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FY2011 Federal Budget Finally Passes



By Dawn Keeley

The Fiscal Year (FY) 2011 federal budget negotiations finally came to an end on April 15, 2011, when President Obama signed House Resolution (HR) 1473. The final Continuing Resolution for the FY 2011 budget included a total of \$1 trillion in funding which represented an approximate \$40 billion budget cut from the FY 2010 budget. This budget represents the largest non-defense spending cut in United States history. Many critics take aim at the budget cuts, however, stating that many of the cuts were simply the discontinuation of funds that were likely to be returned to the federal coffers, such as the remaining balance committed to the 2010 Census. The FY 2011 budget funds the federal government through September 30, 2011.



Overall, federal programs providing funds to water and wastewater related projects were funded at the following levels:

Program	2011 Funding	Change from 2010
USDA Rural Development Housing and Community Programs	\$1.226 billion	-14%
US Dept of Commerce – Economic Development Administration Grants	\$246 million	+5%
US Dept of Interior – Bureau of Reclamation Water & Related Resources	\$914 million	-4%
Environmental Protection Agency – Drinking Water State Revolving Fund	\$965 million	-30%
Environmental Protection Agency – Clean Water State Revolving Fund	\$1.525 billion	-27%
Housing and Urban Development – Community Development Block Grant	\$3.3 billion	-16%

Drinking Water and Clean Water State Revolving Fund Highlight

The State Revolving Fund (SRF) programs are popular programs that provide capitalization grants to all of the states which, in turn, match the federal funding and ultimately provide below market long-term financing for public water and wastewater projects. Though the cuts to the SRF programs appear fairly significant, the total approved FY 2011 budget of \$2.490 billion is well above the proposed funding levels that the House initially passed in HR 1 and close to the FY 2006-2010 five year average appropriation of \$2.337 billion. HR 1 provided total funding for these two programs at \$1.957 billion, which would have represented a 48 percent reduction from the FY 2010 enacted budget of \$3.782 billion.

The Drinking Water and Clean Water SRF programs have had continual growing Congressional support since 2006. During the recent budget discussions, there was some favor to returning to FY 2006 SRF funding levels. In 2006, these programs were allocated \$777.3 million for the Drinking Water SRF and \$928.5 million for the Clean Water SRF, totaling \$1.706 billion.

2012 Federal Budget

Congress has already begun FY 2012 budget discussions and the emphasis has been placed heavily on federal deficit reduction and a continued moratorium on federal earmarks. The House passed House Concurrent Resolution 34, crafted by Rep. Paul Ryan (R-WI), outlining its version of the 2012 budget.

Sen. Kent Conrad (D-ND), Senate Budget Committee Chairman, expects to release a FY 2012 budget resolution for markup May 18. Though there is universal concern over the federal deficit, the political parties differ greatly as to how to address it and this will be central in the 2012 federal budget debates. Strides toward deficit reduction will take place through spending cuts and/or raising revenues. It is unclear how the federal programs which fund water and wastewater related projects will be impacted throughout these budget debates.

If you have any questions concerning the content of this newsletter, please contact Brian Osowski at 701-746-8087 or Brian.Osowski@ae2s.com.
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