



Department of Justice, Peace and Human Development  
Office of Domestic Social Development

**FEDERAL BUDGET**

**February 2011**

**BACKGROUND**

The Congressional Budget Office has released a report indicating that the federal deficit for Fiscal Year 2011 could be close to \$1.5 trillion, or 9.8 percent of Gross Domestic Product (GDP). The Administration and the new Congress will turn their focus almost exclusively on the economic crisis and strategies to address the deficit. It is clear that sharp reduction in revenues with a significant increase in expenditures has led to the current deficit problem. The federal budget then will be crafted in a period of historic deficits, rising costs of entitlement programs and significant spending on military obligations overseas.

The Obama Administration is expected to release its proposed budget for Fiscal Year 2012 on February 14<sup>th</sup>, 2011. The president has already indicated his direction calling for a freeze on all non-security domestic discretionary spending for the next five years. The Republican Study Committee has a plan for reducing federal spending by \$2.5 trillion dollars over the next ten years. It calls for holding FY 2011 non-security discretionary spending to FY 2008 levels and thereafter to FY 2006 levels. If enacted, this legislation has the potential for cuts in key services of more than 40 percent. The continuing economic crisis will pressure the Administration and Congress to impose austerity measures as they craft the federal budget.

The federal budget is comprised of two types of spending; discretionary and mandatory (or entitlement) expenditures. Discretionary spending is the portion of the federal budget that is subject to the annual appropriations process where Congress sets the level of spending on programs. These programs include: defense, education, various health and social service programs and housing. This portion of the budget equals approximately one-third of federal spending. For FY 2011 this is \$1.2 trillion dollars. Mandatory spending includes entitlement programs such as: food stamps, Social Security, Medicare/Medicaid, and others. These expenditures are not determined through the appropriations process but by adjusting the rules on eligibility. Congress determines how many people will be served or are eligible for these programs during the budgetary cycle. Mandatory spending equals approximately two-thirds of the federal budget or what in FY 2011 is \$2.1 trillion dollars.

The bishops will continue to urge Congress to make the lives and dignity of the poor, families and vulnerable workers central priorities as they debate and adopt policy. Protecting the poor and vulnerable during a time of austerity will be a central message of the USCCB during the 112<sup>th</sup> Congress.

**USCCB POSITION**

The federal budget is a moral document reflecting the priorities and values of the nation and these priorities have consequences. The USCCB advocates for a budget that guarantees adequate funding to assist those in greatest need, who are trying to care for their children, gain access to health care, overcome hunger and homelessness and find gainful employment. In his January 18, 2011 letter to Congress, USCCB President, Archbishop Timothy Dolan offered a moral framework of principles

and priorities to guide the development of legislation designed to address the financial crisis. Archbishop Dolan emphasized the imperative of protecting the poor and vulnerable. He reminded Congress that as Catholics, “We advocate a clear priority for poor families and vulnerable workers in the development and implementation of economic recovery measures, including appropriate new investments, finding ways to offer opportunity and strengthening the national safety net.” He urged the Administration and Congress to put the “common good of our nation and people above partisan politics and the demands of powerful or narrow interests.”

In a society marred by deepening divisions between rich and poor, Scripture gives us the story of the Last Judgment (Mt: 25) and instructs us to put the needs of the poor and vulnerable first. Pope Benedict the XVI, in his encyclical *Deus Caritas Est (God is Love)*, reminded us that “[p]olitics is more than a mere mechanism for defining the rules of public life: its origin and its goal are found in justice, which by its very nature has to do with ethics. The State must inevitably face the question of how justice can be achieved here and now.” (#28)

Catholic teaching asserts that a fundamental moral measure of our nation’s budget and economic policies is whether it enhances or undermines the lives and dignity of those most in need. Sadly, political pressure frequently leaves poor children and families missing in the national debate and without a place at the table. Our nation needs a genuinely bipartisan commitment to focus on the common good of all and on the special needs of the poor and vulnerable in particular. These are difficult times where economic and policy choices will have significant consequences on the vulnerable. But there are some “right” and just choices. In a time of war, mounting deficits, and growing needs, our nation’s leaders must ensure that there are adequate resources to protect people who are poor and vulnerable.

## **WHAT YOU CAN DO**

Urge your Senators and Representatives

1. As they work to craft the budget, to prioritize programs that serve poor families and vulnerable workers in the federal budget and appropriations process (discretionary spending bills for housing, social services, and health care).
2. Call for shared sacrifice, reminding elected officials that people in poverty have been asked to make the largest sacrifices, thus far. A discussion on funding and cuts to all programs should be part of the debate. Proposals for spending cuts or tax policy changes should be fair, just and protect the poor and vulnerable in the strongest possible way.
3. Urge Congress to put the needs of those who are poor and vulnerable first. Working to protect their lives, dignity and well being, promotes the dignity, health and stability of the nation as a whole.

### **For more information, contact**

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