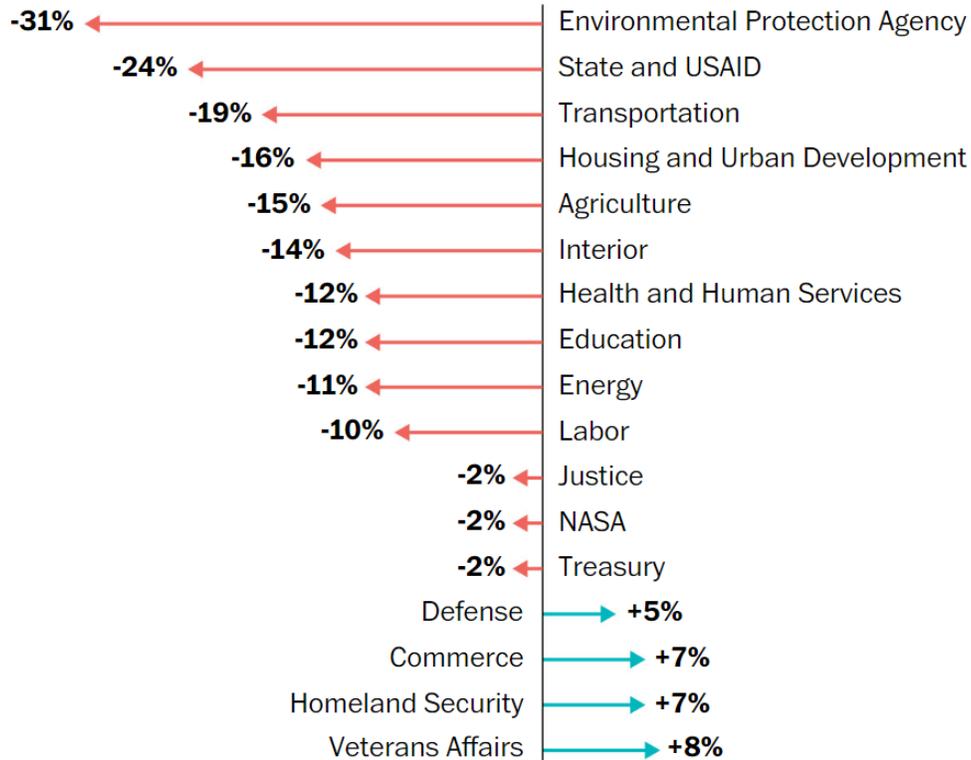


For the most part, the White House’s FY 2020 budget is a retread of the FY 2019 budget. The budget proposes significant cuts to discretionary spending programs, including many supporting community development. The budget prioritizes Defense, Homeland Security, Commerce (including SBA) and Veterans Affairs at the expense of programs supporting America’s most vulnerable citizens.

Proposed changes to funding in Trump’s budget¹



Department of Treasury

CDFI Fund Programs

- **FY 2019 White House Budget:** \$14 million
- **FY 2019 Enacted Level:** \$250 million
- **What the President Proposed in FY 2020:** \$14 million
- **Link:** <https://www.whitehouse.gov/wp-content/uploads/2019/03/tre-fy2020.pdf>

The President’s Justification: In proposing the elimination of CDFI Fund discretionary grant and direct loan programs, the administration argues that CDFIs no longer need federal resources.

Analysis and Advocacy Steps: President Trump's FY 2020 budget proposal, like last year, proposes the elimination of the CDFI Fund's grant programs, including Bank Enterprise Award (BEA) Program, CDFI Program, the Native American CDFI Assistance Program, and the Healthy Food Financing Initiative. The

¹ Source: The Washington Post

proposal provides just \$14 million for administrative funding for oversight of existing commitments and administration of the CDFI Fund's other programs, like the New Markets Tax Credit and the Bond Guarantee Program. It also permanently rescinds the \$25 million in unobligated BEA funds.

Presently, the House Appropriations Committee is accepting appropriations requests from Members of Congress. There is a bipartisan sign-on letter being led by Reps. Carolyn Maloney (D-NY), Barbara Lee (D-CA), and Don Young (R-AK), requesting \$300 million in appropriations for the CDFI Fund. We would encourage all members of the Coalition to reach out to their Representatives and ask them to sign onto the attached letter. To sign-on, Members of Congress can email Kelly Hennessy in Rep. Maloney's office at Kelly.Hennessy@mail.house.gov or sign on via the link provided in the [Dear Colleague letter](#).

Learn more at <http://cdfi.org/advocacy>

U.S. Small Business Administration

7(a) Program:

- **FY 2019 White House Budget:** \$30 billion
- **FY 2019 Enacted Level:** \$30 billion
- **What the President Proposed in FY 2020:** \$30 billion
- **Link:** <https://www.whitehouse.gov/wp-content/uploads/2019/03/sba-fy2020.pdf>

The President's Justification: The Budget supports a program level of \$30 billion in Section 7(a) loan guarantees that provide general business credit assistance, while waiving upfront fees on SBA Express loans to Veterans.

The 2020 Budget requests no subsidy appropriation for SBA's business loan guarantee programs, the 7(a), 504 Certified Development Company (CDC), 504 Debt Refinancing, and Small Business Investment Company (SBIC) programs.

The Budget proposes that SBA introduce counter-cyclical policies to its business loan guarantee programs in 2020 by enabling it to adjust fees to cover its anticipated lending and offset administrative costs. In the absence of this flexibility to adjust fees, the 7(a) program will not be able to operate at zero subsidy under current law in 2020. The Budget also proposes to increase the loan limit for SBA Express loans and loans to small manufacturers, and to introduce an annual fee on trust certificate holders to help cover the costs of improving and maintaining the SMG program.

Analysis: President Trump's FY 2020 budget proposal is supportive of many of SBA's lending programs, including the 7(a) program. In fact, the 7(a) program received an increase from \$29 billion enacted in FY 2018 to the \$30 billion level proposed in the President's budget for FY 2019, which was ultimately enacted in February.

Department of Commerce

Economic Development Administration

- **FY 2019 White House Budget:** \$0
- **FY 2019 Level:** \$304 million
- **What the President Proposed in FY 2020:** \$30 million (for an orderly closure of EDA)



- **Link:** <https://www.whitehouse.gov/wp-content/uploads/2019/03/com-fy2020.pdf>

The President’s Justification: The Budget proposes to eliminate the Economic Development Administration (EDA), arguing that EDA's grant programs are duplicative of other economic development programs within the Federal Government, as well as State and local efforts.

Advocacy opportunities: Urge your members of Congress to support \$304 million in funding for the U.S. Department of Commerce Economic Development Administration (EDA) as Congress considers funding for FY 2020. EDA funding is important to counties because it helps local communities achieve long-term economic growth based on local and regional priorities. Learn more from the National Association of Counties: <https://www.naco.org/resources/us-economic-development-administration-eda-support-essential-seed-capitalgap-financing-1>

Department of Housing and Urban Development

- **FY 2019 White House Budget:** \$39.2 billion
- **FY 2019 Enacted Level:** \$52.8 billion
- **What the President Proposed in FY 2020:** \$44.1 billion
- **Link:** <https://www.whitehouse.gov/wp-content/uploads/2019/03/hud-fy2020.pdf>

The Budget requests \$44.1 billion for HUD, an \$8.7 billion or 16.4-percent decrease from the 2019 amount.

HOME

- **FY 2019 White House Budget:** \$0
- **FY 2019 Level:** \$1.25 billion
- **What the President Proposed in FY 2020:** \$0

The President’s Justification: The Administration proposes to devolve affordable housing activities to State and local governments who they claim are better positioned to comprehensively address the array of unique market challenges, local policies, and impediments that lead to housing affordability problems.

Analysis: Devolving affordable housing to state and local governments while also cutting off resources will sharply curb the supply of affordable housing. HOME is a critical source of financing for developing affordable rental housing, including supportive housing for homeless people with disabilities. Every dollar of HOME funding leverages \$4.20 of public and private money.²

CDBG

- **FY 2019 White House Budget:** \$0
- **FY 2019 Level:** \$3.365 billion
- **What the President Proposed in FY 2020:** \$0

² Source: The National Association of Housing and Redevelopment Officials

The President's Justification: The Budget proposes to eliminate funding for the Community Development Block Grant (CDBG) program. The administration argues that the program is not well-targeted to the neediest populations and has not demonstrated a measurable impact on communities.

Analysis and Advocacy Steps: CDBG provides highly flexible funds for use to develop affordable housing, repair or upgrade infrastructure, and promote revitalization. Absent this source of capital, communities will need to either raise taxes or put off public works projects. Every dollar of CDBG funding leverages another \$3.65 in public and private dollars.³

To support CDBG appropriations, sign your organization on to the CDBG Coalition's letter:
<https://data.ncdaonline.org/cdbgletter.asp>

Self-Help and Assisted Homeownership Opportunity Program (SHOP)

- **FY 2019 White House Budget:** \$0
- **FY 2019 Level:** \$54 million
- **What the President Proposed in FY 2020:** \$0

The President's Justification: The Budget proposes to eliminate the programs in the Self-Help and Assisted Homeownership Opportunity Program (SHOP) account, including SHOP, Capacity Building for Community Development and Affordable Housing program (Section 4), and the rural capacity building program. The Administration argues that the nonprofits who receive these funds can do without them.

Advocacy: Vicente Gonzalez (D-TX) is circulating a sign-on letter requesting \$15 million for SHOP and \$5 million for Rural Capacity Building. Learn more here: <http://dearcolleague.us/2019/03/fy-2020-self-help-homeownership-opportunity-program-shop-and-the-rural-capacity-building-rcb-program/>

Neighborworks

- **FY 2019 White House Budget:** \$27.4 million
- **FY 2019 Level:** \$152 million
- **What the President Proposed in FY 2020:** \$0

The President's Justification: The Budget proposes to end Federal support for the Neighborhood Reinvestment Corporation (NRC), commonly known as NeighborWorks America, a statutorily chartered non-profit that receives the vast majority of its funding from Federal funds. The administration argues that a strong return on these funds has not been documented.

Analysis: The NeighborWorks America model is an example of successful public-private partnership with a decades-long track record of supporting affordable housing creation and financial education for low-income borrowers.

Department of Transportation

- **FY 2019 White House Budget:**
- **FY 2019 level:** \$15.5 billion in discretionary funds
- **What the President Proposed in FY 2020:** \$21.4 billion in discretionary funds

³ ibid

- **Link:** <https://www.whitehouse.gov/wp-content/uploads/2019/03/dot-fy2020.pdf>

The budget would eliminate the \$10 billion boost for infrastructure provided by Congress in both FY 2018 and FY 2019 through the bipartisan budget deal.

Analysis:

- It reduces Federal Transit Administration’s Capital Investment Grants for heavy/light rail, street cars, and BRT from to \$1.5 billion, down from \$2.6 billion in FY 2019.
- Seeks to increase funding for the Better Utilizing Investments to Leverage Development or BUILD transportation grant program to \$1 billion, up from \$900 million in FY 2019.
- It authorizes \$1 billion in additional Infrastructure for Rebuilding America or INFRA grant dollars – boosting the fund’s monies to \$2 billion overall – from the general fund without the multimodal cap in the FAST Act.

Other Infrastructure Priorities in the Transportation Request:

The administration is seeking a long-term infrastructure plan from congress funded separately from discretionary appropriations. The President has called upon the Congress to pass legislation that generates at least \$1 trillion in infrastructure investment.

Details: A long-term surface transportation reauthorization. “The current authorization, the Fixing America’s Surface Transportation (FAST) Act of 2015, expires at the end of 2020. Such reauthorization must, at a minimum, address the long-term solvency of the Highway Trust Fund in a fiscally responsible manner, focus on nationally and regionally significant projects, support emerging technologies and innovation, encourage the revenue mechanisms of the future, and promote more efficient and effective permitting. “

The President’s budget notes that his proposal includes “\$200 billion for other infrastructure priorities, including water infrastructure....Within that amount, \$10 billion is allocated to establish a Federal Capital Revolving Fund to support more cost-effective Federal investment in buildings and other property...The Administration believes that a portion of this funding should promote visionary projects and technologies that can strengthen our economic competitiveness, including 5G wireless communications, rural broadband, advanced manufacturing, and artificial intelligence.”

Department of Health and Human Services:

Community Economic Development Program

- **FY 2019 White House Budget:** \$0
- **FY 2019 Level:** \$19.883 million
- **What the President Proposed in FY 2020:** \$0
- **Link:** <https://www.whitehouse.gov/wp-content/uploads/2019/03/hhs-fy2020.pdf>

The President’s Justification: The Budget generally seeks to eliminate grant programs for community development.

Analysis/Advocacy: Rep. Ron Kind (D-WI) is circulating a sign-on letter calling for \$25 million in FY 2020 Community Economic Development program appropriations. The Dear Colleague (his letter asking for signatures from his colleagues in the House) is attached.



Please contact your member of Congress and ask them to sign on to Ron Kind's CED letter. If they want to sign, they can contact Ethan Holmes (ethan.holmes@mail.house.gov) by March 25th.

Department of Agriculture

For USDA, discretionary spending drops from \$27 billion to \$22 billion, a reduction of 15 percent.

- White House FY 2019 proposal:
- **FY 2019 Amount:** \$27 billion
- **What the President Proposed in FY 2020:** \$22 billion
- **Link:** <https://www.whitehouse.gov/wp-content/uploads/2019/03/agr-fy2020.pdf>

Rural Development

Analysis: Total rural development spending - RHS, RUS and RBCS - is cut from \$3.883 billion to \$2.69 billion, a reduction of 30.7 percent.

As with FY 18 and 19, the budget proposes elimination of:

- Section 502 direct loans;
- Section 504 loans and grants;
- Farm Labor Housing loans and grants;
- Section 515 loans;
- Multi-family Preservation; and
- Housing Preservation grants;

The Rental Assistance request is \$1.407 billion, an increase of \$62 million, which includes \$32 million for rural housing vouchers. The budget also proposes a rescission of \$40 million in rental assistance appropriations from previous years, as well as proposing that old favorite: minimum rents.

The budget provides \$470 million for water-sewer grants, while rescinding \$100 million from previous appropriations and in the process cuts out funding for Alaska and Native projects, technical assistance, solid waste management, and small system revolving funds.

Impact:

- Over 7,000 low income families lose the opportunity to own a home;
- Over 1,000 low income families - to say nothing of 30,000 on the waiting list - cannot gain equity and savings, as well as their own home, through mutual self-help housing;
- None of the 14,000 rental housing developments that are in need of preservation assistance -- to the tune of \$5.6 billion over 20 years -- will get it;
- Some 5,000 rural families - with average incomes of less than \$7,000 - will not receive home repair grants; and
- Thousands of farmworkers will continue to live in poor housing.

More information at: <http://ruralhousingcoalition.org/2019/03/19/house-fy-2020-appropriations-requests/>

