



U.S. HOUSE OF REPRESENTATIVES

## COMMITTEE ON THE BUDGET

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### Trump Budget to States and Localities: You're On Your Own

The President's budget for 2018 clearly shows the Administration is not working on behalf of everyday Americans. This budget hits states and local governments especially hard. Individuals will not only experience the direct negative effects of this budget's misguided priorities, but also will lose out in other ways as grants and other direct benefit programs to states and localities take a big hit. Programs for health care, basic living standards, infrastructure, and community development are all on the chopping block in the President's budget. The exact impacts of these cuts will depend on how states and localities respond, but it is clear that states and localities will either have to reduce services or raise taxes under the President's plan.

#### Creates Pressure on State and Local Budgets

The budget provides a bleak picture of its impact on states and localities. First, states and localities will face substantial reductions in mandatory grant programs. This includes more than \$1 trillion in cuts over ten years from Medicaid alone. Other cuts to programs that are not classified as grants to states also will put more pressure on state and local budgets. For example, the budget calls for new state cost sharing in the Supplemental Nutrition Assistance Program that totals more than \$100 billion over ten years. Finally, grants to states and localities that are in the non-defense discretionary category (those for which Congress generally determines funding levels for one year at a time through the annual appropriations process) are chopped by a full 20 percent for 2018 compared with the 2017 continuing resolution level. The budget terminates a number of grants that states and localities depend on to fund services for their citizens. The reductions will get worse over time as the budget calls for ever-larger cuts to non-defense discretionary funding totals.

**Guts Medicaid and undermines health care** — The President's budget betrays the nearly 90 million people who rely on Medicaid or the Affordable Care Act (ACA) marketplaces for health care coverage. The President's budget embraces the House Republican plan to repeal the ACA and make deep cuts to Medicaid, taking away coverage from 23 million people nationwide and drastically increasing costs for millions more. But the budget goes further – its total Medicaid cuts exceed \$1 trillion and get deeper over time. By one estimate, the budget cuts Medicaid by nearly half in 2027.<sup>1</sup> The Medicaid cuts will fall on seniors in nursing homes,

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<sup>1</sup> <http://www.cbpp.org/research/federal-budget/trump-budget-gets-three-fifths-of-its-cuts-from-programs-for-low-and>

children with disabilities, and low-income families as cash-strapped states look to reduce services or drop people from coverage altogether.

**Temporary Assistance for Needy Families (TANF)** — TANF block grant funding has remained fairly flat for two decades at about \$17 billion annually. States do not spend all of this funding on direct cash assistance to families in need. However, the flat funding of TANF has led to the purchasing power of cash benefits declining dramatically over time. In fact, for nearly 99 percent of recipients nationally, the purchasing power of the cash benefit is below the level it was in 1996. In yet another attempt to balance the budget on the backs of the poor, the budget cuts 10 percent from the TANF base program, risking the economic security of millions of Americans looking for work, as well as the health and well-being of their children. Perhaps even worse, the budget completely eliminates the TANF contingency fund to save \$6 billion over 10 years. This fund exists to help in times of extreme economic need by increasing benefits at a time when families are struggling the most, and when states face budget shortfalls.

**Supplemental Nutrition Assistance Program (SNAP)** — Over ten years, the budget cuts \$193 billion from SNAP. Of that total, more than \$100 billion comes from shifting some of the responsibility of providing SNAP benefits to states. States would be required to contribute an average of 25 percent of the benefit by 2023. Many states would be forced to cut costs by reducing the already low benefits. This will mean more food hardship for families across the country.

**Tightening the non-defense discretionary cap takes a bite out of grants** — The President's budget reduces non-defense discretionary spending for 2018 by \$54 billion from the already-inadequate austerity level cap. Some examples of the resulting cuts to states and localities in the budget include:

- **Transportation** – eliminates several important transportation programs including funding for new transit projects under the Federal Transit Administration's "New Starts" Capital Investment Program, and Transportation Investment Generating Economic Recovery (TIGER) discretionary grants for innovative transportation projects that involve multiple modes and jurisdictions, which are difficult to fund under traditional federal programs. The budget also erodes future investments in the nation's roads, bridges, and transit by cutting \$95 billion from the Highway Trust Fund after 2020.
- **Economic development** – completely eliminates the \$3 billion Community Development Block Grant (CDBG) program. CDBGs are flexible grants that provide resources to local communities for a wide range of unique needs, including Meals on Wheels, housing programs, and community infrastructure improvements.
- **Environmental protections** – cuts \$800 million from the Environmental Protection Agency's State and Tribal Assistance Grants, which help state and tribal partners implement their environmental programs.

- **Law enforcement** – cuts \$500 million from the State and Local Law Enforcement Assistance, which includes Byrne Justice Assistance Grants (JAG), the Second Chance Act Program, the Adam Walsh Act Program, the Drug Court Program, and the Byrne Criminal Justice Innovation Program.
- **Education** – eliminates several key programs that help students and teachers succeed, including:
  - 21st Century Community Learning Centers, which provides after-school academic enrichment opportunities for students primarily in high poverty, low performing schools;
  - Federal Supplemental Educational Opportunity Grant, which provides need-based grant aid to help reduce financial barriers to postsecondary education; and
  - Supporting Effective Instruction State Grants, which improves the quality and effectiveness of teachers, principals, and other school leaders.
- **Housing** – eliminates several key programs including:
  - the HOME Investment Partnerships Program, the largest federal block grant to states and localities to create affordable housing for low-income Americans;
  - the Choice Neighborhoods program, which transforms distressed housing and surrounding neighborhoods; and
  - the Low-Income Home Energy Assistance Program (LIHEAP), which helps low-income households with their monthly energy bills.