
The Budget proposes FY 2013 spending of $3.8 trillion, an increase from the $3.79 trillion expected in FY12, and calls for deficit reduction of $4 trillion over 10 years, including the $1 trillion agreed on in the August debt limit law (PL 112-25). That includes about $1.5 trillion in tax revenue increases from eliminating the Bush Administration tax cuts on individuals earning over $250,000 a year, and corporate tax increases. Other savings would come from a number of sources, including changes to federal pension benefits, and reductions in farm subsidies. The Budget also saves $850 billion by capping spending on the wars in Iraq and Afghanistan; about $200 billion of that savings, however, would be shifted to increases in infrastructure projects. The Budget calls for $476 billion over six years for transportation projects. About $360 billion in additional savings would come from Medicare and Medicaid, primarily in cuts to provider payments. New spending includes $141 billion for research and development over all, increasing nondefense research by 5 percent above the FY12 level.


Because of the length of this report, some e-mail systems will not accept the entire report. Therefore, the following links will take you to that section of the report on the Institute’s website.

DEPARTMENT OF HOME LAND SECURITY
The Budget provides $39.5 billion, a decrease of 0.5 percent or $191 million, below the 2012 enacted
Citizenship and Immigration Services
The Budget requests 142.9 million for CIS, compared to the FY12 estimate of $101 million, and the FY 11 actual funding level of $131 million. Of that funding, $131,972,000 is for immigration verification programs, including $111,924,000 for the E-Verify Program, and $20,048,000 for the SAVE Program to assist Federal, State and local benefit agencies needing immigration verification services.

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

Transportation Security Administration
Surface Transportation Security
The Budget proposes $124 million for surface transportation security activities. The funding supports operational requirements associated with day-to-day support personnel and resources dedicated to assessing the risk of terrorist attack on surface transportation modes, assessing the standards and procedures to address those risks, and ensuring compliance with regulations and policies. This also includes resources to support inspectors, canine teams, and Visible Intermodal Prevention and Response teams deployed to augment surface transportation security.

Federal Law Enforcement Training Center
For FY13, the Budget requests $258,000,000 for FLETC, compared to $271 million in FY12. 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.

Immigration and Customs Enforcement
For salaries and expenses of ICE the FY11 Budget proposes approximately $5,333,000,000, compared to the FY 12 request of $5,528,874,000.

Customs and Border Protection
The Budget proposes $10,353,000,000 in FY13 discretionary authority, compared to the FY12 estimate of $10.145 billion. This funding will support 21,186 Customs and Border Protection officers and 21,370 Border Patrol agents.

Border Security Fencing, Infrastructure, and Technology
A total of $327,099,000 is requested for border security, fencing, and infrastructure, compared to the $400,000,000 in FY11 request.

United States Visitor and Immigrant Status Indicator
The President's Budget proposes the consolidation of US-VISIT to Customs and Border Protection and Immigration and Customs Enforcement.

Federal Emergency Management Agency
The budget requests about $4.528 billion for total FEMA funding, compared to actual FY11 funding of $7.155 billion and FY12 estimated funding of $4.246 billion.

State and Local Programs
The Budget calls for $2.9 billion in funding for State and local programs. Rather than delineate funding for grant programs, such as the State Homeland Security Grant Program, the Budget calls for consolidating all State and local grant programs into the National Preparedness Grant Program. The NPGP, according to the Budget, will focus on the development and sustainment of National Incident Management System (NIMS) typed capabilities, that can be utilized nationally and regionally. These types of investments include
canine explosive detection teams, Urban Search and Rescue Teams (USAR), and Hazardous Materials (HAZMAT) Teams. Emergency Management and Homeland Security (EMHS) resources will be considered in the context of their availability and utility to multiple jurisdictions, regions, and the Nation.

Last year’s Budget requested $3,844,663,000 for state and local programs, of which $2,083,000,000 was proposed for State and Regional Preparedness Programs, and $1,050,000,000 for the State Homeland Security Grant Program. Among specific funding last year, the Budget requested $920,000,000 for the Urban Area Security Initiative and $300 million for Port Security Grants.

**National Predisaster Mitigation Fund**

No funding is requested; the program will operate exclusively from unobligated prior year appropriated balances. Approximately $85 million was requested in FY12.

**Disaster Relief Funding**

The budget proposes $6.088 billion, compared to the roughly $7 billion in the FY12 request. 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 $69.8 billion, which is 2.5 percent, or $1.7 billion, above the 2012 enacted level.

**Pell Grants**

Federal Pell Grants are the single largest source of grant aid for postsecondary education. The Budget request includes $36.1 billion for Pell Grants in 2013, of which $22.8 billion is discretionary, to support a projected maximum award of $5,635. This is a decrease from the President’s $41.2 billion request in FY12, but an increase in the projected maximum award, which was $5,550 in FY12. The Budget states: the 2012 appropriations act made changes to Pell eligibility and student loan benefits, and reinvested the savings into the Pell program.

**Investing in Innovation - i3 Fund**

The Budget continues investment in the i3 fund, providing $150 million, to support evidence-based approaches that improve K-12 achievement and close achievement gaps, decrease dropout rates, increase high school graduation rates, and improve teacher and school leader effectiveness. A portion of i3 funds will also be used to support the development of breakthrough learning technologies through the Advanced Research Projects Agency for Education.

**STEM Teacher Education**

Students need to master science, technology, engineering, and mathematics (STEM) in order to thrive in the 21st Century economy. The President has set a goal of preparing 100,000 STEM teachers over the next decade. The Budget sets aside $80 million within the Effective Teachers and Leaders State Grants program toward that goal. The Budget also funds a jointly administered mathematics education initiative, with $30 million from the Department of Education and $30 million from the National Science Foundation (NSF).

**Elementary and Secondary Education Act**

The budget allocates $21.9 billion, an increase from the estimated 2012 actual spending of $21.4 million for the Elementary and Secondary Education Act (ESEA).

**Excellent Instructional Teams**: The President's Budget allocates $2.9 billion for Excellent Instructional Teams, a program that seeks to increase teacher effectiveness and reduce disparities in access to high-quality teachers and school leaders between disadvantaged students and their peers.
Effective Teaching and Learning for a Complete Education: The President's Budget allocates $427 million for Effective Teaching and Learning for a Complete Education, a program aimed at building on the Administration's efforts to raise the quality and rigor of academic standards and instruction.

Expanding Educational Options: The President's Budget allocates $255 million for Effective Expanding Educational Options, a program that 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.

College Pathways and Accelerated Learning: The President's Budget allocates $81 million for College Pathways and Accelerated Learning, a program 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.

Supporting Student Success: The budget proposal allocates $1.44 billion to Supporting Student Success, a program that promotes 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: The proposal provides $850 million for new competitions for Race to the Top 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: The administration's proposal provides $150 million for the Investing in Innovation program, 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.

College and Career Ready Students: The proposed budget provides $14.5 billion for the College and Career Ready Students program, the same amount estimated to be spent in FY12.

Special Education State Grants
The budget proposes $12.41 billion for Special Education State Grants, as compared to the estimated $12.39 billion spent for FY12 and the actual FY11 level of $12.27 billion. Formula grants are provided to States to assist them in providing special education and related services to children with disabilities ages 3-21.

DEPARTMENT OF TRANSPORTATION
The budget proposal provides a total of $74 billion in discretionary and mandatory budgetary resources for the Department of Transportation, an increase of 2 percent, or $1.4 billion, above the 2012 enacted level. This includes infrastructure investments as well as savings from reductions to grant programs for larger airports.

The budget proposal includes a six-year, $476 billion surface reauthorization plan to modernize the country’s transportation infrastructure. This plan would be funded through a “‘peace dividend’ from ramping down overseas military operations . . . the Budget uses near-term savings from reduced overseas operations to support increased investments in the reauthorization proposal. After the six-year reauthorization period,
the Administration is committed to working with the Congress on a financing mechanism.”

The budget proposal also specifically provides $50 billion in immediate investments to support critical infrastructure projects, including roads, bridges, transit systems, border crossings, railways, and runways. Another proposed $2.7 billion in 2013 and $47 billion over six years will go to develop high-speed passenger rail corridors and intercity passenger rail service. The proposal reduces funding for airport grants by more than $900 million, “focusing Federal support on smaller airports, while giving larger airports additional flexibility to raise their own resources.”

Transportation Planning Research and Development

The President's Budget proposes $10 million to Transportation Planning Research and Development for necessary expenses for conducting transportation planning, research, systems development, development activities, and making grants. This is down from FY12's estimate of $16 million and FY11's actual spending of $13 million.

Federal Aviation Administration (FAA)

The President's Budget requests $12.7 billion in FAA budget authority, increased from the FY12 estimate of $12.5 billion.

The Budget provides more than $1 billion for 2013, an increase of more than $99 million from the 2012 enacted level, for the Next Generation Air Transportation System (NextGen). NextGen is the Federal Aviation Administration’s multi year effort to improve the efficiency, safety, capacity, and environmental performance of the aviation system. These funds would continue to support the transformation from a ground-based radar surveillance system to a more accurate satellite-based surveillance system, among other uses.

Federal Highway Administration (FHWA)

The 2013 budget proposal consists of $42.5 billion in new budget authority and $41.4 billion in outlays for the FHWA. This represents an increase from FY12, which saw an estimated cost of $39.8 billion in new budget authority and $38.9 billion in mandatory outlays. Within amounts requested for FHWA, $500 million would go to Transportation Infrastructure Finance Innovation Act of 1998 credit assistance.

National Highway Traffic Safety Administration (NHTSA)

The 2013 Budget requests $0 in discretionary budget authority for the NHTSA, the same amount estimated for FY2012 and $3 million less than the actual amount in FY11. The program has been allocated $981 million in discretionary obligation limitations/mandatory contract authority and $946 million in mandatory outlays.

Federal Railroad Administration (FRA)

The budget requests $152 million in discrentional budgetary authority for the FRA in FY2013. This is a decrease from the estimated $214 million in FY12 and actual $223 million in FY11. The FRA was also allocated $2.5 billion for discretionary obligation limitations/mandatory budget authority and $1.5 billion for mandatory outlays. The budget proposal provides $0 for uncategorized, Operating Subsidy, Capitol Debt and Service, and Capital grants to Amtrak. Capitol Assistance High Speed Rail and Intercity Passenger Grants received a total of $1.9 billion while Next Generation High Speed Rail received $3 million.

Federal Transit Administration (FTA)

The 2013 Budget proposes $134 million in discretionary budgetary authority for the FTA, down from the estimated $150 million in FY12. The 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.

**Research and Technology Deployment**

The 2013 Budget presents the Federal Transit Administration's (FTA) proposed reauthorization program and account structure, including the creation of a new account. The Research and Technology Deployment account replaces the Research and University Research Centers Account and the Grants for Energy Efficiency and Greenhouse Gas Reductions account, and also includes resources clean fuels research. It is funded from the Mass Transit Account of the Transportation Trust Fund. The 2013 Budget request includes $121 million for this account, and over six years, the Administration proposes to invest $1.1 billion in the activities and programs, which as of 2013, includes the following: National Research Program, Transit Cooperative Research, National Transit Institute, University Transportation Centers, Greenhouse Gas and Energy Reduction Deployment and Demonstration Program, and Clean Fuels and Environmental Research.

**Transit Formula Grants**

The 2013 Budget request includes $4.8 billion for this account, and over six years, the Administration proposes to invest $45 billion. This new account includes the former Formula and Bus Grants account, and represents a reorganizing of programs within that former account. Some programs previously funded here have been merged with others or moved to other accounts. This account is funded from the Mass Transit Account of the Transportation Trust Fund.

**Pipeline and Hazardous Materials Safety Administration**

The FY13 proposed budget allocates $50.6 million to the Pipeline and Hazardous Materials Safety Administration.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

The President's Budget proposes new discretionary budget authority $44.8 billion, an increase of 3.2 percent, or $1.4 billion, above the 2012 program funding level. Increases would go to protect vulnerable families, revitalize distressed neighborhoods, and advance investments in sustainable development. Savings are created through measured reforms to the Department’s rental assistance programs without reducing the number of families served.

**Community Development Block Grant Programs (CDBG)**

The budget preserves funding for the Community Development Block Grant at its 2012 level to enable State and local governments to continue to address infrastructure, affordable housing, and economic development needs in their communities. For FY13, the CDBG receives $3 billion.

**Tenant-based Rental Assistance**

The 2012 Budget provides just less than $19.1 billion for the Tenant-Based Rental Assistance Program (also known as the Housing Choice Voucher program). This is compared to the $18.2 billion expected to be spent in FY12 and the actual FY11 spending of $18.3 billion. The Housing Choice Voucher program provides housing assistance to more than two million extremely low- to very low-income families to rent in the neighborhoods of their choice. This is the Federal government's largest and most income-targeted program for assisting very low-income families to rent housing in the private market.

**Project-Based Rental Assistance**

The Budget requests $8.7 billion for project-based rental assistance. This is a more than $600 million decrease from the FY12 estimated level of $9.3 billion. 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.

According to the budget document, this decrease will not affect families served and increases minimum rents across-the-board to $75 per month for all HUD-assisted households, a rate comparable to the minimum rent enacted in 1998 when adjusted for inflation. The budget proposal states that savings were also achieved by improving oversight of market rent studies used to set subsidy payment levels, capping annual subsidy increases for certain properties, and using excess reserves to offset HUD payments to landlords.

**Public Housing Capital Fund**

The budget proposes approximately $2.1 billion for the Capital Fund, a formula-driven program based on estimated need. This is an increase from the FY2012 level of $1.8 billion. The Capital Fund is designed to respond to the capital and management improvement requirements of public housing. The program serves approximately 1.2 million families with limited income.

Of the amount requested, more than $1.9 billion will fund capital grants to Public Housing Authorities (PHAs). The balance includes up to $50 million for a Jobs-Plus pilot, $15 million for public housing financial and physical assessment support, up to $20 million for emergency capital needs resulting from non-Presidentially declared emergencies and natural disasters, and up to $5 million for administrative and judicial receiversonships.

The Administration proposes to combine the separate Operating Fund and Capital Fund programs into a single Public Housing subsidy stream. The proposed merger will complete the transition of Public Housing to asset management, simplify the program, and reduce administrative burden on PHAs. Also, in 2013, the Department will begin implementation of the Rental Assistance Demonstration (RAD) authorized by the Consolidated and Further Continuing Appropriations Act of 2012 (P.L. 112–55). RAD provides PHAs and other owners of rental properties assisted under the Public Housing, Section 8 Moderate Rehabilitation, Rent Supplement, and Rental Assistance Payment programs the option to convert the assistance on their properties to long-term Project-Based Rental Assistance (PBRA) or Project-Based Voucher contracts. The Budget reflects a total estimated transfer of $46 million from the Capital Fund (in addition to $102 million from the Operating Fund) to the PBRA and Tenant-Based Rental Assistance accounts to support the conversion of approximately 48,000 Public Housing units in 2013.

**The Choice Neighborhoods Initiative**

The Budget provides $150 million for the Choice Neighborhoods Initiative to continue transformative investments in high-poverty neighborhoods where distressed HUD-assisted public and privately-owned housing is located. The goal of the program, first funded in 2010, 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.

**HOME Investment Partnership**

The Budget requests $1 billion for the HOME Investment Partnership Program, sustaining the FY12 level. According to the budget proposal, the budget request for HOME will provide funding to about 645 State and local governments to increase the supply of affordable housing for low-income families. Sixty percent of the formula grant funds is awarded to participating local governments and 40 percent is awarded to states.

**Homeless Assistance Grants**

The Budget requests $2.2 billion for a wide range of activities to assist homeless persons and prevent future homelessness. This allocation is an increase from FY12's allocation of $1.9 billion. These grants are used to maintain existing units and expand prevention, rapid re-housing, and permanent supportive housing. The Budget also provides $75 million in new housing vouchers set aside for homeless veterans that are paired with health care and other services from the Department of Veterans Affairs. HUD further estimates it will use $1.91 billion for competitive renewals in the Continuum of Care (CoC) program, $286 million for
the Emergency Solutions Grant Program, and approximately $35 million for new competitive projects in the CoC and other programs.

**Housing Opportunities for Persons with AIDS (HOPWA)**

The Budget’s FY13 allocation for HOPWA is $330 million. The Budget proposes to update the HOPWA program to better reflect the current understanding of HIV/AIDS and ensure that funds are directed in a more equitable and effective manner. This modernization will still address the urgent housing needs of low-income Americans living with HIV and AIDS, but will include a new formula. This new formula will distribute HOPWA funds based on the current population of HIV-positive individuals, fair market rents, and poverty rates in order to target funds to areas with the most need. It also makes the program more flexible, giving local communities more options to provide targeted, timely, and cost-effective interventions.

**Housing for the Elderly and Housing for People with Disabilities**

The Budget proposes $475,000,000 for housing for the elderly, compared to FY12's estimated $375,000,000 million expenditure. However, the budget document proposes “doing more with less” and therefore proposes reforms to the Housing for the Elderly program to target resources to help those most in need, reduce the up-front cost of new awards, and better connect residents with the supportive services they need to age in place and live independently.

The Budget proposes $150,000,000 in FY13 to fund the Housing for Persons with Disabilities program. This is a decrease from FY12's level of $165,000,000. The program provides capital advance grants and operating subsidies to nonprofit sponsors to construct and operate supportive housing for very low-income people with disabilities.

Of the $625,000,000 total for these two programs, $154,000,000 will go to fund 5,300 additional supportive housing units.

**DEPARTMENT OF JUSTICE**

The Budget requests $27.1 billion in discretionary funding, a decrease of 0.4 percent below the 2012 level. According to the Budget documents, savings are achieved by prioritizing uniquely Federal responsibilities and streamlining programs and operations. However, core Federal programs including law enforcement, litigation, and prisons and detention are funded at 1.2 percent above 2012 levels. In addition, the Budget requests increased funding of $5 million for the investigation and deterrence of intellectual property crime to be used for additional attorneys and FBI agents, bringing total spending for these activities to nearly $40 million annually.

**Office of Justice Programs, Office of Community Oriented Policing Services, Office on Violence Against Women**

The Budget requests $1,675,000,000 for these programs, as compared to the FY11 actual spending of $2.695 billion and the estimated FY12 level of $2.053 billion. Of that, $136,000,000 is for Office of Justice Programs that provide grants, contracts, and cooperative agreements for research, development and evaluation; development and dissemination of quality statistical and scientific information; victim services for children; and nationwide support for law enforcement agencies. For instance, the Regional Information Sharing System (RISS) is a national criminal intelligence system operated by and for state and local law enforcement agencies. The RISS regional centers facilitate information sharing and communications to support member agency investigative and prosecution efforts by providing state-of-the-art investigative support and training, analytical services, specialized equipment, secure information-sharing technology, and secure encrypted email and communications capabilities to over 6,000 municipal, county, state, and Federal law enforcement agencies nationwide. The 2013 Budget proposes $27,000,000 for this program.

**State and Local Law Enforcement Assistance**

The 2013 Budget requests $935,000,000 for the Office of Justice Programs' (OJP) State and Local
Law Enforcement Assistance direct program activities, compared to the roughly $1.16 billion in FY12 funding requested. Of this amount, $781,500,000 is requested within the State and Local Law Enforcement Assistance appropriation and $153,500,000 is requested under the Crime Victims Fund.

Within that total funding are the following programs:

- **SCAAP** - The Budget proposes funding the State Criminal Alien Assistance Program at $70 million, compared to the $240 million provided in FY12 funding, and $273 million in FY11 funding.

- **Byrne Justice Assistance Grants (JAG)** - The Edward Byrne Memorial 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 2013 Budget proposes $430,000,000 for the program, compared to $474 million in FY12 funding.

- **Edward Byrne Memorial Criminal Justice Innovation Program** - The Budget proposes $20,000,000, of which not more than $2,000,000 may be used for activities supporting a review of criminal justice system policies and strategies.

- **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 2013 Budget proposes $25,000,000 for this program, compared to the FY12 spending estimate of $15 million.

- **Southwest Border Prosecutor Initiative** - The Budget proposes zero-funding the Southwest Border Prosecutor Initiative, compared to the $3 million provided in FY12 funding, and the $25 million in FY11 funding. This initiative provides funding for local prosecutor offices in the four border states, California, Texas, Arizona, and New Mexico.

**Community Oriented Policing Services**

The FY 2013 Budget requests $289,587,000, compared to $198,500,000 in FY12 funding, 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:

- **Anti-methamphetamine Activities** - $12,500,000 for anti-methamphetamine-related grants and assistance.

- **Hiring Grants** - The hiring program provides funding to state, local and tribal law enforcement agencies to hire additional sworn law enforcement officers to be deployed in community policing activities. The 2013 Budget proposes $257,087,000 for this program. Within this amount, $15,000,000 is requested for the hiring of tribal law enforcement officers and $15,000,000 will be used to fund training and technical assistance that supports the integration of community policing strategies throughout the law enforcement community so that it can more effectively address emerging law enforcement and community issues.

  The FY12 Budget requested $600 million for hiring grants.

**Juvenile Justice Programs**

The 2013 Budget requests $312,000,000 for the Office of Justice Programs' (OJP) Juvenile Justice Programs, compared to the $280,000,000 requested in FY12, and the FY11 spending of about $437 million.

**Community Oriented Policing Stabilization Fund**

The Budget proposes $4 billion in immediate assistance for the retention, rehiring, and hiring of police officers in FY 2012, as requested by the President in the American Jobs Act. In addition, states and localities will gain a preference for implementing programs and policies that focus on the recruitment of post-9/11 veterans for law enforcement positions.
DEPARTMENT OF AGRICULTURE

The budget provides $23 billion in discretionary funding, a decrease of nearly 3 percent or almost $700 million below the 2012 enacted level. Targeted investments are made in renewable energy, housing, utilities, infrastructure, rural development, and key innovation research areas. Discretionary savings are achieved through ongoing efforts to streamline operations, reduce costs, and close offices, and these savings are redirected into critical activities in recognition of tighter budget constraints. According to the budget document, this will reduce the deficit by $32 billion over 10 years by eliminating direct farm payments, decreasing subsidies to crop insurance companies, and better targeting conservation funding for high priority areas. The budget continues efforts to restore significant ecosystems such as the California Bay-Delta.

U.S. Forest Service

The President has requested $4.8 billion for the U.S. Forest Service. The Budget reflects an accelerated refocusing on the agency’s 2012 efficiency streamlining measures; in 2013 the Forest Service proposes to create efficiencies and redirect savings toward more on-the-ground projects.

Market Access Program (MAP)

Under the MAP, Commodity Credit Corporation (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 with funding of $200 million for 2008-2012. The budget calls for the $200 million in funding for FY13. 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 budget proposes $1.1 billion for the ARS' 2013 Salaries and Expenses budget, including high priority increases of $75.4 million for new and expanded research initiatives in environmental stewardship; animal/crop breeding and protection; food safety; child and human nutrition; and the National Agricultural Library, as well as salary increases. In addition, the agency is requesting an increase of $3 million for the repair and maintenance of its laboratories/facilities.

Offsetting ARS' requested increases are $70.5 million in proposed decreases from lower priority projects. The proposed reductions will provide necessary funding for the critical research priorities proposed by the agency for 2013.

The Agriculture and Food Research Initiative (AFRI)

The President’s Budget proposes $325 million – a $60 million increase above the 2012 enacted level—for research grants made through the AFRI. The AFRI is a competitive grant program that funds fundamental and applied research, extension, and education efforts to address food and agricultural sciences.

Animal and Plant Health Inspection Service

The Animal and Plant Health Inspection Service's 2013 Budget request of $762 million is an overall reduction of $54 million from 2012.

One priority for APHIS is continuing implementation of the revamped Animal Disease Traceability program. The Agency has proposed an increase to support the efforts, while proposing reductions in other areas. Some reductions are a result of eradication programs achieving success and the Agency's enhanced ability to prepare for, detect, and respond to avian health issues. Other reductions are due to a change in focus for managing pests and diseases, changing Federal responsibilities and contributions towards addressing cervid health issues, changes resulting in efficient operations and practices.

Food Safety and Inspection Service

The 2013 budget proposes $995.5 million for inspection of meat, poultry and egg products, which is an $8.9 million decrease from the 2012 enacted level. The proposed budget contains an increase for
installing time clocks in plants for accurate timekeeping and a decrease due to implementation of new methods of poultry inspection. In addition, the budget proposes two user fees. The first is performance-based and will be charged to plants found to be non-compliant. The second one is a basic inspection user fee that would recover a part of the cost of providing basic inspections at covered establishments and plants, as determined by the Secretary.

**Agricultural Marketing Service**

The 2013 budget requests $77,032,000 for Marketing Services, $5.1 million below 2012. These marketing activities assist producers and handlers of agricultural commodities by providing a variety of marketing services.

**Economic Research Service**

The 2013 budget request of $77,397,000 is slightly less than the 2012 enacted budget level for ERS, and funds ERS' core programs, which provide economic and other social science research and analysis for public and private decisions on agriculture, food, natural resources, and rural America.

**Wildland Fire Management**

The 2013 Budget requests $1,971,394,000 for Wildland Fire Management (WFM), an increase of $236,543,000 above the 2012 enacted level to fund Forest Service fire preparedness, fire suppression, hazardous fuels treatments, joint fire sciences, research and development, and cooperative fire programs on National Forest System (NFS) lands, adjacent State and private lands, and other lands under fire protection agreement.

**Food and Nutrition Service**

The FY13 budget proposal includes $7,495,000,000 in discretionary budget authority for the Food and Nutrition Service.

The 2013 budget also includes $81,995,293,000 for the Supplemental Nutrition Assistance Program (SNAP). SNAP serves as a food assistance safety net for more than 46 million people. The Women, Infant, and Children (WIC) program, which serves the nutritional needs of low-income pregnant and postpartum women, infants, and children up to age five, is provided $7,041,000,000 for FY13. California typically receives approximately 16 percent of WIC funds, which would amount to approximately $1,126,560,000. Both programs received an increase when compared to FY12 levels.

**National Forest Land Acquisition**

The 2013 Budget requests $59,116,000 for the Land Acquisition accounts, an increase of $5,415,000 above the 2012 enacted level.

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, $955,000, to be derived from forest receipts. Appropriations for the purchase of lands are permitted in order to minimize erosion and flood damage to critical watersheds by providing soil stabilization and restoration of vegetation within the aforementioned National Forests.

**DEPARTMENT OF LABOR**

The President’s FY13 budget proposal provides the DOL with $12 billion in discretionary funding, a slight reduction from the comparable 2012 level. The budget continues investments in job training and resources for job seekers. It also includes savings from administrative efficiencies, consolidation of regional offices, and the elimination of overlapping job training programs (the 2013 Budget ends funding for Women in Apprenticeship in Non-Traditional Occupations and the Veterans Workforce Investment Program).

The budget preserves the Unemployment Insurance safety net, putting funds toward decreasing improper payments and increasing subsided work opportunities and job training. In addition, the budget
invests $125 million in a competitive Workforce Innovation Fund in the Departments of Labor and Education to engage States and localities in identifying better ways of delivering services, breaking down program silos, and paying providers for success. The budget also provides funds for re-employment services to veterans, state start ups of paid leave programs, and a new small employer pension plan start-up credits, among other items.

**Employment and Training Administration**

The budget proposes discretional budgetary authority of $3,232,000,000 for training and employment services, up from FY12's enacted amount of $3,189,000,000 billion.

Also under this administration is the $12.5 billion Pathways Back to Work Fund, which supports summer- and year-round jobs for low-income youth, subsidized employment opportunities for unemployed and low-income adults, and other promising strategies designed to lead to employment.

**Employee Benefits Security Administration**

For FY13, the Administration proposes $183 million, the same level as enacted in FY12.

**Occupational Safety and Health Administration**

The Administration requests $565 million for the Occupational Safety and Health Administration, the same amount authorized in FY12.

**Workforce Innovation Fund**

This program is jointly funded by Departments of Labor and Education, in order to the spur job training innovation among States and localities. For FY13, the budget provides $125 million for the fund. The initiative will fund a competition among States and regions to implement bold systemic reforms that break down barriers between programs and provide rewards based on outcomes, particularly in serving disadvantaged populations. Within the Fund, $10 million is dedicated to building knowledge of what interventions are most effective with disconnected youth.

**Transition Assistance Program (TAP) & Jobs for Veterans State Grants**

The FY13 boosts funding for the DOL’s TAP program and grants for employment services to veterans by $8 million, or 34 percent, over 2012 levels. The FY13 funding for these programs is $12 million and $170 million, respectively.

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

The FY13 budget proposal provides $76.4 billion for HHS, or $0.3 billion above the 2012 funding level. The budget maintains investments in Administration priorities such as Affordable Care Act implementation and Head Start. Savings are achieved difficult trade-offs, such as the consolidation of environmental health and substance abuse prevention grant programs.

**Grants to States for Medicaid**

The proposal includes total budget authority for Grants to States for Medicaid in the amount of $269.4 billion, just under the FY12 level of $271 billion. This funding is used for carrying out titles XI and XIX of the Social Security Act. Medicaid assists States in providing medical care to their low income populations by granting Federal matching payments under title XIX of the Social Security Act to States with approved plans.

**The Grants to States for Health Insurance Premium Review**

The Affordable Care Act amends the Public Health Service Act and provides that the Secretary shall carry out a program to award grants to States for a five-year period beginning in fiscal year 2010. The Grants to States for Health Insurance Premium Review program will allow States to improve the oversight of
proposed health insurance premium increases and provide the Secretary with trend information about
premium increases in health insurance coverage. The program provides $250,000,000 over the five-year
period beginning with fiscal year 2010, and States may receive no less than $1,000,000 and no more than
$5,000,000 in any one grant year.

National Institutes of Health
The NIH is funded in the FY13 budget proposal at $30.7 billion, the same amount enacted in FY12.
This funding goes to support innovative medical research while the NIH also implements new grant
management policies to increase the number of new research grants awarded and continue to focus resources
for first-time grantees. This funding goes to support biomedical research on-campus and at academic and
independent research institutions across the country.

Food and Drug Administration (FDA)
The budget proposal increases the FDA’s total resources by $654 million to $4.5 billion, with FY13
discretionary authority at $2.5 billion (with approximately $4.5 billion as a program-level non-add).
According to the budget document, this figure includes $10 million in new resources to improve food safety
and medical product imports to the United States through a greater FDA presence in foreign countries such
as China.

The FDA is responsible for protecting the public health by assuring the safety, efficacy, and security
of human and veterinary drugs, biological products, medical devices, our Nation's food supply, cosmetics,
and products that emit radiation.

Substance Abuse and Mental Health Service Administration (SAMHSA)
The FY12 budget allocates $3.15 billion for SAMHSA, a decrease from the FY12 enacted amount of
$3.34 billion. This program builds partnerships with states, communities, tribal and private not-for-profit
organizations to enhance health and reduce the adverse impact of substance abuse and mental illness on
America's communities.

Of the FY13 amount, $460 million would fund prevention services targeting early risk factors that
can improve behavioral health outcomes for children and young adults. The budget also includes $140
million for behavioral health supportive services for homeless individuals and for families with mental and
substance abuse disorders.

The Budget also proposes to merge SAMHSA prevention programs to enhance efficiency and
improve efforts to prevent substance abuse and mental health disorders.

Community Services Block Grant (CSBG)
According to the budget document, the CSBG provides funding for the important work of
community action agencies, but the program’s current structure does too little to hold these agencies
accountable for outcomes. The Budget provides $350 million, a large cut, and also reforms the program by
proposing to use competition to target the funds to high-performing agencies that are most successful in
meeting important community needs.

Public Health and Social Services Emergency Fund
This fund supports HHS activities related to countering potential biological, nuclear, radiological,
chemical, and cybersecurity threats to civilian populations, and for other public health emergencies. The
FY12 enacted amount was $569 million. The budget proposal provides $625 million for FY13.

DEPARTMENT OF COMMERCE
The FY13 budget proposal provides $8 billion for Commerce programs through regular
appropriations, an increase of 5 percent, or about $380 million above the 2012 level. This supports for job
creation, innovation, and the promotion of U.S. exports, as well as investments in critical satellite programs.
Reductions are made to administrative costs and grant programs that overlap with activities funded elsewhere.

**Economic Development Assistance Programs**

The budget requests $182 million in discreitional budget authority (outside of the salaries and expenses of the Economic Development Authority). This is compared to $220 million enacted in FY12 funding. According to the budget, this funding supports economic development planning and projects that catalyze entrepreneurship and innovation at the regional scale, but conserves resources by trimming the amount requested for traditional public works projects, which are often funded using tax-free bonds or other Federal programs.

**International Trade Administration (ITA)**

The Administration proposes $517 million for the International Trade Administration (ITA) in order to meet the Administration’s goal to double American exports by the end of 2014. This is compared to the $455 million enacted in FY12.

This funding will go toward continuing implementation of the National Export Initiative, a broad Federal strategy to increase U.S. exports and export related jobs. This funding will allow ITA to increase its export promotion efforts in key, growing markets abroad, strengthen trade enforcement, and support the activities of SelectUSA, which helps attract investment capital to the United States that creates jobs.

**National Telecommunications and Information Administration (NTIA)**

The budget requests $46,925,000 billion for NTIA, compared to $45,568,000 provided for FY12. NTIA is the principal Executive Branch adviser on domestic and international telecommunications policy and manages the Federal Government's use of the radio frequency spectrum and performs extensive research in telecommunication sciences.

**Pacific Coastal Salmon Recovery**

The FY13 budget requests $50,000,000, a decrease from the FY12 provided amount of $65,000,000, for the Pacific Coastal Salmon Recovery. The Pacific Coastal Salmon Recovery Fund account was established in 2000 to augment State, tribal, and local programs to conserve and restore sustainable Pacific salmon populations and their habitats. Through 2012, over $1 billion has been provided to the States of California, Oregon, Washington, Alaska, and Idaho and to the federally-recognized Pacific Coastal and Columbia River Tribes to supplement State and Federal programs and promote the development of partnerships among Federal, State, tribal, and local governments to conserve salmon.

**National Marine Fisheries Services (NMFS)**

The budget request for FY13 is $801 million, compared to $820 million provided for FY12. NMFS programs provide for the management and conservation of the Nation's living marine resources including fish stocks, marine mammals, and endangered species and their habitats within the United States Exclusive Economic Zone (EEZ). The Budget supports the reauthorized Magnuson-Stevens Act through increased funding to assess major fish stocks and protected species and to promote innovative approaches to fisheries management.

**National Oceanic and Atmospheric Administration (NOAA)**

The proposed FY12 NOAA budget is $5.4 billion compared to $4.9 billion enacted in FY10. In 2012, NOAA proposes to reorganize its climate programs into a line office for climate services, making a total of seven line offices that will execute its mission to understand and predict changes in the Earth's environment and to conserve and manage coastal and marine resources to meet our Nation's economic, social, and environmental needs.
National Institute of Standards and Technology

The budget request for FY12 is $1 billion, compared to $863 million enacted in FY10. The budget provides $764 million for the National Institute of Standards and Technology laboratories, $75 million for the Technology Innovation Program, and $12 million for Advanced Manufacturing Technology Consortia, and by strengthening the fee structure at the U.S. Patent and Trademark Office and reforming the patent process.

DEPARTMENT OF THE INTERIOR

The Budget requests $11.4 billion in discretionary funding, an increase of about one percent above the 2012 enacted level of $11,320,000.

Bureau of Land Management

The Budget requests $1,146,000,000 for BLM, slightly more than the $1,098,000 provided in FY12. Oregon and California Grant Lands - $1,098,000 is requested for the management of these lands, slightly less than that requested in FY12.

Payments for Oregon and California and Coos Bay Wagon Road grant lands, receipts - The Budget states: “The Secure Rural Schools and Community Self-Determination Act of 2000 (P.L. 106–393), as amended by P.L. 110–343, provides annual transition payments to the 18 O&C counties. These payments were derived from revenues from federal activities on O&C lands in the previous fiscal year that were not deposited to permanent operating funds, supplemented by amounts from the General Fund when necessary. The last payment authorized under P.L. 106–393 was for 2006. Section 601 of Division C of P.L. 110–343 amends and reauthorizes the Secure Rural Schools Act (P.L. 106–393). The amended Act, which was similar to P.L. 106–393 although it is structured to phase out payments, expires at the end of fiscal year 2011 with the last payment being issued in 2012. The Budget reflects a five-year reauthorization of the Secure Rural Schools Act with funding through mandatory appropriations. Counties not opting to receive a portion of the USDA Forest Service payments to communities will receive funds authorized under the 1937 and 1939 statutes. Payments to the Oregon counties under the 1937 statute will be 50 percent of revenues from O&C grant lands. Payments under the 1939 statute are for lost tax revenue in two Oregon counties and are estimated to be 75 percent of all revenues from Coos Bay Wagon Road grant lands.”

Forest ecosystems health and recovery - Funds in this account are derived from revenue generated from the Federal share of receipts from the sale of salvage timber from the Oregon and California grant lands, public domain lands, and Coos Bay Wagon Road lands. Pursuant to Public Law 102–381, as amended, this account was established to allow BLM to more efficiently and effectively address forest health issues. Funds can be used for other forest health purposes, including release from competing vegetation and density control treatments. $3 million in mandatory appropriations is expected in FY 13, down from the $5 million in FY12.

Bureau of Reclamation

The Budget proposes $994 million in funding for the Bureau of Reclamation, down from the $1.024 billion in FY12 funding. This account supports the development, management, and restoration of water and related natural resources in the 17 Western States.

CALFED - The Budget request for CALFED funding for FY13 is $36,000,000, down from the $39.65 million in FY12 funding. Total federal funding for CALFED related projects, and a detailed list of those projects, across all federal agencies can be found under the California Bay-Delta Restoration Fund link at: http://www.usbr.gov/budget/index.html. California Bay-delta Federal Budget Crosscut can be found at: http://www.whitehouse.gov/sites/default/files/omb/budget/fy2013/assets/topics.pdf.

Central Valley Project Restoration Fund - The Budget proposes about $39 million in CVP funding for FY13, compared to the $53 million expected in FY12 revenue. 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 Joaquin Restoration Fund** - The budget expects $12 million to be available in FY13, compared to $24 million in FY2012 budget authority. 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 Settlement (Settlement) for the National Resources Defense Council (NRDC) et al. v. Rodgers lawsuit. The Settlement's two primary goals are: 1) To restore and maintain fish populations in "good condition" in the main stem of the San Joaquin River below Friant Dam to the confluence of the Merced River, including naturally reproducing and self-sustaining populations of salmon and other fish; and 2) To reduce or avoid adverse water supply impacts to all of the Friant Division long-term contractors that may result from the Interim Flows and Restoration Flows provided for in the Settlement.

**Fish and Wildlife Service**

The Budget proposes about $1.548 billion in FY13 funding, compared to the $1.476 billion in FY12 funding.

**National Park Service**

The FY13 request is for $2.609 billion, roughly the same as the FY12 funding of $2.610 billion.

**Wildland Fire Management**

The Budget proposes $726,473,000, compared to the $566,495,000 provided in FY12. Funding is used for fire preparedness, suppression operations, fire science and research, emergency rehabilitation, hazardous fuels reduction, and rural fire assistance.

**Land and Water Conservation Fund**

The Budget provides $450 million for the Land and Water Conservation Fund.

**DEPARTMENT OF DEFENSE**

The Budget requests $613.9 billion, $525.4 billion in discretionary funding for the base DOD budget, a decrease of 1 percent, or $5.1 billion, below the 2012 enacted level, and an additional $88.5 billion for operations in Afghanistan and Iraq.

**Procurement**

The Budget provides $98.8 billion for procurement, $5.6 billion less than the FY12 level. Within that $3.7 billion is requested to fund unmanned air surveillance systems, such as the Predator and Reaper, and $2 billion is included for upgrading tactical vehicles including the newest and most effective version of armor protection.

The Budget provides that the Joint Strike Fighter program would be cut by $1.6 billion in FY13. Total savings by delaying the development and testing of the program is projected to save $15.1 billion through FY2017. The Budget also calls for saving $400 by reducing the purchases of the V-22 Osprey.

**Research, Development, Test, and Evaluation**

The Budget proposes $69.4 billion for research, development, test, and evaluation, including $11.9 billion for early-stage science and technology programs. This represents a decrease in this funding of about $2 billion.
Base Closings
The Budget also requests authorization for two new base realignment and closure (BRAC) commissions for fiscal 2013 and 2015.

DEPARTMENT OF ENERGY
The Budget provides $27.2 billion in discretionary funds, a 3.2 percent increase above the 2012 enacted level of $26.3 billion.

Science
The Budget provides $4.992 billion in funding to the Office of Science, an increase from the $4.874 billion in FY12 funding.

Basic Energy Sciences is funded at $1,799,000,000 compared to $1.698 billion in FY12 funding. Fusion Energy Sciences is funded at $398 million, compared to the estimated FY12 funding of $401 million. Small Business Innovation Research and Small Business Technology Transfer are zero funded.

Advanced Research Projects Agency-Energy (ARPA-E)
The Budget requests $350,000,000 for ARPA-E, down from the FY12 funding of about $393 million.

Electricity Delivery and Energy Reliability
The Budget proposes $143,015,000 for the program, compared to the $140 million in FY12 funding. The mission of the Office of Electricity Delivery and Energy Reliability (OE) is to lead national efforts to modernize the electric grid, enhance security and reliability of the energy infrastructure, and facilitate recovery from disruptions to the energy supply. This Office undertakes a number of efforts to achieve this, including research, development, demonstration and technology transfer in areas such as smart grid, energy storage, transmission reliability, and cyber security of the electrical system; implementation of the electricity grid modernization requirements.

Elk Hills School Lands Fund
“Title XXXIV, Subtitle B of Public Law 104–106 required the Department to sell the government's interest in Naval Petroleum Reserve No. 1 (NPR-1; Elk Hills) pursuant to the terms of the Act. The sale occurred in February 1998. Section 3415 of the Act required, among other things, that the Department make an offer of settlement based on the fair value of the State of California's longstanding claims to two parcels of land ("school lands") within the Reserve. Under the Act, nine percent of the net proceeds were reserved in a contingent fund in the Treasury for payment to the State. In compliance with the Act and in order to remove any cloud over title which could diminish the sales value of the Reserve, the Department entered into a settlement agreement with the State on October 11, 1996, in which the Department agreed to compensate the State of California for its claim of title to two sections of land with NPR-1. The 'Settlement Agreement' stipulates installments totaling nine percent of the net proceeds from the sale will be paid to the State. Installments totaling $299,520,000 have been paid to date. On April 21, 2011 the Department settled NPR-1 final equity with Chevron. Under the terms of the settlement, Chevron paid $108,000,000 to the United States. That, in turn, increased the net proceeds of the sale. On August 3, 2011, the Department and the State agreed on the final payment of $15,579,815 with respect to the longstanding claim on the two sections of land.”
CORPS OF ENGINEERS

The Budget provides $4.7 billion, a 5.4 percent decrease from the 2012 enacted level. The Budget proposes to achieve savings by prioritizing investments that will yield high economic and environmental returns or address a significant risk to public safety.

The FY13 funding will be distributed among the appropriation accounts as follows:
- $2.398 billion for Operation and Maintenance
- $1.471 billion for Construction
- $234 million for Mississippi River and Tributaries
- $205 million for the Regulatory Program
- $182 million for Expenses
- $104 million for the Formerly Utilized Sites Remedial Action Program
- $102 million for Investigations
- $30 million for Flood Control and Coastal Emergencies
- $5 million for the Office of the Assistant Secretary of the Army for Civil Works

California Projects
For funding levels for specific California projects, go to:

ENVIRONMENTAL PROTECTION AGENCY

The President's Budget provides $8.3 billion, a decrease of 1.2 percent, or $105 million, below the 2012 enacted level of $8,450,000.

Clean Water State Revolving Fund
The Budget requests $1,175,000 for the Clean Water SRF, compared to $1,522,000 in FY11, and $1,466,000 in FY 12 funding.

Drinking Water State Revolving Fund
The Budget provides $850 million for the Drinking Water SRF, compared to the FY11 level of $963 million and the FY12 funding of $918 million.

State and Tribal Assistance Grants
The proposed Budget provides $1.202 billion for State and Tribal Assistance Grants, compared to $1.089 billion provided for FY12.

Brownfields Assessment and Cleanup
The Budget requests $93 million for FY13, compared to $100 million for FY11, and $95 million for FY12.

Clean Diesel Grants
The Budget requests $15 million for clean diesel grants, compared to the $50 million funded in FY11 and $30 million funded in FY12.

Superfund
The Budget requests $1.176 billion for Superfund, compared to $1.281 billion funded in FY11, and $1.214 billion funded in FY12.

NASA
The budget proposes $17.7 billion, a decrease of 0.3 percent, or $59 million, below the 2012 enacted level.
Exploration

The Budget requests $3,932,800,000 for the exploration account, an increase over the $3.721 billion funded in FY12, and about the same as the FY11 funding of $3.928 billion.

This appropriation provides for the full costs associated with NASA's development of systems and capabilities required for human exploration of space beyond low Earth orbit, and for U.S. crew access to the International Space Station. The systems and capabilities include launch and crew vehicles for missions beyond low Earth Orbit, affordable commercial crew access to the Space Station, technologies and countermeasures to keep astronauts healthy and functional during deep space missions, and technologies to reduce launch mass and the cost of deep space missions.

NASA's human space exploration programs include the Space Launch System, the Orion Multi-Purpose Crew Vehicle, Exploration Ground Systems, Commercial Crew, Advanced Exploration Systems, and Human Research.

Education

The Budget provides $100 million for the Education program. This funds the costs associated with NASA's education activities within the Office of Education. NASA's Education program works to educate and inspire students at all levels to pursue careers in the fields of science, technology, engineering, and mathematics (STEM).

NATIONAL SCIENCE FOUNDATION

The budget provides $7.4 billion for the National Science Foundation, which is $340 million above the 2012 enacted level of $7.032 billion.

SMALL BUSINESS ADMINISTRATION (SBA)

The administration’s Budget provides $949 million, an increase of 3 percent, or $32 million, above the 2012 enacted level.

The Budget requests $167 million for the Disaster Loans Program that will be designated as being for disaster relief under the Budget Control Act’s cap adjustment. It also supports $26 billion in loan guarantees for small businesses, and over $1 billion in long-term disaster recovery loans for homeowners, renters, and businesses of all sizes.

TAXES

The President’s Budget calls for numerous changes in the tax code, including the following:

- Allow the 2001 and 2003 Tax Cuts to Expire for Higher Incomes and Return the Estate Tax to 2009 Parameters. The Budget proposes allowing the 2001 and 2003 tax reductions to expire for those making over $250,000 a year. It also proposes returning the estate tax exemption and rates to 2009 levels. The Budget request states these changes would reduce the deficit by $968 billion over 10 years.

- Reduce the Value of Itemized Deductions and Other Tax Preferences to 28 Percent for Families With Incomes Over $250,000. The proposal would limit the tax rate at which certain taxpayers can reduce their tax liability to a maximum of 28 percent, affecting only married taxpayers filing a joint return with income over $250,000 (at 2009 levels) and single taxpayers with income over $200,000. This limit would apply to: all itemized deductions; foreign excluded income; tax-exempt interest; employer sponsored health insurance; retirement contributions; and selected above-the-line deductions. The proposed would reduce the deficit by $584 billion over 10 years, according to the Budget documents.

- Tax Carried (Profits) Interests as Ordinary Income. Currently, many hedge fund managers, private equity partners, and other managers in partnerships are able to pay a 15 percent capital gains rate on their labor income (on income that is known as “carried interest”). The President proposes to eliminate this treatment for managers in investment services partnerships and to tax carried interest at ordinary income rates. This would reduce the deficit by $13 billion over 10 years.

- Enhance and make permanent the Research and Experimentation (R&E) credit.
- Make the **American Opportunity Tax Credit (AOTC)** permanent, which defrays the cost of college.
- Extend the **Earned Income Tax Credit (EITC)** for larger families
- Expand the **child and dependent care tax credit**
- Provide for automatic enrollment in **individual retirement accounts**.