



VANTAGE POINT STRATEGIES

President Trump's FY18 Budget Request

Overview:

- The budget blueprint ("skinny" budget) provides only discretionary funding proposals. Mandatory funding and tax proposals will be included in full budget released later this Spring (May?).
- Includes a \$54B increase to defense, offset by \$54B in cuts to non-defense programs
- The President's budget request vs. budget caps:

	2018 Cap	2018 Proposed	Change (Dollars)	Change (%)
Defense	\$549B	\$603B	+\$54B	+10%
Non-Defense	\$516B	\$462B	-\$54B	-10%
Total 2018	\$1,065B	\$1,065B	----	----
	2017 Cap	2017 Proposed	Change (Dollars)	Change (%)
Defense	\$551B	\$576B	+\$25B	+5%
Non-Defense	\$519B	\$504B	-\$15B	-3%
<i>Border Wall & Implement EOS</i>	----	\$3B	+\$3B	N/A
<i>Other Non-Defense Programs</i>	\$519B	\$501B	-\$18B	-3%
Total 2017	\$1,070B	\$1,070B	+\$10B	+1%
Defense OCO	\$65B	\$70B	+\$5B	+8%

- The Budget also proposes to eliminate funding for the following agencies:
 - African Development Foundation
 - Appalachian Regional Commission
 - Chemical Safety Board
 - Corporation for National and Community Service
 - Corporation for Public Broadcasting
 - Delta Regional Authority

- Denali Commission
- Institute of Museum and Library Services
- Inter-American Foundation
- U.S. Trade and Development Agency
- Legal Services Corporation
- National Endowment for the Arts
- National Endowment for the Humanities
- Neighborhood Reinvestment Corporation
- Northern Border Regional Commission
- Overseas Private Investment Corporation
- United States Institute of Peace
- United States Interagency Council on Homelessness
- Woodrow Wilson International Center for Scholars

President Trump's Management Agenda

- Instituted hiring freeze on January 23, 2017
- Signed “Comprehensive Plan for Reorganizing the Executive Branch” Executive Order on March 13, 2017
- President's Management Agenda Goals – by 2020 federal agencies are:
 - Managing programs and delivering critical services more effectively
 - Devoting a greater percentage of taxpayer dollars to mission achievement rather than compliance activities
 - More effective and efficient in supporting program outcomes
 - Being held accountable for improving performance

President Trump's Regulatory Agenda

- The President has already taken 3 steps to eliminate some regulations and the Office of Information and Regulatory Affairs within OMB is working to ensure their implementation:
 - Issued a memorandum on January 20, 2017 ordering a regulatory freeze
 - Signed the “Reducing Regulation and Controlling Regulatory Costs” Executive Order on January 30, 2017
 - Signed the “Enforcing the Regulatory Reform Agenda” Executive Order on February 24, 2017

Federal Agencies
(in billions of dollars)

	2017 Enacted	2018 Proposed	Change (Dollars)	Change (%)
Cabinet Departments				
Agriculture	22.6	17.9	-4.7	-20.7%
Commerce	9.2	7.8	-1.5	-15.7%
Defense	521.7	574.0	+52.3	+10.0%
Education	68.2	59.0	-9.2	-13.5%
Energy	29.7	28.0	-1.7	-5.6%
<i>NNSA</i>	12.5	13.9	+1.4	+11.3%
<i>Other Energy</i>	17.2	14.1	-3.1	-17.9%
HHS	77.7	65.1	-12.6	-16.2%
Homeland	41.3	44.1	+2.8	+6.8%
HUD	46.9	40.7	-6.2	-13.2%
Interior	13.2	11.6	-1.5	-11.7%
DOJ	28.8	27.7	-1.1	-3.8%
Labor	12.2	9.6	-2.5	-20.7%
State, USAID & Treasury Intl. Programs	38.0	27.1	-10.9	-28.7%
Transportation	18.6	16.2	-2.4	-12.7%
Treasury	11.7	11.2	-0.5	-4.4%
Veterans Affairs	74.5	78.9	+4.4	+5.9%
Major Agencies				
Corps of Engineers	6.0	5.0	-1.0	-16.3%
EPA	8.2	5.7	-2.6	-31.4%
GSA	0.3	0.5	+0.3	N/A
NASA	19.2	19.1	-0.2	-0.8%
SBA	0.9	0.8	(-less than \$50M)	-5.0%
SSA	9.3	9.3	(+less than \$50M)	+0.2%
Other Agencies	29.4	26.5	-2.9	-9.8%
OCO Funding				
Defense	65.0	64.6	-0.4	-0.6%
State & USAID	19.2	12.0	-7.2	-37.4%
Other Agencies	0.2	----	-0.2	-100.0%
Emergency Funding				

	2017 Enacted	2018 Proposed	Change (Dollars)	Change (%)
Transportation	1.0	----	-1.0	-100.0%
Corps of Engineers	1.0	----	-1.0	-100.0%
Other Agencies	0.7	----	-0.7	-100.0%
Program Integrity				
HHS	0.4	0.4	+0.1	+17.3%
SSA	1.2	1.5	+0.3	+26.8%
Disaster Relief				
Homeland Security & Other Agencies	6.7	7.4	+0.7	+9.7%
HUD	1.4	----	-1.4	-100%

**References to FY2017 spending below reflect the levels provided by the continuing resolution except for agencies/programs funded in the full year FY17 Military Construction-Veterans Affairs appropriations bill.*

Agriculture

- The President's 2018 Budget requests \$17.9B for USDA, a \$4.7B or 21% decrease from the 2017 CR level of \$22.6B.
- The budget request reduces funding for:
 - National Forest System major new Federal land acquisition
 - USDA's statistical capabilities
 - USDA's Service Center Agencies
- The budget request eliminates funding for:
 - Water and Wastewater loan and grant program
 - McGovern-Dole International Food for Education program

Commerce

- The President's 2018 Budget requests \$7.8B for the Department of Commerce, a \$1.5B or 15.7% decrease from the 2017 CR level of \$9.2B.
- The budget request increases funding for:
 - The U.S. Census Bureau (+\$100M) to continue preparations for the 2020 Decennial Census prioritizing funding for investments in IT and field infrastructure.
- The budget request reduces funding for:
 - NOAA grants and programs supporting coastal and marine management, research, and education including Sea Grant
 - NOAA's Polar Follow On satellite program
- The budget request eliminates funding for:

- Economic Development Administration
- Minority Business Development Agency
- Manufacturing Extension Partnership Program

Defense

- The President's 2018 Budget requests \$638.6B (\$574B base budget +\$64.6B OCO) for the Department of Defense, a \$51.9B or 10% increase from the 2017 CR level of \$586.7B (\$521.7B base budget and \$65B OCO).
 - The President's budget request restores an additional \$2B to other national defense programs outside of DOD for a \$54 billion total increase for national defense discretionary budget authority above the sequestration level budget cap
- The budget focuses on funding pressing shortfalls. such as insufficient stocks of critical munitions, personnel gaps, deferred maintenance and modernization, cyber vulnerabilities, and degraded facilities.
- The budget provides funding for expanding the Navy's fleet, reversing end strength reductions for the Army, and procuring additional F-35s for the USAF.
- The budget underscores the President's commitment to reduce the costs of military programs wherever feasible.

Education

- The President's 2018 Budget requests \$59B for the Department of Education, a \$9.2B or 13.5% decrease from the 2017 CR level of \$68.2B.
- The budget request increases funding for:
 - Charter schools (\$168M increase), private school choice program (\$250M increase), and Title I programs dedicated to student-based budgeting and open enrollment allowing federal, state and local funding to follow the student to the public school of his/her choice (\$1B increase)
- The budget request reduces funding for:
 - Federal Work-Study
 - Federal TRIO Programs
 - GEAR UP
- The budget request eliminates funding for:
 - Supporting Effective Instruction State Grants program
 - 21st Century Community Learning Centers program
 - Federal Supplemental Educational Opportunity Grant program
 - Pell Grant unobligated carryover funding
- The budget request eliminates or reduces over 20 categorical programs that the administration believes do not address national needs, duplicate other programs, or are more appropriately supported with State, local, or private funds, including:
 - Striving Readers
 - Teacher Quality Partnership
 - Impact Aid Support Payments for Federal Property
 - International Education programs

Energy

- The President's 2018 Budget requests \$ 28B for the Department of Energy, a \$1.7B or 5.6% decrease from the 2017 CR level of \$29.7B.
- The budget request includes:
 - \$120M to restart licensing activities at Yucca Mountain and initiate the storage program
 - \$6.5B to advance the Environmental Management program mission of cleaning up the legacy of waste and contamination from energy research and nuclear weapons production, including addressing excess facilities to support modernization of the nuclear security enterprise
 - Funding for the Office of Electricity Delivery and Energy Reliability to carry out cybersecurity and grid resiliency activities
 - Focuses funding for the Office of Energy Efficiency and Renewable Energy, the Office of Nuclear Energy, the Office of Electricity Delivery and Energy Reliability, and the Fossil Energy Research and Development program on limited, early-stage applied energy research and development activities
- The budget request increases funding for:
 - NNSA (+\$1.4B) an 11.3% increase over FY17 to address critical infrastructure maintenance backlog and advancing the existing program of record for warhead life extension programs
- The budget request decreases funding for:
 - Office of Science (-\$900M)
- The budget request eliminates funding for:
 - Advanced Research Projects Agency-Energy (ARPA-E)
 - Title 17 Innovative Technology Loan Guarantee Program
 - Advanced Technology Vehicle Manufacturing Program
 - Weatherization Assistance Program
 - State Energy Program

Health and Human Services

- The President's 2018 Budget requests \$65.1 for the Department of Health and Human Services, a \$12.6B or 16.2% decrease from the 2017 CR level of \$77.7B.
 - Including additional funds for program integrity and implementing the 21st Century CURES Act, the President's 2018 Budget requests \$69B for the Department of Health and Human Services, a \$15.1B or 17.9% decrease from the 2017 CR level of \$84.3B.
- The budget request increases funding for:
 - Health Care Fraud and Abuse Control (+\$70M)
 - Substance Abuse and Mental Health Services Administration (+\$500M over FY16 levels) for opioid misuse prevention efforts and to increase access to treatment and recovery services
- The budget request decreases funding for:
 - NIH (-\$5.8B)
 - Reorganization of NIH Institutes and Centers:

- Eliminates the Fogarty International Center
 - Consolidates the Agency for Healthcare Research and Quality within NIH
 - Other consolidations and structural changes across NIH organizations and activities
 - Reduces NIH administrative costs
 - Rebalances Federal contributions to research funding
- The budget request eliminates funding for:
 - Health professions and nursing training programs (-\$403M)
 - Discretionary programs within the Office of Community Services:
 - Low Income Home Energy Assistance Program (LIHEAP)
 - Community Services Block Grant (CSBG)
- Increases Food and Drug Administration (FDA) medical product user fees
- Creates a new Federal Emergency Response Fund to respond to public health outbreaks (e.g. Zika)
- Reforms the Centers for Disease Control and Prevention through a new \$500 million block grant

Homeland Security

- The President's 2018 Budget requests \$44.1B for the Department of Homeland Security, a \$2.8B or 6.8% increase from the 2017 CR level of \$41.3B.
- The budget would allocate an additional \$4.5B for border security programs and to enhance the integrity of the U.S. immigration system.
 - \$2.6B for high-priority tactical infrastructure and border security technology
 - \$314M to recruit, hire, and train in 2018:
 - 500 new Border Patrol Agents
 - 1,000 new ICE law enforcement personnel
- The budget request increases funding for:
 - Expanded detention, transportation, and removal of illegal immigrants (+\$1.5B)
- The budget request eliminates or reduces funding for:
 - FEMA State and local grant funding (-\$667M) for:
 - Pre-Disaster Mitigation Grant Program
 - Homeland Security Grant Program
 - TSA administered programs (-\$80M):
 - Visible Intermodal Prevention and Response Program
 - TSA grants to State and local jurisdictions
 - Behavior Detection Officer program (eliminated summer 2016)
- The budget request eliminates funding for:
 - National Flood Insurance Program's Flood Hazard Mapping Program (-\$190M)
- Includes \$15M to begin implementation of mandatory nationwide use of the E-Verify program.

- Provides \$1.5B for DHS cybersecurity activities so DHS can share more cybersecurity incident information with other federal agencies and the private sector.
- Raises the TSA Passenger Security Fee (September 11 Security Fee). The fee is currently \$5.60 per one-way trip in air transportation that originates at an airport in the U.S., except that the fee imposed per round trip shall not exceed \$11.20.
- Requires a 25% non-Federal cost match for FEMA preparedness grant awards that currently require no cost match.

Housing and Urban Development

- The President's 2018 Budget requests \$40.7B for the Department of Housing and Urban Development, a \$6.2B or 13.2% decrease from the 2017 CR level of \$46.9B.
- The budget request increases funding for:
 - Mitigation of lead-based paint and other hazards in low-income homes (+\$130M)
- The budget request eliminates funding for:
 - Community Development Block Grant Program (-\$3B)
 - HOME Investment Partnerships Program
 - Choice Neighborhoods
 - Self-Help Homeownership Opportunity Program
 - Section 4 Capacity Building for Community Development and Affordable Housing (-\$35M)

Interior

- The President's 2018 Budget requests \$11.6B for the Department of Interior, a \$1.5B or 11.7% decrease from the 2017 CR level of \$13.2B.
- The budget request increases funding for:
 - DOI programs that support development of energy on public lands and offshore waters
 - National Park Service deferred maintenance projects
- The budget request decreases funding for:
 - Streamlines operations at the National Park Service, Fish and Wildlife Service, and Bureau of Land Management
 - Tribal sovereignty and self-determination demonstration projects and initiatives
 - New major acquisitions of Federal land (-\$120M)
 - Other DOI construction and major maintenance programs
 - Payments in Lieu of Taxes discretionary funding for counties
- The budget request eliminates funding for:
 - Abandoned Mine Land grants
 - National Heritage Areas
 - National Wildlife Refuge fund payments to local governments

- Provides \$900M+ for DOI's U.S. Geological Survey to fund science programs such as the Landsat 9 ground system, research and data collection for energy development, resource management, and natural hazard risk reduction.

Justice

- The President's 2018 Budget requests \$27.7B for the Department of Justice, a \$1.1B or 3.8% decrease from the 2017 CR level of \$28.8B. This excludes mandatory spending changes involving the Crime Victims Fund and the Assets Forfeiture Fund.
- The budget request increases funding for:
 - FBI for counterterrorism, counterintelligence, and Federal law enforcement activities (+\$249M)
 - \$61M for addressing public safety and national security risks that result from malicious actors' use of encrypted products and services
 - \$35M for gathering and sharing intelligence data with partners and together with DOD lead federal efforts in biometric identity resolution, research and development
 - \$9M for providing accurate and timely background check responses for firearm purchases
 - Supporting efforts at the Department's law enforcement components to target the worst criminal organizations and drug traffickers to address violent crime, gun-related deaths, and the opioid epidemic (+\$175M)
 - Hiring 75 more immigration judge teams to more efficiently adjudicate removal proceedings (+\$80M)
 - Hiring 60 additional border enforcement prosecutors and 40 deputy U.S. Marshals for the apprehension, transportation, and prosecution of criminal aliens.
 - Hiring 20 additional attorneys to pursue Federal efforts to obtain the land and holdings necessary to secure the Southwest border.
 - Hire another 20 attorneys and support staff for immigration litigation assistance.
 - Additional short-term detention space to hold federal detainees (+\$171M)
 - Activation of an existing federal detention facility to reduce high security federal inmate overcrowding (+\$80M)
 - Repair and modernization of outdated prisons (+\$113M)
- The budget request decreases funding for:
 - Federal prison construction spending due to excess capacity
- The budget request eliminates funding for:
 - State Criminal Alien Assistance Program (-\$210M)
- Increases bankruptcy quarterly filing fees to produce an additional \$150M

Labor

- The President's 2018 Budget requests \$9.6B for the Department of Labor, a \$2.5B or 20.7% decrease from the 2017 CR level of \$12.2B.
- The budget request increases funding for:
 - Reemployment and Eligibility Assessments
- The budget request decreases funding for:
 - Job Corps – closes underperforming centers
 - Job training and employment service formula grants
- The budget request eliminates funding for:
 - Senior Community Service Employment Program (SCSEP) (-\$434M)
 - Bureau of International Labor Affairs grant funding (-\$60M)
 - Office of Disability Employment Policy – eliminates less critical technical assistance grants
 - OSHA's training grants (-\$11M)

State, USAID, and Treasury International Programs

- The President's 2018 Budget requests \$25.6 for the Department of State and USAID, a \$10.1B or 28% decrease from the 2017 CR level and \$1.5B for Treasury International Programs, an \$803M or 35% decrease from the 2017 CR level. The budget also requests \$12B in OCO funding for the Department of State, compared with \$19.2B in 2017.
- The budget request decreases funding for:
 - World Bank and other multilateral development banks (-\$650M over 3 years)
 - UN and affiliated agencies including UN peacekeeping and other international agencies (U.S. not contributing more than 25% for UN peacekeeping costs)
 - State Department's Educational and Cultural Exchange Programs (it would focus on Fulbright program)
- The budget request eliminates funding for:
 - Global Climate Change Initiative
 - Green Climate Fund and its two precursor Climate Investment Funds
 - Emergency Refugee and Migration Assistance account
 - Complex Crises Fund
 - Direct appropriations to small organizations that receive funding from other sources and can continue to operate without direct federal funds (e.g. East-West Center)
- The budget includes \$2.2B for new embassy construction and maintenance.
- \$3.1B is requested to meet security assistance commitments to Israel.
- Maintains funding for malaria programs.
- Shifts some foreign military assistance from grants to loans, while potentially allowing recipients to purchase more American-made weaponry with U.S. assistance, but on a repayable basis.

Transportation

- The President's 2018 Budget requests \$16.2B for the Department of Transportation, a \$2.4B or 12.7% decrease from the 2017 CR level of \$18.6B.
- The budget request decreases funding for:
 - FTA's Capital Investment Program (New Starts) – limits funding to projects with existing full funding grant agreements only.
- The budget request eliminates funding for:
 - Amtrak's long distance train services
 - Essential Air Service (-\$175M)
 - TIGER discretionary grant program (-\$499M)
- Initiates a multi-year reauthorization proposal to shift the air traffic control function of the Federal Aviation Administration to an independent, non-governmental organization.

Treasury

- The President's 2018 Budget requests \$12.1B for the Department of Treasury's domestic programs, a \$519M or 4.1% decrease from the 2017 CR level of \$11.7B. This program level excludes mandatory spending changes involving the Treasury Forfeiture Fund.
- The budget request decreases funding for:
 - IRS operations that are still reliant on paper-based review (-\$239M)
- The budget request eliminates funding for:
 - Community Development Financial Institutions (CDFI) Fund grants (-\$210M)
- Strengthens cybersecurity by investing in a Department-wide plan to enhance existing security systems and preempt fragmentation of IT management across the bureaus.
- Prioritizes funding for Treasury's economic enforcement tools including programs that freeze the accounts of terrorists and proliferators, implement sanctions on rogue nations, and link law enforcement agencies with financial institutions.
- Empowers the Treasury Secretary, as Chairperson of the Financial Stability Oversight Council, to end taxpayer bailouts and foster economic growth by advancing financial regulatory reforms that promote market discipline and ensure the accountability of financial regulators.
- Shrinks the Federal workforce and increases its efficiency by redirecting resources away from duplicative policy offices to staff that manage the Nation's finances.

Veterans Affairs

- The President's 2018 Budget requests \$78.9B for the Department of Veterans Affairs, a \$4.4B or 5.9% increase from the 2017 enacted level of \$74.5B. The budget also requests legislative authority and \$3.5B in mandatory budget authority in 2018 to continue the Veterans Choice Program.
- The budget request increases funding for:

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- VA healthcare to improve patient access and timeliness of medical care services (+\$4.6B)
- Supports VA programs that provide services to homeless and at-risk veterans and their families.
- Provides access to education benefits, enhanced services, and other programs to assist veterans' transition to civilian life.
- Continues investments aimed at optimizing productivity and transforming VA's claims processes.
- Invests in IT to improve the efficiency and efficacy of VA services. Provides sufficient funding for sustainment, development, and modernization initiatives that would improve the quality of services provided to veterans and avoid the costs of maintaining outdated, inefficient systems.

Environmental Protection Agency

- The President's 2018 Budget requests \$5.7B for the Environmental Protection Agency, a \$2.6B or 31.4% decrease from the 2017 CR level of \$8.2B.
- The budget request increases funding for:
 - State Revolving Funds (+\$4M)
- The budget request decreases funding for:
 - Hazardous Substance Superfund Account (-\$330M)
 - Office of Enforcement and Compliance Assurance (-\$129M)
 - Office of Research and Development (-\$233M)
 - Categorical Grants (-\$482M)
- The budget request eliminates funding for:
 - Clean Power Plan
 - International Climate Change Programs
 - Climate Change Research and Partnership Programs
 - Great Lakes Restoration Initiative
 - Chesapeake Bay
 - Other specific geographic program funding
 - Energy Star
 - Targeted Airshed Grants
 - Endocrine Disruptor Screening Program
 - Infrastructure Assistance to Alaska Native Villages and the Mexico Border

NASA

- The President's 2018 Budget requests \$19.1B for the National Aeronautics and Space Administration (NASA), a \$0.2B or 0.8% decrease from the 2017 CR level of \$19.2B.
- The budget request decreases funding for:
 - Earth science research grants
 - Restructures a duplicative robotic satellite refueling demonstration mission (-\$88M)
 - Office of Education (-\$115M), refocusing education effort through NASA's Science Mission Directorate

- The budget request eliminates funding for:
 - PACE
 - OCO-3
 - DSCOVR Earth-viewing instruments
 - CLARREO Pathfinder
 - Asteroid Redirect Mission
 - Mission to land on Europa
- Supports and expands public-private partnerships:
 - Creating new opportunities for collaboration with industry on space station operations
 - Supporting public-private partnerships for deep-space habitation and exploration systems
 - Funding data buys from companies operating small satellite constellations
 - Supporting work with industry to develop and commercialize new space technologies
- Provides \$624M for aeronautics research and development.
- Provides \$1.9B for the Planetary Science program, including funding for a mission to repeatedly fly by Jupiter's icy ocean moon Europa and a Mars rover that would launch in 2020.
- Supports initiatives that use smaller, less expensive satellites to advance science in a cost-effective manner.
- Provides \$3.7 billion for continued development of the Orion crew vehicle, Space Launch System, and associated ground system.
- Strengthens NASA's cybersecurity capabilities, safeguarding critical systems and data.

Small Business Administration

- The President's 2018 Budget requests \$826.5M for the Small Business Administration, a \$43.2M or 5.0% decrease from the 2017 CR level .
- The budget request eliminates funding for:
 - PRIME technical assistance grants
 - Regional Innovation Clusters
 - Growth Accelerators
 - Duplicative services offered by SBA outreach center programs
- Provides over \$1B in disaster relief funding
- Maintains \$28M in microloan financing and technical assistance for small businesses and startups.
- Allows SBA to advocate and assist small businesses in accessing Federal contracts and small business research opportunities.