



Preliminary Analysis of President Trump's FY 2018 Federal Budget

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Bureau of Budget

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On Tuesday, May 23, the White House released President Trump's proposed budget for Federal Fiscal Year 2018, which will begin October 1st. The plan outlines \$1.7 trillion in net reductions to federal programs over the next 10 years. The proposal will be evaluated and revised by Congress before any actions are adopted into law.

What follows is our evaluation of the impact (on an annualized basis) of proposed cuts, based on major savings and reforms outlined in the budget. Our analysis finds that programs targeted for elimination and reduction would result in a loss of at least \$850 million in the City's FY 2018 budget. Additional cuts would accrue to New York City residents who benefit from federal assistance programs and to other non-city entities, including non-profit service providers, arts organizations, and research institutes.

Direct NYC Budget Impacts

(Figures indicate amount budgeted in the City's Executive Budget for FY 2018)

- Eliminates **Community Development Block Grant** funds. The City has budgeted \$298 million in CDBG funds in City FY 2018. Over 30% of the City's CDBG funds are used to fund almost 80% of the Department of Housing Preservation and Development's (HPD) housing code enforcement activities, including 693,000 housing inspections, emergency heat and hot water repairs, and lead-paint mitigation and removal.
 - CDBG funds almost 30% of the Department of City Planning budget and supports a multitude of other programs, such as senior centers and meals, family shelter, vacant lot cleaning, adult literacy programs, and many others.
- Eliminates the **HOME Investment Partnership** (\$12 million), which provides funding to support development of housing for low-income families and underserved populations. The City uses this funding in the HPD expense budget to support its housing development programs.
- Eliminates the **Low-Income Home Energy Assistance Program**, which helped some 770,000 New Yorkers keep their homes warm this winter (\$23 million).
- Eliminates \$108 million in **Title II grants to the Department of Education (DOE)** that help increase the number of highly-effective teachers and principals in schools.
- Eliminates **21st Century Community Learning Centers** grants (\$21 million) that funds after-school programs for low-income students.

- Eliminates **Impact Aid** (\$5 million) that compensates school districts for tax-exempt federal property.
- Eliminates the **Community Services Block Grant** (\$48 million), which funds rental assistance, summer youth employment (SYEP), and adult literacy programs.
- Eliminates the **Senior Community Service Employment Program** (\$4 million), which funds more than 50% of the Department for the Aging's Senior Employment and Benefits programming.
- 39% reduction to **Workforce Innovation and Opportunity Act (WIOA)** grants, which fund 98% of the Department of Youth and Community Development's (DYCD) In-School and Out-of-School Youth programming, and 75% of funding for the Department of Small Business Services' Workforce One Centers, which serve nearly 105,000 unique jobseekers each year (\$26 million).
- 10% reduction to **Temporary Assistance for Needy Families (TANF)** grants, which fund public assistance grants for roughly 370,000 city residents and a variety of other eligible programs, including \$490 million for Department of Homeless Services (DHS) family shelters – 54% of family shelter spending.
- Eliminates the **Social Services Block Grant** (\$68 million), which helps fund a variety of programs and services, including \$26.5 million for Adult Protective Services in the Human Resources Administration (HRA) and \$17.8 million for HRA Domestic Violence Services, which supports non-residential services for 1,900 domestic violence victims and 840 families in domestic violence shelter programs every day; and \$20.6 million for senior centers, meals, and services in the Department for the Aging (DFTA).
- Eliminates the **State Criminal Alien Assistance Program**, which reimburses the Department of Correction for the cost of incarcerating certain categories of criminal aliens (\$6 million).
- Reduces **Department of State** grants (\$13 million) for the protection of foreign dignitaries.
- Requires a 25% non-federal match for **Homeland Security Grants** that support the NYPD's counterterrorism work (\$27 million).
- Eliminates **DOT TIGER grants**, which have provided \$58 million in capital funding to projects around the City since 2009, including \$35 million for Vision Zero projects. It is also the source of \$83 million in funding for the Moynihan Station project.

Negative Impact of Proposed FY 2018 Federal Budget on New York City Budget (\$ in millions)

	FY 2018
Community Development & Housing	\$310
<i>HUD-Eliminate Community Development Block Grant</i>	298
<i>HUD-Eliminate Home Investment Partnership Program</i>	12
Education	\$134
<i>Education-Eliminate 21st Century Community Learning Centers</i>	21
<i>Education-Eliminate Impact Aid</i>	5
<i>Education-Eliminate Title II Supporting Effective Instruction Grants</i>	108
Employment	\$30
<i>Senior Employment Grants Elimination</i>	4
<i>WIOA Formula Grants-39% Cut</i>	26
Health & Human Services	\$330
<i>Social Services-10% Reduction TANF Block Grant¹</i>	191
<i>Social Services-Eliminate Community Services Block Grant</i>	48
<i>Social Services-Eliminate LIHEAP</i>	23
<i>Social Services-Eliminate Social Services Block Grant</i>	68
Homeland Security	\$27
<i>Homeland Security Grants Reduction²</i>	27
Other	\$19
Department of State Funding Reduction	13
Eliminate State Criminal Alien Assistance Program	6
Total	\$850

1. The estimate reflects a 10% reduction of the total Federal funds that the City assumes under the TANF program. The Federal budget seeks a 10% cut in the TANF Block Grant and elimination of the TANF Contingency Fund. However, because the City receives TANF funds from the State under the same revenue stream, it is difficult to determine which portion is subject to elimination as opposed to a 10% reduction. Once the determination is made, the impact could be higher.
2. The reductions in Homeland Security grants reflect cuts against the City's budget assumptions, which is only \$108 million for FY 2018 (excluding Sandy-related reimbursement). In any given year, the City receives close to \$200 million in Homeland Security funding, therefore, when the City reflects full Federal funding in this area, the reductions will be greater.

Related Organizations

New York Health + Hospitals. The proposed federal budget for FY 2018 would reduce national Medicaid expenditures by an additional \$627 billion over the next 10 years, on top of \$834 billion in reductions proposed under the American Health Care Act (AHCA). Medicaid cuts would begin in FY 2020 and grow larger over time as enrollment declines and a new system of capped reimbursements takes hold. These proposed actions threaten to increase uncompensated care costs for H+H and derail its transformation efforts. In the short run, revenue actions that are part of H+H's transformation plan, totaling as much as \$200 million per year, are at risk.

New York City Housing Authority (NYCHA). NYCHA receives about \$2 billion from the federal government in annual operating funding for its public housing and Section 8 programs, as well as about \$300 million per year in capital funding support. The proposed budget would cut the federal contribution to NYCHA's public housing operating budget by 20%, which would result in a \$165 million cut to its operating fund. The Trump administration has also proposed cutting the public housing capital fund by two-thirds – a cut of at least \$200 million annually to NYCHA.

Assistance to Individuals

- Cuts federal reimbursements for **Medicaid**, which provides health care to 3.5 million city residents and provides nearly \$20 billion in annual federal funding to health care providers. Reductions would begin in FY 2020 with cuts ultimately reaching 24% of current projected spending in 2027. New cuts are in addition to the impact of the AHCA, which would eliminate enhanced federal funding for the ACA Medicaid expansion population and ACA subsidies.
- 35% reduction to grants in FY 2018 for New York State's **Children's Health Insurance Program (CHIP)**, which provides health care to nearly 128,000 children in New York City.
- Weakens **Social Security Disability Insurance** benefits, which support more than 173,000 disabled workers and their families in New York City and provide about \$2.5 billion in annual benefits.
- Reduces **Supplemental Security Income (SSI)** benefits, which assists nearly 399,000 city residents with \$2.7 billion in annual benefits.
- Requires a new state funding match for **Food Stamps (Supplemental Nutrition Assistance Program)** and limits eligibility for able-bodied adults. The average state match would be 10% in 2020 and reach 25% in 2023 and could reduce benefits for the 1.7 million city residents who currently receive close to \$3 billion per year in food assistance.
- Eliminates **Subsidized Student Loans**, which benefited almost 19,000 City University of New York (CUNY) students with new loan originations in school year 2015-16, with a total loan value of \$68 million.
- 50% reduction to the **Federal Work-Study Program**, which benefits 22,400 students at New York City schools, including 6,880 CUNY students, with \$41 million in annual awards.
- Eliminates **Supplemental Educational Opportunity Grants**, which assists about 44,900 students attending school in New York City, including almost 20,000 CUNY students, with \$21 million in annual awards.

- Limits claims for the federal **Child Tax Credit (CTC)** and the **Earned Income Tax Credit (EITC)** to taxpayers with a social security number that is valid for work.
- Allows for six weeks of **Paid Parental Leave** for mothers, fathers and adoptive parents to be administered and largely financed through individual state's unemployment insurance systems.

Non-City Agency Cuts

A number of other federally-funded programs and agencies are slated for elimination or deep cuts, with significant impacts on funding for other, non-city agency entities. A partial list follows. The President's budget would:

- Cut **National Institutes for Health (NIH)** funding by 18% in FY 2018. In 2016, eighty-eight New York City based research centers received over \$1.6 billion in research grants, including funding for a study on reducing HIV risk conducted by Hunter College, cancer research at Fordham University, and investigations into cutting edge genetic treatments at Columbia University.
- Eliminate the **National Endowment for the Arts (NEA)**, **National Endowment for the Humanities (NEH)**, and **Corporation for Public Broadcasting (CPB)**. The NEA has provided \$233 million in grants to cultural nonprofits in New York City since 2000. In 2016, NEH provided \$9.8 million in grants to 73 individuals and organizations in the city. CPB provided \$28 million to NYC-based television, radio, and other broadcast media organizations in 2015.
- Eliminate the **Minority Business Development Administration**, which provides services for MWBEs from centers in the South Bronx and Downtown Manhattan.
- Eliminate funding for the **Legal Services Corporation**, which provided \$11 million in funding to Legal Services NYC in 2015 to assist low-income persons in civil matters in housing court and family court.
- Eliminate funding for **Community Development Financial Institutions (CDFI)**, which support economic opportunity in low-income communities and provided \$10 million in 2016 to 13 New York City grantees.