



TRUMP ADMINISTRATION RELEASES FY 2018 BUDGET PROPOSAL: “A NEW FOUNDATION FOR AMERICAN GREATNESS”

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May 23, 2017

OVERVIEW OF FY 2018 BUDGET PROPOSAL

This morning, President Trump released his first detailed budget request. The Fiscal Year (FY) 2018 budget proposal, titled, “A New Foundation for American Greatness,” seeks roughly \$3.6 trillion in federal spending cuts over the next 10 years that take aim at programs that provide assistance to the poor, such as Medicaid, the Children’s Health Insurance Program (CHIP), student assistance and food aid. Typically, a president is in the country for the release of his budget, and promptly embarks on a national tour to promote his spending priorities. But during this atypical presidency, Trump is abroad today, and Office of Management and Budget director Mick Mulvaney has released the plan and fielded press inquiries from the podium in the White House press room.

During a period when news from and about Washington, DC, is voluminous, and the details of the budget have been “leaked” since last week, revealing the budget plan fell “below the fold”. In statements to the media, Mulvaney categorized the budget as a “Taxpayer First” plan, one that focuses on protecting taxpayer dollars and slashing spending from programs that are deemed ineffective or arguably keep citizens out of the workforce. “This is, I think, the first time in a long time that an administration has written a budget through the eyes of the people who are actually paying the taxes,” he remarked at a press briefing Monday night, adding, “If you are on food stamps and you are able-bodied, we need you to go to work. If you are on disability insurance and you are not supposed to be, you are not truly disabled, we need you to go back to work. We need everybody pulling in the same direction.”

Critics of the FY 2018 budget proposal have come out swinging, with many noting that the proposal targets the very people who won the election for Trump. Robert Greenstein, president of the Center on Budget and Policy Priorities remarked, “The president is essentially abandoning many people the economy has left behind—a large number of whom voted for him—and is pursuing policies that would make their lives more difficult than they already are.” Anna Chu of the National Women’s Law Center was more blunt, remarking, “This shameless and irresponsible budget would wreck the economic security of millions of women and families—while giving massive new tax cuts to the wealthiest Americans and corporations.”

Likewise, Congressional Democrats are highly critical of the budget proposal. “This would pull the rug out from so many Americans who need help: those suffering from opioid and heroin addiction, people in nursing homes and their families who care for them, the elderly, the disabled and children,” Senate Minority Leader Charles E. Schumer (D-NY) said. Even Republicans who would prefer to shrink the federal budget, voiced concern. Representative Mark Meadows (R-NC), chairman of the House Freedom Caucus, said he drew the line on cuts to Meals on Wheels, which Mulvaney has categorized as ineffective. “I’ve delivered meals to a lot of people that perhaps it’s their only hot meal of the day,” Meadows said. Senators Dean Heller (R-NV), Lindsey Graham (R-SC) and Rob Portman (R-OH) added their voices to a growing chorus of Congressional Republicans who took exception to the plan.

Speaker of the House Paul Ryan (R-WI) applauded the budget for its effort to balance the budget. However, budget experts such as Maya MacGuineas, president of the nonpartisan Committee for a Responsible Federal Budget, caution that the budget assumes an annual growth rate of three percent, despite the current projected growth rate of 1.9 percent. “It relies on a heroic economic estimate... It doesn't even sound that crazy -- it's really crazy," she remarked. Mulvaney defended this growth rate assumption and criticized skeptics for their pessimistic view on the potential of the American economy.

As promised in March’s “Skinny Budget,” the detailed budget requests a significant increase in defense spending, eliminating the defense budget sequester and fully offsetting it by non-defense discretionary cuts at more than 18 federal agencies. Defense spending would rise to \$668 billion, \$22 billion above current levels; non-defense discretionary (NDD) spending would fall to \$479 billion, a \$57 billion decrease from current levels. Advocates of NDD spending programs have long been pushing for parity between NDD and defense, but knew parity would not resonate with the Trump Administration. The White House proposes slashing funding for all federal departments besides the Departments of Defense, Veterans Affairs and Homeland Security.

In the budget’s introduction, President Trump states, “This Budget’s defining ambition is to unleash the dreams of the American people. This requires laying a new foundation for American Greatness. Through streamlined Government, we will drive an economic boom that raises incomes and expands job opportunities for all Americans. Faster economic growth, coupled with fiscal restraint, will enable us to fully fund our national priorities, balance our budget, and start to pay down our national debt. Our moral commitment to replacing our current economic stagnation with faster economic growth rests on the following eight pillars of reform:

- **Health Reform.** We need to enable Americans to buy the healthcare they need at a price they can afford. To this end, we must repeal Obamacare and its burdensome regulations and mandates, and replace it with a framework that restores choice and competition. This will lower the cost of care so that more Americans can get the medical attention they need. Additionally, Medicaid, which inadequately serves enrollees and taxpayers, must be reformed to allow States to manage their own programs, with continued financial support from the Federal Government.
- **Tax Reform and Simplification.** We must reduce the tax burden on American workers and businesses, so that we can maximize incomes and economic growth. We must also simplify our tax system, so that individuals and businesses do not waste countless hours and resources simply paying their taxes.
- **Immigration Reform.** We must reform immigration policy so that it serves our national interest. We will adopt commonsense proposals that protect American workers, reduce burdens on

taxpayers and public resources, and focus Federal funds on underserved and disadvantaged citizens.

- **Reductions in Federal Spending.** We must scrutinize every dollar the Federal Government spends. Just as families decide how to manage limited budgets, we must ensure the Federal Government spends precious taxpayer dollars only on our highest national priorities, and always in the most efficient, effective manner.
- **Regulatory Rollback.** We must eliminate every outdated, unnecessary, or ineffective Federal regulation, and move aggressively to build regulatory frameworks that stimulate—rather than stagnate—job creation. Even for those regulations we must leave in place, we must strike every provision that is counterproductive, ineffective, or outdated.
- **American Energy Development.** We must increase development of America’s energy resources, strengthening our national security, lowering the price of electricity and transportation fuels, and driving down the cost of consumer goods so that every American individual and business has more money to save and invest. A consistent, long-term supply of lower-cost American energy brings with it a much larger economy, more jobs, and greater security for the American people.
- **Welfare Reform.** We must reform our welfare system so that it does not discourage able-bodied adults from working, which takes away scarce resources from those in real need. Work must be the center of our social policy.
- **Education Reform.** We need to return decisions regarding education back to the State and local levels, while advancing opportunities for parents and students to choose, from all available options, the school that best fits their needs to learn and succeed.”

Overall, the Department of Education (ED) would be cut by roughly 14 percent and the Department of Health and Human Services (HHS) by nearly 18 percent. The Interior Department would be cut by 12 percent. Other federal agencies would be hit even harder, with reductions of 21 percent at the Labor and Agriculture departments; 29 percent at the State Department; and nearly 32 percent at the Environmental Protection Agency (EPA), translating into the elimination of 50 programs and 3,800 jobs at the agency. The budget also proposes eliminating future federal support for 62 Agencies and programs including the Corporation for National and Community Service, the National Endowment for the Arts, the National Endowment for the Humanities, the Institute of Museum and Library Services, the Legal Services Corporation and the Corporation for Public Broadcasting.

THE FY 2018 BUDGET: SPECIFIC AGENCY OVERVIEW

Department of Education

The President’s Blueprint includes a \$59 billion education budget—a cut of roughly 14 percent from existing funding levels; the plan also outlines an unprecedented federal investment in “school choice.”

K-12 Education

In addition to the deepest cuts proposed for ED in generations, President Trump is proposing to shift \$1.4 billion in new spending for public and private school choice. In a Monday night speech before the American Federation for Children, a pro-school-choice advocacy group that she founded, Education Secretary Betsy DeVos promised “the most ambitious expansion of education choice in our nation’s history.” This includes Furthering Options for Children to Unlock Success (FOCUS) grants, a proposed \$1 billion increase to Title I grants to Local Educational Agencies in the controversial form of choice known as “portability” that would allow local, state and federal funds to follow children to whichever

public school they choose; expanding charter schools, private-school vouchers and other alternatives to traditional public schools. Specifically, charter schools would see a \$167 million increase — 50 percent above the current level. The revised Investing in Innovation (i3) program, known as Education Innovation and Research since the enactment of the Every Student Succeeds Act (ESSA), would provide \$250 million in grants to support choice options and vouchers for low-income students for private school choice.

The budget proposal asserts that Title I is level funded, but it actually takes a cut from roughly \$15.5 billion to \$14.9 billion. Likewise, the Individuals with Disabilities Education Act (IDEA) — another strongly supported bipartisan investment — would see a reduction from just under \$13.1 billion to \$12.7 billion, though the budget claims it is level funding. This discrepancy comes from a budget which references funding levels from the FY 2017 continuing resolution, not the final numbers included in the FY 2017 *Omnibus Appropriations Act*, and mixes funds for the now-defunct School Improvement Grant program with Title I funds.

ED’s budget proposes eliminating or reducing 30 programs to create savings of \$9 billion; the programs “do not address national needs, duplicate other programs, are ineffective, or are more appropriately supported with State, local, or private funds,” according to the White House. Among the programs proposed for elimination are \$2.4 billion in Title II grants to states for preparing and training teachers and school leaders; \$1.2 billion in funding for the 21st Century Community Learning Center (21st CCLC) program, which serves 1.6 million children and provides support for before school, afterschool and summer learning programs; Title IV Part A, Student Support and Academic Enrichment grants, which were funded for the first time in FY 2017 at \$400 million and provide support for a range of school needs; and the \$190 million Comprehensive Literacy Development Grants/Striving Readers.

Higher Education and Student Aid

Financial aid for low-income students, along with college-prep programs, are on the chopping block, including the elimination of two of the five TRIO programs: the Ronald E. McNair Postbaccalaureate Achievement Program and the Educational Opportunity Centers. TRIO and Gear Up programs help disadvantaged students in middle and high schools prepare for college. The Pell Grant program, categorized as the “foundation of low-income students’ financial aid packages,” would receive full funding in FY 2018 with a maximum award of \$5,920 per student. The budget is supportive of year-round Pell, which higher education advocates have been pushing for, and which was enacted in the FY 2017 omnibus. However, the budget takes aim at other student aid programs. It narrows student eligibility for the Federal Work-Study program and cuts that program from \$990 million to \$500 million. It also proposes to eliminate Federal Supplemental Educational Opportunity Grant (SEOG), a \$733 million program that provided aid to 1.6 million students in the 2014-15 academic year.

Department of Health and Human Services (HHS)

The FY 2018 budget requests a 17.9 percent cut in HHS funding for a total of \$69.8 billion. This funding level excludes certain mandatory spending changes, which are essential to achieving the balanced budget in ten years desired by the administration. Most mandatory programs see major funding cuts. Medicare is funded at \$586.6 billion, which is a \$6 billion dollar reduction from prior year spending. TANF is allocated 15.4 billion, which is a reduction of \$1.6 billion. CHIP comes in at \$13.4 billion, or down over \$3.4 billion. The Social Services Block grant is funded at \$362 million, a drastic \$1.3 billion dollar reduction due to anticipated legislative proposals in the coming year. Although

surprisingly, some mandatory programs are allotted increases in the first year, keeping with some campaign promises.

After reviewing the budget blueprint and the cuts to mandatory programs, it is not surprising to see cuts to the National Institutes of Health (NIH), despite Congressional support and investment recently. The President's budget proposal leaves NIH with \$25.9 billion for FY18, down from \$31.8 billion in the CR estimate and down even more drastically from the \$34 billion provided by the final FY17 Omnibus. Therefore Trump's budget goes from Congress increasing NIH by 6.2% in the prior year to cutting it by over 24% for FY18. NIH cuts will not find many, if any, supporters on Capitol Hill.

Total net program funding for SAMHSA is at \$3.68 billion. The budget also provides nearly \$1.9 billion for the Substance Abuse Prevention and Treatment Block Grant, which is the same as both the CR and the final FY17 bill.

Some early childhood programs would see increases in the plan. Head Start is funded at \$9.2 billion (increase of \$17 million) and the Child Care Development Block Grant (CCDBG) will be allotted \$2.8 billion (increase of \$5 million).

Programs for vulnerable youth would remain mostly flat. The Runaway and Homeless Youth Programs would see \$119 million; the Family Violence and Prevention Services Program would receive a minor plus up at \$159 million (this number includes \$8 million for the Domestic Violence Hotline); and State Court Improvement activities would also see a slight increase at \$32 million. The budget requests \$98 million for child abuse prevention activities (\$25 million for Child Abuse State grants) at the Administration of Children and Family services, the same level as the FY17 CR. As widely reported, both Low Income Home Energy Assistance Program (LIHEAP) and the Community Services Block Grant are completely defunded in the request.

STEM Education and Research (Other Agencies)

Overall, the President is requesting deep reductions in science and technology research funding. Specifically, the administration's request calls for the termination of many research-related programs, such as the Department of Energy's Advanced Research Project Agency - Energy (ARPA-E) and the National Oceanic and Atmospheric Administration's (NOAA) grant and education program, slashing the entire \$262 million it received in 2017.

Although it was not singled out in the President's "skinny budget" released in March, the National Science Foundation (NSF) would be trimmed by 11 percent, or approximately \$776 million. Speaking at the White House budget briefing, Mulvaney said, "The National Science Foundation last year used your taxpayer money to fund a climate change musical," suggesting wasteful spending at the Foundation.

The administration proposed eliminating the Department of Agriculture's Rural Economic Development Program, which shares the purpose of developing an implementation plan for increasing access to education in the fields of science, technology, engineering and mathematics (STEM) in rural communities. The National Aeronautics and Space Administration's Office of Education would also be eliminated. The plan also ignores momentum from the previous Administration behind the spread of computer science education.

Department of Labor

The FY 2018 request proposes a 21 percent cut to the Department of Labor (DOL), bringing the discretionary total to \$9.7 billion. The cuts reflect the Administration's commitment to national security and "highlights the tradeoffs and choices inherent in pursuing that goal," according to the White House. The budget proposal seeks to eliminate duplicative and ineffective programs and consolidate programs where possible in order to provide a good return on taxpayer investment. The budget makes the most dramatic cuts in Adult Employment and Training activities (a reduction from \$815 million to \$490 million); Dislocated Worker Employment and Training Activities (a reduction from \$1.02 billion to \$699 million); and Youth Activities (a reduction from \$873 million to \$608 million).

The omnibus budget agreement for FY2017 included increases to the Job Corps program; however, the proposed 2018 budget would make cuts to the program and proposes to close chronically low-performing centers and focus the program on the operation of centers that have proven that they can successfully educate and prepare youth for jobs. The request also proposes to prioritize the enrollment of youth who are at least 20 years old, for whom the program has been proven to be more effective. The proposal reduces Job Corps appropriations from \$1.70 billion to \$1.45 billion.

While the Budget Blueprint released in March touted the importance of apprenticeships and called for support to "help States expand apprenticeship, an evidence-based approach to preparing workers for jobs," the proposal for FY2018 is a reduction from the omnibus agreement reached in FY2017. Apprenticeship grants were funded at \$95 million in the final FY2017 bill, the proposed 2018 levels call for \$89.8 million.

The proposal would also shift funding responsibility for job training and employment service formula grants to States, localities and employers for certain job placement programs. It also "refocuses" the Office of Disability Employment Policy, eliminating less critical technical assistance grants and launching an early intervention demonstration project to allow States to test and evaluate methods that help individuals with disabilities remain attached to or reconnect to the labor market.

CONCLUSION

Ultimately, it will be up to the House and Senate to decide which proposals make it into final spending bills. With the long, drawn out FY 2017 process only recently concluded, Congress is eager to get the FY 2018 budget and appropriations bills moving along. Over the next two days, the House is scheduled to hold a dozen hearings, including a Department of Education budget hearing featuring Secretary DeVos. These hearings will bring out more information about where Congress aligns with the Trump budget and where there is dissonance. As evidenced by the FY 2017 Omnibus, Congress is willing to defy the Administration's priorities. However, Republican control in Congress provides a unique opportunity for a significant reduction in spending.

For more information about the budget proposal, go [here](#).