



Comment

What Trump's budget means for government grant managers

- *By Jeff Myers*
- *Mar 21, 2017*

On March 15, the Office of Management and Budget released President Donald Trump's first federal budget. It reflects many of his campaign promises, but it still surprised people in many ways with its proposed cuts to research funding, elimination of community development grants and some international programs as well as its substantial increases in defense spending.

Looking at the budget (which is certainly subject to interpretation) and reading between the lines, several takeaways for federal grant managers seem clear to me. These include:

1. Mission is king. The federal government makes grants to achieve a mission purpose, particularly purposes that are consistent with the president's priorities. With Trump's stated focus on America first, grant programs focusing on international food, development and health research have all been targeted for significant cuts or wholesale elimination. The missions of domestic jobs programs and defense take precedence, no matter how well the other grants are managed and no matter what results are achieved.

In several areas, funding is eliminated for grant programs with the indication that the program is duplicative. The budget:

- "Eliminates the duplicative Water and Wastewater loan and grant program..."
- "Eliminates... Community Services Block Grants [which] fund services that are duplicative of other Federal programs..."

Takeaway: Agencies and grant recipients should be looking for ways to focus grants on mission, particularly on priority mission purposes where the agency has a unique mission. In what may be a wake-up call, program managers should probably also look across government for any program that seems similar and could be perceived as duplicative. Finding such a program will be cause for coordination and collaboration at minimum -- and perhaps consolidation -- before the president and OMB zero out funding. In fact, grant managers will increasingly face this risk, as DATA Act reporting may make it easier to find programs in different agencies with similar purposes. The end result may be a forcing function that truly brings more efficient government.

2. The federal government will defer to state and local governments much more often -- but will give them less money. For example:

- The Weatherization Assistance Program and the state Energy Program are eliminated to “reduce Federal intervention in state-level [Energy] policy and implementation.”
- A new 25 percent non-federal cost match for Federal Emergency Management preparedness grant awards is proposed because these grant programs are primarily for state and local functions. (There is no match requirement currently for preparedness grants, as there is for recovery grants).
- Community Development Block Grant funding (\$3 billion) is eliminated. “The Budget devolves community and economic development activities to the state and local level, and redirects Federal resources to other activities.”
- Environmental Protection Agency Categorical Grants are cut by \$482 million (45 percent), eliminating or substantially reducing federal investment in state environmental activities that go beyond EPA’s statutory requirements.

Takeaway: State and local governments will have more flexibility to innovate and to tailor services to their needs. They will need to determine priorities, but they should be prepared to increase spending if they want to keep all of the functions that the federal government had supported. The bottom line here is a mixed bag -- in some instances, states really do want to innovate and will enjoy more control (particularly the ability to choose not to undertake programs they don’t like -- such as public land purchase programs). In other cases, the federal deference to states is a charade -- these are simply low priorities for the administration, and the programs are being eliminated without a real expectation that states will choose to fund them. They are cost-cutting measures, fancied up a bit by the justification of empowering states.

3. Where money does go to state and local governments, there may be fewer constraints. Block grants will become more common, under the budget blueprint. For example:

- The Centers for Disease Control and Prevention will implement “a new \$500 million block grant [program] to increase state flexibility and focus on the leading public health challenges specific to each state.”
- The largest example, a rumored conversion of Medicaid into block grants to states, is not addressed in the current budget, because it focuses on discretionary spending. A subsequent budget proposal, set to be released “later in the spring,” will address tax proposals and entitlement spending, including Medicaid.

Takeaway: Grant funding may be more flexible for state and local agencies, but there may be an “all-or-nothing” impact for grant funding if measurable mission results aren’t achieved. The less-restrictive nature of block grants is less costly for the federal government to administer, and it does permit innovation by states -- but the underlying motivation typically has two facets that are important to recognize. First, it is politically much easier to restrain the initial and future-dollar amounts of block grants (so that it’s possible to hold steady or cut spending without having to say how many people would be affected or by how much). Second, block grants can be used for a much wider variety of

purposes, driven by local preferences. In some cases, those local preferences might be controversial or even rejected outright if proposed at the national level.

4. There is a high-stakes focus on performance and strong management. According to Trump's budget:

- “The Administration will... adopt leading practices from the private and public sectors [with respect to] how agencies buy goods and services, hire talent, use their real property, pay their bills, and utilize technology.”
- The Low Income Home Energy Assistance Program is entirely eliminated, because “...it is a lower impact program and is unable to demonstrate strong performance outcomes.”
- Funding is eliminated for \$2.4 billion in Supporting Effective Instruction State Grants program, which is “poorly targeted and spread thinly across thousands of districts with scant evidence of impact.”

Takeaway: Both grant recipients and grant makers will need to achieve results and rely on technology to both improve their efficiency and provide evidence of those performance results. Grant makers can no longer measure themselves by how quickly they get grant funding out the door or by a perfect record of grantee financial compliance. Federal grantors now will have to be more serious about achieving educational goals, producing research results and improving people’s health -- even though they “just provide grant funding” to the organizations that do the work. Capturing performance data across all federal grantees -- and sharing it openly on the web -- could be a key step toward the accountability that this administration is seeking.

Unfortunately, one result of the president’s budget is that state and local recipients of federal grants may bear a big part of the burden of Trump’s plan to substantially reduce federal discretionary spending. Government will be getting smaller -- and spending on grants will shrink, just like staffing levels and spending on contracts.

A second result may be that we see grant recipients (like state agency directors and governors) and grant beneficiaries (like research universities, health clinics, homeless advocates) become much better organized and forceful in calling on Congress to oppose portions of the budget proposal.

A third result may be that missions are no longer achieved where grants are cut. Next winter, for example, if temperatures drop, we may hear about a baby or a poor senior citizen who died in a home in with no heat after the administration ended the Low Income Home Energy Assistance Program.

Note: All the quotations above are drawn from "America First: A Budget Blueprint to Make America Great Again," which can be [viewed in full here](#).

About the Author

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