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Memorandum

Date: May 24, 2017
To: Interested Clients
From: Holland & Knight's Public Policy & Regulation Group
Re: FY 2018 Budget Request

I. Executive Summary

The Trump Administration on May 23 released a full budget blueprint for FY 2018, titled [*A New Foundation for American Greatness*](#). The full FY 2018 budget proposal is based on the March 2017 "skinny" budget outline. The budget represents a **\$4.1 trillion spending plan**, and projects \$3.65 trillion in revenue collections in 2018. While the congressional appropriations process will likely ignore and avoid many of the cuts contained in President Donald Trump's request, the proposal serves as a reflection of the White House's priorities and could lead to negotiated cuts in some programs.

As reflected in the March skinny budget, the plan proposes a \$54 billion increase in base discretionary defense spending in 2018, offset by cuts in nondefense spending, particularly in entitlement programs. The plan proposes to raise defense discretionary spending every year, offsetting the cost with equivalent cuts to nondefense discretionary spending. This includes investment in border security and immigration enforcement, such as funding for a wall along the southern border. It also includes \$250 billion savings from partially repealing and replacing the 2010 Affordable Care Act (ACA), with \$616 billion in cuts to Medicaid and the Children's Health Insurance Program (CHIP). Other savings include \$143 billion from changes to the student loan program, \$72 billion from programs for the disabled, and \$38 billion from agricultural subsidies.

Under the Administration's spending plan, the deficit would drop to \$440 billion in 2018, rise to \$526 billion in 2019, then fall again to eventually become a \$16 billion surplus in 2027. Based on current spending, the Congressional Budget Office (CBO) projects the deficit will fall to \$487 billion in 2018, then rise to \$1.4 trillion in 2027.

This memorandum provides a summary of requests for relevant agencies and programs. All "FY 2017 funding" references the funding levels in the FY 2017 omnibus appropriations bill (not the final FY 2017 continuing resolution).

II. U.S. Department of Agriculture (USDA)

The President's [FY 2018 budget](#) requests \$17.9 billion for the Agriculture Department (a \$4.7 billion, or 21 percent, decrease from FY 2017 levels).

A. Conservation Operations: The budget proposes to reduce conservation operations by approximately 10 percent, to \$766 million (an \$83 million reduction from FY 2017 levels).

B. McGovern-Dole International Food for Education Program: The budget proposes the elimination of this program, citing the duplicative nature as similar programs exist in the U.S. Agency for International Development (USAID).

C. Rural Business and Cooperative Programs: The budget proposes the elimination of these programs, citing a failure to meet program goals and improper management.

D. Rural Water and Waste Disposal Program Account: The budget proposes the elimination of this program, citing it as duplicative of the U.S. Environmental Protection Agency's (EPA) State Revolving Funds.

E. Single Family Housing Direct Loans: The budget proposes the elimination of this program. In its place, the budget proposes that the USDA offer home ownership assistance through its single family housing guaranteed loans beginning in 2018.

F. Supplemental Nutrition Assistance Program (SNAP): The budget proposes rebalancing the federal/state partnership in SNAP benefits by establishing a state match for benefit costs, eliminating \$193 billion from the program over 10 years.

III. U.S. Department of Commerce (DOC)

The President's FY 2018 budget requests \$7.8 billion for the Department of Commerce (a \$1.5 billion, or 15.8 percent, decrease from FY 2017 levels).

A. Economic Development Administration: The budget proposes eliminating the agency, and providing \$30 million to conduct closure beginning in 2018. This is proposed as part of a broader effort to eliminate duplicative programs across the federal government.

B. National Oceanic and Atmospheric Administration (NOAA) Grants and Education: The budget proposes eliminating funding for lower priority NOAA grant and education programs including Sea Grant, the National Estuarine Research Reserve System, Coastal Zone Management Grants, the Office of Education and the Pacific Coastal Salmon Recovery Fund.

IV. U.S. Department of Education (ED)

The President's [FY 2018 budget](#) requests \$59 billion for the Department of Education (a \$9.2 billion, or 13.5 percent, decrease from FY 2017 levels).

A. 21st Century Community Learning Centers (21st CCLC): The budget proposes eliminating the 21st CCLC program, citing performance data that demonstrates the program is not achieving its goals and low participant attendance rates.

B. Comprehensive Literacy Development Grants: The budget proposes eliminating the grants program, citing limited impact and duplicative activities.

C. Federal Supplemental Educational Opportunity Grants (SEOG): The budget proposes eliminating the SEOG, citing it as a less-targeted way to deliver need-based grant aid than Pell Grants.

D. Federal Work Study: The budget proposes reducing federal funds for the Federal Work-Study program by \$488 million from FY 2017 levels starting in award year 2018-2019, to \$500 million.

E. Gaining Early Awareness for Undergraduate Programs: The budget proposes reducing funding for this program by \$103 million from FY 2017 levels, to \$219 million, citing it is duplicative of other programs.

F. Impact Aid: The budget proposes eliminating this aid, citing the payments as compensating school districts without regard for presence of federally connected students.

G. Strengthening Institutions: The budget does not include funding for this program, but preserves funding for Title III and V programs that support Historically Black Colleges and Universities (HBCUs) and Minority-Serving Institutions (MSIs).

H. Student Support and Academic Enrichment Grants: The budget proposes eliminating these grants, citing a belief that federal resources should not be allocated to the program, as award amounts may be too small to have "meaningful impact."

I. Supporting Effective Instruction (SEI): The budget proposes eliminating SEI State Grants, citing them as poorly targeted and spread "too thinly" to have meaningful impact.

J. TRIO: The budget proposes 1) reducing TRIO programs, 2) maintaining funding for the original three TRIO programs – Upward Bound, Talent Search and Student Support Services, and 3) eliminating funding for two programs – Ronald E. McNair Post-baccalaureate Achievement and Educational Opportunity Centers programs. The budget requests \$808 million for TRIO, a \$90 million reduction from FY 2017 levels.

V. U.S. Department of Energy (DOE)

The President's [FY 2018 budget](#) requests \$28 billion for the Department of Energy (a \$2.7 billion reduction from FY 2017 levels).

A. National Nuclear Security Administration: \$13.9 billion (a \$96 million increase from FY 2017 levels)

B. Office of Science: \$4.5 billion (a \$9 million decrease from FY 2017 levels)

C. Energy Efficiency and Renewable Energy: \$636 million (a \$2.2 billion decrease from FY 2017 levels)

- Vehicle Technologies: \$82 million (a \$141 million decrease from FY 2017 levels)
- Bioenergy Technologies: \$56 million (a \$6 million increase from FY 2017 levels) for the Synthetic Biology Foundry and algal biofuels

D. Advanced Research Projects Agency-Energy (ARPA-E): The budget proposes eliminating the ARPA-E program.

E. Electricity Delivery and Energy Reliability: \$120 million (a \$110 million decrease from FY 2017 levels)

F. Weatherization Assistance Program and State Energy Program: The budget proposes eliminating these programs.

VI. U.S. Environmental Protection Agency (EPA)

The President's [FY 2018 budget](#) requests \$5.7 billion for the Environmental Protection Agency (a \$2.6 billion, or 31.4 percent, decrease from FY 2017 levels).

A. Categorical Grants: The budget requests \$597 million in categorical grant funding for the EPA, a \$482 million reduction from FY 2017.

B. Superfund: The budget requests \$762 million for the Superfund program, a \$330 reduction from FY 2017 levels.

C. State Revolving Funds (SRF): The budget includes \$2.3 billion for the Clean Water and Drinking Water State Revolving Funds (consistent with FY 2017 levels).

- Clean Water SRF: \$1.394 billion
- Drinking Water SRF: \$863 million

D. Water Infrastructure Finance and Innovation Act (WIFIA): The budget requests \$20 million for the WIFIA program (a \$10 million decrease from FY 2017 levels). Under WIFIA, the EPA could potentially provide up to \$1 billion in credit assistance, which, when combined with other funding sources, would spur an estimated \$2 billion in total infrastructure investment.

VI. U.S. Department of Health and Human Services (HHS)

The President's [FY 2018 budget](#) requests \$65.3 billion for the Department of Health and Human Services (a \$12.7 billion, or 16.2 percent, decrease from FY 2017 levels).

A. Community Services Block Grant: The budget proposes the elimination of the grant program, citing it as constituting only a small portion of funding grantees receive and adding that funds are not directly tied to performance.

B. Low Income Home Energy Assistance Program (LIHEAP): The budget proposes the elimination of LIHEAP to reduce size and scope of the government.

C. National Institutes of Health (NIH): The budget proposes \$25.9 billion for NIH, a \$5.8 billion reduction from FY 2017 levels.

D. Medicaid: The budget proposes reforming Medicaid by giving states the choice between a per capita cap and a block grant starting in 2020.

E. Substance Abuse and Mental Health Services Administration (SAMHSA): The budget requests \$3.7 billion for SAMHSA (a \$1 million reduction from FY 2017 levels).

- **Community Mental Health Services Block Grant:** \$416 million (a \$147 million decrease from FY 2017 levels)
- **Substance Abuse Treatment:** \$2.7 billion (a \$1 million increase from FY 2017 levels)
 - **Substance Abuse Prevention and Treatment Block Grant:** \$1.85 billion
 - **State Targeted Response to the Opioid Crisis Grants:** \$500 million
 - **Programs of Regional and National Significance:** \$342 million

VII. U.S. Department of Homeland Security (DHS)

The President's [FY 2018 budget](#), excluding the FY 2017 border security request, asks for \$44.1 billion for DHS (a \$2.8 billion, or 6.7 percent, increase from FY 2017 levels).

Sanctuary Cities: The budget also includes two major provisions: a provision expanding on what constitutes compliance with Section 1373, adding language regarding not creating policies that ban compliance with lawful detainer requests; and a second provision allowing the conditioning of DHS and U.S. Department of Justice (DOJ) grant money on whether certain information is shared, whether there are policies restricting collection of information, and whether there is compliance with lawful detainer requests.

A. FEMA: The budget proposes a \$767 million reduction from FY 2017 levels to FEMA grants to state and local governments, requesting \$1.9 billion in grants and \$2.06 billion for the agency.

- **Eliminates:** Continuing Training Grants, National Domestic Preparedness Consortium, Countering Violent Extremism/Complex Coordinated Terrorist Attack Grants, and Emergency Food and Shelter Program

- **Reduces funding for:**
 - **Emergency Management Performance Grants (EMPG):** \$279.335 million (a \$71 million reduction from FY 2017 levels)
 - **Pre-Disaster Mitigation Grant Program:** \$39.016 million (a \$61 million reduction from FY 2017 levels)
 - **The State Homeland Security Grant Program (SHSGP):** \$349.62 million (a \$118 million reduction from FY 2017 levels)
 - **The Urban Areas Security Initiative (UASI):** \$448.84 million (a \$156 million reduction from FY 2017 levels)
 - **Port Security Grants:** \$47.809 million (a \$52 million reduction from FY 2017 levels)
 - **Transit Security Assistance and Over the Road Bus Security:** \$47.809 million (a \$43 million reduction from FY 2017 levels)
 - **Assistance to Firefighters:** \$344.34 million (consistent with FY 2017 levels)
 - **Staffing for Adequate Fire and Emergency Response (SAFER):** \$344.34 million (consistent with FY 2017 levels)

B. Flood Hazard Mapping and Risk Analysis: The budget proposes eliminating funding for the National Flood Insurance Program's Flood Hazard Mapping Program.

C. Transportation Security Administration (TSA) Law Enforcement Grants: The budget proposes eliminating TSA Law Enforcement Grants, citing it as no longer necessary. Funding for the TSA is requested at \$7.2 billion.

D. Customs and Border Patrol (CBP): The budget proposes an increase of \$2.9 billion for investments for the CBP to obtain operational control of the southern border.

- Wall Planning, Design and Construction: \$1.59 million
- Tactical Infrastructure: \$111.4 million
- Southwest Border Surveillance Technology: \$197.2 million
- Other technology, assets and equipment: \$667.2 million
- Border Patrol Agent Staffing, Retention and Relocation, and Hiring: \$147.5 million

VIII. U.S. Department of Housing and Urban Development (HUD)

The President's [FY 2018 budget](#) requests \$40.7 billion for the Department of Housing and Urban Development, excluding receipts (a \$6.2 billion, or 13.2 percent, decrease from FY 2017 levels).

A. Choice Neighborhoods: The budget proposes eliminating the program, citing a recognition of a greater role for state and local governments as well as the private sector to address community revitalization needs.

B. Community Development Block Grant: The budget proposes eliminating the program, citing the program as not being well-targeted to the poorest populations.

C. Grants to Native American Tribes and Alaska Native Villages: The budget requests \$600 million in funding for the Native American Housing Block Grant program, a \$108 million reduction from FY 2017 levels.

D. HOME Investment Partnerships Program: The budget proposes eliminating the program.

E. Self-Help and Assisted Homeownership Opportunity Program: The budget proposes eliminating the program, including SHOP, Capacity Building for Community Development and Affordable Housing Program, and the rural capacity building program.

F. Housing Trust Fund: The budget proposes eliminating funding.

G. Tenant-Based Rental Assistance (TBRA): The budget requests \$19.32 billion for TBRA (a 5 percent decrease from FY 2017 levels).

H. Public Housing Capital Fund: The budget requests \$628 million for the Public Housing Capital Fund (a 68 percent decrease from FY 2017 levels).

I. Homeless Assistance Grants: The budget requests \$2.25 billion, down from FY 2017 levels of \$2.38 billion.

- **Continuum of Care (CoC):** The budget requests \$1.99 billion, a decrease from FY 2017 levels of \$2.02 billion.
- **Emergency Solutions Grants (ESG):** The budget requests \$255 million, a decrease from FY 2017 levels of \$310 million.

IX. U.S. Department of Interior (DOI)

The President's [FY 2018 budget](#) requests \$11.7 billion for the Department of Interior (a \$35 million, or 10.9 percent, decrease from FY 2017 levels).

A. Land and Water Conservation Fund: \$154 million (a \$246 million decrease from FY 2017 levels)

B. Water Smart Program: \$59.1 million (an \$8 million decrease from FY 2017 levels)

C. Fish and Wildlife Service: \$2.8 billion (a \$1.3 billion decrease from FY 2017 levels)

D. Bureau of Land Management: \$1.1 billion (a \$1 million decrease from FY 2017 levels)

E. Indian Affairs: \$2.5 billion (a \$4 million decrease from FY 2017 levels)

F. National Park Service: \$2.6 billion (a \$3 million decrease from FY 2017 levels)

X. U.S. Department of Justice (DOJ)

The President's [FY 2018 budget](#) requests \$27.7 billion for the Department of Justice (a \$1.1 billion, or 3.8 percent, decrease from FY 2017 levels).

A. State Criminal Alien Assistance Program: The budget proposes eliminating the program, citing it is unauthorized and poorly targeted. Instead, the Administration proposes investment in border enforcement and border security initiatives.

B. Federal Bureau of Investigation (FBI): The budget requests \$8.58 billion for the FBI (a \$121 million, or 1.4 percent, decrease from FY 2017 levels).

C. State and Local Law Enforcement Assistance: The budget requests \$940 million for this program (a \$490.8 million, or 34.3 percent, decrease from FY 2017 levels).

D. Community Policing (including Office of Justice Programs initiatives): The budget requests \$218 million for Community Policing (a \$17.38 million, or 9.1 percent, increase from FY 2017 levels).

- **COPS Hiring Program:** \$207 million, an increase from FY 2017 levels of \$194.5 million

E. Bureau of Justice Assistance: The budget requests \$332.5 million for the bureau (a \$42.8 million reduction from FY 2017 levels).

- Body Worn Camera Partnership: \$22.5 million
- Bulletproof Vest Partnership: \$22.5 million
- Smart Policing Initiatives: \$5 million
- Smart Prosecution Initiatives: \$4 million
- Preventing Violence Against Law Enforcement Officers (VALOR): \$15 million

XI. U.S. Department of Labor (DOL)

The President's [FY 2018 budget](#) requests \$9.7 billion for the Department of Labor (a \$2.5 billion, or 19.8 percent, decrease from FY 2017 levels). The budget also proposes establishing a paid parental leave benefit within the Unemployment Insurance program that provides six weeks of paid family leave to new mothers and fathers, including adoptive parents.

A. Occupational Safety and Health Administration (OSHA) Training Grants: The budget proposes eliminating OSHA Susan Harwood Training Grants.

B. Adult Employment and Training Activities: The budget requests \$490 million (a \$814 million decrease from FY 2017 levels).

C. Reemployment Services and Eligibility Assessments (RESEA): The budget requests \$130 million to expand RESEA.

XII. U.S. Department of Transportation (DOT)

The President's [FY 2018 budget](#) requests \$16.3 billion for the Department of Transportation (a \$2.4 billion, or 12.7 percent, decrease from FY 2017 levels).

Though details are scarce, the budget includes \$200 billion in outlays related to the President's infrastructure package. The infrastructure investment is referred to as an effort to "fix underlying incentives, procedures, and policies to spur better, and more efficient, infrastructure decisions and outcomes, across a range of sectors, including surface transportation, airports, waterways, ports, drinking and wastewater, broadband and key Federal facilities." The budget also states that the \$1 trillion target will be met with a combination of new federal funding, incentivized non-federal funding, and expedited projects. The Administration will continue working with stakeholders to finalize a proposal.

A. Capital Investment Grants (New Starts): The budget requests \$1.23 billion, a \$928 million reduction from FY 2017 levels. It also maintains the proposal from the skinny budget to limit funding for the Capital Investment Program to projects with existing full funding grant agreements.

B. Grants to Amtrak: The budget proposes ending federal support for long distance services, and requests \$774 million in funding for Amtrak, with \$235 million authorized from the Fixing America's Surface Transportation Act (FAST Act) dedicated to the Northeast Corridor (NEC) and state-supported services.

C. Transportation Investment Generating Economic Recovery (TIGER): The budget proposes eliminating funding for TIGER grants, citing it as unauthorized under the last two multiyear surface transportation authorization acts.

D. Transit Formula Grants: The budget requests \$9.73 billion for these grants (as funded in the FAST Act).

E. Highway Funding: The budget proposes highway funding at \$44 billion, as enacted under FAST Act levels.

F. Federal-State Partnership for State of Good Repair Grants: The budget requests \$2.59 billion to remain available to restore and replace aging transportation infrastructure.

G. Federal Aviation Administration (FAA): The budget requests \$16.5 billion for the FAA, including \$3.35 billion for the Airport Improvement Program.

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