



President's FY10 Budget Proposal

Priorities and Highlights for AAUW

On May 7th, President Barack Obama released his budget proposal for FY10. The full budget proposal follows on the budget blueprint released by the administration February, which offered a broad look at the state of the national economy, outlined the administration's fiscal priorities, and promoted initiatives for federal departments and agencies. The full budget contains further details on a number of proposals that are important to AAUW, the highlights of which are summarized below. Congress, which passed a budget resolution in April that outlined its own spending priorities, will spend the next several months debating and working on passage of the individual appropriations bills.

General Budget Highlights

- The administration proposes \$3.6 trillion in spending for FY10.
- The 2009 deficit is projected to be \$1.75 trillion. The deficit is projected to drop to \$533 billion in 2013, at which point it will begin rising again, projected to reach \$712 billion by 2019. From 2010-2019, total deficit projections are expected to equal \$6.97 trillion.
- As a percentage of Gross Domestic Product, however, the deficit is projected to drop strongly. It is expected to be 12.3 percent in 2009, but drop to 8 percent in 2010, 3 percent in 2013, and 3.1 percent in 2019.
- The administration proposes 121 terminations, reductions, and other savings from various federal programs that would save approximately \$17 billion for FY10.

Education

- **The budget for the Department of Education is projected to be \$46.7 billion in FY10, an increase of \$500 million** from its estimated FY09 budget. This is in addition to \$81.1 billion included for the Department in the American Recovery and Reinvestment Act
- The budget proposes spending more than \$28 billion for Pell grants to nearly 7.6 million students in FY10. It further proposes that Pell grant funding be made mandatory to ensure a regular funding stream, and the maximum awards will be increased and indexed to the Consumer Price Index plus 1 percent in order to address inflation. The spending is projected to be \$41.8 billion from 2010-2014, and \$116.8 billion from 2010-2019.
- The budget proposes eliminating entitlements for financial intermediaries under the Family Federal Education Loan Program. For years, private lenders under this program have received tax-payer funded subsidies to make risk-free student loans; the administration would end this practice. The Congressional Budget Office estimates that these changes would result in \$94 billion in savings over the next 10 years.
- The budget proposes the creation of a new College Access and Completion Fund. This funding would go directly to states to create and encourage college completion programs for students, particularly for students from disadvantaged backgrounds. The spending is projected to be \$2.5 billion over the next five years.

- The budget proposes making new investments in early childhood education, including two new programs: \$500 million for Title I Early Childhood Grants, which would provide incentives for school districts to establish or expand preschool programs, and \$300 million for the Early Learning Childhood Fund, which would enhance existing state and local support services for early childhood education.
- The budget proposes \$517.3 million, a \$420 million increase, in funding for the Teacher Incentive Fund, which is utilized to recruit, prepare, and reward effective teachers.
- The budget proposes \$268 million, a \$52 million increase, in funding for Charter School Grants, representing the initial installment on the administration's goal to double funding for charter schools over the next four years.
- The budget proposes \$12.2 million for the District of Columbia's Opportunity Scholarship Program, which provides private school vouchers to DC students. The budget language proposes that no new students be admitted to the program, and that funding only be used for current enrollees through high school graduation.
- The budget proposes \$103 million, a \$6 million increase, for the Department of Education's Office for Civil Rights, which strengthens and protects equal access to education by enforcing such laws as Title IX.

Labor

- **The budget for the Department of Labor is projected to be \$13.3 billion in FY10, an increase of \$600 million** from its estimated FY09 budget. This is in addition to \$4.8 billion included for the Department in the American Recovery and Reinvestment Act.
- The budget proposes a change to the Extended Unemployment Insurance benefits trigger, to make it more responsive in states where unemployment is high and rising. The spending is projected to be \$12.4 billion from 2010-2014, and \$21 billion from 2010-2019.
- The budget factors in implementation of Unemployment Insurance integrity legislation, which would target improper benefit payments and employer tax evasion. This is projected to save \$1.87 billion from 2010-2014, and \$2 billion from 2010-2019.
- The budget proposes \$10.6 million in funding for the Department of Labor's Women's Bureau, a slight increase from 2009. The Women's Bureau is the only federal agency devoted solely to the well-being of America's working women.
- The budget proposes making new investments in enforcement resources. The administration requests \$227 million for the Department's Wage and Hour Division, an increase of \$35 million, which would help fund 227 full-time employees in the division, the majority of whom would be investigators. Moreover, the budget proposes \$110 million for the Office of Federal Contract Compliance Program, an increase of \$28 million and 213 full-time employees, to ensure equal opportunity in employment practices. The budget request also includes \$2 million to develop a new case management system to enhance OFCCP's compliance and enforcement strategies. Overall, the Department of Labor budget request would result in 670 new enforcement staff being added, which would put the Department at its highest enforcement staffing levels since 2001.
- The budget proposes \$8.7 billion in employment and training programs, and another \$1.7 billion for worker protection programs.

- The budget proposes automatically enrolling employees in workplace pension plans. Employers who do not currently offer a retirement plan will be required to enroll employees in a direct-deposit IRA. Employees will have the option to opt-out.
- The budget proposes a new a “Saver’s Credit,” in the form of a 50-percent match provided on the first \$1,000 of retirements savings for families that earn under \$65,000 annually. This credit will be fully refundable.

Healthcare

- **The budget for the Department of Health and Human Services is projected to be \$76.8 billion in FY10, a decrease of \$3.3 billion** from its estimated FY09 budget. This is in addition to \$22.4 billion included for the Department in the American Recovery and Reinvestment Act.
- The budget proposes a new \$110 million Teen Pregnancy Prevention Initiative to reduce teen pregnancy by funding models that stress the importance of abstinence while providing medically-accurate, age-appropriate, comprehensive sex education. The budget proposes to eliminate Community-Based Abstinence Education and the mandatory Title V Abstinence Education programs. The budget also proposes additional funding for research and treatment of HIV/AIDS.
- The budget proposes \$317 million, a \$10 million increase for Title X, the nation’s family-planning program.
- The budget proposes additional funding increases for programs associated with the administration’s “zero to five” plan for young children, including \$1.1 billion to double the number of children served by Early Head Start over two years, and an additional \$1 billion to expand and improve Head Start. An additional \$2 billion in funding is slated for the Child Care and Development Block Grant, which provides child care subsidies for low-income working families.
- The budget proposes the establishment of a reserve fund of \$634 billion over 10 years, funded half by new revenue and half by savings proposals that promote efficiency and accountability, that will be used towards fundamental reform of the American health care system. The savings would come from a variety of sources, including ending subsidies directed toward Medicare Advantage plans. President Obama has pledged that every American should have access to quality and affordable health care, and has kick-started this effort by recently hosting a forum at the White House on health care reform.
- The budget also proposes additional resources to build on the \$19 billion included in the American Recovery and Reinvestment Act for electronic medical records, with an aim for a “dramatic increase” in the number of physicians utilizing Health Information Technology (Health IT) over the next five years. Health IT provides for the secure, electronic exchange of medical records between providers and patients, the broad use of which would likely improve health care quality while reducing medical errors and costs.
- The budget proposes an extension of Temporary Assistance to Needy Families (TANF) supplemental grants, also known as welfare. The spending is projected to be \$1.28 billion from 2010-2014, and \$2.87 billion from 2010-2019.

Other highlights

- The budget proposes \$145 million for the Department of Justice's Civil Rights Division to strengthen civil rights enforcement against racial, ethnic, sexual preference, religious and gender discrimination, including the hiring of additional civil rights attorneys and enforcement specialists.
- The budget proposes \$429.7 million, a slight increase, for the Department of Justice's Office of Violence Against Women, which includes 65 full-time staff positions. This office administers justice and strengthens services for all victims of domestic violence.
- The budget proposes the doubling of the National Science Foundation research budget over the next ten years.
- The budget proposes a total of \$593 million for international family planning and reproductive health programs, including a \$50 million contribution to the United Nations Population Fund, increasing investments in global health programs, including maternal and child health, family planning, and HIV/AIDS. The budget puts the State Department on a path to double foreign assistance funding, which includes several new initiatives centered on access to education, food, and sustainability.