

## FY 2019 Budget Proposes Steep Cuts to Community Development

The White House released its FY 2019 budget proposal today. Like the FY 2018 budget blueprint, the FY 2019 proposal once again follows the path laid out by then-House-Budget-Chairman Paul Ryan in his FY 2012 House Budget Resolution, pairing deep cuts to domestic discretionary spending with increases in defense spending.

The [FY 2019 budget](http://org2.salsalabs.com/dia/track.jsp?v=2&c=y1PDWvvH2OxCdmFG%2FR70IIWJZzhgJEhL) would eliminate many community development grant programs. Among the casualties:

* All CDFI Fund grant programs ($234 million). Note: the budget maintains funding to administer the NMTC and Bond Guarantee programs;
* USDA rural development programs including the Rural Business Service, Water/Waste Water Grants, Single Family Direct loans ($672 million total);
* The Economic Development Administration ($251 million) at Commerce;
* The Community Services Block Grant program ($715 million) and the Low-Income Heating Assistance Program ($3.4 billion) at Health and Human Services; and
* Choice Neighborhoods ($276 million), HOME ($950 million), CDBG ($3 billion), and SHOP ($54 million) at Housing and Urban Development.

**All told, the budget would reduce federal outlays for community and regional development to $15 billion by 2023, the lowest level as a share of GDP since at least 1962** (the earliest year we could find comparable data).

The budget includes a one-time $200 billion investment to finance new infrastructure, but it would eliminate many existing federal infrastructure financing programs and - over the long-term - significantly reduce federal support for infrastructure projects. For example, according to OMB tables, federal outlays for air, ground, and water transportation (budget function 400) would drop from a proposed $93.9 billion in 2019 to $69.4 billion in 2022. A summary of the administration's new infrastructure proposals can be found on pages 21-23 of the budget:

* [Summary of new infrastructure spending proposals](http://org2.salsalabs.com/dia/track.jsp?v=2&c=lu6SpYt8U1Wa7l4RwcV5xoWJZzhgJEhL) (see page 21-23)

What should we make of the proposed cuts to community development? Many cuts directly contradict the two-year bipartisan budget agreement signed last week by the president. The proposed elimination of CDBG stands out in particular given that the spending deal authorized $28 billion in new CDBG disaster funding.

To be fair, the spending deal is only a few days old, and the administration included an addendum outlining their priorities. The addendum proposes $540 billion in FY 2019 domestic discretionary spending ($57 billion below the new FY 2019 cap). It would restore $1.7 billion to HUD "to hold harmless elderly and disabled households in HUD-assisted housing as rent reform proposals are implemented, and maintain current services levels of housing vouchers."

* [Addendum](http://org2.salsalabs.com/dia/track.jsp?v=2&c=7bM7W5nxH80eiExPGbh386%2BSMSzQflDG)

During the FY 2018 appropriations process, Congress mostly rejected the elimination of community development grant programs. Higher spending caps in FY 2019 would seem to point to a similar outcome. But with trillion dollar deficits looming ahead as far as the eye can see, the spend-thrift mood in Washington could change quickly.  Stay tuned.

## REMINDER: NMTC Legislative Update Call: 2/16/2018 at 3pm ET

As a reminder, the NMTC Coalition will hold a legislative update call next Friday, February 16th at 3:00 pm Eastern. We look forward to speaking with you all.

Call In Number: 1-866-730-7512; Participant Pin: 640987#



