NADO’s Mission

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

➢ 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

### Budget Totals in Billions of Dollars:

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Receipts</strong></td>
<td>3,268</td>
<td>3,460</td>
<td>3,654</td>
<td>3,814</td>
<td>3,982</td>
<td>4,161</td>
<td>4,390</td>
<td>4,615</td>
<td>4,864</td>
<td>5,130</td>
<td>5,417</td>
<td>5,724</td>
<td>20,001</td>
<td>45,751</td>
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<tr>
<td><strong>Outlays</strong></td>
<td>3,853</td>
<td>4,062</td>
<td>4,094</td>
<td>4,340</td>
<td>4,470</td>
<td>4,617</td>
<td>4,832</td>
<td>4,933</td>
<td>5,073</td>
<td>5,306</td>
<td>5,527</td>
<td>5,708</td>
<td>22,353</td>
<td>48,901</td>
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<tr>
<td><strong>Deficit/surplus (−)</strong></td>
<td>585</td>
<td>603</td>
<td>440</td>
<td>526</td>
<td>488</td>
<td>456</td>
<td>442</td>
<td>319</td>
<td>209</td>
<td>176</td>
<td>110</td>
<td>16</td>
<td>2,351</td>
<td>3,150</td>
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<tr>
<td><strong>Debt held by the public</strong></td>
<td>14,168</td>
<td>14,824</td>
<td>15,353</td>
<td>15,957</td>
<td>16,509</td>
<td>17,024</td>
<td>17,517</td>
<td>17,887</td>
<td>18,150</td>
<td>18,379</td>
<td>18,541</td>
<td>18,575</td>
<td>2,351</td>
<td>3,150</td>
</tr>
<tr>
<td><strong>Gross domestic product (GDP)</strong></td>
<td>18,407</td>
<td>19,162</td>
<td>20,014</td>
<td>20,947</td>
<td>21,981</td>
<td>23,093</td>
<td>24,261</td>
<td>25,489</td>
<td>26,779</td>
<td>28,134</td>
<td>29,557</td>
<td>31,053</td>
<td>2,351</td>
<td>3,150</td>
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### Budget Totals as a Percent of GDP:

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</tr>
</thead>
<tbody>
<tr>
<td><strong>Receipts</strong></td>
<td>17.8%</td>
<td>18.1%</td>
<td>18.3%</td>
<td>18.2%</td>
<td>18.1%</td>
<td>18.0%</td>
<td>18.1%</td>
<td>18.1%</td>
<td>18.2%</td>
<td>18.2%</td>
<td>18.3%</td>
<td>18.4%</td>
<td>18.1%</td>
<td>18.2%</td>
</tr>
<tr>
<td><strong>Outlays</strong></td>
<td>20.9%</td>
<td>21.2%</td>
<td>20.5%</td>
<td>20.7%</td>
<td>20.3%</td>
<td>20.0%</td>
<td>19.9%</td>
<td>19.4%</td>
<td>18.9%</td>
<td>18.9%</td>
<td>18.7%</td>
<td>18.4%</td>
<td>20.3%</td>
<td>19.6%</td>
</tr>
<tr>
<td><strong>Deficit/surplus (−)</strong></td>
<td>3.2%</td>
<td>3.1%</td>
<td>2.2%</td>
<td>2.5%</td>
<td>2.2%</td>
<td>2.0%</td>
<td>1.8%</td>
<td>1.3%</td>
<td>0.8%</td>
<td>0.6%</td>
<td>0.4%</td>
<td>-0.1%</td>
<td>2.1%</td>
<td>1.4%</td>
</tr>
<tr>
<td><strong>Debt held by the public</strong></td>
<td>77.0%</td>
<td>77.4%</td>
<td>76.7%</td>
<td>76.2%</td>
<td>75.1%</td>
<td>73.7%</td>
<td>72.2%</td>
<td>70.2%</td>
<td>67.8%</td>
<td>65.3%</td>
<td>62.7%</td>
<td>59.8%</td>
<td></td>
<td></td>
</tr>
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</table>

Source: CBO
2017 Federal Budget, Released in 2016

Discretionary 27%

Defense

Everything else

Mandatory 73%

Primarily Medicare, Social Security and interest on the debt

Some 2018 Proposed Spending Increases

The increases would come out of non-defense discretionary programs.

This includes most of the operating budget for executive departments and agencies.

Defense spending increase $54B

Border wall $2.6B

School choice $1.4B

Source: Washington Post
-33%  -31%  -21%  -21%  -18%  -16%  -14%  -13%  -13%  -12%  -6%  -5%  -4%  -4%  -1%  +6%  +7%  +9%

State Department
Environmental Protection Agency
Agriculture Department
Labor Department
Department of Health and Human Services
Commerce Department
Education Department
Department of Housing and Urban Development
Transportation Department
Interior Department
Energy Department
Small Business Administration
Treasury Department
Justice Department
NASA
Department of Veterans Affairs
Department of Homeland Security
Defense Department

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
President’s FY2018 Budget

 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
President’s FY2018 Budget

Notable Programmatic Reductions from FY2017

➢ WIOA Formula Programs cut 40% from FY2017 levels

<table>
<thead>
<tr>
<th></th>
<th>FY2017</th>
<th>FY2018</th>
<th>Funding Difference</th>
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</thead>
<tbody>
<tr>
<td>Adult Employment and Training</td>
<td>815m</td>
<td>490m</td>
<td>325m</td>
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<tr>
<td>Youth Employment and Training</td>
<td>873m</td>
<td>523m</td>
<td>350m</td>
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<tr>
<td>Dislocated Worker Employment and Training</td>
<td>1.2b</td>
<td>732m</td>
<td>482m</td>
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</table>

➢ 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)
➢ 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
### EDA Program Breakdown

<table>
<thead>
<tr>
<th>Department of Commerce</th>
<th>Final FY2016</th>
<th>Final FY2017</th>
<th>President’s Request FY2018</th>
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</thead>
<tbody>
<tr>
<td><strong>Economic Development Administration</strong></td>
<td>261.00</td>
<td>276.00</td>
<td>30.00</td>
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<tr>
<td>Economic Development Assistance Programs</td>
<td>222.00</td>
<td>237.00</td>
<td>0.00</td>
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<tr>
<td>Planning Grant</td>
<td>32.00</td>
<td>31.50</td>
<td>0.00</td>
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<tr>
<td>Public Works</td>
<td>100.00</td>
<td>100.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Economic Adjustment Assistance</td>
<td>35.00</td>
<td>35.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Technical Assistance</td>
<td>11.00</td>
<td>9.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Research &amp; Evaluation</td>
<td>1.50</td>
<td>1.50</td>
<td>0.00</td>
</tr>
<tr>
<td>Trade Adjustment Assistance</td>
<td>13.00</td>
<td>13.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Innovative Manufacturing Loans/Sec. 26</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Regional Innovation Strategies/Sec. 27</td>
<td>15.00</td>
<td>17.00</td>
<td>0.00</td>
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<tr>
<td>Assistance for Coal Mining Communities</td>
<td>15.00</td>
<td>30.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Salaries and Expenses</td>
<td>39.00</td>
<td>39.00</td>
<td>30.00</td>
</tr>
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</table>
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
Federal-State Regional Commissions

(Numbers indicate program level in millions of dollars unless specified)

<table>
<thead>
<tr>
<th>Commission/Mission</th>
<th>Final FY2016</th>
<th>Final FY2017</th>
<th>President's Request FY2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appalachian Regional Commission</td>
<td>146.00</td>
<td>152.00</td>
<td>30.00</td>
</tr>
<tr>
<td>Area Development Activities</td>
<td>96.00</td>
<td>102.00</td>
<td>0.00</td>
</tr>
<tr>
<td>POWER+ Plan/Coal Related Investments</td>
<td>50.00</td>
<td>50.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Delta Regional Authority</td>
<td>25.00</td>
<td>25.00</td>
<td>3.00</td>
</tr>
<tr>
<td>Denali Commission</td>
<td>11.00</td>
<td>15.00</td>
<td>7.00</td>
</tr>
<tr>
<td>Northern Border Regional Commission</td>
<td>7.50</td>
<td>10.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Southeast Crescent Regional Commission</td>
<td>0.25</td>
<td>0.25</td>
<td>0.00</td>
</tr>
</tbody>
</table>
➢ 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 Waster and Wastewater Grants and Loans
  ➢ Reduces salaries and expenses by $53m due to program eliminations
Eliminates CDBG Formula Grants ($3b provided in FY2017)

Eliminates HOME Partnership Program ($950m provided in FY2017)

Requests $2.25b for Homeless Assistance Grants
➢ 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)
 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
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
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
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
Questions