



2120 L Street, NW, Suite 700
Washington, DC 20037

T 202.822.8282
F 202.296.8834

HOBBSSTRAUS.COM

March 20, 2017

GENERAL MEMORANDUM 17-020

Trump Administration Submits FY 2018 Budget Blueprint

On March 16, 2017, the Trump Administration submitted its FY 2018 Budget Blueprint titled: *America First: A Budget Blueprint to Make America Great Again* (Blueprint). The Blueprint, commonly referred to as the "skinny" budget, is a 53 page document which addresses discretionary spending only and which details for each federal department, the total amount of decrease or increase proposed, relative to its FY 2017 annualized Continuing Resolution level. A full FY 2018 budget proposal is expected in May and that budget will likely also include proposals regarding mandatory funding and tax policy. A copy of the Blueprint is here: https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/budget/fy2018/2018_blueprint.pdf

The Blueprint is receiving significant pushback from Members of all parties in Congress, and it is clear that Congress, as the appropriating arm of government, will not agree to many of the proposals. A major issue with the Blueprint is that it would break the statutory budget caps for defense and non-defense spending as it proposes a FY 2018 10 percent or \$54 billion increase for defense and a \$54 billion decrease for non-defense. In order to amend the 2011 deficit reduction law (PL 112-25), 60 votes will be needed in the Senate which is currently split 52 Republicans to 46 Democrats (plus two Independents who caucus with the Democrats). It is expected that Senate Democrats will remain united in opposition to the Trump budget cap proposal.

The agencies in addition to the Department of Defense for which increases are proposed are the Department of Homeland Security (6.8 percent increase) and Department of Veterans Affairs (6 percent increase).

While the Blueprint will not be adopted as proposed, it is important to know what has been put forward by the Administration and what programs might be vulnerable. There are some specifics regarding programs to be supported or eliminated but frequently the descriptions are broad or vague, noting, for instance, that funding for "duplicative" or "ineffective" programs is proposed for elimination but without any further detail as to which programs.

Because the federal government is only funded through April 28, 2017, the Blueprint, in order to provide a means of comparison between what is proposed for FY 2018 and what the FY 2017 spending levels are, has taken the current FY 2017 spending levels for departments and projected out what that amount would be if the current rate of funding were to be continued for the remainder of FY 2017. We also note that a chart in the Blueprint requests a net \$15 billion (3 percent) reduction in the non-defense FY 2017 funding cap, while requesting a \$3 billion increase for "Border Wall and implementation of Executive Orders."

Below are proposals for selected Departments and programs which may be of particular interest to Indian Country.

Department of Health and Human Services – \$15.1 billion (17.9 percent) decrease. The Blueprint notes that HHS has among its highest priorities, the Indian Health Service and community health centers, but provides no figures. Among the programs proposed for *elimination* are Low Income Home Energy Assistance Program (tribes receive \$35.8 million annually), Community Services Block Grant, and health professions and nursing training programs (while maintaining scholarship and loan repayment programs for service in health professional shortage areas). ..." A surprise proposal is to cut the National Institutes of Health budget by 18 percent, an agency which has wide bipartisan support in Congress. The Blueprint proposes "a major reorganization of NIH's Institutes and Centers..."

The Blueprint proposes a \$70 million increase for the CMS Health Care Fraud and Abuse Control Program. There would also be an investment in "mental health activities that are awarded to high-performing entities..."

Department of the Interior – \$1.5 billion (12 percent) decrease. With regard to Indian Country, the Blueprint states that the Administration "supports tribal sovereignty and self-determination across Indian Country by focusing on core funding and services to support ongoing tribal government operations. The budget reduces funding for more recent demonstration projects and initiatives that only serve a few Tribes." (No specifics are provided regarding the proposed reduction.)

Overall, funding for energy development would increase while other activities are proposed for unspecified decreases – acquiring new federal lands, Payments in Lieu of Taxes, construction and major maintenance programs (while providing an unspecified *increase* to address National Park Service deferred maintenance projects). Funding for Abandoned Mine land grants and National Heritage Areas would be eliminated. It proposes funding fire suppression at the full 10-year rolling average.

Department of Agriculture – \$4.7 billion (21 percent) decrease. The Blueprint proposes to eliminate the Water and Wastewater loan and grant program for a savings of \$498 million. The Blueprint states it is 'duplicative' and that rural communities can be served by private financing or the EPA's state revolving funds program. There is a proposed \$95 million reduction from the Rural and Business Cooperative Service and an unspecified amount of reductions of staff at county service centers and in the Department's analytical/statistical services.

Funding for wildland fire preparedness and suppression activities would receive \$2.4 billion which is the full 10-year average for suppression operations. There would be unspecified decreases for other forest activities, with the Blueprint noting that funding would be focused "on maintaining existing forests and grasslands" rather than new federal land acquisition.

Department of Commerce – \$1.5 billion (16 percent) decrease. Citing duplication of programs at Rural Development, the Blueprint would eliminate the Economic Development

Administration. Citing duplication of programs at the Small Business Administration the Blueprint would eliminate the Minority Business Development Agency. The Blueprint would zero out the National Oceanic and Atmospheric Administration's grants and programs supporting coastal and marine management, research and education in order to shield surveys, charting and fisheries management from cuts.

The Blueprint proposes a \$100 million increase for continuation of preparations for the 2020 Decennial Census. This is much less than President Obama's proposed increase for FY 2017 (\$180 million). As we approach 2020, additional focus will be necessary in order to obtain reliable information in hard to count areas such as Indian reservations and Alaska Villages.

Department of Education – \$9 billion (13 percent) decrease. Despite the overall decrease, the Blueprint would direct an extra \$1.4 billion to "school choice programs." This breaks down to: (1) an extra \$1 billion for Title I that appears to be focused on portability, i.e. the Title I funds would follow low-income students to whichever school they attend, rather than going to the schools which serve the highest percentage of low-income students; (2) a \$168 million increase for charter schools; and (3) \$250 million for a new private school choice program. The Blueprint would eliminate funding for the \$1.2 billion 21st Century Community Learning Centers program, which supports before- and after-school programs as well as summer programs. The Blueprint would maintain \$13 billion in funding for Individuals with Disabilities Act (IDEA) programs to support students with disabilities. It would reduce or eliminate "over 20 categorical programs" including Striving Readers and the Teacher Quality Partnership.

Funding would be reduced for two programs designed to prepare students for college – TRIO and the GEAR UP. In addition, proposed is the cancellation of \$3.9 billion from the Pell Grant reserves, funding which Congress and others were eying as a source of funds to allow students to receive grants for summer classes, thus restoring the program to its year-round status.

Department of Energy – \$1.7 billion (5.6 percent) decrease. The Blueprint would provide \$6.5 billion to support the Environmental Management program's mission of cleaning up waste and contamination from energy research and nuclear weapons production. There would be substantial cuts to energy development research. Funding for the Weatherization Assistance Program, for which tribes are eligible, would be eliminated.

Department of Homeland Security – \$2.8 billion (6.8 percent) increase. The Blueprint would provide \$2.6 billion for additional physical and technological security along the Southwest border of the United States and provide \$314 million to recruit and train 500 new Border Patrol Agents and 1,000 new Immigration and Customs Enforcement personnel. The Blueprint would eliminate or reduce grant funding by \$667 million for programs administered by the Federal Emergency Management Agency (FEMA) "that are either unauthorized by the Congress, such as FEMA's Pre-Disaster Mitigation Grant Program, or that must provide more measurable results and ensure the Federal Government is not supplanting other stakeholders' responsibilities, such as the Homeland Security Grant Program." The Blueprint also proposes

establishing a 25 percent non-federal cost match for FEMA preparedness grant awards that currently require no cost match.

Department of Housing and Urban Development – \$6.2 billion (13.2 percent) decrease. The Blueprint would eliminate funding for the Community Development Block Grant Program as well as programs deemed "lower priority" by the Administration such as the HOME Investment Partnerships Program and Choice Neighborhoods Program. It would also eliminate funding for the Section 4 Capacity Building for Community Development and Affordable Housing program.

The Blueprint does not contain specific details on the Native American Housing Assistance and Self Determination Act (NAHASDA) Indian Housing Block Grant (IHBG) but on March 8, 2017, the *Washington Post* reported on information it obtained from leaks from the Trump Administration regarding the Administration's budget proposals for Indian housing. The leaked documents indicate the Administration may propose an IHBG appropriation for FY 2018 of \$500 million, a cut of \$150 million from current appropriation levels (approximately 20 percent). The documents also indicate that the Administration may propose cancelling the Indian Community Development Block Grant (ICDBG).

Department of Justice – \$1.1 billion (3.8 percent) decrease. The proposed Justice Department budget would increase funding for border security and immigration enforcement. Proposed is a 19 percent increase of \$80 million for an additional 75 immigration judge teams. Also proposed is the hiring of 60 additional border enforcement prosecutors, 40 additional Deputy U.S. marshals, and 20 attorneys to pursue federal efforts to obtain the land and holdings necessary to secure the Southwest border. The Blueprint recommends an increase of \$175 million to target the "worst of the worst" criminal organizations and drug traffickers. The FBI is proposed to receive a \$249 million (3 percent) increase.

The Blueprint states that the proposed budget "safeguards federal grants to state, local and tribal law enforcement and victims of crime to ensure greater safety for law enforcement personnel and the people they serve." It also proposes a \$700 million reduction "in unnecessary spending on outdated programs..." including a \$210 million reduction for the State Alien Assistance Program. No other details are provided about which programs are targeted for the remaining \$500 million reduction.

Department of Labor – \$2.5 billion (21 percent) decrease. The Blueprint notes, without much detail, that decreases are proposed "for job training and employment service formula grants, shifting more responsibility for funding these services to State, localities, and employers." This would seem to implicate the tribal Workforce Investment Act program (AKA the "section 166" program) and the Supplemental Youth Services program. Funding decreases are proposed for "ineffective, duplicative, and peripheral job training grants", specifically targeting for elimination the Senior Community Service Employment Program. Job Corps Centers that are deemed to be doing a poor job would be closed while states would be supported in their efforts to expand apprenticeship programs.

Department of Transportation – \$2.4 billion (13 percent) decrease. The Blueprint would eliminate funding for the TIGER discretionary grant program, suggesting that most TIGER grant eligible projects are eligible for funding under existing surface transportation formula programs or the new Nationally Significant Freight and Highway Projects grant program. It would also eliminate funding for the Essential Air Service (EAS) program, which provides subsidized commercial air service to rural airports.

Department of Treasury – \$519 billion (4.1 percent) decrease. The Blueprint would eliminate funding for the Community Development Financial Institutions (CDFI) Funds grants. The CDFI Fund was created to expand access to capital for private institutions that extend credit and provide financial services to underserved communities. It includes the Native American CDFI Assistance Program which uses a combination of financial, technical assistance, and training to build the capacity of CDFIs serving Native Communities.

Department of Veterans Affairs – \$4.4 billion (6 percent) increase. The Blueprint states that the increase is "to improve patient access and timeliness of medical care services for over nine million enrolled veterans." It extends the Veterans Choice Program to allow veterans to seek care at non-VA facilities, including the Indian Health Service. The proposed budget would continue to provide services to homeless and at-risk veterans, invest in information technology, and improve the veterans' claims process.

Environmental Protection Agency – \$2.6 billion (31 percent) decrease. The Blueprint would make some of the deepest cuts to the EPA's budget. The Blueprint would eliminate funding for more than 50 EPA programs, including a program that provides infrastructure assistance to Alaska Native Villages. It would also eliminate funding for specific regional efforts such as the Great Lakes Restoration Initiative and the Chesapeake Bay Restoration; and it would discontinue funding for the Clean Power Plan, international climate change programs, climate change research and partnership programs. The Blueprint would, however, provide \$2.3 billion (a \$4 million increase) for the Clean Water and Drinking Water State Revolving Funds which finance drinking water and wastewater infrastructure and it would maintain the current \$20 million funding level for the Water Infrastructure Finance and Innovation Act program. (This, however, would not mitigate the elimination of the \$498 million USDA Rural Development Water and Wastewater loan and grant program.)

Independent Agencies – Denali Commission, the Arts. The Blueprint proposes to eliminate funding for a number of independent agencies including the Denali Commission in Alaska, the Corporation for Public Broadcasting, the National Endowment for the Arts, the National Endowment for the Humanities, and the Institute of Museum and Library Services.

Please let us know if we may provide additional information about the Trump Administration's FY 2018 Budget Blueprint.

###

Inquiries may be directed to:

Karen Funk (kfunk@hobbsstrauss.com)

Moriah O'Brien (mobrien@hobbsstrauss.com)