

# The President Speaks to Congress and Identifies the Priorities for the Next Few Years

Posted At : February 25, 2009 9:11 AM | Posted By : Jeremy Potter

Related Categories: President, Health Care, Congress, Federal, Education, Business Development Tools, Financial Crisis

With more budget details expected on Thursday, we wanted to take a closer look today at last night's address for insight into the spending priorities and hot topics in the President's agenda. Not surprisingly, President Obama reviewed not only the events which led to this economic recession but also the proposed steps to bring our economy back. For those government contractors looking to glean wisdom from this speech and get a head start on budget priorities, the President only revealed high level categories. I'll try to analyze the speech in the context of your business development and/or mission needs.

## Beyond Budget Spending

In respect to the American Recovery and Reinvestment Act (ARRA), the President emphasized the oversight and accountability which will be tied to every dollar of stimulus spending. Expect everyone from the Vice President, IG and Obama himself to be reviewing the stimulus spending, vendors should be aware of the attention and red tape which will accompany any stimulus spending contract or grant. Along the same lines, President Obama made strong statements regarding regulatory system reforms. Obama asked Congress to set new rules for the financial markets, but did not provide specific ways which this may impact business or financial institutions.

## Specific to the Budget

The President identified the budget as a "vision" or "blueprint" for America's future but also warned everyone, including members of Congress, that sacrifices will be necessary. According to Obama, the government (through the federal budget) should "catalyze" business. The 3 priority areas in the upcoming budget are energy, healthcare, and education.

**Energy:** Vendors can expect dramatic changes in incentives and research. The President promised \$15 billion in energy research and development including wind, clean coal, biofuel and cutting edge breakthroughs. For our industry this poses an interesting dynamic. Outside of R&D, what available funding or contracts can vendors win? If the American energy sector undergoes the dynamic changes described on Tuesday, vendors can expect contracts for administrative needs, IV&V, efficiency or process improvement and other tangential business practices to a reinvention of this kind.

**Healthcare:** The President announced a bipartisan committee to convene next week with the goal to reform healthcare in this country. ARRA promoted electronic health records (EHR), cancer research, and preventative care. It sounds like this Healthcare committee and the President's agenda will address reforms, national healthcare and rising costs. Although Obama didn't specifically mention it, vendors who can highlight and promote efficiencies in both healthcare and government-wide will have an interested audience in this administration.

**Education:** Beyond the education funding opportunities included in ARRA, Obama provided some insight for the upcoming budget's education spending. He promised incentives, career pathways and rewards for effective teachers. This budget will also include support for schools which meet performance standards. Lastly, Obama is planning to expand his charter school campaign commitment. Vendors should begin to think about innovative and new approaches including performance measurements and technology which could have an impact on any level of the educational system.

## Other Mentions: National Deficit and Overall Accountability

President Obama confirmed his budget review strategy is underway and a variety of programs are on the chopping block. According to his goals, the Obama administration will cut the deficit in half by the end of his

first term. To reach this goal, Obama has already found \$2 Trillion in budgetary spending to be cut over the next 10 years. Vendors might not be able to protect certain programs from the administration's line-by-line review but can rest assured that the Obama administration is committed to using private vendors to fulfill requirements and promote business. In another remark which could impact certain vendors while encouraging others, the President promised to end "direct payments to large agribusiness" and eliminate **no-bid contracts**. Obama also mentioned restoring "a sense of fairness and balance to our tax code" and "ending the tax breaks for corporations that ship our jobs overseas."

## Defense Spending

Obama also promised to **reform the Defense budget** by ending "Cold War-era weapons systems" and including the full price of the Iraq war in the budget (not supplementals). Vendors should expect wherever possible a review of Defense programs and similar to all federal agencies, program managers should supply their government counterparts with statistics and metrics on program's performance and success. This will help them defend their program's legitimacy before administration reviewers.

Tying together Defense budgets and accountability, the President promised to expose the Defense budgets to both 10 year spending plans and war spending impacts. Similarly, vendors can expect to get a better idea of the President's goals for Iraq, Afghanistan and Pakistan based on how these operations are funded in future budgets. Vendors have been planning for acquisition management and logistics management to become big issues as DoD transitions to a homebound force.

## Conclusions

Although the President needed to spend much more time calming and encouraging the American people, we can try to draw some basic conclusions about his administration and use of the budget. The President's priorities and spending are heavily on the domestic and civilian side of the house. Vendors can expect some changes in how programs and spending projects are evaluated and measured, both those that exist and those that will be forthcoming. In the next few years, agencies are going to have to defend their current spending and prove a measured need for future spending. The way programs are regulated will likely change. If the financial regulatory systems will be updated as a result of this current crisis, it is not a stretch to think that many other governing and regulation bodies (or systems) will be updating their practices to match the President's goals. Vendors should (and many already are) match their plans and messaging to meet the President's agenda as displayed through the stimulus package, this speech and Thursday's budget information. There's a new game in town and we know from experience, where the President's attention goes the spending will follow.