million for FY2011), which was created under the ARRA. It enables the Department to continue to invest in high-impact, potentially transformative education interventions, ranging from new ideas with huge potential to those that have proven their effectiveness and are ready to be scaled up.

To see the list of current programs to be terminated, go to Page 23 of the education budget at: <http://www.whitehouse.gov/omb/budget/fy2011/assets/trs.pdf>

College- and Career- Ready Students

The proposed budget provides \$2,811 million for the College- and Career- Ready Students program. This program was formerly called the Title I Grants to Local Education Agencies program.

School Improvement Grants (SIG)

\$545,633,000 is slated to go to School Improvement Grants (SIG).

Special Education

The budget proposes \$12,836,190,000 for funding through the Individuals With Disabilities Education Act (IDEA). The total would represent level funding from 2010 amounts, though IDEA – like Title I – received a major boost from the Recovery Act. ARRA provided more than \$12 billion to the three programs that comprise IDEA.

Pell Grants

Federal Pell Grants are the single largest source of grant aid for postsecondary education. The budget would raise the maximum Pell award to \$5,710. The funding available to California students would be increased to \$3.9 billion, helping 961,400 students in California to afford college, according to the Administration.

DEPARTMENT OF TRANSPORTATION

In FY11, the President proposes \$77.5 billion in total discretionary resources for Transportation programs, compared to \$76 billion estimated FY10.

The Budget documents state "The Administration is developing a comprehensive approach for surface transportation reauthorization. Consequently, the Budget contains no policy recommendations for programs subject to reauthorization. . . . Instead, the Budget conservatively displays baseline funding levels for all surface programs."

Transportation Planning Research and Development

For necessary expenses for conducting transportation planning, research, systems development, development activities, and making grants, the President's Budget proposes: \$9,819,000. This is a major decrease from the \$16,168,000 estimated for FY2010. This funding is used to finance research activities and studies concerned with planning, analysis, and information development needed to support national transportation policy formulation.

Federal Aviation Administration (FAA)

The President's Budget requests \$9.34 billion in Federal Aviation Administration (FAA) budget authority, including \$3.3 billion for grants-in-aid for airports; and \$180 million for research, engineering and development. \$6,208 million would be provided from the Airport and Airway Trust Fund for FAA activities.

Federal Highway Administration (FHWA)

The 2008 Federal Highways Administration (FHWA) Budget includes \$41,883 million in new budget authority and \$53,448 million in outlays.

Orange County (CA) Toll Road Demonstration Project Program Account

As required by the Federal Credit Reform Act of 1990, this account records for this program the subsidy costs associated with the direct loans obligated in 1992 and later years as well as administrative expenses of this program. The Department provided these lines of credit for two toll road projects in Orange County, California. Each year, \$24 million of these lines of credit expire if not used. No budget authority is granted to the program in FY 2010.

Federal-Aid Highways (FAH)

A total of \$5,739 million is requested for Federal-aid highways and highway safety construction programs for FY 2009.

Federal Motor Carrier Safety Administration

The 2010 Budget requests \$0 for the Federal Motor Carrier Safety Administration. Again, the budget states that the Administration is working to develop a comprehensive approach for surface transportation re-authorization. Consequently, the Budget contains no policy recommendations for surface programs subject to re-authorizations, including Motor Carrier Safety Grants. Instead, the Budget conservatively displays baseline funding levels for all surface programs.

National Highway Traffic Safety Administration (NHTSA)

\$708 million is appropriated for this agency. These funds are split with \$82 million proposed for operations and research expenses, allocated from the HTF, while \$626 million is set aside for grants to states to fund targeted highway safety projects and initiatives.

Federal Railroad Administration (FRA)

The President proposes \$1.6 billion to support FRA programs, this includes \$780 million for the National Railroad Passenger Corporation (Amtrak), although funds for Amtrak would be limited to efficiency incentive grants and debt servicing costs. The FY10 Budget recommends \$5 billion to support the development of high speed rail.

Federal Transit Administration (FTA)

Reauthorized under SAFETEA-LU, the Federal Transit Administration (FTA) provides funding to transit operators, State and local governments and other recipients for the construction of facilities; the purchase of vehicles and equipment; the improvement of technology, service techniques, and methods; the support of region-wide transportation planning; and transit operations. FTA also provides financial assistance to help implement other national goals relating to mobility for the elderly, people with disabilities, and economically disadvantaged individuals. Transit funds are split between formula/bus and capital investment discretionary grant accounts. The 2010 Budget proposes \$10.33 billion for the FTA.

Research and University Research Centers

The Budget proposes a \$68 million allocation for transit research programs, an increase of \$1 million from prior funding.

Formula and Bus Grants

The Budget document states: "To reflect the growing imbalance between projected Highway Trust Fund (HTF) revenues and baseline spending in the most transparent manner, the Budget shows only the HTF funding that can be supported while maintaining positive annual cash balances in the trust fund. The remaining spending compared to the baseline for the program is shown as discretionary budget authority from the General Fund. Specifically, for 2010 the Budget includes \$5 billion in contract authority and obligation limitation in the existing Formula and Bus Grant account and \$3.3 billion in a new Formula and Bus Grants, General Fund Share account. Again, this presentation does not represent the Administration's recommended funding levels or a budgeting approach for the upcoming reauthorization. Rather, it is intended to accurately depict the condition of the HTF and recognize that, under current law, maintaining baseline spending would require support from the General Fund."

The HTF funding for the program is estimated at 8,631 million in FY11.

DEPARTMENT OF AGRICULTURE

The Budget includes \$25.771 billion in discretionary budget authority for FY11.

U.S. Forest Service

The President has requested \$1,585,719,000 for the U.S. Forest Service. The Budget reflects an accelerated refocusing of national forest management to forest ecosystem restoration project work, including global climate change adaptation and mitigation. The goals of these ecological restoration efforts are to reestablish and retain the resilience of NFS lands, to achieve sustainable management and use, and to provide a broad range of ecosystem services. In order to achieve these goals, the Budget provides \$50 million for the Priority Watersheds and Job Stabilization initiative and \$40 million for the Collaborative Forest Landscape Restoration Fund.

Farm Bill

The 2011 Budget proposes \$502 million for the Wetlands Reserve Program, a decrease from FY10's \$613 million.

Market Access Program (MAP)

Under the Market Access Program or MAP, CCC Funds are used to reimburse participating organizations for a portion of the costs of carrying out overseas marketing and promotional activities. The 2008 Farm Bill continued the authority for the MAP program as follows: \$100 million for 2002, \$110 million for 2003, \$125 million for 2004, \$140 million for 2005, and continued funding at \$200 million for 2008-2012. The budget proposes to reduce the annual funding level for MAP by \$40 million to \$160 million. California agriculture interests have been heavy users of MAP, which seeks to develop and expand commercial export markets for U.S. agricultural products.

Agricultural Research Service

The ARS 2011 Salaries and Expenses (S&E) Budget requests \$1.2 billion, an increase of \$20 million from the 2010 Enacted level. The request also includes \$63 million for high priority increases, including \$21 million to support programs in bio-energy, world hunger, obesity and climate change that were proposed in the 2010 Budget, as well as new increases in programs such as food safety, climate change, enhanced breeding for crop and animal production and security, development of sustainable agricultural systems, and enhanced plant, animal and microbial collections.

Animal and Plant Health Inspection Service

The proposed Budget funds the Animal and Plant Health Inspection service at \$872,423,000. Of those funds, the Budget allocates \$2,058,000 for the control of outbreaks of insects, plant diseases, animal diseases and for control of pest animals and birds to the extent necessary to meet emergency conditions; \$60,243,000 is to prevent and control avian influenza, and \$14,607,000 for the National Animal Identification program.

Funds from the APHIS account have been used in the past to help prevent Glassy-Winged Sharpshooter/Pierce's Disease and Sudden Oak Death in California and throughout the nation. In fiscal year 2010, the agency is authorized to collect fees to cover the total costs of providing technical assistance, goods, or services requested by States, other political subdivisions, domestic and international organizations, foreign governments, or individuals.

Food Safety and Inspection Service

The budget requests \$1,036,900,000 for the Food Safety Inspection Service. This service is limited only to meat, poultry and egg products.

Agricultural Marketing Service

Agricultural Marketing Service activities assist producers and handlers of agricultural commodities by providing a variety of marketing services. The budget requests \$97,255,000 for the Agricultural Marketing Service, allotting \$8 million for inspection and standardization.

National Forest Land Acquisition

For acquisition of lands within the exterior boundaries of the Cache, Uinta, and Wasatch National Forests, Utah; the Toiyabe National Forest, Nevada; and the Angeles, San Bernardino, Sequoia, and Cleveland National Forests, California, as authorized by law, the budget proposes \$1,050,000, to be derived from forest receipts. The purpose of these land acquisitions is to provide soil stabilization and restoration of vegetation within these watersheds. In addition, the Administration plans to minimize erosion and flood damage to these areas through this acquisition program.

Wildland Fire Management

The President's Budget includes \$ 2,072,350,000 for Wildland Fire Management, compared with \$2,103,737,000 estimated for FY10.

Food and Nutrition Service

The budget includes \$ 68,206,790,000 for the Supplemental Nutrition Assistance Program (SNAP). The Women, Infant, and Children (WIC) program that serves the nutritional needs of low-income pregnant and postpartum women, infants, and children up to age five is provided \$ 7,603,000,000 in the 2011 Budget. California typically receives about 16% of WIC funds, which would amount to approximately \$1 billion.

DEPARTMENT OF JUSTICE

The Budget requests \$29.2 billion in total spending for the Department of Justice, as opposed to the \$26.5 billion for FY10.

Office of Justice Programs

The Budget requests \$224,300,000 in total funding, as opposed to the \$235 million estimated for FY2010. This OJP account includes programs that provide grants, contracts and cooperative agreements for research, development and evaluation; development and dissemination of quality statistical and scientific information; and promotion and expansion of law enforcement information sharing initiatives and systems.

State and Local Law Enforcement Assistance

The Budget requests \$1,478,500,000 for FY11 programs, as opposed to the \$1,534,768,000 estimated for FY10.

- **SCAAP** - The Budget proposes funding the State Criminal Alien Assistance Program at \$330 million. The FY10 Omnibus also appropriated \$330 million for the program; the Administration had proposed zero-funding it last year. The budget also includes the following proviso: "Provided, That no jurisdiction shall request compensation for any cost greater than the actual cost for Federal immigration and other detainees housed in State and local detention facilities." California receives about 40 percent of SCAAP funding.

- **Southwest Border Prosecutor Initiative** - The Budget proposes zero-funding the Southwest Border Prosecutor Initiative, compared to its request of \$30 million in FY10. This initiative provides funding for local prosecutor offices in the four border states, California, Texas, Arizona, and New Mexico.

- **Byrne Justice Assistance Grants (JAG)** - The Byrne Justice Assistance Grants program awards grants to state and local governments to support a broad range of activities to prevent and control crime based on local needs and conditions, including: law enforcement programs; prosecution and court programs; prevention and education programs; corrections and community corrections programs; drug treatment programs; and planning, evaluation, and technology improvement programs. The FY 2011 Budget proposes \$517,000,000 for this program, about the same as the FY10 figure of \$518 million.

- **Byrne Competitive Grants** - The Byrne Competitive Grants program awards grants to state, local, and tribal government agencies, for-profit and non-profit organizations, and faith-based and community organizations to improve the functioning of the criminal justice system and assist victims of crime. The FY 2010 Budget proposes \$30,000,000 for this program, compared to the FY10 figure of \$40 million.

Community Oriented Policing Services

The FY 2010 Budget requests \$690 million, as opposed to the FY10 request of \$761 million, for the Office of Community Oriented Policing Services (COPS) Appropriations account, which supports programs administered by COPS and the Office of Justice Programs (OJP). Included within that funding is:

- **Hiring Grants.** The hiring grants initiative provides funding to state, local and tribal law enforcement agencies to hire additional sworn law enforcement officers deployed in community policing activities. The initiative will continue to support the Administration's goal of hiring 50,000 law enforcement officers nationwide. The FY 2011 Budget proposes \$600,000,000 for this program. Within this amount, 7 percent (or \$42,000,000) will be dedicated specifically towards the hiring of tribal law enforcement officers. Grants awarded under this program will provide federal funds for 90 percent of the total project costs, unless the 10 percent local share match is waived by the COPS Director.

- **COPS Methamphetamine Grants.** Funding is not requested for this program. The FY 2010 Budget proposed \$27,000,000.

Juvenile Justice Programs

The Administration request is \$289,806,000 for the Juvenile Justice Programs. The FY10 figure was about \$423,595,000.

ENVIRONMENTAL PROTECTION AGENCY

The President's Budget provides about \$10 billion for the Environmental Protection Agency, compared to \$10.3 billion estimated for FY10.

Clean Water State Revolving Fund

The Budget provides \$2,000,000,000 for the Clean Water State Revolving Fund. States use their capitalization grants, along with matching funds, to make loans to localities.

Drinking Water State Revolving Fund

The Budget provides 1.287 billion for the Drinking Water SRF, compared to the estimated 1.387 million in FY10.

Science and Technology

The proposed Budget includes \$846.7 million, as compared to \$846 million in last year's request for the Science and Technology account. This program finances the activities that provide the scientific and technology basis for EPA's regulatory actions.

Environmental Programs and Management

The Budget proposes \$2.9 billion for Environmental Programs and Management, a slight increase from the estimated FY09.

State and Tribal Assistance Grants

The proposed Budget provides \$1.276 billion for State and Tribal Assistance Grants, compared to \$1.116 billion for FY10.

Brownfields

EPA will allocate \$138 million for Brownfields Assessment and Cleanup, compared to the estimated \$100 million in FY10.

Superfund

The Budget funds the Hazardous Substance Superfund at \$1.3 billion, a slight increase from FY09.

DEPARTMENT OF LABOR

The President's Budget proposes \$14 billion in funding for the Department of Labor, a decrease from FY10 estimated funding levels of \$14.2 billion.

Employment and Training Administration

For necessary expenses of the Workforce Investment Act of 1998 ("WIA"), the Second Chance Act of 2007, and the Women in Apprenticeship and Non-Traditional Occupations Act of 1992, \$3,925,475,000 is proposed, an increase from the FY2010 estimated \$3,828,530,000 level. \$3,178,031,000 is proposed for grants to States for adult employment and training activities, youth activities, and dislocated worker employment and training activities, and for workforce innovation activities.

Employee Benefits Security Administration

For the 2011 budget, the Administration proposes \$161,995,000 for the Employee Benefits Security Administration.

Occupational Safety and Health Administration

The Administration requests \$573,096,000 for the Occupational Safety and Health Administration; \$105,893,000 being the maximum amount available for grants to States under 23(g) of the Occupational Safety and Health Act.

DEPARTMENT OF THE INTERIOR

The President's 2011 Budget includes \$12 billion for the Department of the Interior (DOI), as opposed to the \$12.14 billion projected for FY10.

Bureau of Land Management

About \$923,559,000 is requested to fund BLM for FY 2011, a bit less than the \$959,571,000 estimated in FY10 spending.

Oregon and California Grant Lands - \$105,573,000 is requested for the management of these lands, slightly less than the \$112 million requested in FY10.

Payments to Nevada from receipts on land sales - The Budget documents state that the Secretary is authorized by law to sell not more than 700 acres of public lands per calendar year in and around Las Vegas, Nevada, the proceeds of which are to be used to acquire environmentally sensitive lands in the Lake Tahoe Basin of California and Nevada.

Forest Ecosystem Health and Recovery Fund - Funds in this program can be used for the purpose of planning, preparing, implementing and monitoring salvage timber sales and forest ecosystem health and recovery activities, such as release from competing vegetation and density control treatments. The Federal share of receipts derived from treatments funded by this account are to be deposited into the Forest Ecosystem Health and Recovery Fund. \$6 million in new obligations is requested in FY11, about the same as in FY10.

Bureau of Reclamation

The Budget proposes \$893,000,000 in funding for Water and Related Resources funding under the BOR, approximately the same as was requested in FY10. This account supports the development, management, and restoration of water and related natural resources in the 17 Western States.

The budget document states that "work will be done in partnership and cooperation with non-Federal entities and other Federal agencies to reduce conflict, facilitate solutions to complex water issues and stretch limited water supplies. The American West is the fastest growing region of the country and faces serious water challenges. Adequate and safe water supplies are fundamental to the health, economy, security, and ecology of the country. With increased demands for water from growth and energy needs, amplified recognition of environmental water requirements, and the potential for decreased supplies due to drought and climate change, a water balance cannot be achieved without water conservation and water reuse. Federal leadership is critical to widespread acceptance and implementation of effective conservation and recycling techniques. In 2011, Reclamation will help address these concerns through a Water Conservation Initiative, which includes water recycling and reuse (Title XVI) and competitive challenge grants. The goal of this effort is to assist local communities' availability of water by encouraging voluntary water banks and other conservation measures."

CALFED - The Budget request for CALFED funding for FY11 is \$40,000,000. Total federal funding for CALFED related projects, and a detailed list of those projects, across all federal agencies can be found at:

<http://www.gpo.gov/fdsys/pkg/BUDGET-2011-PER/pdf/BUDGET-2011-PER-1-4-5.pdf>

Central Valley Project Restoration Fund - The Budget proposes \$49,915,000 in CVP funding for FY11. Resources are derived from donations, revenues from voluntary water transfers and tiered water pricing. The account is also financed through additional mitigation and restoration payments collected on an annual basis from project beneficiaries.

San Gabriel Basin Restoration Fund - \$5 million is proposed in the Fund, the same as in FY10. The Fund is intended to design, construct, operate and maintain water quality projects to remediate contamination of groundwater in the San Gabriel and Central Basins of Southern California, contingent on receipt of the local cost share.

San Joaquin Restoration Fund - \$170 million in fund receipts are anticipated this year. This fund receives funding (user fees and repayment receipts) from the Friant Division long term contractors and other Federal and non Federal sources to implement the provisions described in the Stipulation of Settlement (Settlement) for the NRDC et al. v. Rodgers lawsuit. The Fund is based on the delivered water only for the Friant Division long term contractors as required per the Central Valley Project Improvement Act (CVPIA).

Fish and Wildlife Service

The Budget proposes about \$1,266,410,000 in FY11 funding, compared to the \$1,269,406,000 requested in funding for FY10.

National Park Service

The FY11 request is for \$2,296,877,000, compared to the FY10 request of \$2,261,559,000.

Payments in Lieu of Taxes (PILT)

PILT funding is provided to counties and other units of local government for lands within their boundaries that are administered by the Bureau of Land Management, Forest Service, National Park Service, Fish and Wildlife Service, and certain other agencies. Through fiscal year 2012, up to \$400,000

of the payments authorized by the 1976 Act may be retained for administrative expenses of the Payments in Lieu of Taxes Program.

Wildland Fire Management - \$762,925,000 is proposed in FY 2011 to fund the program, as compared to the estimated \$794,897,000 in FY10 funding.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

The President's Budget proposes new budget authority of \$41.6 billion for the Department of Housing and Urban Development, as compared to the \$43.6 billion estimated for FY10.

Community Development Block Grant programs (CDBG)

The Community Development Block Grant (CDBG) program provides flexible annual formula grants to State and local governments to benefit mainly low- to moderate-income persons. The Budget provides \$4,380,100,000 for FY 2011 to fund the CDBG.

Tenant-based Rental Assistance

The President's Budget funds the Tenant-Based Rental Assistance account at \$15,550,663,183. The Tenant-Based Rental Assistance helps low-income individuals afford housing by subsidizing their rental payments. The funding provided in the 2011 Budget is estimated to result in the production of almost 69,220 units of affordable housing through new construction, rehabilitation, and/or acquisition. The Administration also estimates that communities will use a portion of their funding to support tenant-based rental assistance for over 15,929 units.

Project-Based Rental Assistance

The Project-Based Rental Assistance account is funded under the President's Budget at \$8,982,328,000. Project-Based Rental Assistance helps make housing more affordable by subsidizing the landlords who make a certain portion of their residences available to low-income individuals.

Public Housing Capital Fund

The budget proposes \$2,044,200,000 billion for the Capital Fund, a formula-driven program based on estimated need, is designed to respond to the capital and management improvement requirements of public housing. The program protects and enhances a valuable affordable housing resource, which serves approximately 1.1 million families with limited income. Of those families, 31 percent are elderly and 27 percent are disabled. The American Recovery and Reinvestment Act of 2009 (P.L. 111-5) provided \$4 billion for the Public Housing Capital Fund. HUD has already awarded nearly \$3 billion by formula that will help reduce the backlog of capital needs and will award the remaining \$1 billion by competition this year for energy efficient, green communities and other priority investments

The Choice Neighborhoods Initiative

The Choice Neighborhoods Initiative will replace the Revitalization of Severely Distressed Public Housing (HOPE VI) program. According to the Budget documents, it will provide \$250 million in competitive grants to transform neighborhoods of extreme poverty into functioning, sustainable mixed-income neighborhoods with appropriate services, schools, public assets, transportation and access to jobs. The goal of the program is to demonstrate that concentrated and coordinated neighborhood investments from multiple sources can transform a distressed neighborhood and improve the quality of life of current and future residents. Choice Neighborhoods grants will primarily fund the preservation, rehabilitation and transformation of public and HUD-assisted housing.

HOME Investment Partnership

The President's Budget proposes \$1,650,000,000 for FY11, a decrease from the proposed \$1,825,000,000 for FY10 for the HOME Investment Partnership program.

Homeless Assistance Grants

President Obama's Budget proposes \$2,055,000,000 for Homeless Assistance Grants.

Housing Opportunities for People with AIDS (HOPWA)

The Budget proposal fund for HOPWA amounts to \$340,000,000, which is the same as FY09 funding levels.

Housing for the Elderly

The Budget proposes \$273,700,000 in FY11 funding for housing for the elderly, as authorized by section 202 of the Housing Act of 1959.

DEPARTMENT OF ENERGY

The Budget includes a total of \$28.4 billion in discretionary authority for the Department of Energy for fiscal year 2011, compared to the \$26.4 billion estimated for FY10.

National Nuclear Security Administration

Of the total spending, \$448,267,000 (an increase from the estimated \$420,754,000 for FY10) is proposed for the National Nuclear Security Administration, which stewards the nation's nuclear stockpile and includes the federal energy laboratories.

Energy Efficiency and Renewable Energy

Funding for hydrogen technology is proposed at \$137 million. Solar energy funding will increase from \$234 million to \$302 million. Weatherization and intergovernmental activities will increase from \$297 million to \$395 million.

DOE Office of Science

For science programs at DOE, the budget proposes some increases which will benefit California. Although high energy physics would decrease to \$829 million from \$862 million, nuclear physics will increase from \$548 million to \$562 million, advanced scientific computing research would rise from \$421 million to \$426 million, and basic energy sciences will go up from \$1.669 billion to \$1.835 billion.

Fusion Energy Sciences

Fusion energy sciences, of which California receives significant funding, will be cut. The total fusion science spending is proposed to decrease from \$444 million in 2010 to \$380 million in 2011. The fusion energy sciences (FES) program is the national research effort to advance plasma science, fusion science, and fusion technology that is the knowledge base needed for an economically and environmentally attractive energy source.

The Budget provides for continued funding for the DIII-D program, a fusion program under way at General Atomics in San Diego.

Advanced Research Projects Agency-Energy (ARPA-E)

The budget provides \$300 million for the Advanced Research Projects Agency-Energy (ARPA-E).

Smart Grid

The budget requests \$144 million for research, development, and demonstration activities to modernize the grid, including smart-grid technologies.

Energy Efficiency and Renewable Energy Programs

The budget provides nearly \$2.4 billion for Energy Efficiency and Renewable Energy Programs, an increase of \$113 million over the 2010 appropriation.

Elk Hills School Lands Fund

The Budget proposal indicates that under the settlement agreement, \$300 million has been paid to the State of California. There is no request for funding in FY 2011. The timing and levels of any future budget request are dependent on the schedule and results of the equity finalization process.

DEPARTMENT OF DEFENSE

C-17

The Administration proposes to terminate production of the C-17. The aircraft has been built in Long Beach by Boeing, which will have produced more than 200 planes by the time the production line is shuttered. The end of the program represents the closure of the last major aircraft production line in California, with the concomitant loss of the jobs supported by the C-17. In 2007 the Department of Defense (DOD) sought to cease C-17 production after it completed its planned procurement of 180 aircraft. However, Congress has continued to provide funding for these aircraft in each subsequent year.

Joint Strike Fighter (JSF) Alternate Engine Program (AEP)

The Administration proposes to terminate the Joint Strike Fighter (JSF) Alternate Engine Program (AEP), arguing that it is no longer needed to prepare against the potential failure of the main JSF engine program. The Department of Defense (DOD) proposed canceling the JSF AEP in the 2007 Budget, and has not requested funding for it since, but Congress has continued to fund the program.

NASA

The budget proposes \$19 billion in discretionary authority for NASA, up from \$18.7 billion in FY 10.

Science

Science funding will increase to \$5 billion in FY11 from \$4.47 billion in FY10.

Commercial Space Transportation

The Administration proposes cancelling the Constellation Systems program intended to return astronauts to the Moon by 2020. Instead, emphasis will be placed on commercial space transportation. The Budget funds NASA to contract with industry to provide astronaut transportation to the International Space Station "as soon as possible."

NATIONAL SCIENCE FOUNDATION

The budget request is for \$7.4 billion for fiscal year 2011, an 8-percent increase over 2010.

Education and Human Resources

The budget requests \$892 million, compared to \$873 million in FY10, for Education and Human Resources programs. The NSF budget also provides \$19 million (about 5 percent) in graduate and undergraduate fellowships and scholarships for a joint initiative with the Department of Energy to encourage American students to pursue careers in science, engineering, and entrepreneurship related to clean energy.

The Budget also proposes a comprehensive science and technology workforce program to engage undergraduates at Historically Black, Tribal, and Hispanic-serving colleges and universities by realigning and building on existing programs. Funding for these activities would increase by over 14 percent to \$103 million.

Energy and Environment

The budget proposes creating a new \$766 million, cross-agency sustainability research effort focused on renewable energy technologies and complex environmental- and climate-system processes.

CORPS OF ENGINEERS

The budget proposes decreasing discretionary authority for the Corps of Engineers to \$4.88 billion in FY11 from the FY10 estimate of \$5.44 billion. The major cut comes in new construction – down to \$1.69 billion from \$2 billion in FY10. Investigations will also be cut from \$162 million in FY10 to \$104 million in FY11.

Water and Wastewater Treatment

The Budget proposes eliminating \$129 million in water and wastewater treatment projects, often referred to as “environmental infrastructure” projects, done by the Corps, arguing that they are outside the Corps main mission areas.

The Budget also proposes eliminating \$214 million in other “low-priority” projects outside of the Corps main mission area, such as recreation projects.

California Projects

For funding levels for specific California projects, go to Page 12 of <http://www.usace.army.mil/CECW/PID/Documents/budget/budget2011.pdf>.

SMALL BUSINESS ADMINISTRATION

The 2011 Budget requests \$994 million for the Small Business Administration (SBA), a \$170 million, or 21 percent, increase over the 2010 enacted level.

The Budget provides \$165 million in subsidy costs to support \$17.5 billion in 7(a) loan guarantees for small businesses, including an estimated \$16 billion in term loans and \$1.5 billion in revolving lines of credit.

The Budget also requests authority for \$7.5 billion in guaranteed lending for commercial real estate development and heavy machinery purchases.

Long-Term Disaster Recovery -- The Budget supports \$1.1 billion in direct loans, the normalized 10-year average, for homeowners and businesses whose property is damaged by natural disasters.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

The budget proposes \$81.3 billion in discretionary authority for HHS, compared to \$79.574 billion in FY10.

Medicaid Match

The budget includes \$25.5 billion for a six-month extension, through June 2011, of the ARRA temporary increase in the Federal Medicaid match.

National Institutes of Health

The budget requests \$32.089 billion for NIH, a one billion dollar increase over FY 10 funding of \$31.089 billion.

Head Start and Early Head Start

The Budget provides an additional \$989 million for Head Start and Early Head Start to continue to serve 64,000 additional children and families funded in ARRA. The Budget also provides an additional \$1.6 billion for the Child Care and Development Fund in preparation for reauthorization. This request will allow States to provide child care subsidies to 1.6 million children, 235,000 more than could be served without the increase, according to the Administration.

DEPARTMENT OF COMMERCE

The budget requests \$8.9 billion for the Department for FY11, compared to \$13.932 billion in FY10.

Economic Development Assistance Programs

The budget requests \$246 million, compared to \$255 million in FY10 funding. Within that funding, the budget provides \$75 million in regional planning and matching grants to support the creation of Regional Innovation Clusters to leverage regions' competitive strengths to boost job creation and economic growth.

International Trade Administration

The budget requests \$534 million, compared to \$446 in FY10. The budget documents state the 20 percent increase will help launch the National Export Initiative, a broader Federal strategy to increase American exports. ITA will strengthen its efforts to promote exports from small businesses, help enforce free trade agreements with other nations, fight to eliminate barriers to sales of U.S. products, and improve the competitiveness of U.S. firms, according to the Administration.

The United States Travel and Tourism Promotion program is zero-funded. FY10 outlays were \$1 million. The budget documents state that "no funding is requested for this program in 2011, as travel promotion activities can be funded through a variety of non-Federal sources."

National Telecommunications and Information Administration

The budget documents state that NTIA will focus on administering the \$4.7 billion program to expand broadband deployment, as well as programs to improve broadband adoption and data collection, which were funded by the American Recovery and Reinvestment Act. The Budget also proposes achieving savings by eliminating the Public Telecommunications Facilities Program, consolidating it into the Corporation for Public Broadcasting.

Pacific Coastal Salmon Recovery

The budget requests \$65 million, compared to \$80 million in FY10, for the program. The following provisos are included: "That of the funds provided herein the Secretary of Commerce may issue grants to the States of Washington, Oregon, Idaho, Nevada, California, and Alaska, and Federally-recognized tribes of the Columbia River and Pacific Coast (including Alaska) for projects necessary for conservation of salmon and steelhead populations that are listed as threatened or

endangered, or identified by a State as at-risk to be so-listed, for maintaining populations necessary for exercise of tribal treaty fishing rights or native subsistence fishing, or for conservation of Pacific coastal salmon and steelhead habitat, based on guidelines to be developed by the Secretary of Commerce: Provided further, That all funds shall be allocated based on scientific and other merit principles and shall not be available for marketing activities: Provided further, That funds disbursed to States shall be subject to a matching requirement of funds or documented in-kind contributions of at least 33 percent of the Federal funds.”

National Marine Fisheries

The budget request for FY11 is \$908 million, compared to \$927 estimated for FY10.

National Ocean Service

The National Ocean Service budget is cut from \$523 million in FY10 to \$501 million in FY11.

TAX PROVISIONS

- Eliminate Capital Gains Tax on Investments in Small Businesses. The American Recovery and Reinvestment Act (Recovery Act) temporarily increased the exclusion from capital gains taxes to 75 percent. The Budget proposes to raise this exclusion to 100 percent.

- Extend the Making Work Pay Tax Cut. The Recovery Act created the Making Work Pay tax credit, a refundable income tax credit, which offsets the Social Security payroll tax on up to the first \$6,450 of earnings for about 95 percent of all American workers. The Budget proposes to extend the Making Work Pay tax cut for one year.

- Caring for Family Members. The Budget provides tax relief of up to \$2,100 for families to pay for the costs of caring for a child or a relative.

- Families Earning over \$250,000. The Budget proposes allowing existing tax cuts for households earning more than \$250,000 to expire, as well as reducing the itemized deduction write-off.