President Donald Trump’s Fiscal Year 2019 Budget Request, Congressional Response and Links to Federal Agency Budget Information

OVERVIEW
On Monday, Feb. 12, President Donald Trump released his fiscal year (FY) 2019 budget request titled “Efficient, Effective, Accountable: An American Budget.” This year’s budget request is complicated by the Feb. 9 passage of the Bipartisan Budget Act (BBA) of 2018, which set new caps for defense and non-defense discretionary spending for FYs 2018-19. In response to the new budget caps, the administration also released an addendum that lays out its updated priorities and funding allocations.

The FY 2019 budget request comes in at approximately $4.4 trillion and unlike recent Republican budget requests, it does not attempt to balance the budget over the next decade. The FY 2019 budget aims to reduce deficits by $3.6 trillion (relative to its own baseline), but the federal government would still have approximately a deficit of $445 billion in 2028. The budget makes several assumptions, including more than $1 trillion in savings from cuts to programs such as Obamacare, federal financial aid and welfare, as well as assuming that policies will spur $814 billion in new growth (3 percent).

The budget request’s addendum outlines the administration’s support for a FY 2019 defense discretionary spending level of $716 billion, which includes the $647 billion base budget and a revised Overseas Contingency Operations funding level of $69 billion.

On the non-defense discretionary side, the addendum expresses the administration’s opposition to the recent increases as signed into law under the BBA. Instead the administration proposes $540 billion in non-defense discretionary spending in FY 2019, which is $57 billion below the newly enacted cap level of $597 billion.

In its current form, this budget request is unlikely to be adopted by Congress.

Below is a high-level summary of the president’s FY 2019 budget request for higher education, research and health care programs of importance to the University of California. Due to the passage of the BBA and the increased caps, as well as the subsequent release of the budget request addendum, the agencies continue to update their data and associated budget tables. As more details and updated materials about the budget request become available, additional information will be provided.

HIGHER EDUCATION AND STUDENT AID
The FY 2019 budget request for the Department of Education (ED) proposes the department receive $63.1 billion, compared to $66.9 billion in FY 2017, this is a $3.8 billion decrease (5.6 percent cut). Over the next ten years, if the budget proposals outlined in the president’s budget are enacted into law, they would cut $203 billion from college students and borrowers.

Many of the policy changes in the proposed budget mirror the policy proposals in H.R. 4508, the Promoting Real Opportunity, Success and Prosperity through Education Reform (PROSPER) Act which recently passed out of the House Education and Workforce Committee.
- **Pell Grants**
  - The president’s FY 2019 budget request would provide discretionary funding for the Pell Grant Program to provide $5,920 for the maximum Pell Grant award, which is the current maximum.
  - The inflation indexing that had been available through FY 2017 is not extended, which will lead to a significant drop in the purchasing power of Pell in the coming years.
  - The recent budget cap agreement led to the cancellation of the intended elimination of $1.6 billion of unobligated balances in the Pell Grant program.
  - Year-round Pell, which was reinstated in the FY 2017 omnibus appropriations bill, will continue in FY 2019.
  - The budget proposes to expand Pell Grant recipients’ eligibility to include short-term programs that provide students with a credential, certification or license in an in-demand career.

- **Campus-Based Student Aid Programs**
  - The budget proposes to eliminate the federal Supplemental Educational Opportunity Grant (SEOG) program, which is a cut of $733 million.
  - Federal Work-Study would be cut from $990 million to $500 million, a cut of just under 50 percent. The administration would like to see $300 million of these funds used for a reformed Federal Work-Study program.
  - The president’s budget shows that Perkins Loans are no longer authorized in FY 2019.

- **Direct Loans**: The president’s budget request proposes changes to the Direct Loan Program, which would cut more than $203 billion from the programs over the next ten years, significantly impacting low- and moderate-income students who must borrow to attend college, and adding that burden to student loan borrowers’ cost of education. The proposals outlined in the president’s FY 2019 budget request would:
  - Consolidate the federal government’s income-based repayment programs into one plan, which cuts $128.4 billion. Creating this one plan would result in fewer benefits to many student borrowers. The new option would cap monthly payment at 12.5 percent of a borrower’s discretionary income (instead of the current 10 percent), with forgiveness of any remaining balance after 15 years for undergraduates, which is shorter than the current 20 years. For graduate borrowers, loan forgiveness would not occur until after 30 years of repayment (currently it is 25 years).
  - Eliminate all subsidized student loans, a cut of $28.6 billion. This represents a significant cut to undergraduate borrowers and would have a devastating financial impact on students who go to graduate and professional school because their student loan interest would continue to accrue even though they are still in school.
  - End the Public Service Loan Forgiveness (PSLF) Program, which offers debt forgiveness to borrowers who pay on their loan for 10 years while working at a qualifying public service jobs; a cut of more than $45.9 billion.

- **Teacher Quality Partnership Program**: The president’s budget request would eliminate the $43 million available through the Teacher Quality Partnership program.

- **Education Research**: The president's budget request requests $521.6 million for the Institute of Education Sciences, which is a cut of $84 million below the FY 2017 level. The cut reflects the elimination of the Regional Education Laboratories and the Statewide Longitudinal Data Systems.
• **TRIO Programs:** The budget proposes $950 million for TRIO, which is level funding from FY 2017 enacted.

• **Child Care Access Means Parents in School (CCAMPIS):** The president’s budget requests $15.1 million for CCAMPIS, which is level funding from FY 2017 enacted.

• **GEAR UP:** The president’s budget does not include a funding request for GEAR UP, but states that many of the functions of these programs are supported through TRIO programs.

• **Graduate Assistance in Areas of National Need:** The president’s budget request eliminates funding for this program.

• **Title VI, International Education and Foreign Language Studies:** Funding for Title VI programs is eliminated.

• **National Endowment for the Humanities (NEH) and National Endowment for the Arts (NEA):** The budget request proposes eliminating the NEH, with a request for $42.3 million in wind-down funding. The budget also proposes the elimination of the NEA with a request of $29 million to conduct an orderly closeout.

**RESEARCH**

• **National Institutes of Health (NIH):** $34.8 billion, which is roughly $700 million above FY 2017 enacted. As a component of its $10 billion opioids campaign, the administration would also provide $750 million to NIH, for a total of $35.5 billion to NIH. (Additional details on the president’s opioids campaign can be found in the Health section below.)
  - Citing Congress’ prohibition, the administration did not re-propose a 10 percent flat indirect cost recovery rate for NIH grants.
  - The Agency for Healthcare Research and Quality (AHRQ) would be eliminated, and its research would be subsumed into NIH as part of the new National Institute for Research on Safety and Quality (NIRSQ).
  - The Fogarty International Center would be funded at $70 million, a $2 million cut below FY 2017.

• **National Science Foundation (NSF):** $7.472 billion, equal to FY 2017 enacted. The addendum added $2.2 billion back to the administration’s originally proposed request level.
  - Research and related activities, $6.16 billion, $145 million over FY 2017 enacted (2.4 percent increase).
  - Education and Human Resources programs, $873 million, equal to FY 2017 enacted.
  - Major Research and Equipment Facilities Construction, $95 million, a $120 million cut (56 percent) below FY 2017 enacted.

• **Department of Energy:** $30.6 billion, a $400 million increase over FY 2017 enacted (about 1.5 percent). Within that total, the National Nuclear Security Administration (NNSA) is targeted for a 17.5 percent increase, while other programs would be cut or held flat.
  - Office of Science: $5.4 billion, equal to FY 2017, after $1.2 billion was added back in the addendum.
  - Energy Efficiency and Renewable Energy: $696 million, $1.3 billion below FY 2017, including $120 million that was added back in the addendum.
  - The Advanced Research Projects Agency-Energy (ARPA-E) is again proposed to be eliminated.
  - NNSA weapons: $11.02 billion, which is $1.8 billion over FY 2017.
  - Exascale Computing: $636 million, of which $473 million would be funded by the Office of Science, and $163 million would be funded by NNSA.
• Department of Defense Science and Technology (6.1-6.3) research programs: $13.66 billion, a cut of $350 million below FY 2017 enacted.
  - 6.1 defense basic research: $2.269 billion, roughly flat compared to FY 2017.
  - 6.2 defense applied research: $5.1 billion, which is $196 million below FY 2017.
  - 6.3 Advanced Technology Development: $6.29 billion, which is $147 million below FY 2017.

• National Aeronautics and Space Administration (NASA): $19.89 billion, which is 1.2 percent above FY 2017 enacted.
  - Science Mission Directorate: $5.9 billion, a 2.3 percent increase above FY 2017.
  - The budget request consolidates NASA’s space technology development programs to support space exploration priorities. $10.5 billion in funding is directed to “lead an innovative and sustainable campaign of exploration and lead the return of humans to the Moon for long-term exploration and utilization followed by human missions to Mars and other destinations.”
  - The budget request terminates funding for NASA’s Office of Education; and eliminates a number of missions, including: PACE, OCO-3, CLARREO Pathfinder, DSCOVR, RBI and WFIRST.
  - The budget request retains the Science Activation program, and continues exploration with the James Webb Space Telescope.

• United States Department of Agriculture (USDA), National Institute of Food and Agriculture: $1.37 billion, which is $164 million below FY 2017 (including both discretionary and mandatory programs).
  - Agriculture and Food Research Initiative: $375 million, equal to FY 2017 enacted.
  - Land-grant research, extension and training (capacity) programs would be flat compared to FY 2017: Hatch Act at $243.2 million, Smith-Lever 3(b)-(c) at $299.4 million. McIntire-Stennis is proposed for $28.9 million, a $5 million cut below FY 2017.
  - Expanded Food and Nutrition Education Program (EFNEP): $55 million, a $13 million cut (19 percent) below FY 2017.

• Department of Commerce, National Oceanic and Atmospheric Administration (NOAA) Oceanic and Atmospheric Research (OAR): $321.65 million, a $192.4 million cut, which is 37 percent below FY 2017.
  - Sea Grant program would be eliminated.
  - Climate Research would be funded at $98.6 million, a $58.6 million cut below FY 2017.
  - Ocean Exploration and Research programs would be funded at $19.6 million, a cut of $16.3 million below FY 2017.

• Department of Commerce, National Institute of Standards and Technology (NIST): $730 million (estimated). The full NIST budget materials are not currently available, but the estimate is roughly a 24 percent cut below FY 2017 enacted. Scientific and Technical Research and Services (STRS) would be cut by $122 million, Industrial Technology (ITS) would be cut by $140 million and Construction of Research Facilities would be cut by $69 million.

• Environmental Protection Agency (EPA): $6.15 billion, a 26 percent cut below FY 2017.
EPA Science and Technology programs: $448.97 million, a $274.6 million cut (38 percent) below the FY 2017 enacted level.

The budget request eliminates numerous EPA programs, including Climate Change Research and Partnership Programs; the Environmental Education Program; the Marine Pollution and National Estuary Programs; and the Beaches Program.

The addendum adds $724 million back to EPA, including $327 million for the Hazardous Substance Superfund account, and $397 million for the State and Tribal Assistance Grants account for the Clean Water and Drinking Water State Revolving Funds.

HEALTH AND HUMAN SERVICE
The president’s FY 2019 budget request reflects funding priorities that impact UC Health’s three-part mission of providing clinical care, medical education training and biomedical research. The Department of Health and Human Services (HHS) would receive $95.4 billion in discretionary budget authority, a $17.4 billion increase from the 2017 enacted level.

The president’s budget request includes several proposals that directly impact UC Health’s clinical care activities:

- Increase National Institutes of Health (NIH) FY 2019 funding to $34.8 billion, a $700 million increase from the 2017 enacted level of $34.1 billion. (Additional details can be found in the Research section above.)
- Cut Medicaid financing by eliminating the Medicaid expansion and reforming Medicaid financing so benefits are delivered through capped per capita cap block grants, whose potential to grow is aligned with the Consumer Price Index for all Urban Consumers, resulting in $306.6 billion less spent by HHS and $679.7 billion in government-wide net deficit reduction over 10 years.
- Eliminate the Agency for Healthcare Research and Quality (AHRQ) and integrate its research into NIH as the National Institute for Research on Safety and Quality (NIRSQ), receiving $256 million, and included within this is $70 million for patient safety research, the same level as the FY 2018 Continuing Resolution within AHRQ.
- Reduce Medicaid Disproportionate Share Hospital (DSH) payments and continue Medicaid DSH allotment reductions at $8 billion per year from FYs 2026-28, resulting in $19.5 billion in Medicaid DSH cuts over 10 years.
- Pay cost-sharing reduction subsidies to state health care marketplace insurance issuers in FYs 2018-19 to help stabilize the marketplaces. No budgetary impact.
- Request $10 billion in additional resources across HHS, including $1 billion in FY 2019, to combat the opioid epidemic by preventing opioid abuse and helping those who are addicted get access to overdose reversal drugs, treatment and recovery support services. Included in this request, are the following amounts being sought for agencies under HHS to combat the opioid epidemic.
  - $126 million in the Centers for Disease Control and Prevention (CDC) to support opioid abuse prevention and surveillance activities, including support to states to improve the capabilities of states’ prescription drug monitoring programs.
  - $123 million to the Substance Abuse and Mental Health Services Administration for opioid abuse prevention, treatment, recovery support, and overdose reversal, which is $1 million above the FY 2018 continuing resolution.
$100 million for NIH to support a public-private partnership with the pharmaceutical industry to develop prevention and treatments for addiction, overdose-reversal and non-addictive therapies for pain.

For Medicaid, expand the coverage of comprehensive and evidence-based medication assisted treatment options, previews guidance from the Centers for Medicare and Medicaid Services (CMS) that would set minimum standards for State Drug Utilization Reviews to reduce clinical abuse, and requires States to track and act on prescribers who fail to adopt best practices.

For Medicare, test and expand nationwide a bundled payment for community-based medication assisted treatment, including Medicare reimbursement for methadone treatment, and authorizing the secretary of HHS to work with the Drug Enforcement Administration to revoke a provider’s certificate allowing for the prescription of controlled substances when the provider is barred from billing Medicare due to a pattern of abusive prescribing.

- Reduce CDC program funding by $1 billion to $10.9 billion, including a reduction of $138 million below the $338 million spending level allowed by the FY 2018 continuing resolution for the CDC’s National Institute for Occupational Safety and Health (NIOSH).
- Modify hospitals’ payments for outpatient drugs acquired with a purchasing discount from drug manufacturers through the 340B Drug Pricing Program by only allowing hospitals that deliver a specified level of charity care to retain their savings, while requiring other 340B covered entities that do not meet this threshold to return their savings to the federal government.
- Consolidates Graduate Medical Education (GME) spending in Medicare, Medicaid and the Children’s Hospital GME Payment Program into a new mandatory GME capped grant program for teaching hospitals, resulting in $48.1 billion less in GME payments over 10 years.
- Total funds available for distribution in FY 2019 would equal the sum of Medicare and Medicaid’s 2016 payments for GME, plus 2016 spending on Children’s Hospitals GME, adjusted for inflation.
- Administrators of CMS and Health Resources and Services Administration (HRSA) would jointly operate the new program.

- Reduce overall HRSA Health Workforce programs funding that benefits students training to be physicians, nurses, dentists and optometrists by $744 million below the FY 2018 continuing resolution, funding these programs in FY 2019 at $477 million, with the Nursing Workforce Development fund being cut by $145 million to provide $83 million in FY 2019, $1 million above the FY 2018 continuing resolution, and funding for the Training in Primary Care Medicine eliminated.
- Maintain National Health Service Corp’s funding at $310 million.
- Increase total resources for the Food and Drug Administration at the program level to $3.6 billion, which includes $1.8 billion in user fees, and is $572 million above the FY 2018 continuing resolution.
- Implement Outpatient Prospective Payment System final rule requiring Medicare DSH payment for 340B drugs be reduced to average sales price minus 22.5 percent. The savings from hospitals that provide uncompensated care equaling at least 1 percent of their patient care costs are to be redistributed based on their share of aggregate uncompensated care.
- Increase funding of HRSA’s 340B Drug Pricing Program by $16 million to $26 million in FY 2019, while maintaining discretionary budget authority at the FY 2018 continuing resolution level of $10 million, through a new user fee imposed on drug purchases by
covered entities, while proposing to improve program integrity and ensure the program helps low-income and uninsured patients.

- Reduce the wholesale acquisition cost payment rate for Part B drugs from 106 percent to 103 percent beginning in 2019. Budget impact not available.
- Require individuals to prove their eligibility for Medicaid before receiving Medicaid benefits, resulting in $2.2 billion Medicaid cuts over 10 years.
- Allow states’ Medicaid programs to negotiate prices directly with pharmaceutical manufacturers and set formulary for coverage, thereby resulting in $85 million in savings over 10 years.
CONGRESSIONAL REACTION
Below are excerpts from congressional leadership in response to the president’s FY 2019 budget request.

From House Speaker Paul Ryan (R-WI)
This budget lays out a thoughtful, detailed, and responsible blueprint for achieving our shared agenda. It builds on last week’s budget agreement by focusing on rebuilding our national defense and promoting a stronger economy. It seeks to further improve services for our veterans, and expand access to resources for fighting the opioid epidemic. And it reflects the historic tax reform law that is already improving the lives of American families…

From Democratic Leader Nancy Pelosi (D-CA)
The budget is a statement of our values, but the President’s brutal collection of broken promises and staggering cuts shows he does not value the future of seniors, children and working families. After robbing from our children’s futures to enrich corporations and the wealthiest with the GOP tax scam, the White House budget is purpose-built to compound the cruelty. The President’s tired insistence on ripping away the promise of quality, affordable health care and his cruel focus on slashing vital investments in families’ economic security will dangerously hollow out our nation’s strength…

From House Appropriations Committee Chairman Rodney Frelinghuysen (R-NJ)
The Appropriations Committee is committed to our Constitutional duty to provide timely and responsible funding for all aspects of the federal government. We will carefully and thoroughly review this Fiscal Year 2019 budget request from the President, conduct strong oversight, and hold agencies accountable for the use of taxpayer funds and ask them to justify their request. The Committee will perform our own analysis and craft legislation that reflects the will of the House and the needs of the people we represent…

From House Appropriations Committee Vice Chairwoman Nita Lowey (D-NY)
The president has the power to propose a budget, but Congress has the power to dispose of that request—and this request, just like his last one, is dead on arrival. Nonetheless, this proposal is a troubling statement of the president’s disdain for the physical and financial security of middle-class New York families. From cuts to health and education to infrastructure and homeland security, the president’s request guts programs and support services on which hardworking families rely. As Ranking Member on the House Appropriations Committee, I am committed to negotiating a responsible, bipartisan spending package that invests in American families and communities…

From Senate Majority Leader Mitch McConnell (R-KY)
Today, President Trump put forward his budget request for the next fiscal year. I look forward to reviewing the president’s priorities. With a bipartisan funding agreement in place, Congress and the White House can now work together to begin rebuilding our military, improve care for veterans, and tackle other urgent matters from disaster relief to the fight against drug addiction…

From Senate Appropriations Committee Chairman Thad Cochran (R-MS)
The President’s budget offers a starting point for the Appropriations Committees to draft and enact spending bills. In the coming months, the Committee will conduct hearings and thoroughly review the President’s proposal in order to inform our efforts to fund national security and government operations for the new fiscal year...
From Senate Appropriations Committee Vice Chairman Patrick Leahy (D-VT)
A budget is where we lay out our priorities as a nation. The priorities identified in this budget are not the priorities of the American people. By making drastic cuts to our domestic priorities, President Trump is abandoning the bipartisan budget deal reached by Congress and signed -- by the President -- last week. This is not a serious proposal; it is divorced from reality. And it would continue the Trump administration’s full-on retreat from American global influence and leadership…
LINKS TO FEDERAL AGENCY BUDGET INFORMATION

FY 2019 PRESIDENT BUDGET REQUEST GENERAL INFORMATION

- White House/Office of Management and Budget Information: https://www.whitehouse.gov/omb
- Supplemental Materials: https://www.whitehouse.gov/omb/supplemental-materials/
- Additional Fact Sheets
  - Infrastructure Initiative
  - National Security
  - Border Security

DEPARTMENT OF EDUCATION

- Department Budget Webpage: https://www2.ed.gov/about/overview/budget/budget19/index.html
  Summary and Background Information: https://www2.ed.gov/about/overview/budget/budget19/summary/19summary.pdf
- Congressional Budget Justifications: https://www2.ed.gov/about/overview/budget/budget19/justifications/index.html

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- Department Budget Webpage: https://www.hhs.gov/about/budget/index.html

DEPARTMENT OF ENERGY

- Department Budget Webpage (does not yet include FY 2019 information): https://www.energy.gov/budget-performance

National Nuclear Security Administration

- Press Release: https://nnsa.energy.gov/aboutus/budget

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA)

• President's FY 2019 Budget Request for NASA:
• State of NASA Remarks by Acting Administrator Robert Lightfoot (as prepared):

DEPARTMENT OF AGRICULTURE
• Department Website: http://www.usda.gov/budget
• Budget Summary: https://www.obpa.usda.gov/budsum/fy19budsum.pdf
• Budget Exploratory Notes: https://www.obpa.usda.gov/FY19explan_notes.html

DEPARTMENT OF TRANSPORTATION
• Department Budget Webpage: http://www.transportation.gov/budget

THE NATIONAL SCIENCE FOUNDATION
• Agency Budget Webpage: https://www.nsf.gov/about/budget/index.jsp
• Budget Request: https://www.nsf.gov/about/budget/fy2019/index.jsp

DEPARTMENT OF COMMERCE
• Agency Budget Website: http://osec.doc.gov/bmi/budget/
• Budget Justification: http://osec.doc.gov/bmi/budget/FY19_CBJ.html

National Oceanic and Atmospheric Administration

ENVIRONMENTAL PROTECTION AGENCY
• Department Budget Webpage: https://www.epa.gov/planandbudget/fy2019

DEPARTMENT OF THE INTERIOR
• Department Budget Webpage: https://www.doi.gov/budget/appropriations/2019
• Budget in Brief: https://www.doi.gov/budget/appropriations/2019/highlights

ADDITIONAL AGENCY INFORMATION
• Corporation for National and Community Service
• Department of Defense
• Department Housing and Urban Development
• Department of Homeland Security
• Department of Justice
• Department of Labor
• Department of State and USAID
• Department of Treasury
• Department of Veteran Affairs
• National Endowment for the Arts (Statement)
• National Endowment for the Humanities (Statement)
• Social Security Administration