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House GOP Proposes Big Cuts In Latest CR

On Friday, February 11, House Republican leadership released a continuing resolution (CR) aimed at funding the government for the rest of FY 2011. The proposed CR ([H.R. 1](#)) slices approximately \$100 billion from President Obama's FY 2011 budget and about \$60 billion in real cuts from current spending levels. Debate on the measure is expected to begin on Tuesday, February 15.

The House Appropriations Committee had previously suggested a CR with approximately \$32 billion in cuts from FY 2010 spending levels, but conservatives demanded more cuts. The CR is already facing strong opposition in the

Senate. Although spending reductions will be inevitable, Democrats would still like to see increased spending in areas they believe will boost jobs and global competitiveness.

Cuts Detailed by Subcommittee

The table below illustrates the proposed cuts by subcommittee. Of the 12 subcommittees, programs under Transportation, Housing and Urban Development will potentially see the largest reduction in funding. For a list of cuts program-by-program, visit the [House Appropriations Committee website](#).

Subcommittee	Proposed CR Funding (in billions)	Cuts Compared to FY 2010 Levels		Cuts Compared to President's FY 2011 Budget	
		(in millions)	(percent)	(in millions)	(percent)
Agriculture	18.1	-5,211	-22%	-5,033	-22%
Commerce, Justice, Science	52.7	-11,605	-18%	-7,829	-13%
Defense	516.2	+8,100	+1.6%	-14,727	-2.8%
Energy and Water	29.9	-3,581	-11%	-5,460	-15%
Financial Services	20.4	-3,785	-16%	-4,852	-19%
Homeland Security	41.5	-1,017	-2.4%	-2,119	-4.9%
Interior	27.8	-4,394	-14%	-4,531	-14%
Labor, Health and Human Services	146	-17,465	-11%	-24,492	-14%
Legislative Branch	4.4	-194	-4%	-672	-13%
Military	74.2	-2,418	-3%	-1,815	-2%
Construction and Veterans Affairs					
State and Foreign Operations	44.9	-3,811	-8%	-11,693	-21%
Transportation, Housing and Urban Development	52.4	-15,498	-23%	-16,336	-24%

*Source: House Appropriations Committee

**Figures may show inconsistencies due to rounding

Cuts Threaten President's Initiatives and Popular Programs

Although all committees are seeing cuts compared to the President's FY 2011 budget, Democrats are expressing concern over certain popular programs. For example, President Obama's recent high-speed rail initiative would see \$5 billion in cuts compared to current levels.

Other popular transportation programs that would be affected by the CR are TIGER, TIGER II and New and Small Starts. Unobligated funds from TIGER's appropriated stimulus dollars would be rescinded. Funding for TIGER II would be eliminated for FY 2011, and unobligated funds

appropriated in FY 2010 would be rescinded. The bill would also rescind \$280 million from the New and Small Starts program that was appropriated in FY 2010.

The popular COPS program that helps fund police departments would see \$200 million in cuts, while the COPS Hiring program would be terminated altogether (saving approximately \$300 million).

Programs authorized under health care reform would see a depletion in funds as well. Current spending levels for Community Health Centers would be cut by \$1 billion and funds for the National Health Service Corps would be reduced by \$142 million.

Going Forward

This week will be filled with debate as the House brings the CR to the floor. Republicans are expected to ask for deeper cuts, and Democrats will seek amendments to add funding back into the spending bill. The current CR ends March 4, 2011. If the House and Senate cannot come to an agreement on the CR before March 4, a short-term stopgap measure will be necessary to avoid a government shutdown.

With the release of the President's FY 2012 Budget today, arguments around budgetary matters will continue as both parties struggle to determine best practices for reducing the national deficit.

We are continuously monitoring and analyzing updates involving FY 2011 and FY 2012 budgets. Please contact your Holland & Knight representative if you have questions.

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