



America Last: President Trump Abandons Tomorrow's Economy

President Trump's so-called "America First" budget actually puts millions of Americans last. Calling for a \$54 billion increase in defense spending and a corresponding \$54 billion cut for non-defense domestic agencies and programs in FY2018, this "America Last" budget cuts or entirely eliminates critical investments in infrastructure, science and technological research, community development in rural and metropolitan communities, clean air and water, and the health and education of American families.ⁱ Just this week, President Trump doubled down and proposed \$18 billion of cuts to federal agencies for the remainder of FY2017, \$4 billion of which would come from the National Institutes of Health, Community Development Block Grants, and Pell Grants.ⁱⁱ These widespread cuts to the public services American families and American businesses count on will eliminate investments that bolster U.S. competitiveness and create the good jobs of the future.

American Families

Trump's budget significantly rolls back funding for programs American children, teenagers, and seniors rely on. For children, the proposal eliminates the 21st Century Community Learning Centers (CCLC) program for before and after school and summer school programs. For young Americans, it undermines the Pell Grant program's long-term solvency making it more difficult for working Americans to afford college. For low-income families, it eliminates the Low Income Home Energy Assistance Program (LIHEAP) and Community Development Block Grants, which some communities use to help fund "Meals on Wheels" for seniors.

Undermines childhood learning. The budget inaccurately states that the CCLC program lacks strong evidence that it is meeting its goals. The program's latest program evaluation from 2013-2014 finds that more than 35 percent of participating students showed improved math and English grades, while more than 35 percent of teachers reported improved student behavior.ⁱⁱⁱ As further spending cuts loom for elementary and secondary schools in states across the country, it is especially worrisome that decreased federal funds for childhood learning will consign a generation of youth to underdevelopment and limit their lifetime prospects.^{iv}

Puts college expenses further out of reach. Pell Grants help students from working families afford college, but the budget blocks \$3.9 billion of the program's \$10.6 billion surplus from being rolled over to into FY2018 and beyond.^v This would effectively reduce the number of students the program can serve in the coming years and take away a key automatic policy for countering economic downturns. For example, when the next recession happens and enrollment increases, the program's remaining surplus would dissipate faster, leaving access to affordable

higher education on shaky ground.^{vi} Research shows that additional education attainment is linked to improved employment and earnings prospects. In 2016, the median weekly earnings of someone with a bachelor's degree was \$885 and only \$498 for someone with a high school diploma.^{vii} In the last economic downturn, unemployment shot up to 11 percent for people with a high school diploma, but only rose to 5 percent for those with a college degree.^{viii} By investing in improved access to affordable higher education, we significantly improve the quality of jobs people have and their ability to contribute to the overall strength of our economy.^{ix}

Kicks low-income families out into the cold. LIHEAP can literally mean the difference between life and death in a working family's ability to afford heating and cooling utility bills. In FY2014, the latest data available, 6.3 million households accessed funding from this program. On average that year, LIHEAP provided families \$366 for cooling and for heating assistance.^x

Threatens Meals on Wheels. Trump's proposed elimination of the Community Development Block Grant could deprive local "Meals on Wheels" food providers of a source of funds. The meal delivery service is part of the Older Americans Act, which includes transportation, caregiver assistance and other key services for seniors. There are 2.4 million older Americans—including 500,000 veterans—who rely on Meals on Wheels. The program does not just help seniors; by bringing food to their homes, seniors are less likely to experience a dangerous fall, which helps save taxpayers \$31 billion per year in health care costs.^{xi} Eliminating one small funding mechanism could hurt food providers and minimize the savings generated from home food delivery.

Infrastructure

Despite the President's repeated pledges to rebuild the nation's crumbling infrastructure, his budget fails to make good on that promise. Specifically, it calls for a \$2.4 billion decrease for the Department of Transportation (DOT) from the annualized FY2017 level, which constitutes a 13% cut.^{xii} Included in these cuts is a substantial limitation of which projects can receive funding from the Federal Transit Administration's Capital Investment Grant Program. By only allowing projects with existing full funding grant agreements in place to receive funding, the Trump administration would transfer responsibility for modernizing our transit infrastructure to localities already buckling under financing constraints for capital intensive undertakings.^{xiii} Eliminating funding for several infrastructure projects already in the pipeline, the Trump budget could cost hundreds of thousands of jobs in communities across the country.^{xiv} Alternatively, if the private sector is provided an increased role through Trump's tax credit infrastructure plan, rural Americans would be left behind and consumers across the country would be burdened by increased toll costs.^{xv}

The budget completely eliminates the Transportation Investment Generating Economic Recovery (TIGER) grant program that helped provide nearly \$4.6 billion in competitive grants for transit, planning, rail, port, bicycle, road, and bridge projects from 2009 to 2016.^{xvi} It also eliminates the Essential Air Service, without which many rural communities would be cut off from commercial air service.^{xvii}

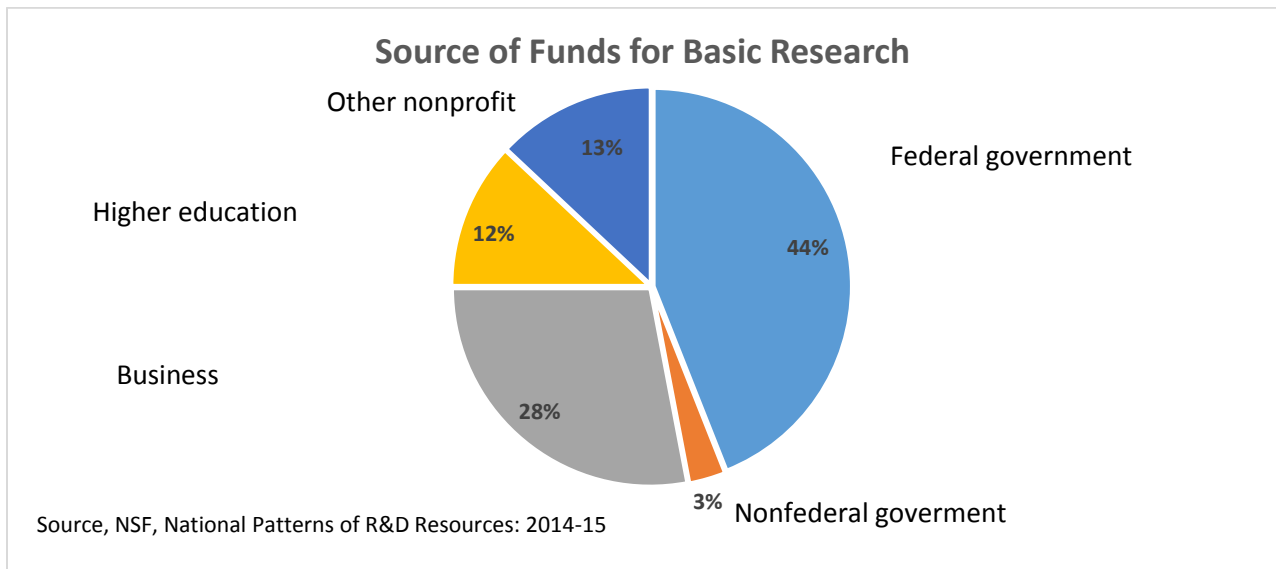
Scientific Research and Development

The budget calls for a \$15.1 billion cut from the FY2017 annualized level for the Department of Health and Human Services (HHS), a 17.9% funding cut that will set back the course of health science seeking to cure cancer and innovate new medical technologies and harm vulnerable Americans from accessing health care.^{xviii}

For several decades NIH has been a global leader in biomedical research, but would face a \$5.8 billion cut.^{xix} Most of the NIH budget goes to funding health care research at universities across the country, not only delivering widespread benefits from medical advances, but also increasing private investment to related medical innovations and technologies.^{xx} In fact, the research funded by NIH forms a backbone for America’s biomedical industries. By divesting in research and development to cure fatal diseases, Trump’s budget will destabilize the sector and compromise the health of Americans and people around the world.

Given the uncertainty of basic research’s long-term profitability, the federal government is far more invested in this space than private investors.^{xxi} This essential research has driven major leaps forward – including mapping the human genome, and contributions to the creation of the Internet, laser, MRI and GPS.^{xxii} The federal government funds nearly half of all basic research, while the private sector funds just over a quarter. (See Figure 1 below for illustrative example.)^{xxiii}

Figure 1



In 2015, NIH funding spurred \$60 billion in economic output and generates even greater returns from the private sector. For every dollar of increased basic public research, private industry generates returns of over 8 times in investment after 8 years.^{xxiv} Breakthrough innovations have also propped up a thriving biomedical industry that created 7 million jobs and added \$69 billion to U.S. GDP.

Environment and Clean Energy

The Trump budget proposal also represents a dramatic about-face on improving environmental and public health. The plan cuts \$2.6 billion from the Environmental Protection Agency (EPA); a 31% cut. OMB estimates this would eliminate 3,200 jobs.^{xxv} With cuts this deep, few programs would be spared, significantly compromising the agency's mission to protect human health and the environment. EPA regulations and enforcement do more than just protect the environment, they also provide tangible economic benefits to American communities and households, through better health outcomes, increased commerce due to restored ecosystems and revitalized industries, and mitigation of climate change's harmful effects.

Slows Clean Energy Job Creation. By failing to invest further into clean energy, renewables-focused industries could experience a slowing of recent job growth trends. In 2016, 800,000 Americans were employed in clean energy jobs almost reaching parity with the number in coal, oil, and gas jobs. In that same year, 2.2 million Americans worked directly or indirectly in the energy efficiency industry.^{xxvi} When carbon emissions limits are implemented, fossil fuel technologies become more expensive, which increases market demand for clean energy solutions. Without regulations in place, the market for renewables would be less robust, which could slow job growth.^{xxvii}

Abandons economic benefits of clean environment. According to a 2013 cost-benefit analysis, EPA rules implemented over the prior decade were found to have delivered hundreds of billions of dollars in net economic benefits.^{xxviii} Enforcement of the Clean Air Act, alone, is expected to provide more than \$2 trillion in economic benefits by 2020 through better health outcomes and fewer preventable deaths.^{xxix} These budget cuts would severely hamper the agency's ability to continue to deliver these benefits. Notably, the cuts include decreasing funding for implementing the Clean Power Plan, which is projected to provide up to \$45 billion in net economic benefits by the year 2030.^{xxx}

The budget eliminates more than 50 programs, including:

- Energy Star program, which helps American households save \$30 billion a year on utility bills.^{xxxi}
- Chesapeake Bay Cleanup, which increases economic activity in the region by \$22 billion per year through enhanced recreation, agriculture, and fishing industries and property values.^{xxxii}
- Great Lakes Restoration Project, expected to deliver \$50 billion in total economic benefits from increased economic activity and decreased water treatment costs.^{xxxiii}

Community Development

The Trump budget signals the end of bipartisan support for some of the most effective community development programs to date. The Trump administration seeks to eliminate three specific programs: Community Development Block Grants (CDBG), Community Development Financial Institutions (CDFI), and the Economic Development Administration (EDA). The

administration claims these programs are either duplicative or lack robust evidence to justify their continued investment. That claim largely ignores the long roster of successful projects and devastating consequences such cuts would wreak on communities across the nation should these programs no longer be available.

Community Development Block Grants. State and local elected officials in both parties have long-warned Members of Congress to circumvent any scenario eliminating CDBG—a program where at least 70% of funds must be used for working Americans. Since 1974, the program has provided states and localities the flexibility to use federal funds to promote economic development, housing, infrastructure and community renewal projects.^{xxxiv} Completely eliminating this critical source of capital would delay or halt projects altogether as communities are forced to reconsider and reprioritize their commitments amid budget limitations. Even worse, local services could be cut to cover these exacerbated shortfalls, which disproportionately harm lower income Americans.^{xxxv} According to a bipartisan group of mayors, county officials, and other groups, for every \$1 of CDBG investment, local and private entities invested \$3.65.^{xxxvi} The 42 year-old program was also responsible for creating or retaining more than 17,500 jobs and supporting services for over 9 million people in FY 2016 nationwide.^{xxxvii}

Community Development Financial Institutions. CDFI supports community building through CDFI certified local lending institutions, New Market Tax Credit allocations, bond issuance, and affordable housing grant programs. In FY2016, certified CDFIs delivered \$3.6 billion in commercial, homeowner, and business financing. The New Markets Tax Credit Program, administered by CDFIs, created more than 36,000 jobs.^{xxxviii} Additionally, from 2005-2012 certified CDFIs were awarded over \$650 million and made over \$8 billion in loans.^{xxxix}

Economic Development Administration. EDA either saved or created 35,000 jobs with \$143 million of local economic development project construction grants in FY2015. This investment generated over \$4 billion in investment from the private sector.^{xl}

Conclusion:

Not only does President Trump’s “America First” budget put Americans last, it also shifts costs to states already facing difficult financial challenges and rolls back key investments.^{xli} The proposal slashes proven programs and offers few specifics on how it intends to fund others. With details so sparse and top-line budget numbers so low, it is likely more devastating cuts will be discovered once the full budget is released. These misguided decisions not only hurt us at home, but also makes us less competitive with countries that are investing in their people, aggressively pursuing R&D and modernizing their infrastructure. As Congress begins its own budget process, policymakers should take into consideration how much their constituents rely on these life changing investments every day and the clear role they have played in building and sustaining the world’s largest economy.^{xlii}

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