PRESIDENT TRUMP'S FY 2019 BUDGET REQUEST

Highlights from the County Perspective

NATIONAL ASSOCIATION of COUNTIES NACo

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Introduction

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<u>Counties and the President's Budget Request</u>

The nation's 3,069 counties play a key role in administering federal programs and services in our nation's local communities. Counties build and maintain public infrastructure, transportation and economic development assets, provide justice, law enforcement and public safety services and protect the public's health and well-being. While the policies and programs established by the federal government help to support and coordinate local efforts, counties are ultimately the implementers, and even co-regulators, of services vital to America's residents.

The president's fiscal year (FY) 2019 budget proposal would significantly reduce federal contributions to the federal-state-local intergovernmental partnership, in turn weakening the collective public response to our nation's most pressing challenges. The scale of the proposed discretionary and mandatory cuts in the president's proposal would far outpace the ability of state and local governments to backfill this funding and support local needs. Included in this document is a list of key federal programs important to county governments that the budget proposes to eliminate or cut, as well as key programs that would receive level or increased funding.

<u>About the President's FY 2019 Budget Proposal</u>

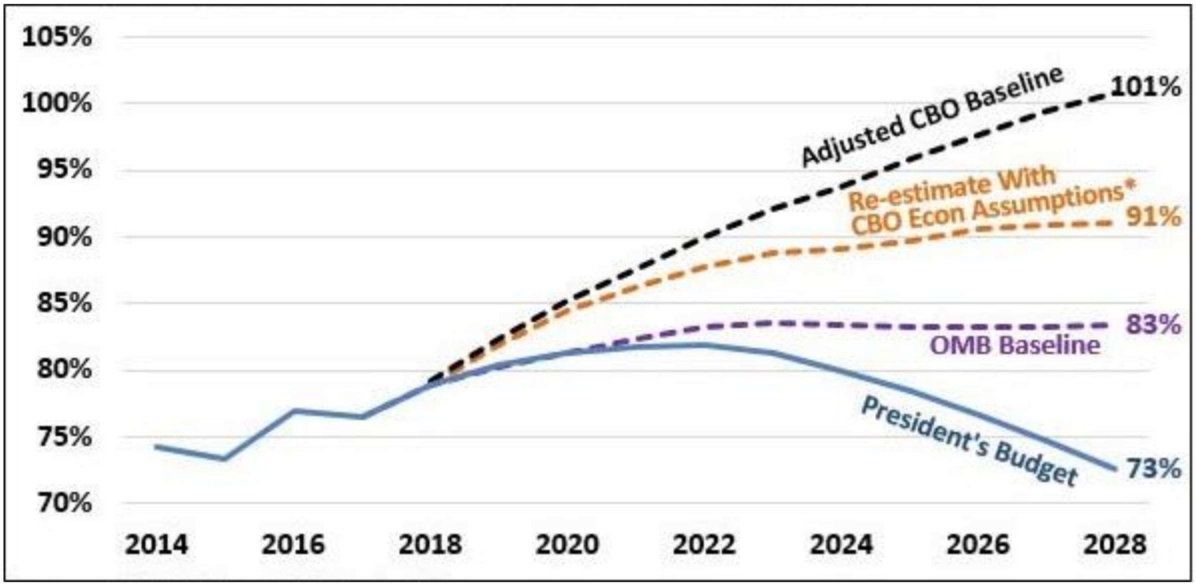
President Trump's FY 2019 budget proposes $4.1 trillion in federal spending for FY 2019 and each year of the following decade.

Top line numbers: The budget proposes significant spending cuts over the next ten years, combined with optimistic economic growth assumptions, in order to show federal debt decreasing in the future. Specifically, it outlines discretionary spending levels at $1.151 trillion and mandatory spending levels at $2.943 trillion. This represents a $1.7 trillion cut in mandatory programs over 10 years and a 10 percent cut to domestic programs in 2019 alone. The discretionary spending limits adhere to the budget caps set in the Budget Control Act (P.L. 112-25), which was passed in 2011 to cap overall federal spending.

However, after the FY 2019 budget had been finalized, Congress reached a bipartisan agreement to significantly raise the defense and non-defense discretionary spending caps in FY 2018 and FY 2019. As a result, the White House's Office of Management and Budget (OMB) issued an addendum to the budget that reflected the changes as approved by Congress.

Deficit reduction: The budget proposal estimates that it would achieve about $4.4 trillion in deficit reduction—resulting from $1.5 trillion in discretionary reductions, $2.2 trillion in health and other mandatory savings, and $230 billion less in interest spending. According to OMB, debt under the budget would rise from 77 percent of GDP in 2017 to 82 percent in 2022 before falling to 73 percent of GDP by 2028. OMB also estimates that the deficit will rise from 3.5 percent of GDP ($665 billion) in 2017 to 4.7 percent of GDP ($984 billion) by 2019, and then decline to 1.1 percent of GDP ($363 billion) by 2028.

Debt Held by the Public Under the President's Budget (Percent of GDP)



Source: OMB, CBO, CRFB calculations

Under the President's FY 2019 Budget, Aid to State and Local Governments is Reduced

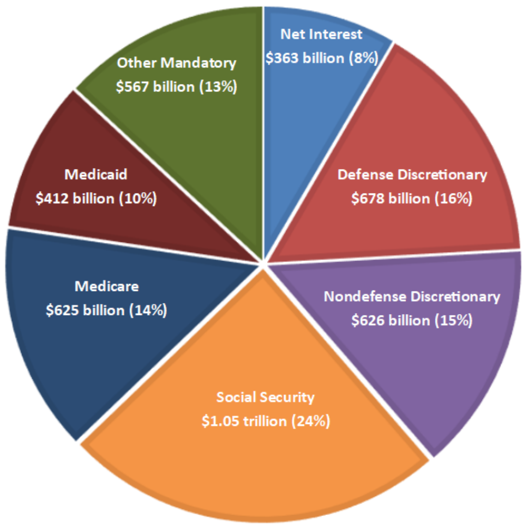
Today, approximately two-thirds of Executive Branch agencies and 13 independent federal agencies provide grants to state and local governments. This grant spending has increased from 1.3 percent of the nation's Gross Domestic Product (GDP) in 1960 to 3.5 percent of GDP in 2017.

The primary goals of the president's FY 2019 budget proposal related to state and local aid are to "restore federal fiscal responsibility" by refocusing federal grants to state and local governments in areas most in need of federal support, to increase the fiscal burden carried by state and local governments, and to incentivize the private sector to play a greater role in delivering programs and services.

According to the budget document, the increase in the overall number of grants in recent decades, as well as the large size of many grant programs, has "made it difficult to compare program performance and conduct oversight." The document further states that the cost of administering these programs has also increased, creating "inefficiencies and duplication."

To address these issues, the budget focuses on slowing the growth of grant spending over the 10-year budget window and reining in the growth of Medicaid, which accounts for 55 percent of total grant spending to state and local governments. In all, the budget provides $749 billion in outlays for aid to state and local governments in FY 2019, an increase of 3 percent from 2018. This increase is due solely to additional spending on the administration's infrastructure initiative – **and in fact, federal spending for state and local governments other than Medicaid and infrastructure funding would decrease by a total of 11 percent.**

Composition of Proposed FY 2019 Budget



Total Outlays: $4.4 Trillion **Source:** National Journal

Major Proposals in the President's Budget

The president's budget contains several savings assumptions, proposed changes to mandatory programs and additional policy decisions that would impact the country's finances. These changes relate to comprehensive tax reform, repeal the Affordable Care Act and reduction of non-defense discretionary funding.

Extending the Tax Cuts and Jobs Act (+ $600 billion): The president's budget assumes that tax savings for individuals approved recently as part of comprehensive tax reform would be extended beyond 2025, although the provisions are currently set to expire at that point. Importantly, this extension would raise the net cost of these tax cuts to the federal government from roughly $1.4 trillion over 11 years to nearly $2 trillion.

Promoting New Initiatives (+ $1.2 trillion): The president's budget proposes roughly $1.2 trillion of new spending. The largest spending increase comes from lifting the defense spending caps by more than $800 billion over a decade. The budget allocates another $200 billion for a new infrastructure initiative, with half of these funds taking the form of grants that would leverage state, local and private investment. The budget also proposes additional spending and tax breaks to reduce drug costs for individuals, increase public health and other health spending, provide for paid parental leave and privatize air traffic control, among other initiatives.

Reducing Non-Defense Discretionary Spending (- $1.5 trillion): The president's proposal—which was written prior to the recent budget deal approved by Congress—would reduce non-defense discretionary appropriations by $65 billion in FY 2019, or roughly 12 percent. Savings stem from elimination of programs such as the Low-Income Home Energy Assistance Program (LIHEAP) and the Community Development Block Grant (CDBG), and from cutting spending within the U.S. Department of Transportation, U.S. Department of State, and the U.S. Environmental Protection Agency (EPA). Assuming these policies continued over a decade, they are estimated to save more than $600 billion.

Reforming health care (- $1.1 trillion): Overall, the budget would reduce projected heath spending by about $1.1 trillion over the next decade. Most of these savings ($675 billion) come from a plan to repeal and replace the Affordable Care Act (ACA)—effectively replacing the ACA's premium subsidies and Medicaid expansion with a flexible state grant while also capping the growth of the base Medicaid program. The budget also calls for roughly $400 billion in additional health savings, mostly through Medicare changes. The proposal would save $265 billion by reducing and reforming Medicare provider payments related to bad debts, post-acute care, graduate medical education and uncompensated care as well as improving new payment models and equalizing cite of service payments. The budget would save about $60 billion more from reducing federal drug costs, about $50 billion from enacting medical malpractice reform to reduce health costs and about $25 billion from various Medicaid changes.

Restructuring Safety Net Spending (- $335 billion): The president's budget proposes several reductions and reforms to safety net programs. It would reduce the Supplemental Nutrition Assistance Program (SNAP or food stamps) by $215 billion over ten years by combining traditional SNAP benefits with American-grown foods provided directly to households and expanding on previous proposals limiting eligibility and changing benefit calculations. The budget would save another $50 billion through reductions and reforms of other means-tested programs, including cuts to the Temporary Assistance to Needy Families (TANF) block grant and elimination of Social Services Block Grant (SSBG) – both programs are often county-administered at the local level.

Reducing Other Mandatory Spending (-$615 billion): The president's budget also includes many cuts and reforms to non-safety net programs. For example, it includes more than $200 billion in savings on higher education by consolidating multiple income-driven loan repayment programs into a single plan with a higher cap on monthly repayments, eliminating the in-school interest subsidy, and ending loan forgiveness for those who work in government. The budget also saves around $70 billion by modifying federal employer health and retirement benefits, $50 billion by reducing farm subsidies and $45 billion by fixing the postal service.

Background on the Budget Process

Each year, the president submits a budget proposal to Congress, which begins the annual appropriations process. Under current law, the president is required to submit the budget between the first Monday in January and the first Monday in February. President Trump's budget proposal for FY 2019 – like most budget proposals in recent years – was released a few days after the statutory deadline, on February 12.

Upon receiving the president's budget proposal, the House and Senate Budget Committees are tasked with developing and reporting budget resolutions, which, if passed by their respective chambers, are then reconciled in a budget conference. The resulting bicameral budget resolution, which is not signed by the president and is therefore nonbinding, sets the total amount of money Congressional Appropriations Committees may spend for the fiscal year.

If the two chambers are not able to agree on a budget resolution, each chamber may enact a "deeming resolution," which sets appropriations levels for that chamber's Appropriations Committee. Once the House and Senate Appropriations Committees receive their allotted spending levels, they divide the task of setting specific funding levels for federal programs among 12 subcommittees, each dealing with a different part of the budget.

In recent years, as partisan battles over federal spending have intensified, Congress has failed to enact stand-alone appropriations bills through the regular appropriations process. Instead, lawmakers have relied heavily on year-end omnibus appropriations measures that set spending levels for all federal programs at once, or continuing resolutions (CRs) that fund federal programs and agencies at spending levels approved for the previous fiscal year.

Budget at a Glance: Eliminations, Cuts, Increases…

Significant Programs Eliminated in the Budget	
U.S. Department of Agriculture	**U.S. Department of Health and Human Services**
Rural Business Development Grants Program - $30 million	Community Services Block Grant - $715 million
Intermediary Relending Program - $10 million	Low-Income Housing Energy Assistance Program (LIHEAP) - $3.3 billion
Rural Economic Development Grants Program - $9 million	Social Services Block Grant (SSBG) - $1.7 billion
Cooperative Business Development Program - $9 million	TANF Contingency Fund - $608 million
Value-Added Producer Grants Program - $15 million	**U.S. Department of Homeland Security**
Rural Water and Wastewater Grants and Loans- $575 million	TSA Law Enforcement Grants - $45 million
Multi-Family Housing Direct Loans Program - $35 million	**U.S. Department of Housing and Urban Development**
Community Facilities Grants and Guaranteed Loans - $184 million	Community Development Block Grant (CDBG) - $3 billion
Very-Low Income Housing Repair Grants - $29 million	HOME Investment Program - $950 million
Single Family Housing Direct Loans - $68 million	Choice Neighborhoods Initiative - $138 million
Rural Self-Help Land Development Loans - $30 million	Brownfields Economic Development Initiative (BEDI) - $15 million
Farm Labor Housing Grants - $14 million	**U.S. Department of Interior**
Rural Site Development Loans - $5 million	Geothermal Royalty Payments - $3.5 million
U.S. Department of Commerce	**U.S. Department of Justice**
Economic Development Administration (EDA) - $276 million	State Criminal Alien Assistance Program (SCAAP)- $210 million
Manufacturing Extension Partnership - $125million	**U.S. Department of Transportation**
U.S. Department of Education	TIGER Discretionary Grant Program - $499 million
21st Century Community Learning Center - $1.2 billion	**Regional Commissions**
U.S. Department of Energy	Delta Regional Authority - $25 million
Weatherization Program - $287 million	Denali Commission - $17 million
U.S. Environmental Protection Agency	Northern Border Regional Commission - $10 million
Grant funding for Regional-Based Clean Water Act Programs - $69.6million	

Significant Programs Cut in the Budget	
U.S. Department of Agriculture	**U.S. Department of Homeland Security**
Women, Infants and Children (WIC) Nutrition Program - cut by $5.8 million	State Homeland Security Grant Program - cut by $116 million
Rental Assistance Grants - cut by $50 million	Urban Area Security Initiative - cut by $150 million
Rural Water and Wastewater Direct Loans Program - cut by $50 million	Emergency Management Performance Grants - cut by $70.6 million
USFWS Land Acquisition - cut by $52 million	DHS Firefighter Grants Program - cut by $656 thousand

Significant Programs Cut, Cont.	
U.S. Department of Agriculture Cont.	U.S. Department of Homeland Security Cont.
USFS Wildland Fire Suppression - cut by $83 million	Flood Hazard Mapping and Risk Analysis Program - $78 million
USFS Land Acquisition - cut by $55 million	Pre-Disaster Mitigation Grants - cut by $47 million
Wildland Fire Suppression Programs - cut by $83 million	U.S. Department of Housing and Urban Development
U.S. Department of Commerce	Housing Choice Vouchers - cut by $1 billion
Manufacturing Extension Partnership - cut by $125 million	Veterans Affairs Supportive Housing - cut by $36 million
U.S. Department of Energy	U.S. Department of Interior
Renewal Energy Programs - cut by $225 million	Wildland Fire Management - cut by $73 million
U.S. Environmental Protection Agency	BLM Land Acquisition - cut by $27.8 million
Leaking Underground Storage Tank Program - cut by $44.6 million	BLM Wild Horse and Burro Management Funding - cut by $13 million
Water Infrastructure Finance and Innovation Program - cut by $10 million	NPS Land Acquisition and State and Local Programs - cut by $162 million
Brownfields Grants - cut by $26.3 million	U.S. Department of Justice
Great Lakes Restoration Regional Water Grant - $238 million	Second Chance Act Grants - cut by $10 million
Chesapeake Bay Regional Water Grant - $57.9 million	Juvenile Justice Delinquency Prevention Act Program (JDPA) - cut by $17 million
U.S. Department of Health and Human Services	Justice and Mental Health Collaboration Program (formerly MIOTCRA) - cut by $2 million
Medicaid - cut by $1.4 trillion over the next ten years	U.S. Department of Labor
Chronic Disease and Health Promotion Programs - cut by $175 million	Job Corps Program - cut by $40 million
Public Health Preparedness and Response - cut by $600 million	Workforce Innovation and Opportunity Act - cut by $1 billion
Immunizations - cut by $94 million	U.S. Department of Transportation
Temporary Assistance for Needy Families (TANF) - cut by $1.2 billion	FTA Capital Investment Program (New Starts) - cut by $300 million
Supplemental Nutrition Assistance Program (SNAP) - cut by $17.1 billion	Essential Air Service (EAS) Program - cut by $57 million
Refugee Assistance Programs - cut by $217 million	

Significant Programs Increased in the Budget	
U.S. Department of Agriculture	U.S. Department of Housing and Urban Development
Community Facilities Direct Loan Program - increased by $900 million	Establishes EnVision Center Demonstration - $2 million
Rural Broadband Direct Loans - increased by $21 million	Veterans Administration's (VA) Homeless Programs - increased by $126 million

Significant Programs Increased Cont.	
U.S. Department of Agriculture Cont.	U.S. Department of Interior
Distance Learning and Telemedicine Grants - increased by $2 million	Establishes Public Lands Infrastructure Fund - $18 billion in 10 years
Rural Broadband Grants - increased by $20 million	Energy Development on Federal Lands - increased by $438 million
USFS Wildland Fire Management Preparedness Account - increased by $250 million	NPS Construction - increased by $33 million
USFWS Wildlife Restoration and Sports Fish Restoration Grants Program - increased by $130 million	U.S. Department of Labor
U.S. Department of Commerce	Apprenticeships - increased by $105 million
U.S. Census Bureau - increased by $2.3 billion	Veterans Employment and Training - increased by $2.6 million
U.S. Department of Energy	U.S. Department of Transportation
Restarts Yucca Mountain and Interim Storage Program - increased by $120 million	DOT Creates National Surface Transportation and Innovative Finance Bureau
U.S. Environmental Protection Agency	U.S. Department of Health and Human Services
Clean Water State Revolving Fund - increased by $13 million	Veterans Choice Program - increased by $3.5 billion
	Targeted Funding to Address Opioid Epidemic - increased by $1.9 million
	U.S. Department of Interior
	U.S. Department of Health and Human Services

Detailed Budget Breakdown

Agriculture and Rural Affairs

U.S. Department of Agriculture

Under the president's FY 2019 budget proposal, programs under the U.S. Department of Agriculture (USDA) would see major cuts —including rural development programs, food stamps, and crop insurance programs. In total, the FY 2019 budget requests $18 billion for USDA, a $7 billion decrease in discretionary spending from enacted FY 2017 levels.

> **The budget would eliminate many programs utilized by rural counties** including the Water and Wastewater Loan and Grant Programs, Distance Learning Telemedicine Program, Rural Business Development Grants Program, the Intermediary Relending Program, the Rural Economic Development Grants and Loans Program, the Rural Cooperative Business Development Program and the Value-Added Producer Grants Program

Rural Business Cooperative Services

The president's budget would eliminate all discretionary spending for the Rural Business Cooperative Service (RBS) for FY 2019. This elimination includes the Rural Business Development Grants Program, the Delta Regional Authority, the Intermediary Relending Program, the Rural Economic Development Grants and Loans Program, the Rural Cooperative Business Development Program and the Value-Added Producer Grants Program. According to the Trump Administration, "the budget proposes to eliminate rural business and cooperative programs given findings that they have failed to meet the program goals and have been improperly managed." The proposal also states that, "the RBS programs lack program evaluation, so it has not been possible to assess program impact." In light of the RBS eliminations, the administration explains that their tax, regulatory, and infrastructure policies are "more effective at improving rural economies and job growth."

Rural Utilities Service

- **Rural Electric Program:** Under the Rural Utilities Service (RUS), the president's budget requests $5.5 billion in direct loans for rural electric improvements – level with FY 2017 funding. The Rural Electric Program helps build and repair electric infrastructure in rural communities.

- **Water and Wastewater Loan and Grant Program:** The president's budget provides $1.2 billion (unchanged from enacted FY 2017 levels) for Rural Water direct loans but would eliminate the Water and Wastewater Grants and Guaranteed Loans under RUS, which were funded at $571 million and $5 million (respectively) in FY 2017. The budget proposal also aims to increase the population limit served by this program from 10,000 to 20,000. The report suggests that the U.S. Environmental Protection Agency's State Revolving Loan Program or private sector sources should provide the main funding for this activity. The Rural Water and

Wastewater Program helps counties fund and finance critical water infrastructure and provide access to affordable and clean water to rural communities.

- **Rural Broadband:** The budget proposes $45 million for Rural Broadband Direct Loans – a $21 million increase from FY 2017 – and $30 million for Rural Broadband Grants (funded at $10 million in FY 2017). As outlined in the recent "Rural Prosperity Report" from USDA, this is part of the administration's efforts to bolster broadband deployment and spur economic opportunities in underserved rural communities. The Rural Broadband Loan and Grant program helps deploy essential broadband infrastructure into under and unserved rural counties.

- **Distance Learning Telemedicine Program:** Additionally, the president's budget would provide $23.6 million grants for the Distance Learning Telemedicine Program, which was funded at $22 million in FY 2017. This program provides rural counties with telecommunication technologies to help provide access to healthcare and educational services.

Rural Housing Service

- **Community Facilities Program:** The president's budget requests $3.5 billion for the Community Facilities Direct Loan Program, an increase of $900 million over FY 2017 levels. However, the budget eliminates grants and guaranteed loans under the Community Facilities Program, which were funded at $34 million and $150 million (respectively) in FY 2017. The Community Facilities Program provides funding for a wide range of essential community facilities to rural communities with populations of 20,000 or less, with priority given to health, public safety and education facilities.

- **Single Family Housing Program:** The budget proposes $24 billion for Single Family Housing Guaranteed Loans – unchanged from FY 2017 levels – but eliminates Single Family Direct Loans (subsidized at $67 million in FY 2017). The Single-Family Housing programs support homeownership opportunities for low-income families in rural areas. Guaranteed loans are limited to families with incomes less than 115 percent of area median income.

- **Multi-Family Housing Program:** The president's budget calls for the elimination of the Multi-Family Housing Direct Loans program, which was subsidized at $35 million in FY 2017 and provides financing for rental housing projects and rental assistance payments for low-income tenants of those projects. The proposal suggests that "utilizing the private banking industry to provide home loans, with a guarantee from the Government, is a more efficient way to deliver this assistance."

- **Rental Assistance Program:** The president's FY 2019 budget requests $1.35 billion at the overall program level for Rental Assistance – $50 million less than FY 2017 levels – which provide rental assistance to families living under the poverty line in rural communities.

Community, Economic and Workforce Development

U.S. Department of Housing and Urban Development (HUD)

On behalf of our communities and citizens, counties invest $25.6 billion annually in economic planning, housing development and collaboration with businesses to improve the local economy. In response to changing economic environments, counties must work with all levels of government and partner with the private sector to meet the needs of our communities.

The president's budget requests $39.2 billion for the U.S. Department of Housing and Urban Development in FY 2019. This is a $8.8 billion or 18.3 percent decrease from the FY 2017 enacted level.

Community Planning and Development

- **Community Development Block Grant (CDBG):** The president's FY 2019 budget request would eliminate funding for the Community Development Block Grant (CDBG) program, a cut of $3 billion from the FY 2017 omnibus level. According to the budget, cutting the program "devolves responsibility for community and economic development to State and local governments that are better equipped to respond to local conditions."

  The administration also notes that the program lacks measurable outcomes and is ineffective. The federal government has invested over $150 billion in this block grant since its inception in 1974, and counties use CDBG to fund vital community, infrastructure and economic development programs. Nearly 200 urban counties are direct recipients of CDBG funding. Other counties receive CDBG through state allocations. The budget cuts would shift funding of such community and economic development activities to the state and local level.

> **The president's budget would eliminate CDBG funding** in order to "devolve community and economic development to the state and local level and redirect federal resources to other activities"

- **HOME Investment Partnerships (HOME):** The president's FY 2019 budget request would also eliminate funding for the HOME Investment Partnerships Program, currently funded at $950 million. Sixty percent of HOME formula grant funds are awarded to participating local governments and 40 percent is awarded to states. Counties use HOME to fund critical housing programs for extremely low-income families. According to the budget, the elimination of HOME funding "devolves responsibility to State and local governments, which are better positioned to assess local community needs and address unique market challenges."

- **Brownfields Economic Development Initiative (BEDI):** The president's FY 2019 budget proposes to eliminate funding for the program ($15 million) stating "local governments have access to other public and private funds for similar purposes." BEDI is a competitive grant program designed to assist local governments with the redevelopment of brownfield sites for the purposes of economic development and job creation.

Homeless Assistance/ Section 8 Vouchers

- **Homeless Assistance Grants:** Under the president's budget, Homeless Assistance Grants would be funded at $2.4 billion, equal to the 2017 level. The budget also proposes four legislative changes to: 1) allow Continuum of Care (CoC) grantees to receive one-year transition grants, which will "better allow projects to maintain service to program participants as those projects transition from one program component to another" (e.g. from transitional housing to permanent supportive housing); 2) allow grant recipients to count program income toward meeting matching requirements; 3) allow recipients greater flexibility when estimating costs for rental assistance projects; and 4) expand eligible costs under CoC programs to better serve persons experiencing homelessness in rural communities.

- **Housing Choice Vouchers:** The president's budget would fund Housing Choice Vouchers at $19.3 billion for FY 2019, a one billion dollar decrease from current funding levels.

- **Housing Trust Fund:** The president's budget would eliminate the requirement for government-sponsored enterprises (GSEs) to fund a Housing Trust Fund to create housing opportunities for extremely low-income individuals. The FY 2019 budget eliminates the assessments on Fannie Mae and Freddie Mac, discontinues funding the Housing Trust Fund and devolves affordable housing activities to state and local governments.

- **Housing and Urban Development Veterans Affairs Supportive Housing (HUD-VASH) Program:** The president's FY 2019 budget request would reduce funding for the HUD-Veterans Affairs Supportive Housing (HUD-VASH) program to $4 million, all of which would be allocated to a new tribal HUD-VASH program. This represents a cut of $36 million relative to FY 2017 appropriations. NACo strongly supports the continued appropriation of resources through HUD-VASH vouchers to reach the goal of ending homelessness among veterans and their families.

- **Choice Neighborhoods:** The Choice Neighborhoods Initiative provides competitive planning and implementation grants to improve neighborhoods with distressed public housing. The FY 2019 budget would eliminate funding for this program – a reduction of $138 million from FY 2017. The budget "recognizes a greater role for State and local governments and the private sector to address community revitalization needs, and redirects constrained Federal resources to higher priority activities."

- **EnVision Centers:** The administration is also requesting $2 million to evaluate EnVision Centers, HUD Secretary Ben Carson's new initiative to establish privately funded community centers that offer supportive services focusing on economic empowerment, educational advancement, health and wellness, and character and leadership.

<u>U.S. Department of Commerce</u>

The president's 2019 budget requests $9.8 billion (including changes in mandatory programs) for the U.S.

Department of Commerce, a $546 million or 6 percent increase from FY 2017 level.

- **Economic Development Administration (EDA):** The president's budget calls for the elimination of the EDA, currently funded at $276 million—but would provide $15 million "to conduct an orderly closeout of EDA." According to the proposal, "The Budget proposes to eliminate funding for EDA as part of the Administration's plans to move the Nation towards fiscal responsibility and to redefine the proper role of the Federal Government." EDA funding supports regional strategies for long-term growth and serves as a catalyst in helping communities achieve economic growth.

- **U.S. Census Bureau:** The administration's budget requests $3.82 billion for the U.S. Census Bureau, with $269 million designated for ongoing demographic and economic surveys and $3.23 billion for the 2020 Census. These requests represent significant increases over FY 2017 levels, as is customary as the agency prepares for the decennial census. NACo supports full funding for the Census Bureau, the American Community Survey and the Bureau's Local Update of Census Addresses (LUCA) Program to ensure a complete and accurate list of addresses can be enumerated during the 2020 Census.

U.S. Department of Labor (DOL)

The president's FY 2019 budget requests $9.4 billion for the U.S. Department of Labor, a $2.6 billion or 21 percent decrease from the FY 2017 enacted level.

Workforce Innovation and Opportunity Act (WIOA): The president's budget would reduce funding for Workforce Innovation and Opportunity Act (WIOA) Title I programs by over $1 billion to $1.63 billion in FY 2019. Of this amount, $490.4 million is included for adult employment and training activities, $523.7 million for youth activities and $615.5 million for dislocated worker employment and training activities. WIOA is the modernized workforce development system designed to meet the needs of employers and jobseekers alike. WIOA is the largest single source of federal funding for workforce development activities and a critical resource to counties.

- **Apprenticeships:** The budget proposes $200 million for apprenticeships, a $105 million increase from $95 million enacted level for FY 2017. The proposal states that apprenticeships are "a proven earn-while-you-learn strategy that equips workers with the skills they need to fill open, high-paying jobs." According to DOL, only 550,000 individuals—less than half of one percent of the workforce—currently participate in apprenticeships each year.

  As part of implementing the President's Executive Order "Expanding Apprenticeships in America," DOL is establishing a new industry-recognized apprenticeship system to modernize and expand the U.S. approach to apprenticeships. DOL is working to empower employers, educational institutions, labor-management organizations, trade associations, states, and other third parties to collaborate to create new, industry-driven apprenticeship solutions.

DOL is also pursuing ways to expand apprenticeship opportunities in high-growth sectors where apprenticeships are underutilized, including healthcare, information technology and advanced manufacturing.

- **Job Corps:** Job Corps would be funded at $1.3 billion, a $40 million cut from FY 2017. Job Corps is the nation's largest federally-funded, primarily residential training program for at-risk youth. The FY 2019 budget also calls for “closing centers that do a poor job educating and preparing students for jobs; focusing the program on the older youth for whom the program is more effective; improving center safety; and making other changes to sharpen program quality and efficiency.” As part of this reform effort, the Budget ends the Department of Agriculture’s (USDA) role in the program, unifying responsibility in DOL.

- **Reorganize and Consolidate the Nation’s Workforce Development Programs:** The budget notes that the “federal government has more than 40 workforce development programs spread across 14 agencies with a total annual cost of approximately $17 billion. Despite changes in the recent reauthorization of the Workforce Innovation and Opportunity Act, the system remains fragmented at the federal level, perpetuating unnecessary bureaucracy and complicating state and local efforts to meet the comprehensive needs of Americans seeking workforce-related services.” Under this proposal, the Secretaries of Labor and Education would work on a comprehensive plan to consolidate and reorganize Federal workforce development programs to ensure that American workers receive the highest quality services possible and are prepared to high-growth jobs. The plan will be released as part of a spring 2018 government reorganization package.

- **Veterans Employment and Training:** The administration is requesting a $280 million in FY 2019 for the Veterans’ Employment and Training Service, two million dollars above the current level. The program provides military veterans with employment resources and preparation.

> Additionally, the budget includes language that would allow the Secretary of Labor to waive designated local workforce development area requirements and permit a state’s governor to re-designate these local areas. Therefore, a governor could re-designate and/or eliminate local workforce development areas without consultation with local stakeholders. This provision could be problematic for local government authority and the local workforce development delivery system.

Environment, Energy and Land Use

U.S. Environmental Protection Agency

The president's FY 2019 budget proposal would decrease funding for the U.S. Environmental Protection Agency (EPA) to $6.14 billion, a $2.1 billion cut from FY 2017. EPA is the federal agency responsible for implementing and enforcing rules designed to protect human health and the environment.

- **State and local air program grants:** The president's budget includes $152 million for grants to states, tribes and local air pollution agencies for prevention, control and abatement and implementation of air quality control programs. This is a $75 million cut relative to FY 2017 levels.

- **Water infrastructure funding**: The Clean Water State Revolving Fund (CWSRF) and the Drinking Water State Revolving Fund (DWSRF) would receive $2.26 billion combined in the FY 2019 budget, $68 million less than allocated in FY 2017. SRF programs help finance state and local drinking water and wastewater infrastructure projects. NACo supports the two State Revolving Loan Fund (SRF) programs as supplements to, not a substitute for, federal grant programs.

    - **CWSRF:** The CWSRF would receive $1.39 billion for Clean Water Act (CWA) municipal wastewater infrastructure construction or upgrade projects, a $13 million increase over FY 2017.

    - **DWSRF:** The DWSRF would receive $863 million under the president's budget to support Safe Drinking Water Act (SDWA) infrastructure projects, a $81 million decrease over FY 2017.

    - **Water Infrastructure Finance and Innovation (WIFIA) fund**: The president's budget would provide $20 million for the Water Infrastructure Finance and Innovation (WIFIA) program, a $10 million cut from FY 2017. Created in 2014 and implemented in 2017, the WIFIA program provides low interest federal loans or loan guarantees to eligible entities for a wide range of nationally and regionally significant water and wastewater projects.

    - **Regional Water Grants**: The president's budget would significantly cut two, and eliminate seven, regional-based Clean Water Act grant programs. This includes cuts of $65 million and $268 million, respectively, to the Chesapeake Bay and Great Lakes Restoration programs, which help local communities meet federal water quality standards. Funding for regional water programs in the Gulf of Mexico, Lake Champlain, Long Island Sound, Puget Sound, San Francisco Bay, South Florida and the South New England Estuary are zeroed out in the president's budget.

- **Leaking Underground Storage Tank Program:** The president's budget request would provide $47.5 million for the Leaking Underground Storage Tank Trust Fund Program (UST), a decrease of $44.6 million from FY 2017. According to the EPA, nearly 87 percent of UST's have been cleaned up nationwide, and approximately 13 percent (68,000) of USTs remain. NACo supports full funding for the UST program, which should only be used for its intended purpose of remediating and preventing further contamination caused by underground storage tanks.

- **Brownfields grants:** The president's budget requests $62 million for Brownfields grants in FY 2019, a $26.3 million cut from the $88 million appropriated in FY 2017. EPA's Brownfields project grants allow local governments to clean up abandoned or under-utilized industrial and commercial properties, which are contaminated (or perceived to be contaminated) due to past practices.

<u>U.S. Department of Energy</u>

Under the president's budget, the U.S. Department of Energy (DOE) would receive $30.6 billion in FY 2019, similar to the level enacted in FY 2017.

- **Energy Efficiency and Renewable Energy Programs**: Under the proposed budget, renewable energy programs would receive $327 million, down from $552 million appropriated in FY 2017 – a cut of $225 million. Specifically, solar energy would be cut $114 million from FY 2017 levels, wind energy would be cut $83 million, and geothermal technology would increase by $31 million.

- **Weatherization:** The president's budget request calls for the elimination of DOE's weatherization program, which received $287 million in FY 2017. The Weatherization Assistance Program (WAP) helps low-income families make their homes more energy efficient while reducing their energy bills. The federal government provides money to the states, which then provide money to local governments to oversee WAP.

- **Yucca Mountain**: The president's budget requests $120 million to restart the Nuclear Regulatory Commission's licensing activities for the Yucca Mountain and Interim Storage Program. This is relevant to local governments who currently have nuclear waste facilities within their county. Since there is no national storage location for nuclear waste, facilities must store it on-site, and many of these facilities were not designed to house spent nuclear rods indefinitely.

  The budget also calls for the DOE to sell its transmission assets, such as the Bonneville Power Administration, Western Area Power Administration and the Southwestern Power Administration.

Health and Human Services

U.S. Department of Health and Human Services (HHS)

The president's budget requests $95.4 billion in discretionary funds for the U.S. Department of Health and Human Services, an increase of $8.7 billion from FY 2017 funding levels.

- **Medicaid:** The budget would reduce federal Medicaid funds – which are mandatory, as opposed to discretionary spending – by over $1.4 trillion over the next ten years. The cuts would be achieved by instituting a block grant or a per-capita cap on the Medicaid program and eliminating Medicaid expansion. The budget assumes such reforms would be achieved by repealing the Affordable Care Act and replacing it with a proposal similar to health legislation previously introduced by Sens. Lindsey Graham and Bill Cassidy (called "Graham-Cassidy").

> The budget would reduce federal Medicaid funds – which is mandatory, as opposed to **discretionary spending – by over $1.4 trillion over the next decade.**

  The budget also calls for increased state flexibility in administering the Medicaid program, including legislative proposals such as increasing co-payments for non-emergency use of emergency room services, requiring individuals to prove their immigration status before receiving Medicaid benefits, increasing flexibilities of Medicaid managed care waivers and allowing states to consider certain assets as a basis for Medicaid eligibility.

  The budget proposes to allow future scheduled reductions to Medicaid Disproportionate Share Hospital (DSH) payments, and on the regulatory side, directs HHS to make non-emergency transportation an optional service for Medicaid. Most states require counties to provide some level of health care to low-income, uninsured or underinsured adults and the Medicaid program helps counties meet these obligations.

  Counties support 907 hospitals, 838 nursing homes and 750 behavioral health authorities that serve Medicaid patients, therefore receiving reimbursement for care that would otherwise be uncompensated. NACo opposes any efforts to cap federal spending to Medicaid, as such caps would eventually shift costs to counties, placing further strain on our capacity to provide health care services.

- **Local Public Health and Disease Prevention:** HHS' Centers for Disease Control and Prevention (CDC) would be cut from $6.4 billion to $5.6 billion under the president's budget proposal. Local public health departments, two-thirds of which are county-based, receive approximately 25 percent of their funding from the federal government, primarily through the CDC. CDC-funded programs that support public health preparedness would be cut by $600 million. Chronic disease prevention and health promotion programs such as the prevention of cancer, heart disease and diabetes would be reduced by $175 million.

> Meanwhile, programs that support vaccines for children would be increased by almost $300 million

CDC would also receive new funding to help local public health departments respond to the opioid epidemic. The president's budget assumes the full elimination of the Prevention and Public Health Fund (PPHF) for FY 2019. The PPHF, which supports many local public health programs, is currently funded at approximately $900 million and was already cut in the recently enacted budget agreement.

- **Local Behavioral Health Programs:** The budget provides level funding for both the Substance Abuse and Mental Health Services Administration's (SAMHSA) Substance Abuse Prevention and Treatment Block Grant ($1.9 billion) and Community Mental Health Services Block Grant ($563 million). 750 county behavioral health authorities receive block grant funding from SAMHSA to plan and operate community-based services for people with mental illnesses and substance abuse conditions.

> **The budget would allocate $10 billion in new funding for HHS to help prevent opioid abuse** and to provide overdose-reversal drugs, treatment, recovery and supports.

- **Targeted Funding to Combat the Opioid Epidemic:** In response to the opioid crisis, the proposal requests $10 billion in new funding for HHS to help prevent opioid abuse and to provide overdose-reversal drugs, treatment, recovery and supports. The funding is spread across multiple HHS agencies including SAMHSA, CDC and the Health Resources and Services Administration (HRSA). For instance, SAMHSA would see $1.2 billion in new funding, CDC $175 million and HRSA $550 million – all for opioid-specific programs. These funding increases would come amid cuts to other discretionary programs at these HHS agencies.

- **Veterans Choice Program:** The president's budget requests $3.5 billion for the Veterans Choice Program in FY 2019. The Veterans Choice Program allows for veterans to receive medical care from third party health care providers outside of the VA, at the VA's expense, if they meet certain conditions or if their specific health needs require third party care.

Human Services Programs

- **Temporary Assistance for Needy Families (TANF) block grant:** The president's budget requests that TANF be reduced by 10 percent over a ten-year period, including a $1.2 billion reduction in FY 2019 compared to FY 2017 levels. TANF is a federal cash assistance program for low-income families with children. TANF benefits are county-administered in 10 states, and 51 percent of the total TANF population resides in those 10 states. NACo supports long-term reauthorization of TANF as well as an increase in funding for the program.

In addition to the reduction of funding for the TANF block grant, the budget also calls for the elimination of the TANF Contingency Fund, which was funded at $608 million in FY 2017. While the TANF Contingency Fund is designed to supplement TANF funding to states facing unforeseen developments or economic hardships, the budget proposed to eliminate this source of funding because “states may use contingency funds for any TANF purpose, many of which have no direct relationship to helping families meet needs in hard economic times.” Additionally, the budget states that the elimination of the contingency fund is a result of the program’s “failure to provide well-targeted counter-cyclical funding to States.” In FY 2015, $356 million in TANF-contingency grants were awarded to county-administered states. NACo supports full funding of the TANF Contingency Fund.

In addition to program funding cuts, the budget also proposes several legislative proposals to improve the TANF program by “strengthening its primary performance measure related to work engagement, and ensuring that States allocate sufficient funds to work, education and training activities.” Specifically, these proposals include: replacing the Caseload Reduction Credit with an Employment Credit that rewards states for moving TANF recipients to work; collapsing the two work participation rates into one standard rate that measures work engagement for families; and allowing states to count partial credit to incentivize states to increase work participation among all families.

- **Social Services Block Grant (SSBG):** The president’s budget proposes eliminating SSBG stating that the program “lacks strong performance measures, is not well targeted, and is not a core function of the Federal Government.” Previously funded at $1.7 billion, SSBG is county-administered in 10 states and provides funds for nearly 30 different activities that serve vulnerable populations, including adults and children at risk of abuse and neglect. A survey conducted by NACo in 2012 revealed that counties most commonly use SSBG for adult protective services and child protective services, which are often county responsibilities. NACo strongly supports SSBG.

- **Low-Income Housing Energy Assistance Program (LIHEAP):** The president’s budget calls for the elimination of LIHEAP, which is currently funded at $3.3 billion. The budget states that the elimination of LIHEAP would “reduce the size and scope of the Federal Government and better target resources within the Department of Health and Human Services’ Administration for Children and Families.” LIHEAP delivers critical short-term aid to our nation’s most vulnerable populations, including the low-income, the disabled and elderly, to pay for heating and cooling prices.

- **Community Services Block Grant (CSBG)**: The president’s budget request would eliminate CSBG, which is currently funded at $715 million for FY 2017. The budget states that CSBG “funds are not tied directly to performance and that some services the program funds “are duplicative of services that are funded through other federal programs, such as emergency food assistance…and workforce programs.” CSBG supports activities that mitigate the root causes of poverty, delivering services related to educational attainment, obtaining and maintaining employment and self-sufficiency, budget planning and obtaining adequate housing. Most CSBG funding is distributed to community action agencies (CAAs). Since local elected officials must make up one-third of a CAA's board of directors, counties play an integral role in determining how the block grant is used throughout the country. In fact, CSBG funds reach 99 percent of our nation's counties. NACo strongly supports CSBG, as it helps us serve some of our most vulnerable populations, including elderly citizens, people with disabilities and children.

The president's budget proposes cutting SNAP, commonly known as food stamps, by $17.1 billion in FY 2019, and by $213.5 billion over the next decade. SNAP is an important program aimed at helping struggling families and has proven to be one of the most effective federal programs because benefits can reach families quickly during economic downturns as well as natural disasters

Food and Nutrition Programs

- **Supplemental Nutrition Assistance Program (SNAP):** The president's budget proposes cutting SNAP, commonly known as food stamps, by $17.1 billion in FY 2019, and by $213.5 billion over a ten-year period. In addition to changes in funding levels, the budget proposes several other changes to SNAP including measures that encourage work among able-bodied adults, target benefits to the neediest households and promote efficiency and integrity in program operations. The budget states that these proposals aim to, "ensure Americans in need of assistance have access to a nutritious diet while significantly reducing the cost to taxpayers." NACo supports SNAP's existing funding structure.
- **Women, Infants and Children (WIC) Nutrition Program:** The president's budget requests $5.8 billion for the WIC program, a cut of $5.8 million from the FY 2017 level. The WIC program aids low-income pregnant, postpartum and breastfeeding women, as well as infants and children up to age five who are at nutritional risk by providing food to supplement diets, information on healthy eating and referrals to health care.

For more information, please see NACo's featured health and human services resources

Justice and Public Safety

U.S. Department of Homeland Security (DHS)

The president's FY 2019 budget requests $46 billion in discretionary appropriations for DHS, a $3.4 billion or eight percent increase from the FY 2017 enacted level. In addition, $6.7 billion is available to help communities overwhelmed by major disasters.

Federal Emergency Management Agency (FEMA)

FEMA provides state and local preparedness grants that focus on building and sustaining 32 core capabilities associated with the National Preparedness Goal, towards "a secure and resilient nation with the capabilities required across the whole community to prevent, protect against, mitigate, respond to, and recover from the threats and hazards that pose greatest risk."

- **State Homeland Security Grant Program:** The president's budget requests $349.3 million for the State Homeland Security Grant Program, a decrease of $116 million from FY 2017. The State Homeland Security Grant Program supports the implementation of state homeland security strategies to address identified planning, organization, equipment, training, and exercise needs to prevent, protect against, mitigate, respond to, and recover from acts of terror and other catastrophic events.

- **Urban Area Security Initiative:** The president's budget requests $448.8 million for the Urban Area Security Initiative, a decrease of $150 million from the FY 2017 funding level. The UASI Program assists high-threat, high-density Urban Areas in efforts to build and sustain the capabilities necessary to prevent, protect against, mitigate, respond to, and recover from acts of terrorism.

- **Emergency Management Performance Grants:** The president's budget requests $279 million for Emergency Management Performance Grants (EMPG), a decrease of $70.6 million from FY 2017. The EMPG program plays an important role in the implementation of the National Preparedness System by supporting the building, sustainment, and delivery of core capabilities essential to achieving the National Preparedness Goal of a secure and resilient nation.

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- **Firefighter Assistance Grants:** The president's budget requests $344.34 million for Firefighter Assistance Grants, a decrease of $656,000 from FY 2017. The Firefighter Assistance Grant Program provides direct assistance to local fire departments for investments to improve their ability to safeguard the lives of firefighting personnel and members of the public.

- **Pre-Disaster Mitigation Grants:** The president's budget requests $39 million for Pre-Disaster Mitigation Grants, a decrease of $47 million from the FY 2017 funding level. The program is designed to assist state, territorial, tribal and local governments in implementing a sustained pre-disaster hazard mitigation program.

U.S. Department of Justice (DOJ)

The president's FY 2019 budget would fund the U.S. Department of Justice (DOJ) at $28 billion, representing a $345 million decrease relative to funding levels enacted in FY 2017. Specific funding levels proposed for DOJ programs reflect the White House's stated priorities of reducing violent crime, enforcing the nation's immigration laws and combatting the opioid epidemic.

- **State Criminal Alien Assistance Program (SCAAP):** The president's budget would eliminate funding for SCAAP, which partially reimburses state and local governments for the cost of incarcerating undocumented immigrants convicted of certain crimes. This proposal follows numerous others from this and previous administrations in recent years to eliminate SCAAP, but Congress has continued to fund the program each year, appropriating $210 million in FY 2017.

- **High Intensity Drug Trafficking Area Program (HIDTA):** The president's budget would transfer the HIDTA program from the White House's Office of National Drug Control Policy (ONDCP) to DOJ's Drug Enforcement Administration (DEA), and would maintain $254 million in funding for the program – the same level enacted in FY 2017. HIDTA provides assistance to state and local law enforcement agencies operating in areas with high rates of drug trafficking.

- **Byrne Memorial Justice Assistance Grants (JAG):** The president's budget proposes $402 million for the Byrne JAG program, a slight decrease relative to funding enacted in FY 2017, but roughly $70 million more than the proposal put forth in the president's FY 2018 budget. Byrne JAG grants support a variety of local justice programs, including crime prevention, courts and corrections and victims' services.

- **Second Chance Act:** The president's budget proposes $58 million in funding for the Second Chance Act, which supports local programs that help formerly incarcerated individuals reintegrate into their communities. The president's request for this program is $10 million less than funding appropriated for the Second Chance Act in FY 2017, but represents a $10 million *increase* relative to the president's FY 2018 request of $48 million.

- **Juvenile Justice Delinquency Prevention Act Program (JJDPA):** The president's budget proposes $230 million in funding for JJDPA, a $17 million decrease relative to funding enacted in FY 2017. JJDPA is the principal federal program through which the federal government sets standards for the care and custody of juveniles and provides direct funding to counties to facilitate compliance with these standards and improvement of local youth justice systems.

- **Justice and Mental Health Collaboration Program (formerly MIOTCRA):** The president's budget proposes $10 million in funding for the Justice and Mental Health Collaboration Program in FY 2019, representing a decrease of $2 million from FY 2017 funding. This program, formerly referred to as the Mentally Ill Offender Treatment and Crime Reduction Act, provides funding for a range of activities that aim to reduce the number of individuals with mental illness in jails.
- **Programs related to combatting the opioid epidemic:** Although most federal assistance for state and local efforts to fight the opioid epidemic flows through the U.S. Department of Health and Human Services (HHS), the president's budget would provide funding for several opioid-related programs under DOJ's jurisdiction: $20 million for the Comprehensive Opioid Abuse Program; $43 million for the Drug Court Program; $12 million for the Prescription Drug Monitoring Program; $12 million for the Residential Substance Abuse Treatments; and $6 million for Veterans Treatment Courts.

DATA-DRIVEN JUSTICE:
DISRUPTING THE CYCLE OF INCARCERATION

NACo

In many communities across the country, a small number of people cycle repeatedly through jails, hospital emergency rooms, shelters and other public systems. Often called high utilizers or frequent utilizers, these individuals struggle with some combination of mental illness, substance abuse, other health conditions such as diabetes or hepatitis and unstable housing. Their conditions often worsen in jail settings, leading to costly reoccurring interactions with emergency medical services, law enforcement and other services. Despite the many resources devoted to high utilizers, care is often provided in fragmented ways that do not lead to stabilization or better outcomes for individuals or communities.

To address these challenges and more effectively treat these high-need individuals, counties and other jurisdictions across the country have joined the Data-Driven Justice (DDJ) initiative. The initiative, launched in 2016, aims to break the cycle of incarceration by using data-driven strategies to improve how the justice system responds to high utilizers. Jurisdictions participating in DDJ have developed a continuum of innovative practices that have provided law enforcement with appropriate crisis response options and alternatives to jail, reduced jail populations, increased high utilizers' treatment engagement, stabilized individuals' health conditions and used resources more appropriately and effectively through systems coordination.

TO LEARN MORE AND JOIN DDJ, VISIT WWW.NACO.ORG/DATA-DRIVEN-JUSTICE

BEHAVIORAL HEALTH CONDITIONS

44% OF PEOPLE IN JAIL HAVE BEEN **DIAGNOSED WITH A MENTAL ILLNESS** BY A PROFESSIONAL

63% OF PEOPLE IN JAIL HAVE A **SUBSTANCE USE DISORDER**

CRISIS SITUATIONS

39% OF ADULTS ON COMMUNITY-BASED SUPERVISION AND

47% OF ARRESTED ADULTS **VISITED THE EMERGENCY ROOM IN THE PAST YEAR**

PHYSICAL HEALTH CONDITIONS

45% OF PEOPLE IN A JAIL HAVE A **CHRONIC HEALTH CONDITION**

15% OF THE JAIL POPULATION EXPERIENCED **HOMELESSNESS** AT SOME POINT IN THE YEAR BEFORE GOING TO JAIL

Public Lands

U.S. Department of the Interior (DOI)

The president's FY 2019 budget request proposes $11.3 billion for the U.S. Department of the Interior – a $2.2 billion decrease from FY 2017.

- **Departmental Reorganization:** The president's budget provides $18 million to support the proposed plan to reorganize the department from a bureau and state-based organization to a more integrated approach with regional boundaries based on watersheds.

- **Payments in Lieu of Taxes (PILT):** The Payments in Lieu of Taxes program would be funded at $465 million, the same level as FY 2017. Even though counties are not able to collect property taxes on federal land, county governments must still provide essential services for our residents and those who visit public lands each year. These services include road and bridge maintenance, law enforcement, search and rescue, emergency medical and fire protection, solid waste disposal, and environmental compliance. In the FY 2018 budget request, DOI requested $397 million for PILT, the 10-year funding average.

- **Public Lands Deferred Maintenance:** The FY 2019 budget would establish a Public Lands Infrastructure Fund to help reduce the $18 billion deferred maintenance backlog on public lands. The Fund would be created by taking 50 percent of incremental energy leasing receipts over 2018 projections that are not otherwise allocated and investing them in the new fund. With the Department's projected energy expansion on federal lands and waters, this Fund could potentially generate up to $18 billion over ten years.

- **Energy Development on Federal Lands:** The president's budget projects a $438 million increase in receipts from energy development on public lands—both offshore and onshore.

- **Geothermal Royalty Payments:** The FY 2019 budget would eliminate geothermal royalty payments to county governments.

Wildfire Fighting and Prevention Programs

- **Wildland Fire Management:** The budget proposes funding for wildland fire suppression for both the U.S. Department of the Interior and the U.S. Forest Service at the ten-year rolling average, along with a separate annual cap adjustment to help land management agencies cope with the cost of large-scale wildfire.

- **DOI Wildland Fire Management:** Under the budget request, DOI Wildland Fire Management's FY 2019 budget would be $870 million, a $73 million reduction relative to FY 2017. These cuts would come from the Fuels Management Program ($29.4 million), Preparedness and Suppression Operations ($17 million), the Burned Area Rehabilitation program ($11 million), and elimination of the Fire Facilities and Joint Fire Science programs ($14.4 million).

Bureau of Land Management (BLM)

- **BLM Land Acquisition:** The budget requests $3.4 million for land acquisition, but also cancels $10 million in prior year balances, yielding a net decrease of $6.6 million. In FY 2017, Congress provided $31.2 million for land acquisition. Federal land acquisition impacts counties' tax bases because counties cannot levy property taxes on federal land. Overall, funding for the BLM would be decreased from $1.26 billion to $1.04 billion, a 17.4 percent cut. NACo supports a strong county role in the federal land acquisition process.

- **Wild Horse and Burro Management:** The president's budget would provide $66.7 million for the Wild Horse and Burro Management Program, a $13 million cut relative to FY 2017. It also proposes the elimination of the appropriations rider that limits the BLM's ability to use all management tools for horse and burro populations.

- **Federal Lands Transaction Facilitation Act (FLTFA):** The president's budget supports reauthorization of FLTFA, which expired in 2011. The program facilitates the sale of federal lands deemed suitable for disposal under land use plans.

- **Oil and Gas Exploration:** The president's budget includes $9.5 million to establish a competitive leasing program within the Alaska North Slope and $1.8 million to expedite the processing of oil and gas permits and infrastructure rights-of-way.

U.S. Fish and Wildlife Service (USFWS)

- **Department funding:** Proposed discretionary funding for USFWS is $1.23 billion, a $283 million decrease compared to FY2017. These cuts come primarily from the Resource Management Account, State and Tribal Wildlife Grants, and elimination of the Cooperative Endangered Species Fund and the National Wildlife Refuge Fund discretionary accounts.

- **USFWS Land Acquisition Account:** The budget request would fund the USFWS Land Acquisition account at $7 million: $12 million in new budget authority and cancellation of $5 million worth of prior year balances. Overall, this would amount to a $52 million cut compared to FY 2017.

- **Permanent funding increase:** The president's budget requests an increase of $130 million in permanent funding for USFWS, primarily through the Federal Aid for Wildlife Restoration and Sport Fish Restoration grant programs.

National Park Service (NPS)

- **Department funding:** The FY 2019 budget requests $2.73 billion for the National Park Service (NPS), which is a $202 million cut compared to FY 2017. The combined Land Acquisition and State and Local Programs accounts would be reduced by $162 million. The National Recreation and Preservation account and Historic Preservation Fund would be reduced by a combined $77.6 million.

- **NPS Maintenance Backlog:** The NPS Construction account would increase to $241.3 million, which is $33 million higher than the FY 2017 level. The increase in funds is targeted toward reducing the NPS deferred maintenance backlog.

U.S. Forest Service (USFS)

- **Department funding:** The president's budget request would fund the USFS at $5.07 billion, a reduction of $1 billion compared to FY 2017. The bulk of these cuts come from Forest and Rangeland Research ($47 million), State and Private Forestry ($140 million), Capital Improvement and Maintenance ($269 million), and elimination of the FLAME wildfire suppression account ($342 million).

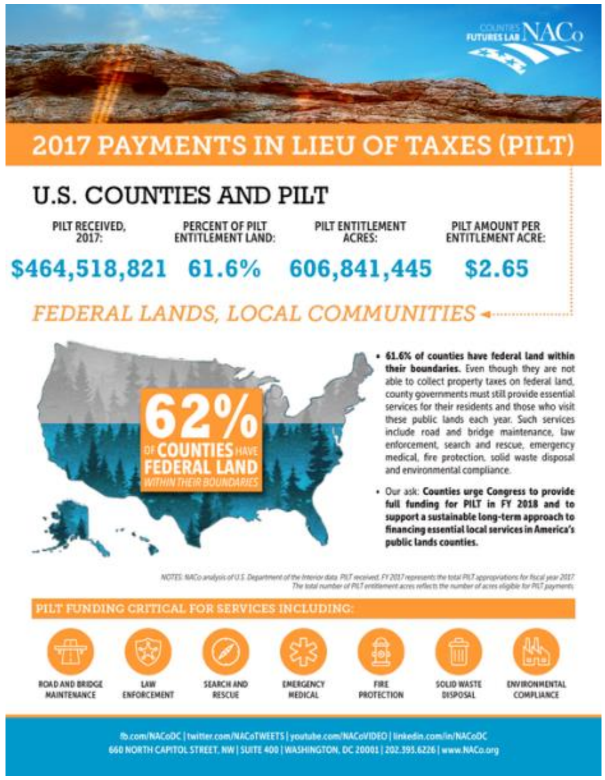
> Funding for SRS is not included in the FY 2019 budget request. Without funding for SRS, 720 federal forest counties with 9 million schoolchildren depend on these payments to make up for lost timber revenues. SRS payments keep teachers in the classroom, police officers on the beat, and road crews constructing and maintaining county infrastructure. Furthermore, if Congress does not reauthorize SRS, counties receiving PILT could face reduced payments because the previous year's SRS would no longer be deducted under the PILT formula.

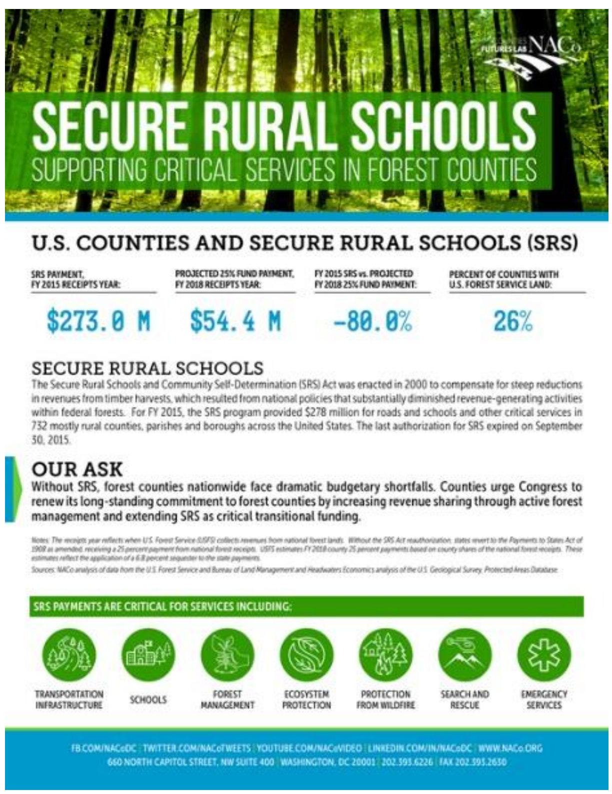
- **USFS Wildland Fire Management:** The FY 2019 budget requests $1.16 billion for the Wildland Fire Suppression account, an $83 million reduction compared to FY 2017. The Preparedness Account would be funded at $1.34 billion, a $250 million increase.

- **Hazardous Fuels Removal:** The Hazardous Fuels Reduction program, which targets removal of fire and disease prone vegetation, would be funded at $390 million, the same as FY 2017.

- **USFS Land Acquisition:** The budget would fund USFS land acquisition at $1 million, a $55 million decrease compared to FY 2017 levels. The agency would be directed to use the funding to complete previously congressionally authorized land acquisitions.

- **Congressional action:** In the budget, the president requests that Congress reauthorize USFS' ability to collect recreation revenue (Federal Lands Recreation Enhancement Act) and give USFS the authority to convey unneeded administrative sites (Forest Service Facility Realignment and Enhancement Act).





Check out NACo's county profiles on the Payments in Lieu of Taxes (PILT) and the Secure Rural Schools (SRS) programs

Transportation

U.S. Department of Transportation (DOT)

The president's budget requests $15.6 billion in discretionary budget authority for DOT in FY 2019, a $3.7 billion or 19-percent decrease from the FY 2017 enacted base discretionary level of $19.3 billion (which excludes supplemental emergency relief funding). The budget also proposes $60.9 billion in mandatory funds and obligation limitations. For programs funded from the Highway Trust Fund, the budget is consistent with the fourth year of the Fixing America's Surface Transportation Act (FAST Act) of 2015.

- **TIGER Grant Program:** The TIGER program awards grants to projects that are generally eligible for funding under existing surface transportation formula programs. The president's budget proposes eliminating funding for the TIGER discretionary grant program, currently funded at $499 million through FY 2017. The elimination of the TIGER Grant program would have a direct impact on counties' ability to utilize federal dollars for large-scale projects within our communities.

- **Federal Transit Administration:** The budget also proposes limiting funding for the Federal Transit Administration's Capital Investment Program (New Starts) to projects with existing Full Funding Grant Agreements (FFGA) only. This would adversely impact counties that operate transit systems. While this budget will honor previous commitments that already contain an FFGA, all future projects would receive no federal assistance from the federal government.

- **Essential Air Service:** The budget proposal would cut funding for the Essential Air Service (EAS) program, currently funded at $150 million through FY 2017. The FY 2019 budget calls for a new funding level of $93 million, a $57 million decrease. The budget request states that the EAS program was conceived as a "temporary" program and that "EAS flights are not full and have high subsidy costs per passenger." This elimination of funding would hurt rural counties where EAS services provide a crucial economic lifeline to communities with no airport in their region. NACo supports the EAS program, which assists airlines in serving small communities impacted by federal deregulation of the airline industry.

- **Federal Aviation Administration:** The president's budget would initiate a multi-year reauthorization proposal to shift the air traffic control function of the Federal Aviation Administration to an independent, non-governmental organization. Depending on what actions a newly spun-off air-traffic control corporation entails, this could negatively affect counties, should this organization decide to either eliminate some tower functions (in favor of remote towers) or curtail hiring at major commercial hubs.

- **Amtrak:** The budget proposes reforms to Amtrak to "improve efficiencies in long distance service and reduce reliance of the federal government." The president's budget proposes that states share the cost of the operating subsidy for Amtrak's long-distance routes. This would adversely affect counties in many ways, including the possibility of reduced service to rural communities where rail is the most prevalent form of travel. Additionally, if states were forced to incur a partial subsidy cost, it could result in other state programs that counties utilize being depleted or reduced.

For more information on counties and infrastructure, please see NACo's new Counties Build action page