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Alex Brandon/AP

NPR beat reporters analyze the president's budget proposal:

Overview

President Obama is proposing a budget that calls for \$3.7 trillion in government spending in fiscal 2012, down from the \$3.8 trillion he proposed a year ago. The budget projects a massive gap between spending and tax revenue that produces a budget deficit of \$1.1 trillion. Still, that's an improvement from the record budget deficit projected for the current fiscal year: \$1.65 trillion.

The president's 2012 budget includes a five-year freeze on "non-security discretionary" spending projected to save just over \$400 billion in the next decade. The freeze covers most domestic spending but excludes the departments of Defense, State and Homeland Security. As a result, the freeze applies only to about 12 percent of the total federal budget. Entitlements like Medicare, Medicaid and Social Security are untouched.

On taxes, the president calls for an indefinite continuation of the tax cuts for the middle class originally passed in 2001 and extended for two years last December. But Obama would end tax cuts for wealthier Americans beginning in 2014.

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According to the president's budget, the cost of extending the tax cuts for the wealthy for the next decade would be nearly a trillion dollars. The new budget also calls for ending 12 tax breaks for oil and gas companies for a savings of \$46 billion over 10 years.

Overall, the new spending plan would cut projected deficits by \$1.1 trillion over the next decade, according to the administration. In addition to the \$400 billion saved in discretionary domestic spending, the White House says \$78 billion will be saved by

reductions in defense spending and \$62 billion by unspecified reductions in the health care delivery system.

Analysis: To assess the danger of federal deficits, economists look at the percentage they represent of overall economic output. In the president's budget, they fall from a high of nearly 11 percent of the economy in 2011, to just over 3 percent of the economy in 2021. But most projections show the deficits rising again to dangerous levels in succeeding decades as the cost of Medicare, Medicaid and Social Security rise sharply. The president makes no significant new proposals to contain those long-term costs in this budget.

— *John Ydstie*

Environmental Protection Agency

Posted at 4:30 p.m.: The proposal would cut spending for the Environmental Protection Agency by \$1.3 billion, or about 13 percent. Even so, the budget includes funding to support the EPA's efforts to cut greenhouse gases and fight climate change. For instance, the budget proposes granting states \$25 million to regulate greenhouse gases from new and expanded fossil fuel power plants and other large polluters. The president also asks for more money for the EPA to better monitor air pollution and for states and tribes to do the same.

The biggest cuts — \$950 million — would come from state revolving funds, which help states and tribes improve their drinking water and sewage treatment systems and prevent water pollution. Deep cuts also are planned for the Great Lakes Restoration Initiative. Another popular initiative, the clean diesel grant program — which helps reduce harmful exhaust from school buses and other buses — would get no money.

Analysis: Congressional Republicans have been on the march against the Obama administration's EPA, especially its role in starting to regulate greenhouse gas emissions. The president does target the agency for particularly deep cuts, but not in ways that are likely to mollify Republicans.

The budget makes clear that the president is not backing down on his plans to use the agency to force reductions in global warming pollution from motor vehicles, as well as power plants and other big polluters. This is one area of the budget that is sure to cause fireworks with the Republican majority in the House.

— *Elizabeth Shogren*

Homeland Security

Posted at 4:20 p.m.: When it comes to domestic security, the president's proposal avoids cuts — and even boosts spending a bit. Obama has proposed a \$43.2 billion budget for the Department of Homeland Security, up nearly \$310 million from what was enacted in 2010.

budget also cuts \$300 million, or 7.5 percent, from the Community Development Block Grant Program, which local communities use for affordable housing and other development projects

The budget does include some increases for the poor, including additional housing vouchers for homeless veterans and a total of \$2.3 billion for homelessness prevention programs. The budget would also continue recent increases in Head Start funding, for a total of more than \$8 billion, and it maintains funding for existing public housing assistance programs.

Analysis: Many of the programs for low-income Americans that Obama has proposed to cut face much bigger cuts or even elimination under Republican plans. Advocates for the poor will be in competition with everyone else for limited funding, and they have often found themselves on the losing end because those they represent are less powerful than other interests. Still, some of these programs are popular on Capitol Hill, especially LIHEAP. Advocates say they hope lawmakers will resist some of the proposed cuts once they hear from local officials and constituents about the impact. For its part, the administration says it made some of the cuts — especially in the Community Services Block Grant program — because it wants to make the programs more efficient and accountable.

— *Pam Fessler*

Health and Human Services

Posted at 4:20 p.m.: Obama has proposed spending just under \$80 billion on discretionary programs in the Department of Health and Human Services for fiscal 2012. That's almost exactly what the programs got in fiscal 2010, and down about \$1.3 billion from what those programs are getting to this point in fiscal 2011.

Most programs would be frozen, with a few notable exceptions. The National Institutes of Health would get a nearly \$1 billion boost from fiscal 2010 levels, in keeping with the president's "investment" agenda. Meanwhile, two programs near and dear to many Democrats' hearts, the Community Services Block Grant and Low Income Home Energy Assistance programs, would each be cut by nearly half.

Discretionary spending, however, is a small fragment of HHS's total budget, which includes the huge Medicare and Medicaid entitlement programs. Total outlays for the department — which the administration continues to say will be reduced by provisions of last year's health overhaul — are projected to total \$892.8 billion.

Analysis: Republicans and even nonpartisan budget analysts continue to say health care entitlements, particularly Medicare, are where the real money is in deficit reduction, and that this budget fails to make much of a dent in the problem.

The president is proposing money for 275 new Advanced Imaging Technology scanning machines at the nation's airports. The controversial devices produce full body images of airline passengers. The administration says they contain "robust built-in privacy safeguards." The administration also includes \$273 million for new explosives detection systems at airports.

DHS also oversees border security, and Obama wants to "refocus" funding for border surveillance on technologies that have been "proven to work, allowing for a tailored approach in different border regions" instead of the previous "one size fits all approach." The proposal includes funding to support more than 21,000 border patrol agents, plus money for 300 new Customs and Border Protection officers for passenger and cargo screening at foreign airports and land ports of entry.

There's also money for six more Coast Guard cutters and improved Coast Guard port facilities. The administration proposes spending \$459 on cyber security efforts, and \$20 million to "promote citizenship" through education and preparation programs.

Some of these increases would be offset by \$450 million in cuts to consulting and professional service contracts, and cuts in the department's travel, printing and supplies accounts.

Analysis: Protecting Americans from terrorist attacks and guarding the borders to prevent immigrants from entering the United States illegally remain top priorities for both the Obama administration and congressional Republicans. While the two sides may have slightly different priorities, that rare common ground means this is one of the few areas of spending where major reductions are unlikely.

— *Brian Naylor*

Poverty

Posted at 4:20 p.m.: Obama's budget calls for substantial cuts in programs affecting low-income Americans. The president gave a heads-up that he would be taking a slice out of the anti-poverty budget in his State of the Union address, announcing that he was cutting Community Services Block Grants, which fund local anti-poverty efforts across the country. The budget would cut the program in half, for a savings of \$350 million. The administration says that it wants to target the remaining money toward the most effective community action programs.

The president has also proposed a major cut in the federal program that provides energy assistance to the poor and elderly. The Low Income Home Energy Assistance Program would be cut in half, from about \$5 billion to \$2.6 billion, the level it was in fiscal 2008. The National Energy Assistance Directors' Association says this would mean that about 3 million households out of more than 8 million now served would be cut from the program. The president's budget notes that energy prices have gone down since the program was expanded and it will consider increasing aid if prices spike again. The

On the other hand, the budget does do something no president has done in a budget before — it offers to pay for the cost of "fixing" the formula glitch that continues to threaten doctors who treat Medicare patients with double-digit pay cuts. The budget, however, only offers two years of offsetting payments for what is a long-term, multi-hundred-billion-dollar problem.

— *Julie Rovner*

Foreign Aid

Posted at 4 p.m.: As Obama unveiled his new budget request, a State Department official summed up the foreign aid proposal this way: "We can't fund everything, everywhere, any longer." The budget includes \$47 billion for the State Department and the U.S. Agency for International Development, slightly down from last year's request.

For the next fiscal year, U.S. assistance would be cut by 15 percent to countries in Central and Eastern Europe. Fourteen countries, including many wealthy Gulf states, would lose funding for military training programs run by the State Department. The savings are small, but officials say they have to start somewhere.

The belt tightening stops at the so-called "front line states." The 2012 budget request includes \$3.3 billion in economic assistance to Iraq, Afghanistan and Pakistan. The Obama administration wants to give Yemen \$120 million, up \$53 million from 2010. It also proposes maintaining \$3.1 billion in military assistance to Israel and \$1.3 billion for Egypt.

Analysis: Secretary of State Hillary Clinton was on Capitol Hill on Monday, not only defending the new budget request but also fighting for the current-year budget, which Congress has not yet approved. In a letter to the chairman of the House Appropriations Committee, Clinton said that cuts proposed by majority Republicans in the House of Representatives would amount to a 16 percent reduction, which she says would be "devastating to our national security."

— *Michele Kelemen*

Transportation

Posted at 4 p.m.: Transportation is one of the big winners in the 2012 budget proposal. Obama has proposed \$128 billion — up almost 70 percent from current levels. That, says the president, is "to enable the Department to deliver on its core safety mission and support economic growth."

The budget calls for spending \$8 billion next year on high-speed rail projects and \$53 billion over six years to reach the president's goal of giving 80 percent of Americans access to high-speed rail service within 25 years.

Some spending is reduced. The administration proposes consolidating 55 duplicative highway programs into five streamlined ones. And the budget includes a \$1.1 billion cut in airport construction, focusing federal spending on smaller airports and leaving larger airports more flexibility to raise their own resources through fees.

Analysis: High-speed rail is one area where the president is immediately at odds with House Republicans, who have called for cutting \$1 billion from current spending.

Over the next six years, the president is calling for \$556 billion on highway and rail programs. The last long-term highway spending program expired two and a half years ago. The new proposal is almost double that five-year plan, representing the desire of industry and labor to improve the nation's infrastructure. But the proposal does not explain how the new spending would be paid for, or offset. And increasing the gas tax is considered politically impossible.

— *Brian Naylor*

Education

Posted at 4 p.m.: Obama's \$77.4 billion education budget is made up almost entirely of "discretionary" spending, rather than mandatory programs.

It includes \$26.8 billion for elementary and secondary schools, an increase of 6.9 percent over last year. Schools must spend this money on raising academic standards, expanding programs that work and phasing out those that don't.

Funding for the Title I program, which targets low-income students, would get an increase of \$300 million, to \$14.8 billion. The new money is to reward schools where kids make the most progress.

Special education would get a \$200 million boost, raising next year's total to \$11.7 billion.

Those are big programs. There are dozens of smaller ones that total billions of dollars in competitive grants to encourage school districts to expand preschool, shut failing schools and train teachers — especially in math and science.

In higher education, the administration wants \$49 billion to shore up Pell Grants, the single biggest source of federal aid for 8 million low-income college students. The maximum Pell Grant now is \$5,500.

— *Claudio Sanchez*

Justice Department

Posted at 3:35 p.m.: The proposal allocates \$28.2 billion for the Justice Department, up 2 percent from 2010 levels. The administration's budget scalpel largely spares the FBI and other national security operations, funding in full projects such as an interagency group to interrogate terrorism suspects. And officials are willing to spend more to support computer crime cases, which are taking on a higher profile.

But the White House does intend to save money, primarily by cutting back on grants that the Justice Department doles out to states and localities, and by delaying technology upgrades.

Beyond national security, the Justice Department is putting its money behind some of the country's biggest law enforcement efforts, including the ongoing investigation of the Deepwater Horizon Oil Spill and stepped up civil rights prosecutions that are important to both Mr. Obama and Attorney General Eric H. Holder Jr. The administration also signals it wants to hire more experts on intellectual property to take on a problem of major concern to American business: piracy and counterfeit goods sold across the world.

Analysis: In a tight budget environment, savings are coming from unusual places. First, the administration proposes increasing good time credits and other sentencing reforms for federal inmates, which would divert non-violent drug offenders away from prisons and would allow thousands of inmates to return to their communities.

Law enforcement grants to states are cut by \$588 million from current levels, including a large chunk once devoted to paying states to detain illegal immigrants with criminal records. The budget plan says the federal government will no longer reimburse states to house people whose immigration status is "unknown" and that the overhauled program will be "better targeted to fulfill its purpose."

Funding for juvenile justice programs would be reduced by \$50 million, in one of the "tough cuts" that budget overseers forecasted. And they're also saving \$49 million by cutting money for technology projects.

— *Carrie Johnson*

Space Exploration

Posted at 3:25 p.m.: Under the 2012 budget proposal for NASA, the agency would receive \$18.7 billion — about the same as this year. The freeze comes as NASA makes a transition away from the space shuttle, which is due to be retired in 2011.

For a few years, astronauts will ride in Russian Soyuz space capsules. The administration's budget proposal would allocate \$850 million for NASA to partner with commercial space companies that are currently developing space taxis to take people to the international space station in low Earth orbit.

The proposal does call for NASA to develop a heavy-lift rocket that could send astronauts on a mission to an asteroid, the longest journey ever.

On the science side, the new plan has more funding for the James Webb Space Telescope, the over-budget successor to the Hubble Space Telescope. The administration also proposes early work on a robotic mission that would be the closest-ever approach to the sun.

— *Nell Greenfieldboyce*

Food and Drug Administration

Posted 2:13 p.m.: The budget calls for \$2.7 billion for the Food and Drug Administration in fiscal 2012 — just a tad higher than the current \$2.6 billion. The agency is responsible for regulating the safety of food, medicine, medical equipment and blood.

The president says the funds will also go toward establishing a way to improve nutrition labeling and develop a process to approve generic biological drugs.

The FDA money is a fraction of the president's proposed \$80 billion for all of the Department of Health and Human Services, which includes massive medical research projects at the National Institutes of Health, the Centers for Disease Control and Prevention, and the agency that oversees Medicare and Medicaid. Yet the FDA regulates about 25 cents for every dollar consumers spend.

Also, Congress passed the Food Safety Modernization Act last year, giving the FDA more power to inspect imported foods, force a recall of tainted foods and require food companies to meet higher standards. The law puts additional pressure on the agency to hire new inspectors and scientists.

Analysis: In addition to federal funds, the FDA budget includes a projected collection of \$1.7 billion in "user fees" — fees paid by drug and medical device companies to help speed reviews of their products. User fee projections are historically higher than what is actually collected. In this case, the proposal assumes yet-to-be enacted user fees on food companies.

The president's FDA budget proposal is likely to be largely ignored by Congress, at least on the House side. Majority House Republicans are planning to consider a bill that would slash FDA's funding to \$2.1 billion as part of broader efforts to dramatically cut discretionary spending.

— *April Fulton*

Department Of Veterans Affairs

Posted at 12:47 p.m.: The president is proposing \$62 billion for the VA in fiscal 2012, an increase of nearly 11 percent. The budget will focus on the needs of more recent veterans of the wars in Iraq and Afghanistan: post-traumatic stress, traumatic brain injury and related psychological and cognitive health issues.

The budget also expands benefits and medical care for veterans' caregivers, and boosts spending for an area of particular interest to VA Secretary Eric Shinseki: homelessness. Recent surveys have shown that an increasing number of the nation's homeless are veterans.

To deal with frustrations when veterans try to collect benefits, the budget will continue to fund a new paperless system that aims to provide faster and more accurate processing of benefits claims and improve access to information.

Analysis: The VA has enjoyed increased funding in the past several years, support from both political parties, and strong leadership from Shinseki. But the bureaucracy is still moving too slowly to care for the thousands of veterans coming home from Iraq and Afghanistan, advocates say. The budget calls for more money for veterans' caregivers — cash assistance, counseling and fill-in help — but the VA has missed a Jan. 31 deadline to put the program fully into effect. VA officials say it's a complex process — some assistance will be available right away, but the details will take time.

— *Tom Bowman*

Defense

Posted at 12:35 p.m.: Under the proposal, the defense budget for next year would be \$553 billion, about a 1.5 percent increase over the current year. And despite the increase, there are some cuts: The Marines lost a proposed amphibious troop carrier, called the Expeditionary Fighting Vehicle, and saw a two-year delay in their Joint Strike Fighter, a stealth warplane. The overall Pentagon spending does not include money for the wars in Iraq or Afghanistan. For Iraq, the Obama administration wants to spend \$16 billion — a fraction of the money spent in past years and a reflection of the waning U.S. role there. All U.S. troops are supposed to be out by year's end. In Afghanistan, the administration is proposing \$107 billion to fund military operations, a figure reflecting the surge in troops there.

Analysis: If there is one word threaded throughout the budget, it's this one: unmanned. All the services will buy more drones and surveillance aircraft. That reflects Defense Secretary Robert Gates' interest in pressing ahead with more futuristic equipment that can spy on enemy troops and drop bombs on them. And while the administration wants to raise defense spending this year, the long-range plan calls for reductions in the coming years of \$78 billion. Whether those cuts are ever enacted remains uncertain. Gates is looking for most of them in something called "overhead reductions and efficiencies," like cutting civilian pay and reducing the number of admirals and generals.

Gates says the cuts will include \$6 billion from reducing the size of the Army by up to 27,000 soldiers and the Marine Corps by 15,000 to 20,000. That isn't expected to happen until 2015. But judging from the uncertain nature of international affairs — and the likelihood of more military endeavors, from combat to humanitarian missions — cutting the military may be easier said than done.

Some Republicans on Capitol Hill are calling for even deeper cuts in Pentagon spending, but at least for now there is wide support among both parties for the president's proposal.

— *Tom Bowman*

Energy and Environment

Posted at 12:10 p.m.: The federal belt-tightening that Obama promised in his fiscal 2012 budget has largely spared the Department of Energy. Mark that up to the president's affection for new ways to create and save energy, and his concern for global climate change.

The Energy Department would see a 12 percent increase in spending in the 2012 budget from estimated spending this year. The money would follow through on the president's promise to get a million electric cars on the road by 2015. But instead of tax credits for car buyers, the proposal favors rebates. There's new money both for "green" energy research and development, such as for fuel from biomass and solar power, as well as more loan guarantees to encourage industry to build more nuclear power plants. The budget also is generous with funds to prevent proliferation of nuclear weapons.

Analysis: Concern about climate change is woven throughout the proposal, reflected in the budgets of various departments. Besides funding more research on fuels that emit less carbon dioxide, the main greenhouse gas, the budget would add money to efforts to capture carbon from industries and power plants that burn fossil fuels, such as coal. However, the budget would eliminate government subsidies for research on traditional oil and gas technologies. Another boost is aimed at making buildings more energy-efficient; buildings use about 40 percent of energy in America.

— *Christopher Joyce*