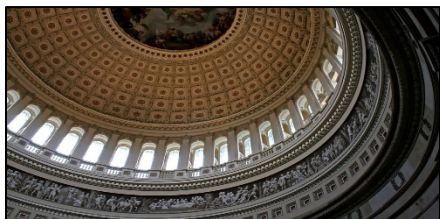


# ALCALDE & FAY

## GOVERNMENT & PUBLIC AFFAIRS FIRM



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## HIGHLIGHTS OF THE PRESIDENT'S FY 2021 BUDGET

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Since the release of the Trump Administration's Fiscal Year (FY) 2021 Budget, we have reviewed budgetary analysis and information from Federal Agencies, and highlighted relevant programs below as specifically provided by these documents. The Administration's recommendations are intended to serve as a guide to funding levels for Congress to enact through the annual appropriations process.

The most recent budget deal, Bipartisan Budget Act of 2019 (BBA), was signed into law in August of 2019 and set discretionary spending caps for FY 2020 and FY 2021. For FY 2021, the BBA set discretionary spending caps at \$671.5 billion for defense \$626.5 billion for nondefense, reflecting increases of \$5 billion over their respective FY 2020 level.

The President's budget initially limits discretionary spending to \$671.5 billion for defense and \$590 billion for non-defense, which reflects a cut of \$36.5 billion below the nondefense discretionary cap for FY 2021 established by the BBA. The budget would also utilize the \$69 million in cap-exempt Overseas Contingency Operations (OCO) funds for defense, as agreed-to by the BBA, thereby increasing the defense discretionary total to \$705 billion. The Administration does not propose utilizing the additional \$8 billion in cap-exempt OCO funds allowed for non-defense by the BBA.

The cuts to the non-defense discretionary spending level reflect an overall reduction of approximately 5 percent (or \$31 million) compared to FY 2020 enacted levels, although some agencies would suffer cuts well above the 5 percent average, including at the Departments of Education (8 percent), Housing & Urban Development (15 percent), and Transportation (13 percent), as well as at the EPA (27 percent) and Corps of Engineers (22 percent). It is worth noting that Congressional leadership from both parties has, as recently as this week, reiterated their plans to write the forthcoming FY 2021 appropriations bills for based on BBA's spending caps.

The President's FY 2021 budget request includes the following funding and policy proposals as summarized below. In addition to the specific program funding levels outlined, the Administration also recommends eliminating federal funding for several independent federal agencies and associations, including the Corporation for Public Broadcasting (CPB), National Endowment for the Arts (NEA), National Endowment for the Humanities (NEH), and the Institute of Museum and Library Services (IMLS) and its Library Services Technology Act (LSTA) grants.

*Please note that funding levels presented may not add up precisely to the totals due to rounding. In some cases funding levels included in the budget proposal reflect program reorganizations and/or cancellations, therefore a direct comparison to FY 2020 enacted levels is not prudent.*

## DEPARTMENT OF AGRICULTURE

Approximately \$23.4 billion in discretionary budget authority for FY 2021, approximately \$4 billion below comparable FY 2020 enacted levels to fund programs and operating expenses.

### *Food and Nutrition Service*

- **Women, Infants, and Children (WIC):** \$5.451 billion, \$548.5 million below FY 2020 enacted levels, to help improve the health and nutritional intake of low-income pregnant, breastfeeding and postpartum women as well as infants and children until their fifth birthday. The funding level is based on USDA estimates of declining WIC enrollments.
- **Child Nutrition Programs:** \$25.041 billion for child nutrition programs, \$1.43 billion above the FY 2020 enacted level to assist state and local governments, and private non-profit organizations in ensuring that children in schools and child care – and adults in adult day care programs – receive meals that meet their nutritional needs, foster healthy eating habits, reduce the number of overweight and obese children, and safeguard their health.
  - The budget proposes specific reforms to the National School Lunch (NSLP) and School Breakfast (SBP) Programs, designed to increase program integrity and which would result in savings of \$1.7 billion over 10 years. The first modification consists of requiring local educational agencies to verify the information reported on 8 percent of household applications, up from the current maximum of 3 percent. The Administration also proposes limiting participation in the Community Eligibility Provision to only those schools where 40 percent or more their enrolled students are categorically or automatically eligible for free meals.
  - Funding would be zeroed out for the School Meal Equipment Grants Program which provides grants to help schools, particularly in low-income areas, with purchasing the equipment needed to serve healthier meals, improve food safety, expand access and/or improve energy. The budget asserts that the program, which received \$30 million in FY 2020 (\$300 million between FY 2009 and 2019), is no longer needed as the updated meal standards have been in place for several years.
- **Supplemental Nutrition Assistance Program (SNAP):** \$68.281 billion, approximately \$395.1 million above FY 2020 enacted levels, to provide nutrition assistance to low-income individuals and families. SNAP benefits can be used to purchase food at grocery stores, convenience stores, and some farmers' markets and co-op food programs. While the proposal would increase SNAP funding in FY 2021, the Administration estimates that if all of the proposed program modifications for SNAP were to be adopted the result would be a cut of approximately \$15.35 billion in FY 2021 and an overall reduction of \$181.9 billion over 10 years. The policy proposals for SNAP include, but are not limited to, the following which have been included the Administration's previous budget requests:
  - Strengthening the SNAP work requirements by requiring that all able-bodied adult participants between the ages of 18-65 engage in at least 20 hours or more of employment, employment-related training, or community service in order to receive benefits.
  - Combining the use of traditional SNAP Electronic Benefit Transfer (EBT) cards with a USDA Foods Box that contains 100 percent American grown products in lieu of a portion of their SNAP benefits. The Administration estimates its "America's Harvest Box" proposal would result in savings of \$121.43 billion over 10 years.

## DEPARTMENT OF EDUCATION

\$66.6 billion in total discretionary budget authority for the Department of Education, a decrease of approximately \$6.1 billion below the comparable FY 2020 enacted level. The request includes a proposal for a new tax credit meant to incentivize donations to state-designed scholarship programs and the consolidation or elimination of more than three dozen programs.

### *Education Freedom Scholarships*

- The Administration proposes establishing a new federal tax credit, capped at \$5 billion per year, for individual and corporate donations to State-identified nonprofit education scholarship granting organizations (SGOs) offering scholarships for a wide range of public and private educational activities, such as career and technical education, special education services, or tuition for private school.
- States would be responsible for determining the family eligibility requirements and allowable uses of scholarship funds.

### *Elementary and Secondary Education for the Disadvantaged Block Grant (ESED Block Grant)*

- The President's budget includes a proposal to effectively combine 29 elementary and secondary education programs into a single new Elementary and Secondary Education for the Disadvantaged Block Grant (ESED Block Grant).
- Under the new program, states would continue to meet key accountability and reporting requirements under the Every Student Succeeds Act (ESSA), including submitting accountability plans that would set statewide performance goals and targets, identify and address achievement and attainment gaps for all ESEA subgroups, and requiring intervention for the bottom 5 percent of schools.
- \$19.363 billion is proposed for the ESED Block Grant, to be distributed by the same formulas used by the Title I Grants to Local Educational Agencies (LEAs), and states and LEAs would have discretion to use the allocated funds for any authorized purpose of the programs targeted for consolidation.
- The proposed funding level represents a cut of approximately \$4.7 billion from the sum of the 2020 enacted levels of the below programs targeted for consolidation, as outlined below:

#### **Programs Proposed for Consolidation in FY 2021**

*\*Numbers may not add up precisely due to rounding.\**

Program Title	FY 2020 Enacted Funding Level
21st Century Community Learning Centers	\$1.25 billion
Alaska Native Education	\$36 million
American History and Civics Education	\$4.8 million
Arts in Education	\$30 million
Charter Schools	\$440 million
Comprehensive Centers	\$52 million
Comprehensive Literacy Development Grants	\$192 million
Education Innovation and Research	\$190 million
English Language Acquisition	\$787.4 million
Full-Service Community Schools	\$25 million
High School Equivalency Program	\$23 million
Homeless Education	\$101.5 million
Innovative Approaches to Literacy	\$27 million
Javits Gifted and Talented Education	\$132 million
Magnet Schools Assistance	\$107 million

Migrant Education	\$374.8 million
Neglected and Delinquent	\$47.6 million
Native Hawaiian Education	\$36.9 million
Promise Neighborhoods	\$80 million
Ready to Learn Programming	\$29 million
Rural Education	\$185.8 million
School Safety National Activities	\$105 million
Statewide Family Engagement Centers	\$10 million
Student Support and Academic Enrichment Grants	\$1.21 billion
Supporting Effective Educator Development (SEED)	\$80 million
Supporting Effective Instruction State Grants (Title II)	\$2.132 billion
Teacher Quality Partnership	\$50.1 million
Teacher and School Leader Incentive Grants	\$200 million
Title I Grants to Local Educational Agencies (LEAs)	\$16.309 billion
<b>TOTAL (approximate)</b>	<b>\$24.13 billion</b>

In addition to consolidating the above programs as part of its ESED proposal, the Administration's budget would also eliminate the following eleven programs:

<b>Program Title</b>	<b>FY 2020 Enacted Funding Level</b>
Federal Supplemental Educational Opportunity Grants	\$865 million
Fund for the Improvement of Postsecondary Education	\$24.5 million
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)	\$365 million
Graduate Assistance in Areas of National Need	\$23 million
Impact Aid Payments for Federal Property	\$75.3 million
International Education and Foreign Language Studies Domestic Programs	\$68.1 million
International Education and Foreign Language Studies Overseas Programs	\$8.1 million
Regional Educational Laboratories	\$56.0 million
Statewide Longitudinal Data Systems	\$33.0 million
Strengthening Institutions	\$107.9 million
Supported Employment State Grants	\$22.5 million
<b>Total (approximate)</b>	<b>\$1.648 billion</b>

#### ***IDEA/Special Education Grants***

- \$12.864 billion for the Grants to States Program, \$100 million more than the FY 2020 level. Formula grants are allocated to States to assist in providing special education and related services to children with disabilities ages three through 21. Also included within Special Education funding is \$394.1 million for IDEA Preschool Grants, the same as the FY 2020 enacted level.

#### ***Pell Grants***

- \$29.484 billion for Pell Grants, including \$22.475 billion in discretionary funds and \$7.009 billion in mandatory funding, which the Administration suggests will provide sufficient resources to maintain the maximum award at \$6,345 in Award Year 2021-2022, the same level as the previous award year.
- The budget proposes expanding eligibility under the Pell Grant program to include the following:
  - Students enrolled in high-quality, short-term programs that lead to a credential, certification, or license in a high-demand field.

- Incarcerated students who are within five years of their likely release and enroll in programs that prepare them for high-demand occupations (*cannot enroll in programs that prepare them for a field where they would face legal barriers to employment*).

#### ***Career and Technical Education Grants (Perkins)***

- \$1.962 billion, an increase of \$680 million above the FY 2020 enacted level, for formula grants to States to assist with expanding and improving career and technical education (CTE) in high schools, technical schools, and community colleges.
- \$90 million for CTE National Programs, \$82.579 million more than in FY 2020, with the increased funding meant to support Innovation and Modernization grants (*authorized by the Strengthening Career and Technical Education for the 21st Century Act, or Perkins V*), which creates incentives for partnerships involving schools, postsecondary institutions, community organizations, and business and industry to develop, implement, and expand high-quality CTE programs, particularly in the STEM fields, that drive innovation and economic growth.

#### ***Federal TRIO Programs***

- \$950 million for college preparation programs, approximately \$140 million less than the FY 2020 enacted level. Funding is included to support continuation grants for certain programs, including level funding of \$353.32 million for Upward Bound, while proposing \$16 million for Talent Search which represents a cut of \$154.03 million below the FY 2020 level.
- The budget reiterates the Administration's proposal to restructure and streamline existing TRIO programs and activities previously authorized under the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP), transitioning these programs from a set of competitive grant programs into a single State formula grant program.

### **ENVIRONMENTAL PROTECTION AGENCY**

\$6.658 billion in budget authority for the Environmental Protection Agency (EPA), an overall reduction of approximately \$2.39 billion (27 percent) below the FY 2020 enacted level. Included within these reductions, the Administration proposes eliminating dozens of programs and sub-program projects resulting in an estimated savings of approximately \$600 million compared to the FY 2020 funding level.

#### ***Lead Testing Grant Programs***

- \$15 million for the Voluntary School and Child Care Lead Testing grant program, \$11 million less than the FY 2020 level, which awards grants to states and local educational agencies for lead testing in schools and child care centers.
- The budget proposes \$50 million for a new Healthy Schools Grant Program to assist state and local governments, and local educational agencies (LEAs) with identifying, assessing and resolving environmental hazards in schools across the country. Funding would be used to identify and help prevent, reduce and resolve environmental hazards and prevent childhood lead exposure, reduce asthma triggers, promote integrated pest management, and reduce or eliminate childhood exposure to one or more toxics in schools across all environmental landscapes.

### **DEPARTMENT OF HEALTH AND HUMAN SERVICES**

\$94.5 billion in discretionary budget authority for the Department of Health and Human Services (HHS), which represents a decrease of nearly 10 percent below the comparable FY 2020 enacted level.



### *Medicaid and Medicare Reforms*

- The budget calls for numerous changes to the Medicaid program, including but not limited to the following proposals: shifting to a block-grant or per-capita funding system for Medicaid funding to states; requiring able-bodied, working-age individuals to find employment, train for work, or volunteer (community service) to receive benefits; and providing states the option to screen populations determined financially eligible for assets (savings accounts, vehicles, etc.) to prioritize lower-income individuals. The budget estimates savings from this and other Medicaid reforms, including strengthening work requirements, to be approximately \$920 trillion over 10 years.
- The budget's proposed Medicare reforms, which the Administration estimates will save approximately \$756 billion over 10 years, include eliminating the disparity between payments to on-campus hospital outpatient departments and physician offices for certain services, establishing a unified post-acute care payment system for providers, and shifting certain payments to hospitals for graduate medical education and uncompensated care out of the Medicare reimbursement program.

### *Administration for Children and Families (ACF)*

- \$54.976 billion (\$20.198 billion in discretionary funding and \$34.778 in mandatory funding) for ACF programs, which includes a reduction of \$4.245 billion in discretionary spending below the comparable FY 2020 enacted level, including the following allocations:
  - **Head Start:** \$10.613 billion, the same as the FY 2020 enacted level.
  - **Preschool Development Grants:** Eliminates funding (\$275 million in FY 2020) for these grants, managed jointly by the Department of Education and HHS.
  - **Low Income Home Energy Assistance Program (LIHEAP):** Funding for this program (approximately \$3.74 billion for the discretionary portion of LIHEAP in FY 2020) would be eliminated. The budget notes the program is no longer a necessity because the majority of states have policies preventing utility companies from discontinuing services under certain circumstances, such as for households with young children, seniors, or people with disabilities, or during particular times of year.
  - **Child Care and Development Block Grant (CCDBG):** \$5.826 billion, the same as the FY 2020 level, for the discretionary portion of the CCDBG.
  - **Community Services Programs:** Funding is eliminated for the Community Services Block Grant (CSBG), Community Economic Development, and Rural Community Facilities programs, which the Administration estimates will result in approximately \$770.38 million in savings.
  - **Social Services Block Grant (SSBG):** Funding would be eliminated for the SSBG, which received \$1.6 billion in mandatory funds in FY 2020 to provide support for a broad array of social services for vulnerable children and adults. The Administration asserts that the program is duplicative and has not demonstrated effectiveness in improving economic and/or social well-being.
  - **Temporary Assistance for Needy Families (TANF):** Approximately \$15.245 billion for all TANF funding activities, an overall reduction of approximately \$2.1 billion from the comparable baseline authorized level for FY 2020, which includes reductions of \$1.6 billion (10 percent) from state formula block grants and the elimination of the \$608 million TANF Contingency Fund. The 10 percent reduction to TANF block grants aligns with the Budget proposal to eliminate the SSBG, as States had been able to transfer up to 10 percent of TANF funds to SSBG. The Budget proposes reforming TANF by requiring that able-bodied, working-age individuals find employment or participate in individualized work activities for a

minimum of 20 hours per week in order to receive benefits from the program. The Budget also includes reforms to the program aimed at ensuring sufficient TANF investments in work promotion activities, including a requirement that States spend at least 30 percent of all funds on activities that directly promote work and eliminating certain “ineffective uses” of TANF funding by requiring that expenditures be directly related to achieving the program’s four primary purposes.

#### *Substance Abuse and Mental Health Service Administration (SAMHSA)*

- \$5.74 billion in total funding for SAMHSA, a decrease of approximately \$142 million below the FY 2020 level.
- SAMHSA’s overall budget request is divided, in part, among the following four program partnerships with States, communities, tribal and private not-for-profit organizations to enhance health and reduce the adverse impact of substance abuse and mental illness on America's communities:
  - **Substance Abuse Prevention:** \$96.986 million, approximately \$109.48 million below the FY 2020 enacted level, which reflects the elimination of funding for the Strategic Prevention Framework – Partnerships for Success (SPF-PFS) program, which awards funds to address underage drinking among persons aged 12-20 and prescription drug misuse among persons aged 12-25.
  - **Substance Abuse Treatment:** \$3.807 billion, approximately \$30 million below the FY 2020 enacted level. This amount includes, but is not limited to, level funding for the State Opioid Response Grants program (\$1.5 billion) and an increase of \$85 million for the Substance Abuse Block Grant (\$1.858 billion total). The budget also expands the allowable uses under State Opioid Response Grants to include state efforts to address stimulants, including methamphetamine, and cocaine.
  - **Health Surveillance and Program Support:** \$140.96 million, which reflects a \$20.8 million cut to the FY 2020 enacted level.
  - **Mental Health:** \$1.696 billion, an increase of approximately \$18.13 million above the FY 2020 enacted level. This includes \$757.57 million for the Community Mental Health Services Block Grant, \$35 million more than the FY 2020 enacted amount. The mental health allocation also includes \$124.9 million, level with FY 2020 funding, for the Project AWARE grants program that provides funding to states for efforts to raise awareness of mental health issues and connect young people experiencing behavioral health issues, as well as their families, with needed services.

### DEPARTMENT OF JUSTICE

\$31.656 billion, approximately \$730 million below the FY 2020 enacted levels, in Department of Justice discretionary funding.

#### *Office of Justice Programs (OJP)*

The Budget requests \$1.511 billion in discretionary funding for Office of Justice Programs (OJP) State and Local Law Enforcement Assistance, a cut of approximately \$380.8 million below the FY 2020 enacted level. Within that allocation are the following programs:

- **Byrne Justice Assistance Grants (JAG):** \$411.7 million, \$135.5 million less than FY 2020 enacted levels, to support law enforcement, prosecution and courts, crime prevention, corrections, drug treatment and other important initiatives; the budget notes that \$100 million of the proposed cut “is associated

with the elimination of one-time funding of \$100 million for FY 2020 Presidential Nominating Convention Security grants.” The following programs are funded as ‘carve-outs’ within the JAG program funding:

- **Bulletproof Vest Partnership (BVP):** \$25 million, a cut of \$2.5 million from the FY 2020 enacted level, for the BVP program which had previously been funded through a separate line-item allocation.
  - **Project Safe Neighborhoods (PSN) Program:** \$40 million, an increase of \$20 million, for this ongoing initiative that relies on federal, state and local partnerships to identify and develop comprehensive solutions to violent crime problems. Funding is awarded by formula to the 94 federal judicial districts based on violent crime rate data and other indicators of overall need.
  - While the Administration had in previous years proposed funding the Body-Worn Camera program (which received \$22.5 million in FY 2020) as a set-aside within JAG, this year’s budget proposes eliminating the program.
- **STOP School Violence Act Program:** \$150 million, \$25 million more than the FY 2020 enacted level, for programs authorized by the Stop School Violence Act with primary goals of: providing training for students, school personnel, and local law enforcement to identify warning signs and intervene to stop school violence before it happens; improving school security infrastructure; developing and operating school threat assessment and crisis intervention teams; and facilitating coordination between schools and local law enforcement. Within this amount, the budget allocates \$75 million to the Prevention Training and Response to Mental Health Crisis Program and the Threat Assessment and Technology Reporting Program administered by the Bureau of Justice Assistance (BJA), and \$75 million to the School Violence Prevention Program overseen by the COPS Office.

#### *Office of Juvenile Justice Programs (OJJP)*

\$227.5 million, \$92.5 million less than the FY 2020 amount, to support State and local efforts to develop and implement effective and coordinated prevention and intervention juvenile programs. Within that allocation are the following programs:

- **Juvenile Justice Formula Grants:** \$58 million, \$5 million below FY 2020 enacted levels, to support State and local efforts to develop and implement comprehensive State juvenile justice plans, as well as provide training and technical assistance.
- **Delinquency Prevention Program:** \$17 million, \$25 million below the FY 2020 enacted levels, to support delinquency prevention programs and activities to benefit youth who are at risk of having contact with the juvenile justice system.
- **Youth Mentoring Program:** \$43 million, \$54 million less than FY 2020 enacted levels, to enhance and expand existing community-based mentoring strategies and programs, and develop, implement, and pilot mentoring strategies and programs designed for youth in the juvenile justice, reentry, and foster care systems.

### DEPARTMENT OF LABOR

\$11.1 billion in discretionary funding is included for the Department of Labor (DOL) in FY 2021, a decrease of approximately \$1.3 billion below the FY 2020 enacted level, in addition to approximately \$29.9 billion in mandatory spending.



### *Paid Parental Leave*

- The Administration is again proposing a new Paid Parental Leave Program within DOL's Unemployment Insurance (UI) program, for States to provide six weeks of paid family leave to new mothers and fathers, including adoptive parents. The Administration is proposing \$750 million in funding for start-up costs in 2021.

### *Employment and Training Administration (ETA) – Training and Employment Services (TES)*

- **Grants to States:** \$2.8 billion, approximately the same as the FY 2020 enacted level, for WIOA-authorized grants to States, including level funding for the following programs:
  - **Adult Employment and Training:** \$854.649 million; the budget proposes increasing the cap on local areas providing incumbent worker training (from 20 percent to 40 percent) if those funds support apprenticeship programs, with the goal of providing states and local areas with more flexibility to tailor training options to their economies, and provides more flexibility to support apprenticeship models that work locally.
  - **Youth Employment and Training:** \$913.13 million.
  - **Dislocated Worker (DW) Program:** \$1.052 billion.
- **YouthBuild:** \$84.534 million, a cut of \$10 million below the FY 2020 enacted level, for the YouthBuild program, which addresses the challenges faced by unemployed, high school dropouts by providing them with an opportunity to gain both the education and occupational skills that will prepare them for employment with a living wage.
- **Apprenticeships:** \$200 million, \$25 million above the FY 2020 enacted level, for the Apprenticeship Grant program, which provides competitive grants to States, industry, and to community-based organizations to support innovative, job-driven approaches resulting in the expansion of Registered Apprenticeship programs to train workers with 21st Century skills that meet employer and industry workforce needs. The budget notes that the funding increase will be used to implement the President's Executive Order 13801, "Expanding Apprenticeships in America," which establishes a new industry-recognized apprenticeship system to modernize the Nation's approach to apprenticeship and expand apprenticeships in high-growth sectors such as healthcare, information technology, and advanced manufacturing.
- **Job Corps:** \$1.015 billion, approximately \$728 million less than the FY 2020 enacted level, for the Office of Job Corps to help unemployed young Americans receive education, job training, and employment assistance. The budget makes a number of program recommendations including prioritizing enrollment for students aged 20 to 24, which it notes is based on evidence showing Job Corps to be more effective for this age group; supporting the continued implementation of numerous security improvements at the most vulnerable centers; and increasing the Administration's authority to close chronically low performing and/or rundown facilities.