

## **Summary of President Trump’s Fiscal Year 2018 Budget Request “A New Foundation for American Greatness”**

On Tuesday, May 23, President Trump released his fiscal year (FY) 2018 budget request, which followed the release of his FY18 Budget Blueprint or “skinny budget” in March. The President’s FY18 budget proposes a total of \$4.1 trillion in mandatory and discretionary spending. The President’s budget projects more than \$2 trillion in extra revenue over 10 years through spending cuts, tax cuts, economic growth, and by rolling back Obama Administration regulations including the Affordable Care Act.

The FY18 budget request calls for a \$54 billion increase above FY17 in defense discretionary spending, and pays for this increase in defense by reducing non-defense discretionary spending by an equal amount in FY18. The budget will continue reducing non-defense spending each year in the budget window, or by more than \$1.6 trillion over 10 years. The spending reductions in the budget are reflective of President Trump’s charge to reduce the size of the Federal Workforce and create a “leaner, more accountable, less intrusive, and more effective Government.”

The President's budget does not cut core Social Security and Medicare benefits. The budget request will include \$1.6 billion for new and replacement border wall and also proposes more than \$300 million for recruiting and hiring more agents for the Border Patrol and Immigration and Customs Enforcement. In addition, the FY18 budget articulates the Administration’s principles of a comprehensive overhaul to the tax code.

The budget includes reductions to mandatory spending as part of the path to get to balance as well as some additional proposals including:

- Spurring \$1 trillion in investment, financed both through public and private capital, to address the nation's critical infrastructure needs.
- Welfare reform that strives to “replace dependency with dignity of work.”

### **Key Federal Agencies for UCLA in the budget**

#### **DEPARTMENT OF EDUCATION**

The President’s FY18 budget request for the Department of Education (ED) proposes \$59 billion in discretionary spending, which is a cut of \$9.2 billion or 13.5% from FY17.

#### ***Pell Grants***

- The budget includes funding to support year-round Pell which allows individuals to receive more than one grant in an academic year. Congress restored year-round Pell in the FY17 Omnibus bill that was passed earlier this month. The budget would maintain the base award of \$4,860, which together with mandatory add-on funds will result in a maximum grant of \$5,920 for the 2018-19 academic year. However, the budget would rescind \$3.9 billion from the Pell Grant program’s reserve or surplus funds, which may impact the financial stability of the program in future years. Moreover, the inflation indexing that was available through FY17 is not extended, which will lead to a significant drop in the purchasing power of Pell.

#### ***Campus-Based Student Aid Programs***

- The budget proposes to eliminate the Federal Supplemental Educational Opportunity Grant (SEOG) program, in part to “reduce complexity in financial student aid.” This is a cut of \$733 million. Nearly 16,000 UC students received \$11.8 million in SEOG during the 2015-16 academic year.
- Federal Work Study would be cut from \$990 million to \$500 million, a reduction of almost 50%. Nearly 14,000 UC students received \$26 million in Work Study in the 2015-16 academic year.
- The budget also states that Perkins Loans will no longer be authorized beginning in fiscal year 2018 and no new loans will be disbursed. The program allowed schools to lend money to low-income students through strong revolving funds. UC awarded more than \$35 million in Perkins Loans to low-income students during the 2015-16 academic year.

### ***Direct Loans***

- The President’s budget would cut more than \$143 billion from the Direct Loan Program over the next ten years. Additional proposals outlined in the FY18 budget would:
  - Consolidate the federal government’s income-based repayment programs into one plan, which would cut \$76 billion. After July 1, 2018, new borrowers would have monthly payments capped at 12.5% of a borrower’s discretionary income (instead of the current 10%) and forgive the remaining balance after 15 years for undergraduates, which is shorter than the current 20 years. For graduate borrowers, loan forgiveness would not take effect until after 30 years of repayment (currently it is 25 years).
  - Eliminate all subsidized student loans, a cut of \$39 billion. Student loan interest would continue to accrue even while they are still in school.
  - End the Public Service Loan Forgiveness (PSLF) Program, which offers debt forgiveness to borrowers who pay on their loan for 10 years while working at a qualifying public service job. This reflects a cut of more than \$27 billion.

### ***Other ED highlights in the budget:***

- Eliminates funding for Title VI, International Education and Foreign Language Studies
- Eliminates \$43 million available through the Teacher Quality Partnership program.
- Eliminates \$15.1 million for the Child Care Access Means Parents in School (CCAMPIS) program.
- Proposes \$808 million for TRIO, which is a cut of \$142 million from the \$950 million in FY17. Eliminates two of the TRIO programs– the Ronald E. McNair Post-Baccalaureate Achievement Program and the Educational Opportunity Centers Program.
- Proposes \$219 million for GEAR UP, which is \$120.8 million below the \$339.8 million provided in FY17.
- Proposes \$791 million for Career and Technical Education, which a \$32 million cut. Programs under the Carl D. Perkins Career and Technical Education Act prepare youth and adults to succeed in the workforce through secondary and post-secondary career and technical education programs. Includes \$159 million in Grants to States.
- Proposes \$6 million for Graduate Assistance in Areas of National Need (GAANN), a cut of \$23 million.
- Provides \$617 million for the Institute of Education Sciences (IES) programs, which is a slight increase above the \$605 million provided in FY17.
- Proposes \$486 million Adult Basic and Literacy Education State Grants, a \$95 million cut.
- Proposes level funding of \$736 million for English Language Acquisition Grants.

## **DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)**

The President's budget request would provide \$65 billion for HHS, which is a \$13 billion cut. \$1 billion is proposed for mandatory funding, representing extensive cuts to Medicaid and the Children's Health Insurance Program (CHIP).

### ***Medicaid and the Children's Health Insurance Program (CHIP)***

- The President's budget request eliminates Medicaid expansion and restructures Medicaid so services are delivered by state block grants or per capita allotments. The request would cut Medicaid by \$610 billion over 10 years. The budget also reduces funding for the CHIP program by \$5.8 billion.

### ***National Institutes of Health (NIH)***

- The budget reduces funding for the National Institutes of Health (NIH) by \$7.2 billion, which is a decrease of nearly 20%. According to HHS, the request would result in 1,946 fewer grants in FY18. Additionally, the budget request would have NIH "streamline select Federal research requirements for grantees through targeted approaches."
- The budget proposes \$272 million for a new National Institute for Research on Safety and Quality that would replace the Agency for Healthcare Research and Quality.
- The National Center for Advancing Translation Sciences (NCATS) would be funded at \$557 million, a \$149 million cut below FY 2017 enacted level.
- The budget proposes to eliminate the Agency for Healthcare Research and Quality.
- In addition to the NIH request, \$496 million is proposed for CURES Act programs: \$300 million for the Cancer Moonshot, \$100 million for Precision Medicine, \$86 million for BRAIN, and \$10 million for Regenerative Medicine.
- Facilities and Administrative costs, and salary cap highlights:
  - The budget proposal would reduce support for facilities and administrative (F&A) costs, "so that available funding can be better targeted toward supporting the highest priority research on diseases that affect human health."
  - The budget would cap F&A costs for NIH grants at 10 percent of total research for any grants with a rate currently higher than 10 percent. The budget indicates that much of the proposed cuts to NIH would be borne by this reduction in F&A payments and asserts that this cap would "bring NIH's reimbursement rate for indirect costs more in line with the reimbursement rate used by private foundations...for biomedical research conducted at U.S. universities."
  - Also included in the budget is a provision to limit salaries paid by HHS grants (including NIH) to Executive Level V, equivalent to \$151,700. The current salary cap is Executive Level II, \$187,000.
  - Additionally, the President's budget request would have NIH "streamline select Federal research requirements for grantees through targeted approaches."

### ***Centers for Disease Control and Prevention (CDC)***

- The President's budget request would cut CDC funding by \$1.3 billion. Within the CDC programs experiencing a substantial decline in funding, the National Institute for Occupational Safety and Health (NIOSH) would experience a cut of \$138 million from its FY17 spending level of \$338 million.

### ***Healthcare Workforce Training highlights***

- The President's budget request seeks to curtail overall Health Workforce funding that benefits students training to be physicians and nurses by \$377 million. The budget proposes cutting the

Nursing Workforce Development fund by \$146 million and the Training in Primary Care Medicine program by \$39 million.

- The President proposes an increase of \$21 million to the National Health Service Corp's mandatory spending. The budget request would maintain Children's Hospital Graduate Medical Education funding at \$295 million, so a total of 6,877 resident full-time equivalents can be trained.

## **DEPARTMENT OF DEFENSE (DOD)**

### ***Science and Technology programs***

The President's Budget Request proposes \$13.2 billion, an \$800 million cut below FY17 enacted levels for defense basic and applied research programs. Within that amount, \$2.2 billion is requested for 6.1 defense basic research, which is a \$76 million cut below FY 2017, and a \$109 million cut below FY 2016.

- Defense Advanced Research Projects Agency (DARPA) is funded at \$3.17 billion, which is a \$231 million increase over FY17.
- The request includes \$115 million for the eight DOD-led National Network for Manufacturing Innovation institutes.

## **DEPARTMENT OF ENERGY (DOE)**

The President's FY18 budget request proposes \$28 billion for DOE, which is a decrease of \$2 billion.

- The budget would eliminate the Advanced Research Projects Agency-Energy (ARPA-E) and the Advanced Technology Vehicle Manufacturing Program.
- The Office of Energy Efficiency and Renewable Energy (EERE) would be funded at \$636 million, a \$1.5 billion cut or 70% reduction from FY17.
- The budget proposal would direct the DOE's energy and science research and development programs to move forward with a renewed focus on "cutting-edge innovation" and moving those breakthroughs to the private sector to commercialization.
- The budget request would fund the DOE Office of Science at \$4.5 billion, a \$919 million or 17% cut from FY17.

## **DEPARTMENT OF COMMERCE**

### ***National Oceanic and Atmospheric Administration (NOAA)***

The President's budget request proposes \$4.8 billion for NOAA, a \$900 million cut or 16% below FY17 enacted. Within NOAA:

- The Office of Oceanic and Atmospheric Research (OAR) would be funded at \$324 million, which is a \$190 million or 37% cut below FY 2017.
- More than \$250 million in NOAA coastal and marine management programs would be eliminated.
- The Sea Grant Program would be eliminated.

## **DEPARTMENT OF THE INTERIOR (DOI)**

- The budget would eliminate the U.S. Geological Survey (USGS) Water Resources Research Institutes, which received \$6.5 million in FY2017. USGS Cooperative Fish and Wildlife Research units would be funded at \$17.3 million, about a \$100,000 decrease from FY2017.

## **INDEPENDENT AGENCIES**

### ***National Science Foundation (NSF)***

- The President's FY18 budget request proposes \$6.7 billion, a decrease of \$819 million or 11% below FY17. This funding will support approximately 8,000 new research grants, with an estimated funding

rate of 19% for research grant proposals submitted to NSF. According to the agency, NSF funded 8,800 new research grants, with a funding rate of 21% in FY 2016.

- Among the major accounts: NSF Research and Related Activities would be cut by 10.6%; Education and Human Resources programs would be cut by 14%; and Major Research Equipment and Facilities Construction would be cut by 13%.
- The GeoSciences Directorate (GEO) will take one of the biggest hits losing \$92.3 million or 10.6% of the funding it received in FY16. GEO supports basic research that advances the frontiers of knowledge and drives technological innovation while improving our understanding of the many processes that affect the global environment including the planetary water cycle, geologic interactions that cross the land-ocean interface, and the behavior of ice sheets.
- The Social, Behavioral and Economic Sciences Directorate budget request is a reduction of \$28.1 million or 10.4% below FY16.
- The Innovations at the Nexus of Food, Energy, and Water Services program would be funded at \$56 million, a cut of 70% from FY16.
- NSF Graduate Research Fellowship and Traineeship programs would be funded at \$286.6 million, a cut of 26.2% from FY16.
- The Integrated NSF Support Promoting Interdisciplinary Research and Education (INSPIRE) program would be eliminated.
- The NSF contributions to the US Global Change Research Program would be funded at \$264 million, a \$66.6 million cut below FY 2016 levels.

#### ***National Aeronautics and Space Administration (NASA)***

The President's Budget Request proposes \$19.1 billion, a \$550 million cut below FY17. Major proposals include:

- NASA's Earth Science Mission – which provides critical research and observations that help to protect our national security, public health, and provides important commercial data – faces cuts of 8.7%, including the termination of key Earth observation missions and the phasing out of the NASA Education office
- Science Mission Directorate – \$5.7 billion, a 1% cut or \$53 million below FY17. Within Science, \$1.8 billion would be provided for Earth Science, a \$191 million cut below FY17.
- Space Technology Mission Directorate – \$679 million, an \$8 million cut below FY17.
- Aeronautics Research & Development Directorate – \$624 million, a \$36 million cut below FY17.
- NASA's Office of Education would be terminated. Within the office, the Space Grant Program would receive full funding for the “final year of the three-year award for all 52 Space Grant consortia awards.”

#### ***National Endowment for the Humanities (NEH) and National Endowment for the Arts (NEA)***

The President's budget proposes to eliminate both agencies and includes funding for their shutdown.

#### ***Environmental Protection Agency (EPA)***

The President's budget proposes \$5.7 billion, a 31% cut below FY17.

- The EPA Office of Research and Development is proposed to take a \$233 million cut, and more than 50 EPA programs including the Clean Power Plan, climate change research programs (international and partnership programs) would be eliminated.