



Trump budget calls for eliminating offices, programs in cost-cutting bid

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President Trump's fiscal 2020 budget proposal, in a bid to cut costs, calls for eliminating a range of programs and offices.

These include cuts to education loan programs and an office within the EPA – as well as an agency that provides grants to rural communities, many of which backed Trump in 2016.

The Budget 'Gimmick' That Could Help Secure Trump's Wall

The agency, the Economic Development Administration, was described in the budget plan as duplicative and ineffective.

Created by the Public Works and Economic Development Act of 1965, the EDA is intended to generate new jobs and stimulate commercial and industrial growth in economically disadvantaged areas. After a natural disaster or economic disaster, such as the sole manufacturing plant closing down in a rural town with scarce employment opportunities, the EDA (part of the Commerce Department) invests in the community through grants and partnerships.

The EDA has long been a target of Republican administrations, however. Presidents Richard Nixon, Ronald Reagan and George H.W. Bush all proposed eliminating the agency. President George W. Bush signed the EDA Reauthorization Act of 2004, which continued funding for the agency but narrowed the definition of an eligible recipient.

But the agency has its supporters, including the recipients of its sizable grants.

In 2015, the Butte fire destroyed large swaths of Calaveras County, a rural community a little over an hour's drive southeast of Sacramento in California. Calaveras County Chamber of Commerce CEO Staci Johnston, who helped open an evacuation center after the fire, called her collaboration with the EDA critical for her community.

“With a \$250,000 grant from the EDA, we took a county building that had been vacant for several years and created the Calaveras Business Resource Center,” Johnston said.

Trump Budget Seeks Billions For Border Wall

The center now works with entrepreneurs looking to start a business as well as current businesses looking to grow.

“This was a catalyst for economic development in our county. Now other communities are modeling it and there’s no greater compliment than seeing others benefit from this model practice,” Johnston said.

She added that she would hate to see the EDA eliminated.

Robert Beimel, CEO and president of JIT Tool and Die Inc., a supplier of tooling and press components to the Powdered Metal Industry in Brockway, Pa., also received a \$100,000 loan from the EDA, which helped him save and expand the number of jobs at his company.

“I believe in cutting costs and holding to your budget, but I also believe in programs like this that help businesses remain profitable. If we had to go to a bank for all of our loans then we may not have been able to bring that extra person on board,” Beimel said.

Brockway is located in Elk County, a district in Pennsylvania where 70 percent voted for Trump in 2016. Calaveras County voted 58.5 percent for Trump in the 2016 election.

But critics have long seen the agency as a target for budget savings.

The Cato Institute’s Chris Edwards, director of tax policy studies, and Tad DeHaven, a budget analyst, wrote in a 2018 paper that the projects and activities the EDA pursues “appear to be of low value or a ... waste of money.”

They cited a \$750,000 EDA grant to build an arts center on the Pine Ridge Indian reservation in South Dakota and a \$500,000 grant to help minority and women-owned businesses get government contracts in New York as examples, calling the latter a “zero-sum activity that favors some people over others.”

Daria Daniel, associate legislative director at the National Association of Counties, said the EDA does some duplicative work, such as natural disaster recovery efforts, but much of its work is not done by other agencies.

“EDA works not just after natural disasters, it also helps communities plan during times of economic instability,” Daniel said.

As part of its plan to trim costs, the Trump budget proposal also seeks to eliminate the public service loan forgiveness program (an Education Department program that forgives certain student loans for borrowers in eligible government or nonprofit jobs) and subsidized student loans, as well as slash a climate-change research office at the EPA.

With a budget of \$274 million, the EDA’s elimination would amount to one of the smaller cuts in Trump’s 2020 budget.