



HOUSE COMMITTEE ON THE BUDGET

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Trump Budget Devastates Rural America

There has been valid concern about a growing disconnect between rural America and our cities and suburbs. We are seeing an increasingly divided economy, with growth concentrated in and around wealthier cities in recent decades and rural areas losing population and skewing older as more young people leave for prosperous cities. We have even seen growing health differences, and the opioid crisis has been linked to declining life expectancies in some rural areas. Unfortunately, despite his claims, President Trump has done little to reverse these trends. His economic and tax policies have primarily benefited wealthy individuals and communities rather than people and regions in need of a helping hand. Once again, the President's budget for 2021 shortchanges rural America. Even as economic growth continues to bypass rural areas, the President irrationally reduces investments that would strengthen rural economies and improve the quality of life in smaller communities across the country.

Targets Rural Economic Development with Destructive Cuts

Budget attacks community development programs — Once again, the President's budget targets programs that are critical to community revitalization efforts. By completely eliminating the Community Development Block Grant (CDBG) Program, local communities would lose resources that meet and support a wide range of unique needs and programs, including Meals on Wheels, housing programs, and community infrastructure improvements. CDBG funds can also leverage additional investment from other sources, multiplying possible benefits for rural communities.

The budget eliminates several other economic development programs that benefit rural areas, including the Economic Development Administration, most of the Agriculture Department's existing Rural Business-Cooperative Service programs, and local development agencies such as the Delta Regional Authority, the Denali Commission, and the Northern Border Regional Commission. Given the challenges facing rural economies, rural businesses need more assistance right now, not less.

Budget weakens support for farmers — The budget includes cuts to direct funding for crop, livestock, and conservation programs totaling nearly \$50 billion over ten years. Partly as a result of the President's chaotic and unnecessary trade war, "roughly one-third of farm income will come from Government payments and crop insurance benefits this year" – as the Trump budget itself notes. But it then goes on to reduce future crop insurance support by \$25 billion, compounding the high costs that farmers face in an already strained agricultural economy. It

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also replaces government funding for meat, poultry, and egg inspections with a user fee that would cost producers \$6 billion over ten years. And the President makes a \$9 billion cut to conservation programs designed to improve soil health, adapt to water challenges, and sustainably increase agricultural production at a time when farmers are seeing increasing value in exploring these techniques.

Isolates Rural America and Leaves Small Towns Behind

Budget reduces support for rural transportation — For centuries, the federal government has sought to link rural communities to the nation by building transportation, communications and electrical networks. This budget turns its back on that long tradition. It reduces or eliminates support for Essential Air Service and Amtrak’s long-distance rural routes, and it increases costs for users of inland waterways.

The budget also cuts funding for public broadcasting, which is a vital source of radio programming and information in many rural areas. It proposes changes to the postal service that could lead to reduced service in rural America. The budget also proposes selling many assets of the regional Power Marketing Administrations (PMAs) that helped electrify much of the nation, and it proposes allowing the PMAs to charge families more for electricity. These destructive and irrational proposals could cut rural Americans off from power, information, and communications services, and isolate these communities.

Budget halts progress on rural broadband and water infrastructure — The budget also reduces funding for USDA’s Rural Utilities Service by \$375 million (28 percent) from the 2020 enacted level. Most significantly, it irrationally cuts funding by more than *half* for the Rural e-Connectivity “ReConnect” Pilot Program, even while acknowledging that broadband deployment in unserved areas is *essential* to attracting and growing rural businesses. The budget also reduces support for rural water and wastewater infrastructure grants and loans by \$40 million. And it inexplicably eliminates watershed and flood prevention programs in USDA’s Natural Resources Conservation Service, despite the extensive and severe flooding that damaged farmland and delayed planting just this past year.

Endangers the Health of Rural Families

Accessing much-needed health care and health services is often harder for Americans living in rural areas where there are fewer hospitals and specialists. Families are often forced to make long trips to seek care, even in an emergency. Unfortunately, the President’s budget would exacerbate these already serious problems.

Deep Medicaid cuts hurt rural areas —The budget cuts a whopping \$900 billion from Medicaid over 10 years, jeopardizing care for seniors in nursing homes, children with disabilities, and people with mental and substance use disorders.

While the budget makes a much-needed investment in the fight against opioid addiction that has rocked rural areas, to be effective, this funding must be partnered with the benefits and services provided by a fully funded Medicaid program. Any success in battling the epidemic using the additional funding would be completely undone by the dramatic coverage losses that would result from these deep and destructive cuts to Medicaid.

Medicare cuts put rural health facilities at risk — The budget cuts a half a trillion dollars from Medicare over 10 years, which includes policies to reduce payments to hospitals for uncompensated care and bad debt. While the budget supports allowing Medicare to pay for telehealth services provided by rural health clinics, it also reduces Medicare payments to rural health clinics by \$1.8 billion over 10 years by restructuring the payment system for these clinics.

Conclusion

At a time when rural America is already more reliant on federal support than other regions and has been rocked by the President's haphazard trade policies, we should be making sure our rural communities are supported, protected, and strong. Instead, the policies and priorities outlined in President Trump's budgets have the federal government turn its back on our rural communities and families.