

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

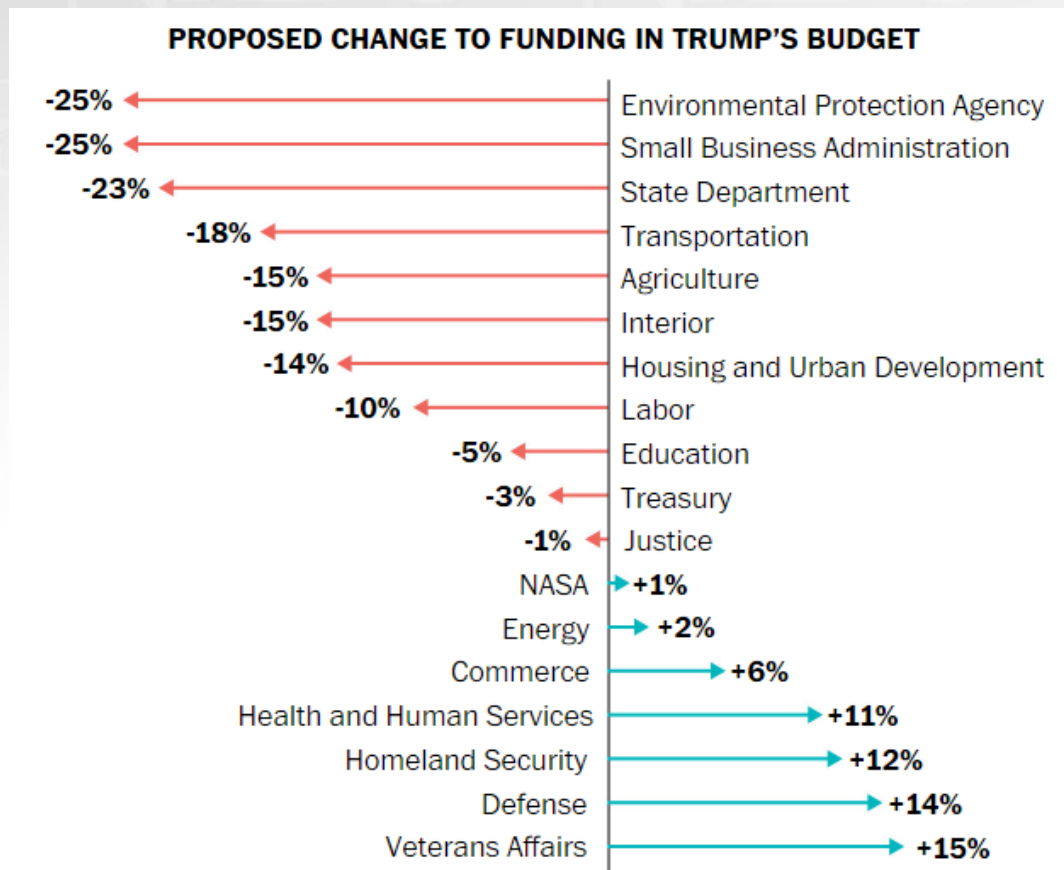


President's FY2019 Budget: Key Takeaways

- 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



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

	FY2017	FY2019	Funding Difference
Adult Employment and Training	815m	490m	-325m
Youth Employment and Training	873m	524m	-349m
Dislocated Worker Employment and Training	1.2b	615m	-585m

- 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)



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 de-federalization 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)	Final FY2016	Final FY2017	President's Request FY2019
Department of Commerce			
Economic Development Administration	261.00	276.00	15.00
<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	15.00



Federal-State Regional Commissions

- Stated 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)	Final FY2017	President's Request FY2019
Appalachian Regional Commission	152.00	152.00
Base Program	70.00	70.00
POWER+ Plan/Coal Related Investments	50.00	50.00
Congressionally Directed Special Programs	32.00	0.00
Special Regional Initiative for Distress	0.00	32.00
Delta Regional Authority	25.00	2.50
Denali Commission	15.00	7.30
Northern Border Regional Commission	10.00	.85
Southeast Crescent Regional Commission	0.25	N/A



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

PROGRAM	FY2017 FINAL	FY2019 REQUESTED
U.S. EDA	\$276m	\$15m
DOT	\$77b	\$76.5b
FTA Capital Investment Grants	\$2.4b	\$1b
Essential Air Service	\$149m	\$93m
TIGER	\$500m	-
FEMA	\$11.6b	\$11.2b
State and Local Grants	\$3b	\$2.6b
EPA	\$8.b	\$6.1b
State/Tribal Categorical Grant Assistance	\$1b	\$600m
Brownfields	\$88m	\$62m
HUD	\$39.2b	\$41.2b
CDBG	\$3b	-
HOME	\$950m	-
CHOICE Neighborhoods	\$137m	-
USDA - Rural Development	\$3.1b	\$2b
Rural Utilities Service	\$695m	\$123m
Rural Housing Service	\$2b	\$1.7b
Rural Business Cooperative Service	\$103m	-
HHS	\$87.1b	\$69.5b
Administration for Community Living	\$2b	\$1.8b
DOL	\$12b	\$9.4b
Adult Employment and Training	\$815m	\$490m
Youth Employment and Training	\$889m	\$524m
Dislocated Worker Employment and Training	\$1.2b	\$615m
Apprenticeship Grants	\$95m	\$200m
SCSEP	\$400m	-
ARC	\$152m	\$152m
DRA	\$25m	\$2.5m
Denali Commission	\$15m	\$7.3m
NBRC	\$10m	\$1m
SCRC	\$.25m	NA

Questions?



Joe McKinney

Executive Director

202.624.5947

jmckinney@nado.org

Susan Howard

Legislative Director

202.624.8590

showard@nado.org

Josh Shumaker

Legislative Associate

202.624.8482

jshumaker@nado.org



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400 NORTH CAPITOL STREET, NW
SUITE 388

WASHINGTON, DC 20001

[NADO.ORG](https://nado.org)

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