



HOUSE COMMITTEE ON THE BUDGET

Chairman John Yarmuth

February 13, 2020

States and Localities Power the Economy, but the Trump Budget Pulls the Plug

State and local governments provide key services, support their constituents, and play an important role in creating strong communities. The federal government plays a key role in making this possible. On average, federal grants make up more than 20 percent of combined state and local government budgets.

State and local governments are particularly vulnerable to economic uncertainty and require stability from their federal partners to innovate and evolve, to serve and succeed. Instead of offering a long-term vision and a steady path forward, the destructive and irrational Trump budget makes all the wrong choices and chips away at the partnership between the federal government and states and localities.

Disastrous cuts to Medicaid — The budget cuts \$1.6 trillion from health care programs over 10 years, including more than \$900 billion in cuts to Medicaid. It would likely eliminate the Medicaid expansion for low-income adults and take flexibility away from state and local governments while also taking away billions in federal support. It would implement Medicaid work requirements that have proven to be failures at the state level. The budget also takes an irrational approach to public health. It includes small increases for HIV research, for example, but guts the Medicaid program that 42 percent of Americans with HIV rely on for health insurance coverage. Amid a coronavirus public health emergency, the budget cuts discretionary budget authority for the Centers for Disease Control and Prevention (CDC) by nearly 19 percent, severely threatening the CDC's ability to help local public health departments respond to this and other epidemics in the future.

Education funding erased — Education and health care account for [two-thirds of state and local budgets](#), yet the President's budget slashes discretionary resources for the Department of Education by \$5.6 billion for 2021. The Administration cuts Impact Aid by \$75 million in 2021, eroding a critical resource for school districts surrounding military bases and other federal properties to address their unique budgetary challenges. The budget eliminates funding for 29 critical K-12 programs – including 21st century community learning centers, which provide additional student learning opportunities; comprehensive literacy development grants that help states improve literacy instruction starting at birth; and the Promise Neighborhoods program, which helps communities provide services that improve student outcomes – and replaces them with inadequate block grants. The budget also turns the successful TRIO, Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP), and College Assistance

This document has not been reviewed and approved by the Democratic Caucus of the Budget Committee and may not necessarily reflect the views of all members.

Migrant Program (CAMP) competitive grants into a smaller state block grant, taking away vital resources states use to prepare low-income students for postsecondary education.

Attacks on SNAP— The budget cuts \$292 billion over 10 years from mandatory programs that support working and vulnerable families, including \$182 billion from the Supplemental Nutrition Assistance Program (SNAP). The cuts to SNAP are in addition to the Administration’s new and proposed rules that will make more than 3 million people food insecure. Creating barriers for families struggling to put food on the table will make it harder for them to get ahead. These cuts will have an even greater impact when SNAP is needed most, during a recession or economic downturn. They will make it more difficult for our economy to climb out of a recession, putting more pressure on state budgets at the worst possible time.

TANF targeted— The Administration cuts the core Temporary Assistance for Needy Families (TANF) program by 10 percent, reducing the amount of monetary assistance and other benefits states may offer to vulnerable families. The budget also eliminates TANF’s contingency fund, a \$6 billion cut over 10 years. Without the contingency fund, states lose a critical countercyclical tool that provides additional help to families during an economic downturn.

Harmful reductions to rural development —The budget eliminates \$91 million of programs within the Rural Business-Cooperative Service, cuts the Economic Research Service by \$23 million, and reduces rural broadband programs by more than \$300 million. The Federal Reserve Bank of Kansas City rightly points out that rural economies are highly susceptible to state budget shortfalls, and contractions in state and local government budgets have larger implications for rural areas than their metro counterparts. The cuts in the President’s budget would have a direct and negative impact on our rural communities.

Undermines social services — The budget cuts \$17 billion from the Social Services Block Grant (SSBG) over 10 years, eliminating the entire program. States and localities rely on SSBG funding to provide important services to vulnerable populations, such as child and adult protective services, child care, foster care, and services for individuals with disabilities.

Community development programs cut — The budget does not just ignore struggling families; it also abandons their communities. In a January 15 hearing before the Budget Committee, Mr. Mark Poloncarz, the County Executive for Erie County NY, testified about the importance of the Community Development Block Grants (CDBG). But this President clearly does not care about the people of Erie County and other tight-knit communities; his budget *again* eliminates the \$3.4 billion Community Development Block Grant.

“These grants are a vital lifeline to help our smaller communities address specific needs, just as they helped the city of Buffalo build affordable, safe housing. Should the CDBG program be eliminated as the Trump Administration has repeatedly proposed, all areas of our county – urban, suburban, and rural – would be negatively impacted.”

– Mark Poloncarz, County Executive for Erie County, NY

Transportation tease — The budget includes a \$75 billion increase in transportation funding through a reauthorization of the highway bill that expires this fall. However, the budget cuts 2021 discretionary funding for the Department of Transportation by 13 percent. This cut includes reductions to some discretionary infrastructure funding, thereby irrationally undercutting a portion of the budget’s own highway bill increase and infrastructure package. It also significantly cuts funding for Essential Air Service and Amtrak.

Deficient infrastructure investment — For the third year in a row, the budget includes a \$190 billion 10-year infrastructure initiative that pretends to encourage additional private investment of more than \$800 billion. In reality, the President has done little to actually advance infrastructure initiatives, and we are likely to see more of the same inaction and empty promises from the White House this year.

Eliminates federal support for local transportation security — The budget eliminates funding for the Transportation Security Administration’s Visible Intermodal Prevention and Response (VIPR) teams (\$59 million). These teams coordinate with federal, state, and local law enforcement to protect commercial aviation, mass transit, passenger rail, and maritime facilities. This policy would not only eliminate 31 VIPR teams, it would shift the burden to state and local governments to fund police in airports. This is a destructive cut that would weaken the security of our communities and our nation at large.

Eradicates environmental protections and energy innovation — The budget lays bare Republicans’ disdain for clean energy innovation and the health of our environment. It drastically slashes funding for applied energy research and development and other non-defense energy programs by *more than half* from the 2020 enacted level, while also eliminating clean energy tax credits and advanced technology loan programs. These programs help universities and entrepreneurs in communities across the nation innovate and compete in the fast-growing clean energy economy. The budget also cuts the Environmental Protection Agency (EPA) by \$2.4 billion – or 26 percent – as the Administration continues to recklessly dismantle the important regulations that keep our air and water clean and safe. EPA’s State and Tribal Assistance Grants alone are cut by \$1.5 billion, hindering state and local efforts to fund water quality projects, restore watershed ecosystems, meet federal environmental standards, and protect public health.

Conclusion

The federal government should be working with states and localities to focus federal investments, build strong partnerships, identify threats, and prepare for economic uncertainty. Instead, this budget sends a dangerous message: that the federal government will no longer be a reliable partner to state and local governments. Democrats in Congress will work with our state and local partners to reject this destructive and irrational budget.