

## Analysis of Trump FY2018 Budget Proposal

March 20, 2017

As was true of his tax plan<sup>1</sup> and the House Republican health insurance legislation he supports,<sup>2</sup> the partial budget recently released by President Trump falls hardest on low- and moderate-income Americans. Included in this category are a disproportionate number of unmarried women, people of color and young people, who are more likely to live in poverty and/or be unemployed.

- In 2015, the overall poverty rate among those 18 and over was 11.7% (including 6.1% for married women and 8.4% for non-Hispanic whites), but rose to 15.4% among ages 18-34, 17.8% among Hispanics, and 20.9% for both African Americans and unmarried women.<sup>3</sup>
- Although dramatic improvements in the overall unemployment rate occurred during the Presidency of Barack Obama (falling from 9.3% in 2009 to 4.9% in 2016),<sup>4</sup> those in the Rising American Electorate continue to be hardest hit on the jobs front. In the most recent data released by the Labor Department, for February 2017, the overall unemployment rate for those 16 and over was 4.7% (3.1% for married women, 4.1% for whites), but it was 8.1% for African Americans, 6.5% for unmarried women, and 5.6% for Hispanics.

The Trump budget calls for steep cuts in programs that help expand economic opportunity and alleviate poverty and unemployment. The Department of Education would suffer a 13% decrease (-\$9.2 billion) in discretionary funding compared to the current year, including—

- Elimination of Supplemental Educational Opportunity Grants (- \$732 million), which provide funding to colleges and universities that add their own matching funds and distribute the aid as tuition grants to needy students (71% of recipients come from families making less than \$31,000 per year);
- Significant reduction of the Federal Work-Study program, which supports part-time employment for low-income students as part of the financial aid package offered to the student; and
- A 10% cut (-\$88 million) in TRIO and 32% cut (- \$102 million) in GEAR-UP programs that provide grants to nonprofits and other organizations to assist disadvantaged students enroll in and complete college.<sup>5</sup> The cuts in TRIO programs would

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eliminate services for 83,000 students.<sup>6</sup> Over 60% of TRIO beneficiaries are people of color (35% African American, 19% Hispanic, 4% Native American, 3% Asian).<sup>7</sup>

The New America Foundation summed up Trump's proposed education budget as offering "some important guideposts for the Administration's goals: smaller government, deep cuts both to student and institutional aid, and all-words-no-action when it comes to helping U.S. students access a better education and well-paying jobs."<sup>8</sup>

The President is also proposing a 21% reduction (-\$2.5 billion) in discretionary funding for the Department of Labor (DOL), including cuts in federal support for job training and employment service formula grants, and closing Job Corps Centers.<sup>9</sup> According to an analysis by the Center for American Progress, if the Trump budget for the DOL were to be implemented, "the cuts would reduce wages, hollow out programs that keep Americans safe on the job and ensure they are paid the wages they earn, and gut worker training programs that help workers secure good jobs and raise their wages."

- Though the March 16 Trump budget contains few details as to where the cuts in DOL funding would occur, if the 21% department-wide reduction were applied to the Department's job training programs, and other cutbacks specifically listed in that budget were implemented, the result would be a 35% reduction for the principal DOL programs serving adults, dislocated workers and youth, causing 2.7 million individuals to lose access to job training and employment services.<sup>10</sup> A large portion of those affected would be young people and people of color. For example, in 2015, 27% of those completing the main DOL job training program for adults were African American, 12% were Hispanic, 2% were Asian, and 1% were Native American.<sup>11</sup>
- The Trump budget eliminates \$11 million in funding for safety grants that train workers and employers on how to avoid and prevent workplace accidents.
- A 21% cut in DOL's wage enforcement programs would reverse the progress made under the Obama Administration in recovering back wages illegally denied to workers, which produced a 50% increase in recovered back wages compared to the Bush Administration.<sup>12</sup>

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<sup>1</sup> Jim Nunns, Len Burman, Ben Page, Jeff Rohaly, and Joe Rosenberg, *An Analysis of Donald Trump's Revised Tax Plan*, Tax Policy Center, October 18, 2016, p. 1, <http://www.taxpolicycenter.org/sites/default/files/alfresco/publication-pdfs/2000924-an-analysis-of-donald-trumps-revised-tax-plan.pdf>.

<sup>2</sup> Congressional Budget Office, *American Health Care Act*, cost estimate, March 13, 2017, [http://www.cbo.gov/sites/default/files/115th-congress-2017-2018/costestimate/americanhealthcareact\\_0.pdf](http://www.cbo.gov/sites/default/files/115th-congress-2017-2018/costestimate/americanhealthcareact_0.pdf).

<sup>3</sup> Calculated from data from Census Bureau, *Current Population Survey, Annual Social and Economic Supplement, 2016*, September 2016, using the CPS Table Creator available at <http://www.census.gov/cps/data/cpstablecreator.html>.

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<sup>4</sup> Bureau of Labor Statistics, Department of Labor, [https://data.bls.gov/timeseries/LNU04000000?years\\_option=all\\_years&periods\\_option=specific\\_periods&periods=Annual+Data](https://data.bls.gov/timeseries/LNU04000000?years_option=all_years&periods_option=specific_periods&periods=Annual+Data).

<sup>5</sup> White House, *America First: A Budget Blueprint to Make America Great Again*, March 16, 2017, pp. 17-18, [http://www.whitehouse.gov/files/omb/budget/fy2018/2018\\_blueprint.pdf](http://www.whitehouse.gov/files/omb/budget/fy2018/2018_blueprint.pdf); Clare McCann, Stephen Burd and Iris Palmer, "The Skinny Budget Starves Some Higher Ed Programs," New America Foundation, March 16, 2017, <http://www.newamerica.org/education-policy/skinny-budget-starves-some-higher-ed-programs>; and New America Foundation, "Federal Higher Education Grant Programs," updated May 14, 2015, <http://atlas.newamerica.org/federal-higher-education-grant-programs>.

<sup>6</sup> Council for Opportunity in Education, "President Trump Proposes Cut to TRIO Funding by 10% and Halt to New Competitions in GEAR UP," March 16, 2017, [http://www.coenet.org/updates\\_031617.shtml](http://www.coenet.org/updates_031617.shtml).

<sup>7</sup> Council for Opportunity in Education, "Resources," <http://www.coenet.org/trio.shtml>.

<sup>8</sup> Clare McCann, Stephen Burd and Iris Palmer, "The Skinny Budget Starves Some Higher Ed Programs," New America Foundation, March 16, 2017, <http://www.newamerica.org/education-policy/skinny-budget-starves-some-higher-ed-programs>.

<sup>9</sup> White House, *America First: A Budget Blueprint to Make America Great Again*, March 16, 2017, pp. 31-32, [http://www.whitehouse.gov/files/omb/budget/fy2018/2018\\_blueprint.pdf](http://www.whitehouse.gov/files/omb/budget/fy2018/2018_blueprint.pdf).

<sup>10</sup> Angela Hanks, "President Trump's Budget Breaks His Promises to Workers—Again," Center for American Progress, March 17, 2017, <http://www.americanprogress.org/issues/economy/news/2017/03/17/428535/president-trumps-budget-breaks-promises-workers>.

<sup>11</sup> Social Policy Research Associates, *PY 2014 WIASRD Data Book*, Table II-1. Characteristics of Adult Exiters, Trends Over Time," January 19, 2016, [http://www.doleta.gov/performance/results/pdf/PY\\_2014/WIASRD\\_Data\\_Book.pdf](http://www.doleta.gov/performance/results/pdf/PY_2014/WIASRD_Data_Book.pdf).

<sup>12</sup> Angela Hanks, "President Trump's Budget Breaks His Promises to Workers—Again," Center for American Progress, March 17, 2017, <http://www.americanprogress.org/issues/economy/news/2017/03/17/428535/president-trumps-budget-breaks-promises-workers>.