With FY20 Spending Bills Wrapped Up, FY21 Budget Season Begins

With Fiscal Year 2020 appropriations finally signed into law in December, talks and speculation about Fiscal Year 2021 have begun. One thing that may make the FY21 process smoother than FY20 is that topline spending caps for discretionary (annually appropriated) defense and nondefense spending were already agreed upon as part of the bipartisan budget deal Congress passed last July.

In total, Congress will have $10 billion more in FY21 base discretionary dollars to work with than it did in FY20; $5 billion more for defense and $5 billion more for nondefense programs. This total does not include some funding, like some emergency disaster aid and war funding, that Congress approves outside of the caps.

Advocates are concerned that the $5 billion increase for nondefense programs will be entirely consumed by rising costs in veterans’ health care, leading to flat funding or even cuts in other human needs programs. One solution would be to move some of veterans’ health care services outside the cap, but the Trump Administration opposes this. If Congress cannot find more flexibility in domestic funding,
it is likely that many programs will slip back into the pattern of the past decade in which many services eroded. As CHN research shows, 71 percent of human needs programs lost funding from FY10 to FY19 when taking inflation into account; 54 programs were cut by 25 percent or more.

Because the bipartisan budget deal already set spending caps for FY21, Congress does not need to pass a budget resolution – which would historically serve this purpose – this year. In fact, House Budget Committee Chairman John Yarmuth (D-KY) said “it’s more unlikely than likely” that his committee will draft and pass a budget resolution this year, while Senate Budget Committee Chairman Michael Enzi (R-WY) has indicated that he expects his committee to take up such a blueprint. A budget resolution does not go to the President for his signature and does not become law. Failure to pass a FY21 budget does not stop Congress from working on and passing FY21 appropriations bills.

On the other end of Pennsylvania Avenue, the Trump Administration is expected to release its FY21 budget proposal on Monday, Feb. 10. It is expected to be a full budget, complete with details about program funding levels. The budget will be released the week following President Trump’s State of the Union address, which is scheduled for Tuesday, Feb. 4. CHN will host a webinar discussing the Trump budget on Feb. 13 at 2pm ET; stay tuned for details on how to register.

Puerto Rico May Get Long-Overdue Hurricane Aid, and House Moves to Provide Additional Support for Earthquakes

House Democrats on Jan. 16 proposed a $3.35 billion emergency spending bill to provide aid to Puerto Rico to help residents recover from recent earthquakes. The figure includes $2 billion in Community Development Block Grant-Disaster Recovery funds for long-term rebuilding efforts, housing needs, and disaster recovery, among other projects; $1.25 billion for road repairs; and $100 million for educational needs. The House is expected to vote on the bill when it returns this week, but the measure’s future in the Senate is uncertain. The Trump Administration told Politico that it would oppose the House bill, pointing out that it had approved an emergency declaration after the initial earthquakes. Such disaster relief is used to respond to immediate emergencies. More funding is needed for restoration of roads and buildings, public or private, and is routinely provided by Congress to help communities recover.

The bill’s unveiling came the same day that Housing and Urban Development Secretary Ben Carson announced that the Trump Administration would – after months of delay – free up access to more than $8 billion in funds Congress had previously appropriated for hurricane relief for the U.S. territory. In a statement, Secretary Carson also said that HUD would “soon” publish a notice outlining guidelines needed to free up nearly $8.3 billion in long-term mitigation aid appropriated in 2018. The deadline for HUD to publish the notice was last September.

Advocates have expressed great concern for the Americans citizens of Puerto Rico, especially in light of the fact that congressionally-appropriated funds to help in the recovery of the island have been
routinely held up by the Trump Administration. According to *Politico*, Puerto Rico has received just $1.5 billion of the roughly $20 billion of congressionally authorized disaster funds that HUD is supposed to administer. In a statement released after Secretary Carson’s announcement, House Appropriations Chairwoman Nita Lowey (D-NY) said, “The Trump administration has finally showed signs of relenting in its attempts to illegally withhold vital aid to Puerto Rico, and must provide the rest of the assistance this Congress has already enacted for the island. However, there are still urgent unmet needs on the island that necessitate additional relief. These needs have been compounded by recent earthquakes, which have forced thousands of families from their homes, flattened schools, and severely damaged roads and other infrastructure.”

Shortly after the announcement that it would release the funds, HUD laid out unusual conditions that would yet again make it less likely that Puerto Rico could use the money. HUD will require Puerto Rico to turn over part of its oversight of these funds to the unelected Fiscal Control Board set up by the federal government in the aftermath of Puerto Rico’s fiscal crisis. HUD also would limit pay of contractors involved in reconstruction to less than $15/hour and would not allow these funds to be used to repair the island’s electrical grid. Congress had specifically appropriated $2 billion out of the total $20 billion it approved for restoration after the hurricane for the grid’s repair, but these funds are still held up. Further, HUD would require creation of a home ownership registry. Many properties in Puerto Rico have been passed from generation to generation without formal legal title, making it difficult for homeowners to qualify for federal aid. While regularizing title would help, advocates are concerned that a registry would wind up denying ownership status to families that cannot provide formal documents.

In opposing the House earthquake recovery package, the same kind of aid routinely granted to states after natural disasters, and placing unprecedented restrictions on the long-delayed hurricane aid, the Trump Administration maintained its reluctance to help Puerto Ricans. Ironically, improving buildings’ resistance to earthquakes was among the rebuilding sought by Puerto Ricans after Hurricane Maria but denied by the Administration.

**Trump Administration Plans to Divert Money from the Pentagon to the Border Wall, Again**

The Trump Administration plans to divert an additional $7.2 billion from the Pentagon to border wall construction, according to reports from the *Washington Post*. This would be more than five times the $1.375 billion Congress appropriated for a wall for FY20, and it would be in addition to the $6.7 billion the Administration announced in 2019 it would divert from the Pentagon and the Department of the Treasury. This would bring the total amount of taxpayer dollars allocated to the border wall to more than $18 billion under President Trump. The White House has not confirmed the plan, which drew bipartisan criticism.

A federal district court in Texas ruled in December that the White House broke the law by diverting to wall construction $3.6 billion that Congress had appropriated for military construction projects. But
earlier this month, the 5th Circuit Court of Appeals in New Orleans lifted the injunction, saying the money could be used for the wall while the legal challenges are pending.

Senate Democrats have vowed to again force a vote on termination of the national emergency declaration that President Trump signed on Feb. 15, 2019, which allows him to move the funds. Congress has voted twice since then to terminate Trump’s declaration and end his transfer authority, but Trump has vetoed the legislation, and Congress has been unable to secure enough votes to override his veto. An attempt to repeal the President’s transfer authority via the FY20 spending bills also fell short.

In addition, there is speculation that the Trump Administration may request additional funds for the Pentagon for military operations in the Middle East. In a letter to Defense Secretary Mark Esper, top Democratic senators said such a proposal “would make no sense if the very same funds are to be raided for further wall construction.”

Two court decisions provided other immigration news. On January 27, the Supreme Court voted 5-4 to end the nationwide injunction that was preventing the Trump Administration from implementing its broad definition of “public charge” in determining whether immigrants can either enter the country or, if present, receive a green card. This means that while the lawsuit against this policy continues its path through lower courts, the Administration can deny entrance or permission to work to immigrants if they have made use of benefits programs such as Medicaid, SNAP, or public housing, and would exclude immigrants with low incomes. Even the threat of this policy has caused many immigrant families to stop making use of benefits despite their eligibility for them, for fear they will lose legal status.

In addition, a federal judge on Jan. 15 in Maryland temporarily blocked an executive order by President Trump that allows state and local officials to turn away refugees from resettling in their areas. The executive order would have required states and municipalities to give written consent before refugees could be resettled. Advocates sued to block the order, saying it undermines existing law allowing refugees to resettle within the U.S. NPR reported that more than 40 governors have formally said they would welcome refugees, while Texas Gov. Greg Abbott (R) said the state would reject any new refugees.

We appreciate your input. Give us your thoughts on our Human Needs Report at limbery@chn.org.