

Summary: President Trump's FY19 Budget Request

UT System Office of Federal Relations

On Monday, February 12, 2018, President Trump released his [budget request](#) for fiscal year (FY) 2019, entitled "[Efficient, Effective, Accountable: An American Budget.](#)"

The FY19 proposed budget released, including the [FY19 Addendum to the President's Budget](#), would set overall spending at \$4.4 trillion, including a baseline discretionary spending cap of \$1.2 trillion in accordance with the *Bipartisan Budget Act of 2018*. The caps for defense discretionary spending and NDD would be set at \$647 billion and \$540 billion, respectively. This represents an \$85 billion increase to defense spending and a \$68 billion increase to NDD spending. The budget also includes \$69 billion for Overseas Contingency Operations (OCO), which would bring the FY19 defense discretionary spending level to a total of \$716 billion (\$647 defense discretionary and \$69 billion for OCO).

Department of Commerce

The President's FY19 budget request includes \$9.8 billion for the Department of Commerce (DOC), a \$546 million increase from the 2017 enacted level.

The budget would fund the National Oceanic and Atmospheric Administration (NOAA) Oceanic Atmospheric Research (OAR) at \$322 million, a cut of \$192 million from the FY17 level. The budget would also significantly decrease climate research at OAR and would eliminate the Climate Competitive Research program. Additionally, the budget would eliminate some NOAA education programs, such as the Sea Grant and the Office of Education.

Of note, the FY19 budget would eliminate the Economic Development Administration (EDA) and the \$130 million Manufacturing Extension Partnership (MEP) program.

Additional information on the FY19 DOC budget can be found [here](#).

Department of Defense

The President's FY19 budget request includes \$617 billion in base defense funding and \$69 billion for Overseas Contingency Operations (OCO). This includes a \$20 billion shift in funds from OCO to the base budget noted in the FY19 Addendum. For science and technology, the budget includes \$13.661 billion to support DOD, academic, and industry partnerships with initiatives for the following: hypersonic technology, cyberspace, space, directed energy, electronic warfare, unmanned systems, and artificial intelligence.

The FY19 budget request for S&T includes:

- \$2.269 billion for 6.1 Basic Research, a 7 million cut below the FY17 level;

- \$5.1 billion for 6.2 Applied Research;
- \$6.3 billion for 6.3 Advanced Technology Development; and
- \$3.439 billion for the Defense Advanced Research Projects Agency (DARPA), a \$550 million increase above the FY17 level.

Additional details on the FY19 budget request for Defense research and development accounts can be found [here](#).

Department of Education

The President's FY19 budget request includes a total of \$63.2 billion in discretionary funds for the Department of Education (ED), a cut of \$3.6 billion or 5 percent below the FY17 enacted level. The budget provides \$22.5 billion in discretionary funding for the Pell Grant program in 2019, which, combined with mandatory funding, would support a maximum award of \$5,920. The maximum award does not account for an inflation adjustment. The budget proposes expanding the Pell Grant program to cover short-term programs that provide students with a "credential, certification, or license in an in-demand field." The budget also proposes a cancellation of \$1.6 billion unobligated carryover funds in the Pell program to be used for deficit reduction. However, the FY19 Addendum eliminates the budget's \$1.6 billion rescission of previously appropriated Pell grant funding.

Other ED programs of particular relevance include:

- Federal Work Study would be funded at \$200 million, a \$790 million decrease below the FY17 level. The FY19 Addendum adds in an additional \$300 million, bringing the total request to \$500 million, which is still a cut of \$490 million below the FY17 level.
 - The request would "dramatically reform" the Federal Work Study program to "allocate funding to institutions enrolling high numbers of Pell Grant recipients that would support workforce and career-oriented training opportunities for low-income undergraduate students.
- Federal TRIO programs would be funded at \$550 million, a cut of \$400 million below the FY17 level. The FY19 Addendum adds in an additional \$400 million, bringing the total request to \$950 million, which is level with FY17.
- The Institute of Education Sciences (IES) would be funded at \$521.56 million, a \$83.70 million decrease below the FY17 level.

Additionally, the budget funds the Office of Civil Rights (OCR) at \$107.4 million, a \$1.4 million cut below the FY17 level. Within OCR, the budget calls for funding 529 full-time employees, a cut of 40 employees or 8.6 percent, which the Administration would achieve through attrition.

The budget would eliminate the following higher education programs within ED:

- The GEAR UP program;
- The Federal Supplemental Educational Opportunity Grant (SEOG) program;
- The Teacher Quality Partnerships program;

- The Graduate Assistance in Areas of National Need (GAANN) program;
- The Perkins Loans program, which expired on September 30, 2017; and
- The International Education and Foreign Language Studies Programs (Title VI).

Student Loan Repayment and Loan Programs

The budget would consolidate five income-based repayment programs into a single plan, which would set monthly payments at 12.5 percent of discretionary income and eliminate the standard repayment cap. Undergraduate borrowers would be eligible for forgiveness after 15 years while graduate students would be eligible after 30 years of repayment. The plan would raise monthly payments for some borrowers (from 10 percent to 12.5 percent) but would reduce the time to forgiveness for undergraduates from 20 years to 15. The budget also proposed to auto-enroll severely delinquent borrowers into income-based repayment plans. Additionally, the budget proposes to end the Public Service Loan Forgiveness (PSLF) program and eliminates subsidized student loans for undergraduates.

Higher Education Act (HEA) Reauthorization

The budget supports HEA reauthorization proposals to address student debt and higher education costs, while seeking to reduce the complexity of student financial aid.

Hispanic-Serving Institutions (HSIs)

The budget would consolidate six Minority Serving Institution (MSI) programs that “have similar purposes and redundant activities into a single \$147.9 million institutional formula grant.” More specifically, the budget proposes a new HEA Title III and Title V institutional formula authority that would consolidate \$30.4 million for the current Aid for Institutional Development (Title III) program authority and \$117.5 million from the Aid for Hispanic-Serving Institutions (Title V).

Additional information on the FY19 ED budget can be found [here](#).

Department of Energy

President Trump’s FY19 budget includes \$30.6 billion for the Department of Energy (DOE). The budget provides \$5.391 billion for the DOE Office of Science, a cut of \$1 million from the FY17 level. The budget directs the office to focus on early-stage research, operate the national laboratories, and continue high priority construction projects.

Proposed funding levels for the DOE Office of Science programs include:

- \$899 million for Advanced Scientific Computing Research, an increase of \$252 million above the FY17 level;
- \$1.85 billion for Basic Energy Sciences, a cut of \$22 million below the FY17 level;
- \$500 million for Biological and Environmental Research, a cut of \$112 million below the FY17 level;
- \$340 million for Fusion Energy Sciences, a cut of \$40 million below the FY17 level;

- \$770 million for High Energy Physics, a cut of \$55 million below the FY17 level; and
- \$600 million for Nuclear Physics, a cut of \$22 million below the FY17 level.

The Office of Energy Efficiency and Renewable Energy (EERE) would also face a cut of \$1.3 billion in the budget. Additionally, as proposed by President Trump in FY18, the FY19 budget also eliminates the Advanced Technology Vehicle Manufacturing Program and the Advanced Research Projects Agency-Energy (ARPA-E).

Additional details on the FY19 DOE budget request can be found [here](#).

Department of Health and Human Services

The President's FY19 budget request includes \$95.4 billion for the Department of Health and Human Services (HHS).

The National Institutes of Health

The President's FY19 budget request originally proposed \$24 billion to fund National Institutes of Health (NIH). However, following the two-year budget deal that was reached by Congress last week, an additional \$9.2 billion in funding for NIH was included as an Addendum to the original budget request, thus bringing NIH's budget up to approximately \$33.4 billion. NIH would further receive \$711 million through the *21st Century Cures Act*. NIH would also receive \$750 million in funding to fight the opioid crisis and address serious mental illness through the Addendum. When accounting for these resources, the total for NIH is \$35.5 billion, or \$1.4 billion above the FY18 continuing resolution.

Of particular relevance, the budget proposal notes that the Administration in FY18 proposed reforms to NIH's indirect cost rate methodology. According to the document, however, "Congress subsequently prohibited NIH from implementing such reforms and, in fact, prohibited any further study or exploration of indirect cost rate reforms at NIH." The budget request also proposes to reduce the salary cap from Executive Level II (\$187,000) to Executive Level V of the federal pay scale (\$152,000). Within the NIH total, the budget consolidates the Agency for Healthcare Research and Quality (AHRQ), the National Institute for Occupational Safety and Health (NIOSH), and the National Institute on Disability, Independent Living, and Rehabilitation (NIDILRR) to improve research coordination and outcomes.

Despite the requested NIH increase, the budget indicates the proposal still amounts to a cut for 21 of the NIH's 27 Institutes. You can find the specific funding levels for each of the NIH Institutes on page 40 of the [HHS budget in brief](#).

Fighting the Opioid Crisis

The budget request would provide \$10 billion HHS-wide in additional discretionary funds for FY19 for opioids and mental health. The funds would be appropriated to a new account in the HHS Office of the Secretary, which would have transfer authority to allow resources to be shifted to accounts in several

HHS Operating Divisions, including the Substance Abuse and Mental Health Services Administration (SAMHSA) and the Centers for Disease Control and Prevention (CDC).

Titles VII and VIII Health Professions Programs

The budget proposes to eliminate all Title VII health professions and Title VIII nursing workforce programs under the Health Resources and Services Administration (HRSA), with the exception of the Title VII Health Care Workforce Assessment and the Nurse Corps Scholarship and Loan Repayment programs, both of which would be funded at \$5 million and \$83 million, respectively. The budget also funds the National Health Service Corps at \$310 million. In total, the budget proposes to cut HRSA workforce programs, including the Centers of Excellence, Health Careers Opportunity Programs, Primary Care Medicine, Area Health Education Centers, and Geriatric programs, among others.

ACA Repeal and Replace

The budget request supports enactment of legislation that would replace the individual marketplace subsidies and Medicaid expansion under the *Affordable Care Act* (ACA) with market-based healthcare grants. Similar to the Graham-Cassidy repeal and replace proposal, states would have wide discretion in using these block grants. The budget also proposes to repeal the Independent Payment Advisory Board (IPAB), which was established under the ACA.

Medicare Provisions, Graduate Medical Education

The President's budget request includes \$554 billion in gross reductions to Medicare, and a net Medicare reduction of \$237 billion. Among other Medicare-related changes, the budget proposes to consolidate Graduate Medical Education (GME) spending in Medicare, Medicaid, and the Children's Hospital GME Payment Program into a new mandatory GME capped grant program. Funding would be distributed to hospitals that are committed to building a strong medical workforce and would be targeted to address medically underserved communities and health professional shortages. Additionally, the budget provides \$1.1 billion over 10 years to address the backlog in pending Medicare appeals.

Medicaid Provisions

The President's budget request proposes to restructure the financing of the Medicaid program into a block grant or per capita cap. The budget also includes a number of legislative and regulatory changes that would provide states with increased flexibility as well as restrict eligibility, program funding, and hospital payment resulting in more than \$1.4 trillion in savings.

340B Drug Discount Program

The budget would make several major changes to the 340B Drug Pricing Program. A new user fee would be imposed on all drugs purchased by covered entities, resulting in an increase of \$16 million in FY19. The proposal would grant broader regulatory authority to HRSA and require all covered entities to report on use of program savings to ensure the program benefits low-income and uninsured individuals. The budget also would allow the Centers for Medicare & Medicaid Services (CMS) to apply savings from the reduction in payment to 340B hospitals in a non-budget neutral manner. The savings from hospitals

that provide uncompensated care equaling at least 1 percent of their patient care costs would be redistributed based on their share of aggregate uncompensated care. If a hospital does not meet this threshold, their savings would be returned to the Medicare Trust Funds.

Site Neutral Payment Policy

The budget proposes to eliminate all exemptions effective CY19 for off-campus facilities that are exempt from the site neutral payment policy, which was adopted under Section 603 of the *Bipartisan Budget Act of 2015* ([H.R. 1314](#)), including grandfathered off-campus hospital outpatient departments that were billing or under construction as of November 2, 2015, emergency departments, and cancer hospitals.

Additional details on the FY19 HHS budget request can be found [here](#).

National Aeronautics and Space Administration

President Trump requested a total of \$19.892 billion for the National Aeronautics and Space Administration (NASA), a \$238.7 increase above the FY17 enacted level. This includes \$300 million noted in the FY19 Addendum.

Of note, the FY19 budget request for NASA includes:

- \$5.895 billion for the Science Mission Directorate, a \$130 million increase above the FY17 level; and
- \$633.9 million for the Aeronautics Mission Directorate, a cut of \$26.1 million below the FY17 level.

The budget also includes the following funding amounts: \$1.784 billion for Earth Science; \$2.234 billion for Planetary Science; \$1.185 million for Astrophysics; and \$690.7 million for Heliophysics. The FY19 budget request continues to support the termination of the NASA Office of Education, redirecting those funds to NASA's core mission of exploration. The National Space Grant Fellowship Program is funded out of the Office of Education and is presumably slated for termination based on this budget.

Additional information on the FY19 NASA budget can be found [here](#).

Department of Veterans Affairs

The President's budget requests \$198.6 billion for the Department of Veterans Affairs (VA) for FY19. The budget includes \$88.9 billion in discretionary funding, including medical collections, and \$109.7 billion in mandatory funding for benefit programs. The budget would create a new consolidated discretionary program allowing veterans to seek care outside of the VA, replacing the Veterans Choice Program. The Addendum would provide \$2.4 billion to support a transition to the new program.

Of note, the FY19 budget request for VA includes:

- \$76.5 billion medical care request including, continue expansion of health-care services, improving quality and expanding choice to over 9 million enrolled Veterans;
 - includes \$1.8 billion for programs for homeless and at-risk Veterans;
 - includes \$382 million for opioid treatment and pain management safety;
 - \$511 million for gender-specific healthcare services for women;
 - \$510 million for caregivers' benefits;
 - \$727 million for medical and prosthetic research;
- \$8.6 billion for mental health services;
- \$2.9 billion for the Veterans Benefits Administration (VBA) to administer the distribution of \$116.9 billion in obligations for timely benefits and quality services to Veterans and other beneficiaries;
- \$4.2 billion for information technology (IT), this request includes \$381 million for development projects such as modernization of legacy systems; development of a Digital Health Platform, and a new Financial Management System;
- \$1.2 billion to continue implementation of a single, accurate, lifetime Electronic Health Record (EHR); and
- \$1.8 billion for major and minor construction projects, including a new spinal cord injury unit in Dallas, Texas.

Additional information on the FY19 VA budget can be found [here](#).

National Science Foundation

President Trump's FY19 budget request includes \$7.472 billion for the National Science Foundation (NSF), level with FY17 funding. The FY19 budget request for NSF includes \$6.151 billion for Research and Related Activities, an increase of \$117 million above the FY17 level. This increase would help support work in areas such as NSF's 10 "Big Ideas," implementing agency reforms related to two of the NSF Big Ideas – The Future of Work at the Human Technology Frontier, and Harnessing the Data Revolution, and to help start construction on the Antarctic Infrastructure Modernization for Science project.

The NSF budget request also includes:

- \$873 million for Education and Human Resources, a cut of \$7 million below the FY17 level; and
- \$95 million for Major Research Equipment and Facilities Construction, a cut of \$114 million below the FY17 level.
 - The budget states that this decrease is "largely due to the support for the new Regional Class Research Vessels."

Additional information on the FY19 NSF budget can be found [here](#).

Department of Homeland Security

The President's budget includes \$583.283 million for the Department of Homeland Security (DHS) Science and Technology Directorate, a cut of \$191 million compared to the FY17 enacted level. That total includes \$311.5 million for Research and Development, a \$159 million cut from FY17, and \$7.9 million for University Programs, a \$32.2 million cut. The budget also proposes to eliminate two current Centers of Excellence (COEs) under University Programs - the Center for Awareness and Localization of Explosives-Related Threats (ALERT) and the Coastal Resilience Center (CRC).

Infrastructure

President Trump's FY19 budget request includes a proposal that calls for \$1.5 trillion in infrastructure investments, with \$200 billion coming from the federal government. The plan further seeks to shorten the process for approval projects to two years or less, address unmet rural infrastructure needs, empower state and local authorities, and train the American workforce of the future. More specifically, the plan addresses the following infrastructure needs: roads; bridges; airports; wastewater systems; waterways; water resources; energy; rural infrastructure; public lands; veterans' hospitals; and Brownfield and Superfund sites.

President Trump's infrastructure proposal also makes the case for reforming career and technical education, expanding the use of Pell Grants for "high quality, short-term" programs, and making changes to the Federal Work Study program. Additionally, the plan proposes to use the majority of Perkins Career and Technical Education Program funds in high schools to "promote strategies such as apprenticeship, work-based learning and dual-enrollment." The Administration also requests an increase in STEM education and funding authorization for "fast-track programs that prepare high-school graduates for jobs rebuilding America's infrastructure."

You can find additional information on the infrastructure proposal [here](#).