



**AAU Summary of the Trump Administration FY18 Proposed Budget:  
“A New Foundation for American Greatness”**

May 23, 2017

**GENERAL OVERVIEW:**

The President presented the Administration’s proposed budget for FY18 on May 23. The full budget is available on the Office of Management and Budget [website](#). The AAU overview below and the accompanying AAU summaries and analyses for individual agencies are based on the Administration’s budget documents. All figures denote budget authority, unless otherwise noted.

The FY18 budget released by President Trump today would set overall spending at \$4.1 trillion, including a baseline discretionary spending cap of \$1.065 trillion in accordance with the Budget Control Act. The cap for defense discretionary spending is \$603 billion and the cap for non-defense discretionary is \$462 billion. This represents a \$54 billion increase to the defense spending cap and a commensurate \$54 billion cut in non-defense discretionary spending. The budget also includes \$77 billion for Overseas Contingency Operations and an additional \$9 billion in other cap adjustments.

Overall, the Administration proposes a savings of \$57.3 billion in discretionary programs, including \$26.7 billion in eliminations and \$30.6 billion in program reductions.

AAU issued a [statement](#) on the Administration’s budget. The [Task Force on American Innovation, United for Medical Research](#), and the [Ad Hoc Group for Medical Research](#), all of which AAU is a member, also issued statements.

View AAU’s FY18 Funding Priorities table [here](#).

## RESEARCH AND DEVELOPMENT OVERVIEW:

**Agriculture and Food Research Initiative (AFRI):** The budget provides \$349 million for AFRI, a \$26 million, or 7.5 percent, decrease below FY17.<sup>1</sup>

**Department of Defense (DOD):** The budget provides \$82.7 billion in base defense funding and \$611.2 million for Overseas Contingency Operations (OCO). It includes \$2.2 billion for basic research, a \$47.8 million, or 2.1 percent reduction from the FY17 funding level. Science and Technology (S&T) is funded at \$13.2 billion, reflecting a \$807.2 million or 5.8 percent reduction below FY17.

**Department of Energy (DOE):** The budget provides \$4.47 billion for the DOE Office of Science, a decrease of \$919 million, or 17 percent, from FY17. The budget proposes elimination for the Advanced Research Projects Agency – Energy (ARPA-E) and provides an additional rescission of \$26 million for ARPA-E.

**National Aeronautics and Space Administration (NASA):** The budget provides \$19.01 billion for NASA, a \$561 million, or 3 percent, decrease from FY17. This figure includes \$5.71 billion for NASA’s Science Mission Directorate, a 0.9 percent, or \$53 million, decrease from FY17. The budget requests: \$1.75 billion for Earth Science; \$1.92 billion for Planetary Science; \$816.7 million for Astrophysics; \$533 million for the James Webb Space Telescope; and \$677.8 million for Heliophysics. The budget provides \$624 million for the Aeronautics Mission Directorate, which is a decrease of \$36 million below FY17. For the Space Technology Mission Directorate, the Administration requests \$678.6 million, which is \$7.9 million, or 1.2 percent below FY17. The Administration is proposing the termination of the Office of Education and its programs. The National Space Grant Fellowship Program is funded out of the Office of Education and is presumably slated for termination based on this budget.

**National Endowment for the Humanities (NEH):** The budget provides \$42 million for NEH, a \$108 million, or 72 percent, decrease from FY17. The budget proposes to begin shutting down the NEH in 2018 because the Administration does not consider the activities within the agency to be “within its core Federal responsibilities.” This amount includes funds to meet matching grant offers in effect as of October 1, 2017, as well as funds to cover administrative expenses and salaries associated with the closure.

**National Institutes of Health (NIH):** The budget provides funding for NIH at \$26.9 billion, a decrease of \$7.2 billion, or 21 percent, from the FY17 level. The budget proposes eliminating the Fogarty International Center and would provide \$272 million for a new National Institute for

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<sup>1</sup> Final FY17 funding levels reference the FY17 omnibus funding legislation, H.R. 244 Consolidated Appropriations Act, 2017

Research on Safety and Quality that would replace the Agency for Healthcare Research and Quality.

The budget proposes a 10-percent cap on facilities and administrative (F&A) or “indirect” costs for NIH grants. The budget states:

The Budget also proposes to reduce reimbursement of grantee administrative and facilities costs, referred to as "indirect costs", so that available funding can be better targeted toward supporting the highest priority research on diseases that affect human health. As a result of these changes to the reimbursement structure, significant reductions in 2018 will come from lower indirect cost payments. Increasing efficiencies within the NIH is a priority of the Administration. The Budget includes an indirect cost rate for NIH grants that will be capped at 10 percent of total research. This approach would be applied to all types of grants with a rate higher than 10 percent currently and will achieve significant savings in 2018. It would also bring NIH's reimbursement rate for indirect costs more in line with the reimbursement rate used by private foundations, such as the Gates Foundation, for biomedical research conducted at U.S. universities. In addition, the Budget proposes that NIH will streamline select Federal research requirements for grantees through targeted approaches. In tandem, the Budget supports burden reduction measures that will further reduce grant award recipient costs associated with research.

The budget also proposes to lower the NIH allowable salary cap from the current Executive level II (2) to Executive level V (5). If enacted, the salary cap will drop to \$151,700, which is a 21% cut in currently supported salary levels.

**National Science Foundation (NSF):** The budget provides \$6.65 billion for NSF, a \$819 million or 11 percent decrease from FY17. The budget request for the Research and Related Activities Directorate is \$5.361 billion, a \$672 million, or 11 percent, decrease from FY17. The budget requests \$760.5 million for the Education and Human Resources Directorate, a \$119 million, or 14 percent, decrease from FY17. The budget also includes \$182.8 million for Major Research Equipment and Facilities Construction, which is \$26.2 million, or 12.5 percent, below FY17.

#### **STUDENT AID AND HIGHER EDUCATION OVERVIEW:**

**Department of Education (ED):** The budget provides \$22.4 billion in discretionary funding for the Pell Grant program in 2018, which, combined with mandatory funding, support a projected maximum award of \$5,920. This maximum award does not account for an inflation adjustment. The budget supports year-round Pell (YRP) Grant awards and calls for \$3.1 billion in existing mandatory funds to be repurposed for YRP awards. The budget also proposes a cancellation of \$3.9 billion unobligated carryover funds in the Pell program to be used for deficit reduction.

#### Other ED programs:

- Federal Work Study (FWS) would be funded at \$500 million, a decrease of \$490 million or 49.5 percent from FY17<sup>2</sup>;
- Supplemental Education Opportunity Grant (SEOG) would be eliminated to “reduce complexity” in Federal student aid programs;
- Graduate Assistance in Areas of National Need (GAANN) would be funded at \$6 million, reflecting a \$22 million or 79 percent cut from FY17;
- Institute of Education Sciences (IES) would be funded at \$617 million, a \$12 million, or two percent increase from FY17; and
- International Education and Foreign Language Studies (Title VI) would be eliminated citing that the program supports activities that would be better advanced by other agencies whose primary mission is national security.

The budget also proposes various reforms to address student debt, college costs, and student financial aid programs. Notably, the Administration proposes to consolidate the various income-based repayment programs into a single plan to prioritize repayment for undergraduate borrowers. This single income-based repayment plan would cap a borrower’s monthly payment at 12.5 percent of discretionary income. For undergraduate borrowers, any remaining balance after a 15-year repayment period would be forgiven. For borrowers with graduate debt, any balance remaining after a 30-year repayment period would be forgiven. By implementing this plan, the Administration suggests a savings of at least \$76 million over the next 10 years.

In addition, the budget proposes ending Public Service Loan Forgiveness (PSLF), a debt forgiveness program for public servants citing a ten-year cost savings of at least \$27 billion. The Administration also proposes to eliminate subsidized student loans at an estimated savings of at least \$39 billion over the next decade.

The budget funds the Office for Civil Rights (OCR) at \$106.8 million, reflecting a decrease of \$1.7 million. Within OCR, it calls for funding 523 full time employees, a decrease of 46 employees or eight percent, which the Administration says it would cut through attrition.

#### **TAX OVERVIEW:**

The budget provides few specific details about the Administration’s plans for tax reform, noting that details “will be released at a later date.” Further, a Green Book has not been published at this time.

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<sup>2</sup> Though the Administration’s budget proposes a 50 percent cut to FWS, the impact to individual institutions will vary because the funds are provided through an allocation formula, meaning some institutions will face steeper cuts than others. The budget also proposes to target FWS funds to undergraduate students “who would benefit most.”

The budget assumes deficit-neutral tax reform, which appears at odds with statements made by the White House, including the President. It calls for broadly expanding the standard deduction and protecting charitable giving (as well as lowering individual income tax rates, ending the Alternative Minimum Tax, etc.). A distinct line-item revision is the American Opportunity Tax Credit, cited at \$40.4 billion for the 10 year budget, a 10 year change of -\$536 million, and a -1.3% 10 year change in [Table 22-12](#); AAU is currently parsing these numbers further.