



Date: April 18, 2011

To: Federal Legislation Committee Members

From: Patrick H. West, City Manager

Subject: Fiscal Year 2011 Long-Term Continuing Resolution (H.R. 1473)

Background

Congress has passed the eighth and final Continuing Resolution (CR) for the current fiscal year to keep the federal government operational through September 30, 2011. H.R. 1473 implements a 0.2% across the board cut to all federal non-defense programs, and recaptures unspent funds in several spending accounts. In total, the bill is expected to generate \$38 billion in savings for FY 11. On Thursday, April 14, 2011 the House of Representatives passed H.R. 1473 on a vote of 260 to 167. The Senate also passed the bill on Thursday, on a vote of 81-19. Details regarding the bill's impacts to Long Beach are below.

Workforce Investment Act (WIA)

The CR reduces WIA Adult, Dislocated Worker, and Youth funding by \$306.44 million, a cut of 10.34% as compared to FY 10 spending levels. This translates to approximately a \$550,000 reduction to the amount of federal funds the Pacific Gateway Workforce Investment Board receives. A provision in this CR also limits the amount of funding available to States for statewide activities to five percent, rather than the 15 percent that has been available in the past. New to the WIA funding structure is a \$125 million Workforce Innovation Fund, which was established by this bill. These funds will be available on a competitive basis, which may provide an opportunity for States to replace some of the lost capacity building funds from other WIA programmatic cuts.

Community Development Block Grant (CDBG)

This bill reduces Long Beach's CDBG entitlement funds by an estimated \$1.7 million. The City spends CDBG dollars one year behind the federal government allocation of these funds. Funds being administered to operate CDBG programs in the current fiscal year were allocated in FY 10. Thus, the FY 11 reduction will affect the City's FY 12 CDBG Budget and will be a part of the FY 12 City budget discussions.

United States Army Corps (USACE)

Army Corps funding has been cut by 12 percent, as compared to FY 10. General Investigations funding has been cut by \$33 million, as compared to FY 10 levels, leaving \$127 million in funding for Army Corps investigations (e.g. studies). Operations and Maintenance is cut by \$30 million, as compared to FY 10, leaving \$2.371 billion for ongoing operations and maintenance. Construction funds are

reduced by \$238 million, as compared to FY 10, leaving \$1.793 billion for construction.

The Army Corps will be required to develop a Work Plan for the remainder of FY 11 and the City is working closely with Army Corps staff to request funding for the East San Pedro Bay Ecosystem Restoration feasibility study and Colorado Lagoon. Chances for this funding not high, as the President did not include either project in his FY 12 budget request; however, we continue to do all we can to request funding for our priority projects given the difficult budget environment.

Department of Homeland Security (DHS)

The State Homeland Security Grant Program is reduced by 24 percent, as compared to FY 10 levels. This reduction includes an 18 percent cut to Urban Area Security Initiative (UASI) funding, as compared to FY 10 levels. Current funding is not expected to be impacted, although future funding available to the region may be reduced.

Police Funding

State and Local law enforcement assistance funds have been reduced by \$415 million nationwide, as compared to FY 10; and COPS program funding has also been reduced by \$296 million nationwide, as compared to FY 10.

Health and Human Services

The CR eliminates all funding nationwide for the Weed and Seed program. This cut will end Long Beach's Weed and Seed program in October, a loss of approximately \$150,000. On a positive note, funding for Section 8 Rental Assistance increased to \$18.4 billion – this is a \$233 million increase above FY 10 levels. The local impact to Long Beach is unknown at this time.

Throughout budget discussions, the President and Congress have stated that they would like to see a reduction in the federal deficit over the next several years. To this end, the President has proposed a framework to reduce the federal deficit by \$4 trillion dollars over the next 12 years. Many of the details of this framework have yet to be released, and the City will be monitoring this plan as it develops.

Please contact Tom Modica, Director of Government Affairs and Strategic Initiatives at 8-5091 if you have any questions.

cc: Mayor and Members of the City Council
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