

Highlights of the President's FY2014 Budget Request

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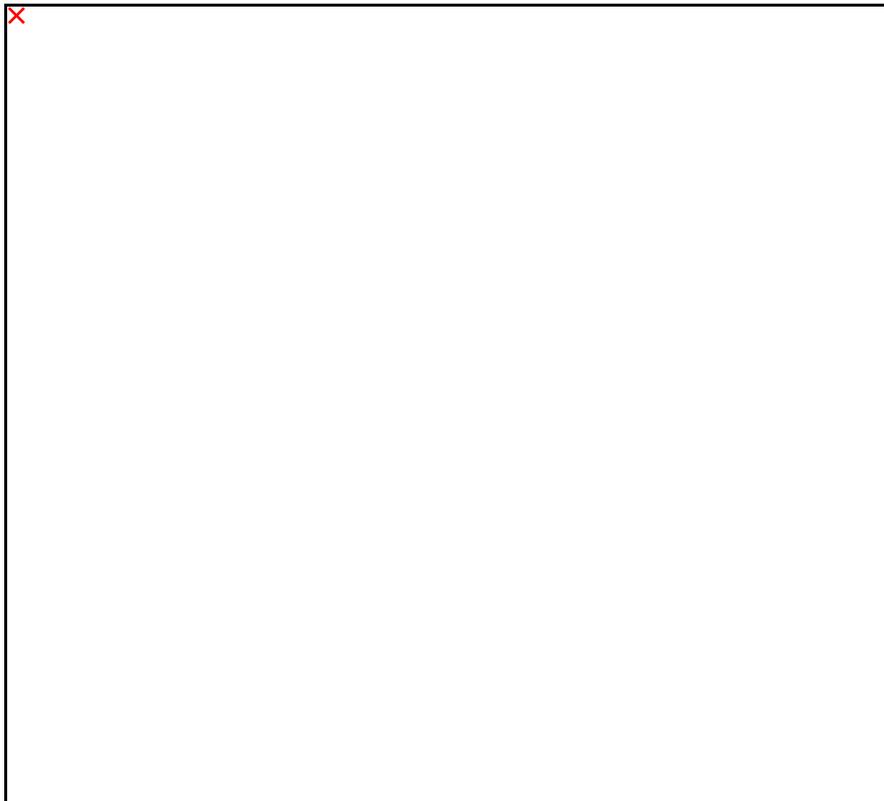
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Today President Obama delivered a \$3.8 trillion spending plan to Congress which includes a \$1.2 trillion request in discretionary funding levels and nearly \$82 billion for information technology for FY2014. The budget focuses on jobs creation, economic growth and to strengthen the American middle class.

The budget proposal also includes \$1.8 trillion in additional deficit reduction measures over 10 years to reach a total deficit reduction of \$4.3 trillion. The proposed deficit actions would reduce the deficit to 2.8% of GDP by 2016.

Additionally, the budget proposes \$400 billion in cuts to health programs including Medicare. Savings and cuts would come from negotiating better prescription drug prices, fighting waste and fraud, and requiring the wealthiest seniors to pay more.

The table below shows the FY2013 enacted budget levels and the proposed FY2014 levels.



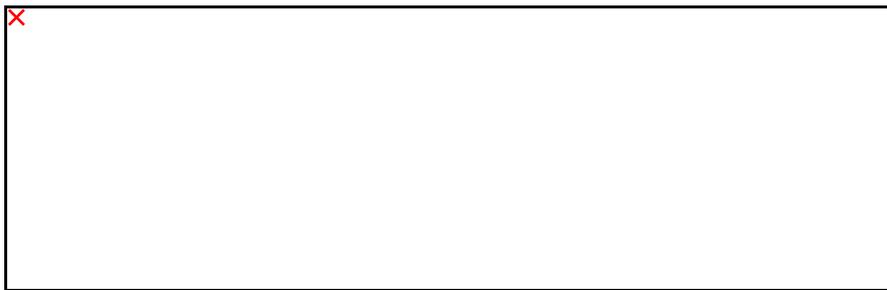
Other budget highlights:

- Includes \$50 billion for upfront infrastructure investments to invest in repairs to highways, bridges, airports, transit systems, and to encourage innovative infrastructure projects
- Invests in education reforms and training with a commitment to early childhood education
- Simplifies the tax code and raises \$580 billion for deficit reduction by limiting tax benefits, but not raising tax rates
- Creates new "ladders of opportunity" to ensure that hard work leads to a decent living by developing pathways to jobs and partnering with communities to rebuild after the recession
- Includes \$200 billion in savings from other mandatory programs, such as reductions to farm subsidies and reforms to retirement benefits
- Proposes \$200 billion in discretionary savings from both defense and non-defense programs
- Offers \$230 billion in savings from changes in the way the government calculates inflation for annual cost-of-living adjustments for benefits programs

Information Technology

The president's budget proposes nearly \$82 billion in IT funding, a 1.8% increase from the FY 2013 CR and a 2.1% increase over FY 2012 estimated level.





IT-related budget highlights:

- \$575 million in savings is anticipated from DoD Data Center Closures.
- \$324 million is being cut from the DoD's Global Hawk UAV program.
- \$22 million is being cut from Computer and Information Science and Engineering Research Programs at the National Science Foundation; CISE is the organization responsible for promoting R&D on big data. NSF's budget takes big hits for its small size, which will affect grant spending on technology R&D.
- \$81 million is being cut from the DoD's Precision Tracking and Space System, which is part of Ballistic Missile Defense at the Missile Defense Agency.
- \$38 million in savings related to the Joint Polar Satellite System is anticipated at the Department of Commerce.
- \$29 million in savings is anticipated from IRS Business Systems Modernization at the Treasury.

All told, the president's budget request includes 215 cuts, consolidations, and savings proposals, which according to the administration, are projected to save more than \$25 billion in FY2014. The budget proposal outlines the administration's priorities and proposed methods for generating more revenue, cutting costs, and reducing the deficit. However, it joins competing budget plans in the House and Senate. Serious Capitol Hill budget negotiations are not likely to take place until this summer.