

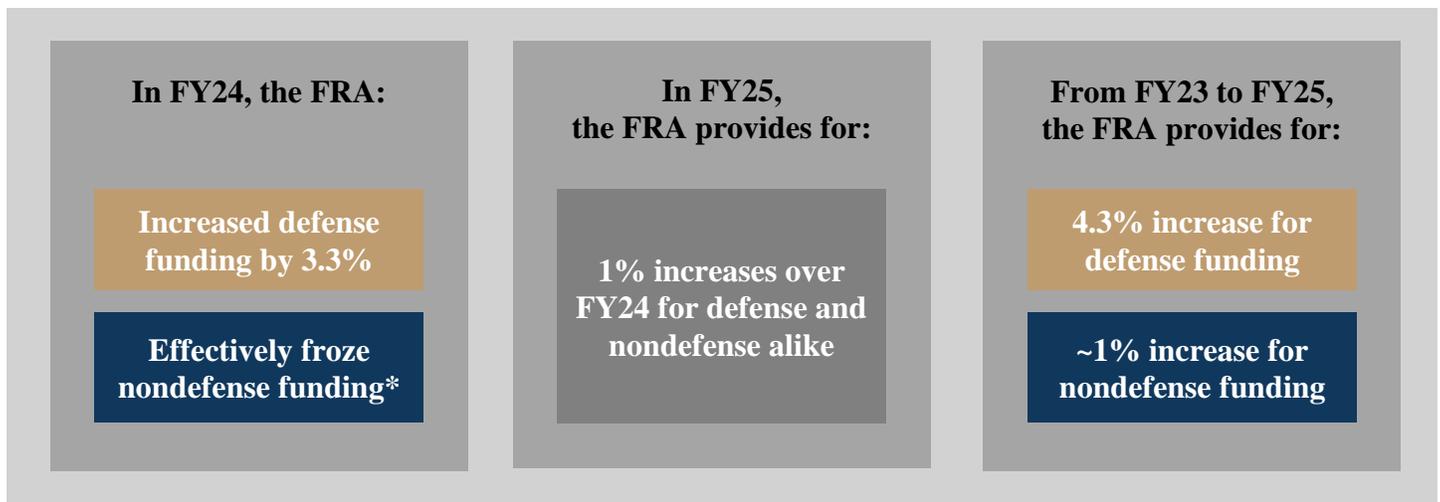


## 1% More for Nondefense = Painful Shortfalls Across Government: Impairing America's Economy, Competitiveness, and Future

### SPENDING CAPS: WHERE WE ARE & HOW WE GOT HERE

After House Republicans took our nation's credit hostage and threatened a calamitous default last summer, Congress signed into law the *Fiscal Responsibility Act* (FRA), which raised the debt ceiling—preventing default—but imposed strict budget caps for fiscal years 2024 and 2025.

After a difficult FY24, particularly for essential domestic programs, **the FRA provides a very modest 1% increase in funding for the coming fiscal year—an increase that does not come close to keeping pace with inflation and rising needs, or meeting a host of new challenges.**



The challenges posed by the FRA's strict caps affect both defense and nondefense—but they present particularly acute challenges for programs funded by nondefense dollars. While the terms of the FRA agreement provide for a 4.3% increase for defense funding from FY23-FY25, they provide only a roughly 1% increase for nondefense funding from FY23-FY25.

**Bottom line: a 1% increase for nondefense funding in FY25 doesn't mean trading water—it means painful tradeoffs and cuts, underinvestment in our nation's future, and the prospect of cuts to key services for the American people.** 1% more for nondefense won't solve major funding gaps to keep supporting families, keep growing the economy, keep pace with our competitors, and so much more.

\* While nondefense funding was effectively frozen in FY24, the FRA set a nondefense spending cap (\$703.7 billion) that is well below the enacted FY23 resource level (\$771.4 billion). As part of the FRA agreement, \$69 billion in additional resources for nondefense were agreed to in order to hold nondefense virtually flat into FY24. Congress had to make use of the agreed-upon \$69 billion in adjustments to bring the full amount of resources up to a virtual freeze level for nondefense funding for FY24—something House Republicans refused for months to do until finally relenting and allowing for final passage of FY24 bills. Of note: House Republicans are once again failing to honor the full FRA agreement in drafting their own FY25 bills—imposing steep NDD cuts that would devastate American families.

As Congress works to pass FY25 appropriations bills, it must begin by making *full use* of the resources agreed to under the FRA—that means providing no less than the agreed-upon 1% increase for nondefense and defense alike in FY25.

But if Congress wants to invest in a stronger American economy and a stronger future for our families—as well as in America’s national security—then Democrats and Republicans should come together to address the inadequacy of the FRA’s caps for FY25.

**Underinvestment in our nation’s domestic programs has persisted over the years**—fueled by years of sequestration and tight budget caps imposed after House Republicans last leveraged the United States’ credit to pursue spending cuts in 2011. Many agencies and programs have not fully recovered. As one recent [analysis](#) shows, nondefense discretionary funding—excepting veterans’ medical care, which is a growing cost—fell 6% from 2010 to 2024 when adjusting for inflation. When adjusting for inflation and population growth, nondefense funding other than veterans’ medical care fell 14% from 2010 to 2024.

More cuts to and continued underinvestment in essential nondefense agencies and programs threaten to further degrade key services for the American people, allow our competitors to outpace us, and curtail economic growth.

Top lawmakers have already endorsed major increases for defense funding in FY25—as much as \$55 billion in FY25 alone. **As Congress contemplates increasing defense funding, it must also increase nondefense funding.**

### ***HERE’S WHY:***

#### **FRA CAPS HIT FAMILIES’ POCKETBOOKS AND WELLBEING**

##### **A 1% increase:**

- **Will fail to fully fund WIC, letting mothers and babies go hungry.** A nearly 10% increase in funding is needed to fully fund the program—which serves nearly 7 million mothers and babies nationwide—in FY25. Without full funding, WIC would be forced to deny mothers and babies benefits or institute waitlists.
- **Will fail to sustain rental assistance for Americans across the country**—putting thousands of families at risk of losing assistance and facing eviction and homelessness. It would, for example, likely force 13,000 families in rural areas to lose assistance provided by USDA Rural Development—as \$82 million more (+5%) is needed in FY25 to sustain rental assistance for families in rural communities. A 1% increase is insufficient to address the historic rent increases experienced in rural and urban areas in recent years. Average rent nationwide increased by 10% in 2023 and 12.2% in 2024.
- **Will likely cause rolling shutdowns at some national parks across the country**—reducing families’ access to our national parks. A 1% increase would force reduced services and staffing at parks and even force rolling closures at some national parks. Seasonal staffing at our national parks is already over 20% lower than it was pre-pandemic. All park staffing is 10% lower than it was pre-pandemic—and 25% lower than it was in 2010. Without new resources, parks will be forced to trim back further, temporarily close visitors’ centers, and more.

- **Will stifle new biomedical research and lifesaving breakthroughs** as significant year-over-year funding increases for NIH are unable to be maintained under the strict funding caps. Adequately funding NIH in FY25 will prove even more difficult as funding provided by the landmark *21<sup>st</sup> Century Cures Act* tapers off—widening a shortfall in funding for the agency’s critical work. The *Cures Act* provided \$407 million to support NIH’s BRAIN Initiative and *All of Us* research programs in FY24. In FY25, the *Cures Act* provides \$127 million—leaving a \$280 million shortfall that cannot be made up with a 1% increase in overall funding. This exacerbates a \$678 million decrease in NIH *Cures Act* funding in FY24, which includes the expiration of dedicated funding for the Cancer Moonshot. In FY23, NIH was able to fund the top 12% of new R01 grant applications to the National Cancer Institute. But because of the FRA caps House Republicans pushed for, NIH will only be able to fund the top 10% of new cancer research grant applications in FY24, or over 200 fewer grants—and it is only able to fund that many new grants by cutting funding for existing cancer research grants by 5%.
- **Will make it even harder for Americans to get the help and benefits they have earned at the Social Security Administration (SSA).** A 1% increase in administrative funding for SSA will not maintain current staffing at an agency responsible for administering Social Security benefits to tens of millions of Americans each month and that processes 9 million new claims and receives 140 million calls each year. Underinvestment in SSA’s administrative capacities has already led to an average 30-minute wait time for SSA’s 1-800 number—for those that don’t give up before then—and a 229-day average wait for an initial decision on disability benefit claims. With only a 1% increase for SSA, these most basic services for Americans who have earned benefits will continue to worsen, and SSA could be forced to close field offices or reduce hours that offices are open to the public.
- **Will leave Head Start in the lurch in the midst of a worsening staffing crisis—leaving fewer spots open for families in need.** Significantly more than a 1% increase in funding is needed to address a severe staff shortage for Head Start programs.
- **Will not allow for major new investments to tackle the mental health and substance use disorder crises** hurting communities across America, which lack the resources and qualified staff they need to address the twin crises.
- **Will not allow for significant new resources to help families afford child care**, which now costs more than rent in every state in the country. Failing to make continued progress in tackling the growing child care crisis won’t just hold back families—it’ll hurt businesses and our entire economy.
- **Will not allow for significant new investments to tackle our country’s housing crisis** as homelessness surged 12% in 2023—to the highest level on record—and as people across the country struggle with high housing costs.
- **Will reduce the FTC’s capacity to go after unfair or deceptive practices that hurt consumers** as the agency is forced to restrict hiring without sufficient new funding.
- **Risks leaving the maximum Pell Grant stagnant in the face of rapidly rising higher education costs**—leaving students with less support to pursue their dreams. Thanks to the FRA’s tight spending caps, FY24 marked the first year in more than a decade that the maximum Pell Grant remained flat. More nondefense funding allows for a higher maximum Pell Grant—helping more students afford college.

## **FRA CAPS FAIL TO KEEP OUR COMMUNITIES SAFE**

### **A 1% increase:**

- **Could require DOJ to furlough attorneys, agents, intelligence analysts, and other personnel** since a 1% increase in funding is still significantly below what is needed to maintain current services. DOJ *could lose or freeze 4,800 positions* in this scenario.
- **Could require the FBI to reduce its workforce by 1,350 positions** in FY25 as a 1% increase in funding would still leave the FBI with a *\$590 million current service requirement shortfall*. Reduced personnel at the FBI means less capacity to go after transnational criminal organizations, fentanyl traffickers, violent crime, cyber attackers, and so much more.
- **Could require layoffs of meat inspectors** at the Food Safety and Inspection Service, which needs an additional \$27 million to maintain current staffing. Without meat inspectors onsite, meat processing plants cannot run—hurting our nation’s meat supply and affecting food prices for consumers.
- **Will not sustain critical pay raises for federal firefighters battling blazes and keeping communities safe.** Maintaining and building upon the much-needed pay increase for brave wildland firefighters is the right thing to do—and it’s critical to addressing staffing challenges as *more than a quarter* of the Forest Service’s wildland firefighting jobs are currently vacant.
- **Will lead to more flight delays and cancellations** by underfunding essential new operational costs at the FAA. A 1% increase would prevent the FAA from hiring more air traffic controllers while the agency is *already short 3,000 controllers* needed for full staffing. A 1% increase would also limit the FAA’s oversight capacity—and prevent the agency from being able to modernize critical IT systems, such as the NOTAM system.
- **Will likely force the Consumer Product Safety Commission to lose additional staff responsible for protecting consumers from unsafe products.**

## **FRA CAPS HURT AMERICA’S FUTURE AND MAKE US LESS COMPETITIVE**

### **A 1% increase:**

- **Will fail to realize the ambitions of the historic *CHIPS and Science Act***, undercutting bipartisan efforts to boost American manufacturing and cutting-edge research. While the landmark law provided \$52.7 billion for domestic semiconductor research and manufacturing, it also authorized tens of billions of dollars in critical new investments in scientific research and development, which must be funded through the annual appropriations process—and under the FRA’s austere spending caps. As the Chinese government increases its research and development spending by 10% this year, a 1% increase will *fall well short of the R&D funding levels authorized* by the law. A 1% increase in funding for the National Science Foundation in FY25 would not match its budget in FY23—much less meet the target needed to double the agency’s budget by FY27, as the *CHIPS and Science Act* envisioned. To fulfill the historic aims of the law, a much higher nondefense topline is needed.

- **Could force furloughs or reductions in force at the National Institute of Standards and Technology (NIST)**, a laboratory that plays a critical role in advancing American innovation and competitiveness—and that is tasked with a major role in promoting the safety, security, and trustworthiness of artificial intelligence systems. A 1% increase for NIST would also not address deteriorating building conditions at NIST facilities badly in need of repairs and upgrades.
- **Will underfund critical new investments in AI.** Without additional funding, Congress risks seriously underfunding essential efforts to advance the safe and responsible use of artificial intelligence, which is critical to our future. The President’s budget, for example, requests \$47.7 million for the U.S. AI Safety Institute—a 377% increase over what was provided in FY24 that a 1% increase cannot cover.
- **Likely further delay NASA missions** that play an integral role in helping us to better understand climate change, predict major natural disasters, fight forest fires, improve agriculture processes, and so much more.

### **FRA CAPS MAKE AMERICA LESS SAFE**

#### **A 1% increase:**

- **Will under-resource the State Department** at a dangerous moment for the globe—when the work of the diplomatic corps could not be more important in promoting stability, preventing and ending conflict, and countering malign actors like Russia, China, and Iran.
- **Will not keep pace with our adversaries’ investments in cutting-edge technology, international assistance, and so much else**—jeopardizing our own strategic interests and long-term national security.
- **Will not fully replenish expiring antivirals and PPE in the strategic national stockpile**—degrading our preparedness and putting our national security at risk as new infectious diseases like Bird Flu pose a threat.

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