



President's FY2018 Budget Highlights

NADO

Special Webinar Briefing

May 31, 2017

NADO's Mission



To strengthen local governments, communities and economies through the regional strategies, partnerships and solutions of the nation's regional development organizations



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Presentation Overview



- President's FY2018 Budget Request: Overview and Key Takeaways
- Highlights of major program eliminations and reductions impacting regional development organizations
- Context of the FY2018 budget and appropriations process moving forward



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President's FY2018 Budget: Overview

- President's FY2018 Budget was released on May 23
- Proposes **\$4.1T** in federal spending for FY2018, same overall spending level as FY2017
- **\$668b** for defense discretionary spending (**\$22b** above the limit set by the 2011 Budget Control Act)
- **\$479b** for non-defense discretionary spending (**\$57b** below the 2011 BCA cap)
- Domestic discretionary savings made up of **\$27b** in program eliminations and **\$30b** in reductions



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President's FY2018 Budget: Key Takeaways

➤ Growth Assumptions

- Budget assumes an economic growth rate of 3% by 2021 based on policy proposals (tax reform, infrastructure investment, de-regulation)

➤ Increase in Defense and Security Related Spending

- 4.4% increase for Department of Homeland Security
- **\$54b** total increase in defense spending

➤ Entitlement Cuts: **\$1.7T** over next 10 years

- Medicaid: **\$800b**
- Food Stamp Program: **\$193b**
- Temporary Assistance for Needy Families: **\$21b**



President's FY2018 Budget: Key Takeaways

- Increase in Veterans Affairs spending
 - 3.6% above FY2017 level, with increases directed to health care programs

- \$1T infrastructure plan principles
 - Targeting of federal investments
 - Leveraging of private sector capital
 - Expansion of TIFIA, Private Activity Bonds
 - Streamlining of environmental reviews
 - Tolling of interstates and rest area privatization

- Six-week paid parental leave



President's FY2018 Budget

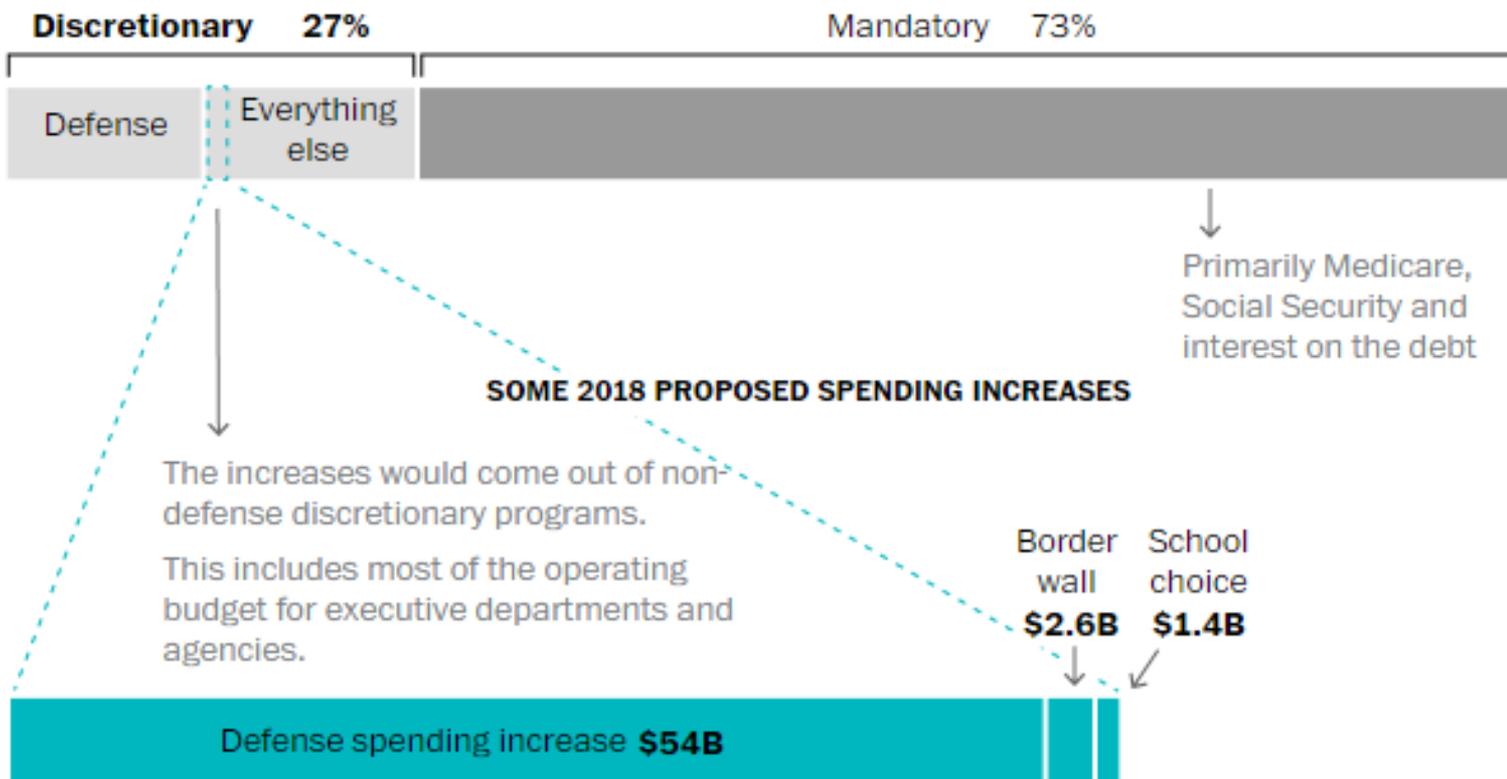
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Totals	
													2018-2022	2018-2027
Budget Totals in Billions of Dollars:														
Receipts	3,268	3,460	3,654	3,814	3,982	4,161	4,390	4,615	4,864	5,130	5,417	5,724	20,001	45,751
Outlays	3,853	4,062	4,094	4,340	4,470	4,617	4,832	4,933	5,073	5,306	5,527	5,708	22,353	48,901
Deficit/surplus (-)	585	603	440	526	488	456	442	319	209	176	110	-16	2,351	3,150
Debt held by the public	14,168	14,824	15,353	15,957	16,509	17,024	17,517	17,887	18,150	18,379	18,541	18,575		
Gross domestic product (GDP)	18,407	19,162	20,014	20,947	21,981	23,093	24,261	25,489	26,779	28,134	29,557	31,053		
Budget Totals as a Percent of GDP:														
Receipts	17.8%	18.1%	18.3%	18.2%	18.1%	18.0%	18.1%	18.1%	18.2%	18.2%	18.3%	18.4%	18.1%	18.2%
Outlays	20.9%	21.2%	20.5%	20.7%	20.3%	20.0%	19.9%	19.4%	18.9%	18.9%	18.7%	18.4%	20.3%	19.6%
Deficit/surplus (-)	3.2%	3.1%	2.2%	2.5%	2.2%	2.0%	1.8%	1.3%	0.8%	0.6%	0.4%	-0.1%	2.1%	1.4%
Debt held by the public	77.0%	77.4%	76.7%	76.2%	75.1%	73.7%	72.2%	70.2%	67.8%	65.3%	62.7%	59.8%		

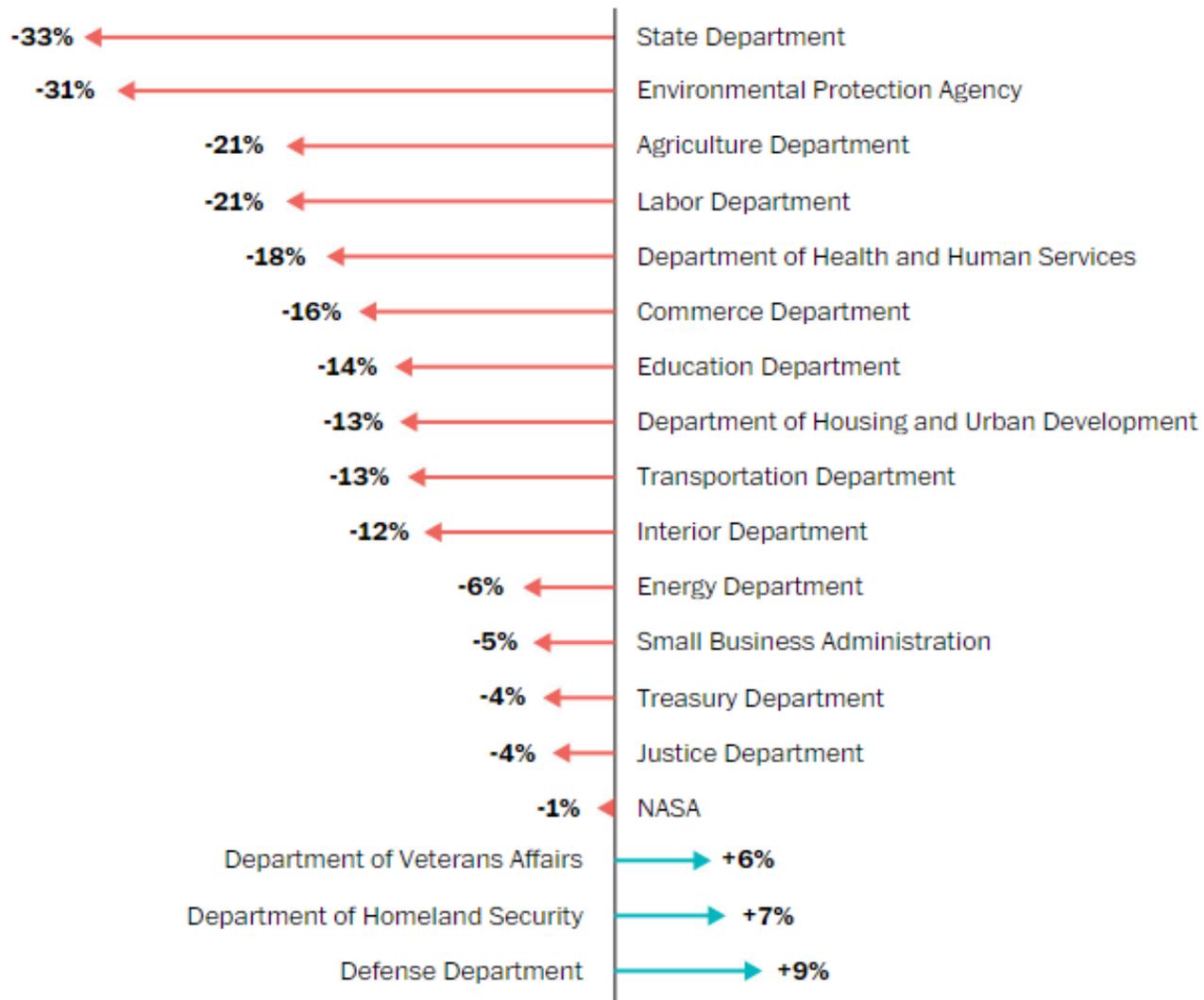
Source: CBO



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2017 FEDERAL BUDGET, RELEASED IN 2016





Source: Washington Post

President's FY2018 Budget

- Shift of federal programs and functions to state and local governments and the private sector
- **Agencies Slated for Elimination**
 - U.S. Economic Development Administration
 - Appalachian Regional Commission
 - Delta Regional Authority
 - Denali Commission
 - Northern Border Regional Commission
 - U.S. Department of Housing and Urban Development's Community Development Block Grant (CDBG) Program and HOME Investment Partnerships Program
 - U.S. Department of Agriculture's Water and Wastewater loan and grant program and discretionary activities of the Rural Business Cooperative Service
 - U.S. Department of Transportation's TIGER Discretionary Grant Program



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➤ Agencies Slated for Elimination, cont.

- U.S. Department of Labor's Senior Community Employment Program
- Federal Emergency Management Agency's Flood Hazard Mapping Program
- U.S. Department of Treasury's Community Development Financial Institutions (CDFI) Fund (new grants)
- U.S. Environmental Protection Agency categorized grants
- U.S. Department of Commerce's Manufacturing Extension Partnership
- National Endowment for the Arts
- National Endowment for the Humanities



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President's FY2018 Budget

Notable Programmatic Reductions from FY2017

- WIOA Formula Programs cut 40% from FY2017 levels

	FY2017	FY2018	Funding Difference
Adult Employment and Training	815m	490m	325m
Youth Employment and Training	873m	523m	350m
Dislocated Worker Employment and Training	1.2b	732m	482m

- FTA Capital Investment Grants reduced by **\$928m**
(FY2017: \$2.4b, 38% cut)
- FEMA State and Local Grants reduced by **\$767m**
(FY2017: \$8.6b, 39% cut)



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U.S. Economic Development Administration



- Overall FY2018 budget request for EDA: **\$30m** for costs associated with closing out agency functions
- Budget calls EDA's programs duplicative of other economic development programs within the federal government and state and local efforts



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EDA Program Breakdown

(Numbers indicate program level in millions of dollars unless specified)	Final FY2016	Final FY2017	President's Request FY2018
Department of Commerce			
Economic Development Administration	261.00	276.00	30.00
<i>Economic Development Assistance Programs</i>	222.00	237.00	0.00
Planning Grant	32.00	31.50	0.00
Public Works	100.00	100.00	0.00
Economic Adjustment Assistance	35.00	35.00	0.00
Technical Assistance	11.00	9.00	0.00
Research & Evaluation	1.50	1.50	0.00
Trade Adjustment Assistance	13.00	13.00	0.00
Innovative Manufacturing Loans/Sec. 26	0.00	0.00	0.00
Regional Innovation Strategies/Sec. 27	15.00	17.00	0.00
Assistance for Coal Mining Communities	15.00	30.00	0.00
Salaries and Expenses	39.00	39.00	30.00



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Federal-State Regional Commissions



- Funding provided only for costs associated with closing out agency functions
- Funding targeted for Appalachia is included elsewhere in the budget request
 - **\$80m** in USDA's new Rural Infrastructure Grant Program
 - **\$66m** under DOL's Dislocated Worker Employment and Training Program



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Federal-State Regional Commissions



(Numbers indicate program level in millions of dollars unless specified)	Final FY2016	Final FY2017	President's Request FY2018
Appalachian Regional Commission	146.00	152.00	30.00
Area Development Activities	96.00	102.00	0.00
POWER+ Plan/Coal Related Investments	50.00	50.00	0.00
Delta Regional Authority	25.00	25.00	3.00
Denali Commission	11.00	15.00	7.00
Northern Border Regional Commission	7.50	10.00	1.00
Southeast Crescent Regional Commission	0.25	0.25	0.00



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USDA Rural Development



- Budget requests **\$21b** in discretionary funding for USDA, **\$4.8b** below FY2017 level
- Major changes proposed for USDA-Rural Development
 - Elimination of Rural Business-Cooperative Service Programs
 - New **\$162m** Rural Infrastructure Grant Program; eligible project categories include distance learning and telemedicine, broadband, community facilities and housing repair; **\$80m** set aside for Appalachia. In eliminating RBCS and creating this new program, **\$862m** in loans and grants will be lost.
 - Elimination of Water and Wastewater Grants and Loans
 - Reduces salaries and expenses by **\$53m** due to program eliminations



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U.S. Department
of Housing and
Urban
Development



- Eliminates CDBG Formula Grants (**\$3b** provided in FY2017)
- Eliminates HOME Partnership Program (**\$950m** provided in FY2017)
- Requests **\$2.25b** for Homeless Assistance Grants



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U.S. Department of Labor



- Budget requests **\$9.7b** for discretionary spending, **\$2.3b** below the FY2017 level
- Proposes funding reductions for programs viewed as duplicative, unnecessary, or ineffective including WIOA Adult, Youth, and Dislocated Worker Employment and Training programs
- Provides **\$90m** for Apprenticeship Grants
- Eliminates the Senior Community Service Employment Program (FY2017 level was **\$400m**)



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U.S. Department of Transportation



- Requests **\$76b** for USDOT; 13% cut in discretionary spending from FY2017
- Provides **\$45b** for FHWA and **\$11b** for FTA, consistent with FAST Act authorized levels
- Includes **\$119m** for new Transportation Aviation Assistance to Remote Areas Program, designed to replace Essential Air Service Program (FY2017 amount for EAS was **\$175m**)
- Eliminates TIGER Discretionary Grant Program (FY2017 amount for TIGER was **\$500m**)
- Budget provides **\$200b** for infrastructure investment, but this is not included in DOT's budget



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**FY2018
Appropriations
Process Moving
Forward**



June and July: House and Senate begin consideration of FY2018 spending bills; already talk of bundling bills in an omnibus package or advancing a continuing resolution

August: Month-long congressional recess

October 1: New Fiscal Year Begins



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NADO's Response



- NADO's comprehensive budget report has been distributed to organization members
- NADO staff have been working on direct advocacy for important programs since before the release of the president's budget blueprint with other partner organizations and coalitions
- During our Executive Committee Fly-In earlier this month, NADO leadership met with key congressional partners



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NADO's Response



- We are engaging our Board of Directors in coordinating advocacy efforts
- NADO will continue provide information to you on appropriate timing, messaging, and methods for communicating with decision makers on budget and spending priorities



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Questions



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