

President Trump's FY2018 Budget: Wrong for New York City, Wrong for America

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EXECUTIVE SUMMARY

- The federal government is a major source of funding for New York City.
- President Trump’s budget would cut the programs outlined in the report that benefit the City by nearly \$3 billion , requiring the City to replace these dollars through other means, cutting services, or a combination of both. The program funding detailed below only represents a fraction of the total amount of federal funding received by the City every year.
- The Trump Administration proposes additional cuts in funding as the annual overall amount of federal funding to the City and the State has declined. New York pays more in taxes than it receives back from the federal government.
- New York State Controller Thomas DiNapoli reported that New York only gets about \$0.91 back for every dollar it gives in federal revenue, compared to the national average return of \$1.22 for every dollar. ¹
- According to New York City’s Office of Management and Budget, when adjusted for inflation, the City’s level of federal funding has actually decreased by over 6% in the past five years when stimulus funding for major events like Hurricane Sandy are accounted for.
- New York City gives the federal government more in revenue than it receives, and the administration’s budget proposal will only increase this gap.
- If enacted, the President’s budget will create economic strain and tough challenges for City Hall, NYC residents, and local businesses.²

HOMELAND SECURITY

Reduces funding to mitigate the threat of terrorism in New York City and protect our rail systems and ports including:

- The Urban Area Security Initiative by 100%;
- The Department of Transportation’s Port Security Grant Program by 100%; and
- State Homeland Security Program by 29%.

DEPARTMENT OF HOUSING AND URBAN AND DEVELOPMENT

Reduces funding that is used to provide New Yorkers with affordable housing, including:

- The Community Service Block Program by 100%;
- Public Housing Capital Fund by 67%; and
- The HOME Investment Partnership Program by 100%.

DEPARTMENT OF EDUCATION

Decreases financial support and assistance for New York City’s schools, students, and teachers, including:

¹ <http://www.nydailynews.com/news/politics/ny-pays-big-federal-taxes-doesn-back-article-1.2413779>

² <http://ibo.nyc.ny.us/cgi-park2/category/federal-aid/>

- Preschool Development Grants by 100%; and
- Title I Funding (excluding the Title I Choice program) by 5%.

DEPARTMENT OF TRANSPORTATION

Cuts funding for New York City's subways, buses, railroads, and roads including:

- Capital Investment Grants by 100%; and
- TIGER Grants by 100%.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Cuts programs essential to New York City residents' health and well-being, as well as the biomedical research community, including:

- Low Income Home Energy Assistance Program by 100%; and
- The National Institutes of Health by 22%.

ARTS AND CULTURE

Decreases support for the arts, humanities, and culture across New York City's neighborhoods by cutting the:

- National Endowment for the Arts by 100%;
- National Endowment for the Humanities by 100%.

INTRODUCTION

Last year, New York City received billions in direct funding from the federal government. This financial support was essential to the City's provision of services in a wide range of areas, including housing, health care, transportation, education, homeland security, and the arts. Outlined below is a small sample of some of federal programs, grants, and funding that New York City receives in a year. This list is not comprehensive, and the full amount of federal funds the City receives is greater than the amount listed below.

FY 2018 Federal Spending, Grants and Direct Assistance³

Program	Potential Loss to NYC
Capital Investment Grants	-\$ 2,228,380,000
Community Development Block Grants	-\$151,460,389
Community Service Block Program	-\$32,162,578
HOME Investment Partnerships Program	-\$54,000,000
Low Income Home Energy Assistance Program	-\$40,136,587
National Endowment for the Arts	\$14,500,000
National Endowment for the Humanities	-\$11,000,000
NIH	-\$220,220
Port Security Grant Program	-\$10,066,535
Preschool Development Grants	-\$9,258,677
Public Housing Capital Fund	-\$213,361,263
State Homeland Security Program	-\$100,66,535
Title I	-\$29,716,156
Urban Area Security Initiative	-\$139,700,000
Total	-\$2,947,028,411

Unfortunately, the recently released Presidential budget for FY 2018 undermines the federal government's commitment to New York City. The budget would reduce federal spending leaving New York City and its residents without the assistance and support they have counted on for years.

The following report provides an assessment of the budget's impact on New York City by analyzing its impact on federal grants and programs that the City relies on most. What it finds is that federal funding for New York City's vast array of programs, services, and activities would be significantly curtailed under President Trump's budget, as well as federal support for research and economic development. The result would be less city services and reduced levels of job

³ Figures calculated from the Office of Management and Budget, Department and Agency Budget Justifications and Fact Sheets, and data provided by the New York City Office of Management and Budget.

creation, while stressing local taxpayers and city government further to compensate for the lack of federal funding.

New York City's economy ranks first among American cities by a wide margin and is a solid investment for the nation. A leader across a wide range of industries including banking, insurance, advertising, health care, technology, fashion, and design, it is clear that as New York City goes, so goes the nation. To continue to thrive, however, it requires a commitment from the federal government – a principle that President Trump's FY 2018 budget subverts.

While ensuring that government operates efficiently is a priority, the decrease in resources for New York City does not represent a promising path forward. Experience has demonstrated that such reductions only serve to widen inequality and dampen economic activity, rather than act as a catalyst for renewed growth. Ensuring that all sectors and geographic regions have access to the resources they need is vitally important, especially for urban epicenters like New York City that are so critical to our nation's growth.

As the following report details, many residents of New York City will face tougher challenges receiving the assistance and support they need under the new budget. By not adequately funding the programs that promote housing, transportation, education, healthcare, and economic development, the City – and the United States – will be less able to build on its recent advances and risks relinquishing the hard-fought gains it has realized during the last few years.

PRESIDENTIAL BUDGET IMPACT: CITY-WIDE

The federal government is a major source of funding for New York City, providing funding for health, transportation, housing, research and other priorities. If the President’s budget were enacted, **the City could lose nearly \$3 billion dollars to the core programs outlined below.** The listed programs are only a fraction of all the federal funding that goes to New York City every year. It is unclear how or if the City would be able to compensate for the loss of funding resulting from President Trump’s budget. As a result, it would be probable that either services would be cut or revenue would have to be raised from other sources.

PRESIDENTIAL BUDGET IMPACT: HOMELAND SECURITY

Urban Area Security Initiative

Program	Percent Change in Proposed Budget	New York City FY16 Funding	Potential Loss to NYC
Urban Area Security Initiative	-100%	-\$139,700,000	-\$139,700,000

The Urban Area Security Initiative (UASI) provides grants to assist high threat-urban areas like New York City to prevent, respond to, and recover from acts of terrorism. UASI is the City’s main source of federal homeland security funds, and New York City faces the highest risk of terror of any city in the nation.⁴ In FY 2016, the City received over \$178 million from this Initiative, with a portion going to the State of state-based security programs. Gutting the program would strip the New York City area of over \$130 million vital funds that help to keep the City safe, and goes against the President’s campaign promise to go “tough on terrorism”.

The Department of Transportation’s Port Security Grant Program

Program	Percent Change in Proposed Budget	New York City FY16 Funding	Potential Loss to NYC
Port Security Grant Program	-100%	\$10,400,000	-\$10,400,000

The Port Security Grant program directly supports maritime transportation infrastructure security activities. It is designed to strengthen the nation’s critical infrastructure against risks associated with potential terrorist attacks. The vast majority of U.S. maritime critical infrastructure is owned and operated by state, local, and private sector maritime industry partners. In New York City, the Port Authority and the New York City Fire Department were among the recipients of this funding last year. As a hub for shipping and leisure travel, safeguarding New York City’s harbors and ports is essential.

⁴ <http://www1.nyc.gov/office-of-the-mayor/news/682-16/mayor-de-blasio-bipartisan-members-the-united-states-congress-stand-together-urge#/0>

These funds are intended to improve port-wide maritime security risk management; enhance maritime domain awareness; support maritime security training and exercises; and to maintain or reestablish maritime security mitigation protocols that support port recovery and resiliency capabilities. These investments address Coast Guard identified vulnerabilities in port security and support the prevention, detection, response, and/or recovery from attacks involving improvised explosive devices (IED) and other non-conventional weapons. The Trump budget would cut New York City’s port security grants awards by over \$10 million. This cut would leave many entities – such as the NYC Fire Department and Port Authority – without the funds necessary to safeguard and prepare for attacks on critical maritime infrastructure.

State Homeland Security Program

Program	Percent Change in Proposed Budget	New York City FY16 Funding	Potential Loss to NYC
State Homeland Security Program	-29%	\$34,400,000	-\$9,976,000

The state homeland security program (SHSP) assists state and local level to prepare, protect, and prevent terrorist attacks. The funds are weighted through a risk assessment, allocated more funds to more at-risk areas. New York City has thwarted 20 terrorist plots since 2001, largely funded through federal programs like SHSP and UASI. President Trump’s proposed budget cuts nearly a third of SHSP, causing a loss of nearly \$10 million in counter-terrorism funding for New York City.

PRESIDENTIAL BUDGET IMPACT: DEPARTMENT OF HOUSING AND URBAN AND DEVELOPMENT PROGRAMS

Community Development Block Grant (CDBG)

Program	Percent Change in Proposed Budget	New York City FY16 Funding	Potential Loss to NYC
Community Development Block Grant	-100%	\$151,460,389	-\$151,460,389

The NYS CDBG program provides financial assistance to eligible cities, towns, and villages with populations under 50,000 and counties with an area population under 200,000, in order to develop stable and ultimately thriving communities. The program does this by providing decent, affordable housing, and suitable living environments, as well as expanding economic opportunities, all principally for persons of low and moderate income.

The state must ensure that no less than 70% of its CDBG funds are used for activities that benefit low- and moderate-income persons. The program objectives are achieved by supporting activities or projects that: benefit low- and moderate-income families; create job opportunities and addressing a community development need that poses a serious and imminent threat to the community's health or welfare. In 2016, New York City received over \$150 million in CDBG funds, but Trump Administration's proposed cuts would end this program.

Public Housing Capital Fund

Program	Percent Change in Proposed Budget	New York City FY16 Funding	Potential Loss to NYC
Public Housing Capital Fund	-67%	\$318,700,000	-\$213,361,263

Funding from the Public Housing Capital Fund is used by public housing authorities (PHAs) to maintain and modernize their properties. The New York City Housing Authority (NYCHA) uses these federal funds and other sources of funding to help improve and maintain its developments. With 326 developments throughout the City, NYCHA is the largest public housing authority in the nation, and provides housing to more than 400,000 New Yorkers.⁵ President Trump's budget proposes to cut the Public Housing Capital Fund by nearly 70%. NYCHA already suffers from a capital backlog of over \$17 billion. This cut would result in a loss of over \$200 million dollars to the City, leading to fewer improvements and repairs to the City's public housing stock and further deterioration of living conditions.

HOME Investment Partnership Program

Program	Percent Change in Proposed Budget	New York City FY16 Funding	Potential Loss to NYC
HOME Investment Partnerships Program	-100%	\$54,000,000	-\$54,000,000

The HOME Investment Partnerships Program (HOME) provides states and other localities with grants to provide funding for building, buying, and/or rehabilitating affordable housing to low-income individuals. HOME is the largest federal block grant designed strictly to create and sustain affordable housing for low and very low income households. New York City received \$54 million in HOME grants in 2016, funds that helped low income individuals find affordable housing as rents continue to rise in the City. The administration's budget proposes to cut the program entirely, stripping the city of \$54 million in funds targeted towards helping low and very low income households.

⁵ <http://www1.nyc.gov/site/nycha/about/about-nycha.page>

PRESIDENTIAL BUDGET IMPACT: DEPARTMENT OF TRANSPORTATION PROGRAMS

Federal Transit Capital Investment Grants

Program	Percent Change in Proposed Budget	Proposed FY18 NYC Projects Federal Funding	Potential Loss to NYC
Capital Investment Grants	100%	\$2,228,380,000	-\$2,228,380,000

Federal Transit Capital Investment Grants (CIG) is the Federal Transit Administration's primary grant program for funding major transit capital investments, including rapid rail, light rail, bus rapid transit, commuter rail, and ferries. These funds were used to improve subway and bus services in New York City. In 2018, the NYC Metropolitan area was slated to begin three CIG projects: the Canarsie Line Power station to improve the L train, the second phase of the 2nd Avenue Subway project to extend rail service, and the Woodhaven Boulevard Select Bus Service.⁶ These three projects required \$130 million, \$2 billion, and \$98 million of federal funds, respectively, and were slated to begin construction in 2018 after completing the grants process. President Trump's large cut to the program puts these projects in danger, as it would cancel any funding to projects that have not yet started construction. Without such funding, these transportation projects could be completely cancelled, resulting in a loss of three major transportation improvements in the City.

TIGER Grants

Program	Percent Change in Proposed Budget	NYC 2014 Awards	Potential Loss to NYC
TIGER Grants	-100%	\$26,400,000	-\$26,400,000

The highly competitive TIGER grant program supports innovative projects, including multi-modal and multi-jurisdictional projects, which are difficult to fund through traditional federal programs. These federal funds leverage money from private sector partners, states, local governments, metropolitan planning organizations and transit agencies. The 2016 TIGER round alone is leveraging nearly \$500 million in federal investment to support \$1.74 billion in overall transportation investments. TIGER grants have funded multiple projects in New York. The City was awarded over \$26 million in TIGER grants in 2014, including \$25 million for the Vision Zero Initiative to help redesign streets to improve their safety for bicyclists and pedestrians.⁷

⁶ <https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/funding/grant-programs/capital-investments/60911/ny-new-york-canarsie-line-fy-18-profile.pdf>; <https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/funding/grant-programs/capital-investments/60936/ny-new-york-second-avenue-subway-phase-2-fy-18-profile.pdf>; <https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/funding/grant-programs/capital-investments/60996/ny-new-york-woodhaven-blvd-sbs-fy-18-profile.pdf>

⁷ <http://www1.nyc.gov/site/visionzero/index.page>; <http://nyc.streetsblog.org/2014/09/10/dot-scores-tiger-grants-for-bike-ped-projects-rockaways-transportation-study/>

President Trump proposes to cut the program from the budget in FY2018. Such a reduction will lead to the cancellation of transportation projects in the NYC metropolitan region, and a lost opportunity for New York City entities to apply to for future TIGER grants for infrastructure improvements.

PRESIDENTIAL BUDGET IMPACT: DEPARTMENT OF EDUCATION PROGRAMS

Title I

Program	Percent Change in Proposed Budget (Excluding Title I Choice Program Funding)	New York City FY16 Funding	Potential Loss to NYC
Title I	-5%	\$650,927,286	-\$29,716,156

Title I is designed to help students served by the program to achieve proficiency on challenging State academic achievement standards. Title I schools with percentages of students from low-income families of at least 40 percent may use Title I funds, along with other Federal, State, and local funds, to operate a "schoolwide program" to upgrade the instructional program for the whole school. An analysis from the United Federation of Teachers found that over 700,000 students in over 1,200 city schools could face larger class sizes, fewer teachers, and less after-school and enrichment programs if Trump’s budget pulls federal Title 1 dollars.⁸

President Trump’s FY2018 budget accounts for an overall increase of 2% to Title I funding due to \$1 billion in funding to the Title I Choice program. Excluding that program’s funding, his budget actually calls for a 5% decrease to current program funding levels of Title I, causing the City to lose nearly \$30 million towards preexisting Title I programs.

Preschool Development Grants

Program	Percent Change in Proposed Budget	New York City FY16 Funding	Potential Loss to NYC
Preschool Development Grants	-100%	\$9,258,677	-\$9,258,677

The Preschool Development Grants exist to support preschool program infrastructure and programming to serve targeted low and moderate-income families. The program intends to expand preschool to all 4-year-olds and lay the groundwork to ensure that more States are ready to participate in the Preschool for All formula grant initiative asserted by the Obama Administration. In 2015, New York City served a total of 64,203 children in their PRE-K FOR ALL program with 756 of those children funded through the Preschool Development Expansion

⁸ <https://www.dnainfo.com/new-york/20170109/sunset-park/nyc-schools-title-1-funding-vouchers>

Grant (PDG).⁹ President Trump’s Budget proposes to cut the program completely, resulting in a loss of over \$9 million in funding.

PRESIDENTIAL BUDGET IMPACT: DEPARTMENT OF HEALTH AND HUMAN SERVICES PROGRAMS

Low Income Home Energy Assistance Program

Program	Percent Change in Proposed Budget	New York City FY16 Funding	Potential Loss to NYC
LIHEAP Grant Program	-100%	\$40,136,587	-\$40,136,587

The Low Income Home Energy Assistance Program (LIHEAP) helps keep families safe and healthy through initiatives that assist families with energy costs. This program provides federally funded assistance in managing costs associated with home energy bills, energy crises, weatherization and energy related minor home repairs. To qualify, New Yorkers must meet annual household income levels dependent on household size. For a family of four, the maximum income level is \$36,450.

LIHEAP funding has already decreased by 32 percent since 2010, and the President proposes to end the program, resulting in a loss of over \$40 million in funding to New York City. As a result, thousands of New Yorkers, particularly many senior citizens living on a fixed income, who benefit from the program, especially during periods of extreme heat and cold will be impacted.

Community Service Block Program

Program	Percent Change in Proposed Budget	New York City FY16 Funding	Potential Loss to NYC
Community Service Block Program	-100%	\$32,162,578	-\$32,162,578

The Community Services Block Grant (CSBG) provides funds to alleviate the root causes and conditions of communities living in poverty. The Grants are intended to specifically address the needs of low-income individuals by providing services and activities addressing employment, education, better use of available income, housing, nutrition, emergency services and/or health. The New York State network is comprised of 52 CSBG grantees serving all 62 counties, and which provide a range of services to meet the needs of low-income New Yorkers. President Trump’s budget proposes to end the program, causing the City to lose over \$32 million in funds that aid those living in poverty.

The National Institutes of Health

⁹ <https://www2.ed.gov/programs/preschooldevelopmentgrants/2015apr/nyaprpdg.pdf>

Program	Percent Change in Proposed Budget	New York City FY16 Funding	Potential Loss to NYC
NIH	-22%	\$1,001,000	-\$220,220

The National Institutes of Health (NIH) is the focal point for federal health research, using its resources to support medical and health research throughout the United States. For New York City’s medical, health care, and biotechnology community, NIH is a substantial source of funding and is important to advancing cures and treatments for illnesses such as cancer and heart disease. With nine major academic medical centers including Columbia University, Weill Cornell Medical College, NYU, Albert Einstein College of Medicine, and The Rockefeller University, as well as over 120 bioscience companies, New York City has a vibrant health care sector.

If enacted, the President’s budget would reduce NIH funding for New York City by over \$200 thousand. This would reduce the number of research projects at local universities and medical centers, while lessening high-quality employment opportunities in the City.

PRESIDENTIAL BUDGET IMPACT: ARTS AND CULTURE

National Endowment for the Arts

Program	Percent Change in Proposed Budget	New York City FY16 Funding	Potential Loss to NYC
National Endowment for the Arts	100%	\$14,500,000	-\$14,500,000

The National Endowment of the Arts (NEA) is a major federal source of support for all arts disciplines. Since 1965 it has awarded more than 135,000 grants that have been distributed to all states. In New York City, NEA awarded grants last year for over \$14 million. This supported a range of artistic and theatrical projects including dance productions in Harlem, jazz at Lincoln Center, the Red Hook Fest, and art exhibitions in the Bronx. President Trump’s budget proposes to cut NEA, allotting \$2.9 million for a closeout of the program next year.

National Endowment for the Humanities

Program	Percent Change in Proposed Budget	New York City FY16 Funding	Potential Loss to NYC
National Endowment for the Humanities	100%	\$11,000,000	-\$11,000,000

The NEH generally supports grants for humanities education, research, preservation, and public humanities programs; creation of regional humanities centers; and development of humanities programs under the jurisdiction of the state humanities councils. In New York City, the NEH made grants for \$11 million last year. It has supported work on the Vietnam War, Jewish history, AIDS, and immigration. President Trump’s budget would end the NEH, calling for \$3 million dollars to

close out the program, limiting educational and cultural initiatives in New York City and around the country.

CONCLUSION

The Trump budget provides the blueprint for the Trump Administration's fiscal and economic policies. Residents of New York City should be concerned about the economic policies contained in President Trump's Budget. Instead of prioritizing programs and policies that support health, housing, transportation, education, and homeland security, the President's budget significantly reduces its commitment to the City. The President's budget requests deep cuts in federal programs designed to assist large urban centers like New York City.

While recognizing the need for fiscal constraint given the current budget deficit, these broad cuts are troublesome. The federal budget deficit is not a result of the relatively minimal costs associated with these programs. If the ultimate concern is the effect of budget deficits, these programs have paid for themselves by increasing federal tax revenues.

A better course to reduce the deficit is to target investment in proven revenue-generating initiatives along with tax reform. By doing this, new jobs would be created, while at the same time reducing the budget deficit through economic growth and increased tax revenues. Supporting working families while investing in our communities leads to a more robust local economy, which ultimately will generate higher tax receipts and a broader tax base.

Instead of changing course and offering a balanced proposal that incorporates targeted tax relief as well as adequate funding for programs that spur economic growth, the President's budget relies on cuts that have a great probability of widening inequality and leading to economic stagnation. Without a reordering of President Trump's budget priorities, the livelihood of all New Yorker's will be jeopardized.