

# RURAL POLICY NOTE

July 15, 2015

## THE HOUSING ASSISTANCE COUNCIL

The Housing Assistance Council (HAC) is a national nonprofit organization that supports affordable housing efforts in rural areas of the United States. HAC provides technical housing services, seed money loans from a revolving fund, housing program and policy assistance, and research and information services. HAC is an equal opportunity lender.



## The Federal Budget, Appropriations, Sequestration and Rural Communities: Expanding the Conversation

### Budget, Appropriations, and Sequestration: A Primer

In 2011, Congress passed legislation calling for substantial long-term deficit reduction. The legislation included a series of mandatory across the board spending cuts (a.k.a. sequester) to be enacted if Congress could not agree to spending cuts or increases in revenue to meet deficit reduction targets.

In 2013, shortly after a government shutdown that halted non-essential federal government activity, an agreement known as “Murray-Ryan”, named for Sen. Patty Murray (D-WA) and Rep. Paul Ryan (R-WI), who chaired the Senate and House Budget Committees at the time, temporarily eased the spending constraints of the sequester, allowing for higher levels of domestic discretionary spending in fiscal years 2014 and 2015.

With “Murray-Ryan” expiring, the 2016 Budget Resolution agreed upon by the House and Senate mandates substantial reductions in discretionary spending. The Budget Resolution sets overall spending ceilings; the Appropriations Committees in both chambers are charged with setting funding levels for specific programs via 13 appropriations bills. Discretionary spending accounts for roughly one-third of the federal budget; entitlement or mandatory spending programs account for the other two-thirds of the federal budget.

### The Rural Angle

Organizations working to provide affordable housing and essential services for the rural poor are well-versed in cobbling together funding from various sources, both public and private, in order to meet basic needs in rural communities. However, current and longer-term projected spending caps jeopardize our collective ability to meet existing needs and threaten to undo past investment. The dearth of resources under the current budget agreement spans housing to health care to education and infrastructure—all important elements for a vital rural America.

While working in all rural places, HAC and its partners often focus on the poorest swaths of rural America including Appalachia, the Colonias near the U.S.-Mexico border, the Mississippi Delta, tribal lands, the San Joaquin Valley of California, and farmworkers. In these areas, poverty is acute and a safety net across federal programs allows for meeting basic human needs. Spending caps disproportionately affect these communities.

## Going Forward

Over the last year, thousands of rural voices have conveyed to Congress the importance of rural housing and community development programs. And Congress has gotten the message; the fiscal year 2016 Department of Agriculture funding bill passed by the House Appropriations Committee largely maintains funding levels for key rural housing and community development programs, even though the bill cuts \$175 million from other programs in comparison to the fiscal year 2015 funding level. But this modest victory is against a tenuous backdrop. Under the status quo, the short and longer-term outlook for investment in domestic programs is grim.

The Senate Appropriations Committee recently passed its HUD spending bill, cutting the HOME program—an important tool for affordable housing production in communities of all sizes—by over 90 percent. And funding levels for Community Development Block Grants (CDBG) and nearly all other federal programs that invest in people and communities face reductions. When adjusted for inflation, even programs that have maintained constant funding levels are able to serve fewer people. Current HUD rental assistance programs only serve one-quarter of those eligible, for example.

## HAC's Message

Our partners across rural America know the importance of sharing with policymakers the value of the programs that are most important to our work. Going forward, these conversations will convey the impact of current fiscal caps.

## Key Points

- While the rural housing community has fought hard for the best possible appropriations levels, it is important to remember that appropriations ceilings are set by the budget process.
- Engagement in the budget process allows for a budget framework that provides adequate investment in important programs.

### Federal Budget and Appropriations Process--Abbreviated Timeline

- February: President submits budget to Congress
- April: House and Senate agree to budget resolution, which sets spending levels
- May-September: House and Senate consider appropriations bills and iron out differences between chambers; President signs or vetoes spending bills approved by Congress
- October 1: Fiscal year begins

Circumstances often thwart the above-outlined process. For example, disagreements over spending levels are threatening to halt the fiscal year 2016 appropriations process, raising the possibility of a government shutdown. Citing deep cuts to many programs under the current budget framework, there are calls for a revised budget agreement.

## Contact Us

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## FOR MORE INFORMATION

**“Policy Basics: Introduction to the Federal Budget Process”**

<http://www.cbpp.org/research/policy-basics-introduction-to-the-federal-budget-process>

***The Washington Post’s* Federal Budget Process Chart:**

<http://www.washingtonpost.com/wp-srv/special/politics/federal-budget-process/budgetprocess.pdf>

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