Special Webinar Presentation
President’s FY2019 Budget Request
February 15, 2018
Presentation Overview

• The context: Bipartisan Budget Act of 2018 and FY2018 Appropriations

• President’s FY2019 Budget Request: Overview and Key Takeaways

• Highlights of major program eliminations and reductions impacting regional development organizations

• FY2019 budget and appropriations process moving forward
Bipartisan Budget Act of 2018

- Signed into law on February 9, just before release of the FY2019 budget
- Deal raises spending limits imposed under the 2011 Budget Control Act, allowing for an extra $295b in appropriations over FY2018 and FY2019
- Budget deal allows for an additional $85b in defense and $68b in non-defense spending in FY2019
- President’s FY2019 budget does not reflect these new spending guidelines or the increased deficits they will incur
- Two-pronged approach: Calling for spending cuts and providing recommendations for spending increases to Congress
FY2018 Appropriations: Where We Are

• Passage of a budget deal will allow for the drafting of a FY2018 omnibus spending package
• Current Continuing Resolution extends through March 23; appropriators have been asked to have omnibus package finished by March 14
• Since FY2018 spending decisions are not finalized, comparisons are made to FY2017 – the last time Congress approved a full year of funding
President’s FY2019 Budget Overview

- President’s FY2019 Budget, “Efficient, Effective, Accountable: An American Budget” released on February 12
- Proposes $4.4t in federal spending
- $627b for defense discretionary spending ($65b above the 2011 Budget Control Act cap)
- $465b for non-defense discretionary spending ($65b below the 2011 Budget Control Act cap)
- New FY2019 caps under budget deal: $647b for defense, $597b for non-defense
President’s FY2019 Budget: Key Takeaways

• Growth Assumptions
  – Budget assumes an economic growth rate of 3% over next decade based on policy proposals (tax reform, infrastructure investment, deregulation)

• Assumes tax cuts passed into law in December 2017 will be made permanent

• Entitlement Cuts: $1.8t Over Next 10 Years
  – Medicaid: $306b
  – Food Stamp: $214b
  – Temporary Assistance for Needy Families: $15b
President’s FY2019 Budget: Key Takeaways

- Increase in Veterans Affairs (12% over FY2017 level) spending with focus on health care
- Increase in Security Related Spending
  - 8% increase for Department of Homeland Security; $23b over two years for border security and immigration enforcement
- $1.5t Infrastructure Plan ($200b in direct federal spending over ten years)
  - Targeting of federal investments
  - Leveraging private sector capital
  - Streamlining environmental review
  - Tolling of interstates, rest area privatization
- Paid parental leave
- $17b in opioid-related spending
President’s FY2019 Budget: Funding Changes

**PROPOSED CHANGE TO FUNDING IN TRUMP’S BUDGET**

-25% → Environmental Protection Agency
-25% → Small Business Administration
-23% → State Department
-18% → Transportation
-15% → Agriculture
-15% → Interior
-14% → Housing and Urban Development
-10% → Labor
-5% → Education
-3% → Treasury
-1% → Justice
+1% → NASA
+2% → Energy
+6% → Commerce
+11% → Health and Human Services
+12% → Homeland Security
+14% → Defense
+15% → Veterans Affairs

Source: Washington Post
President’s FY2019 Budget

• Shift of federal programs and functions to state and local governments and the private sector
• Agencies/Programs slated for elimination:
  – U.S. Economic Development Administration
  – 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 grant programs and discretionary activities of the Rural Business Cooperative Service
President’s FY2019 Budget

- Agencies/Programs slated for elimination cont.
  - U.S. Department of Transportation’s TIGER Discretionary Grant Program
  - U.S. Department of Labor’s Senior Community Employment 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 FY2019 Budget

• Notable Programmatic Reductions from FY2017
  – WIOA Formula Programs cut 40%+ from FY2017 levels
  – FTA Capital Investment Grants reduced by 41%
    (FY2017: $2.4b, FY2019 Request: $1b)
  – FEMA State and Local Grants reduced by 14%
    (FY2017: $3b, FY2019 Request: $2.6b)

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<th>FY2017</th>
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<td>Dislocated Worker Employment and Training</td>
<td>1.2b</td>
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U.S. Economic Development Administration

- Overall FY2018 budget request for EDA: $15m 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
- Language included to allow for the defederalization of EDA Revolving Loan Funds in the context of the closure of the agency
- Details provided on orderly shutdown – staffing levels, roles, and responsibilities
# EDA Program Breakdown

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

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<tr>
<th>Department of Commerce</th>
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Federal-State Regional Commissions

• Slated for elimination:
  – Delta Regional Authority (DRA)
  – Northern Border Regional Commission (NBRC)
  – Denali Commission

• Funding provided only for costs associated with closing out agency functions of DRA, NBRC, and Denali Commission

• Funding requested for Appalachian Regional Commission

• Funding requested for Southeast Crescent Regional Commission as part of a consolidated program, specific funding amount not available
# Federal-State Regional Commissions

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

<table>
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<tr>
<th>Commission</th>
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USDA Rural Development

• Budget requests $19b in discretionary funding for USDA, $3.7b below FY2017 level

• Major changes proposed for USDA-Rural Development
  – Elimination of Rural Business-Cooperative Service Programs
  – Elimination of Waster and Wastewater Grants; cuts to loan programs
U.S. Department of Housing and Urban Development

• Overall 18% cut to budget from FY2017

• Program elimination requested:
  – CDBG Formula Grants ($3b provided in FY2017)
  – HOME Partnership Program ($950m provided in FY2017)
  – CHOICE Neighborhoods Program ($137m provided in FY2017)

• Requests $2.4b for Homeless Assistance Grants (level with FY2017)
U.S. Environmental Protection Agency

- Overall, request totals $6.1b (25% less than FY2017)
- $600m provided for State/Tribal Categorical Grant Assistance (43% cut from FY2017)
  - Brownfields: $32m ($47m in FY2017)
- Brownfields Projects: $62m ($88m in FY2017)
U.S. Department of Health and Human Services

- Overall, request totals $69.5b (20% less than FY2017)
- $1.837b provided for the Administration for Community Living ($203m cut from the FY2017 enacted level of $2.04b)
U.S. Department of Labor

- Budget requests $9.4b for discretionary spending, $2.6b 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
- Increases Apprenticeship Grants to $200m ($95m provided in FY2017)
- Eliminates the Senior Community Service Employment Program ($400m provided in FY2017)
U.S. Department of Transportation

- Requests $76.8b for USDOT; $500m less in discretionary spending from FY2017
- Provides $46b for FHWA and $11b for FTA, consistent with FAST Act authorized levels
- Reduces funding for Essential Air Service Program to $93m ($149m provided in FY2017)
- Eliminates TIGER Discretionary Grant Program ($500m provided in FY2017)
- Reduces FTA Capital Investment Grants to fund only those projects under construction
- Budget provides $200b over ten years for infrastructure investment, but this is not included in DOT’s budget
FY2019 Budget Process

- Once FY2018 appropriations is wrapped up, hearings on FY2019 budget will begin
- June and July: House and Senate begin consideration of FY2018 spending bills; already talk of bundling bills in an omnibus package
- August: Month-long congressional recess
- October 1: New Fiscal Year Begins
NADO’s Response

• NADO’s comprehensive budget report will be distributed to organization members
• NADO staff will continue working on direct advocacy for important programs with other partner organizations and coalitions
• NADO leadership will meet with key congressional and administration partners during fly-in this spring
• NADO will continue provide information to you on appropriate timing, messaging, and methods for communicating with decision makers on budget and spending priorities
## Budget by the Numbers

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Questions?