

# The FY 2018 Presidential Budget: A Broken Foundation for Small Businesses

June 2018

A report prepared by the Democrats of the House Committee on Small Business  
Nydia M. Velázquez, Ranking Member

## EXECUTIVE SUMMARY

### SMALL BUSINESS ADMINISTRATION

- Cuts the SBA by nearly \$58 million.
- Cuts SBDCs by \$15 million.
- Reduces Women's Business Center program by \$2 million.
- Eliminates PRIME, which disproportionately harms underserved entrepreneurs.

### LENDING

- Decreases Microloan technical assistance by \$6 million and Microloans by \$8 million.
- Eliminates the U.S. Department of Agriculture's Business and Industry Guaranteed Loan program.
- Removes funding for the U.S. Department of the Treasury's Community Development Financial Institutions Fund.

### ENTREPRENEURSHIP RESOURCES

- Eliminates the U.S. Department of Commerce Economic Development Agency.
- Abolishes the Minority Business Development Agency within the U.S. Department of Commerce.

### ENERGY

- Slashed funding for the U.S. Department of Energy's Office of Energy Efficiency and Renewable Energy by 70 percent – nearly \$2 billion.
- Reduces funding for the U.S. Department of Energy's National Renewable Energy Lab by almost 21 percent.
- Phases out the Advanced Research Project Agency-Energy within the U.S. Department of Energy, cutting billions of dollars of highly innovative research.
- Eliminates the U.S. Department of Energy's Energy Star program, harming both consumers and small businesses.

### RURAL BUSINESS

- Eliminates many of the Rural Business Development Programs in the U.S. Department of Agriculture, including Rural Business Development grants, Delta Regional Authority grants, Rural Cooperative grants, Small, Socially Disadvantaged Producers grants, Rural Technology Transfers, and Value-added Producer grants.
- Cuts funding for the Rural Utilities Services under the U.S. Department of Agriculture by an \$2 billion.

### INNOVATION, TECHNOLOGY, AND MANUFACTURING

- Cuts SBIR and STTR by over \$4 million, which includes the complete elimination of the FAST program to help small innovative firms compete in the SBIR and STTR programs successfully.
- Cuts the National Telecommunication and Information Administration by \$7 million, which impairs small firms' access to broadband technologies, particularly those in rural areas.
- Eliminates the Manufacturing Extension Partnership within the U.S. Department of Commerce, hurting the nation's small firms, domestic job creation, and the manufacturing industry.

## **INTRODUCTION**

America's small businesses are a catalyst for creating employment opportunities and driving growth in the U.S. economy. The estimated 30 million small firms in the U.S., represent 99.7 percent of all employers and generate two-thirds of all net new jobs. Because of these firms' crucial role, it is important to formulate federal policy in a manner that supports their continued development. Such policy starts with the federal budget.

Unfortunately, President Trump's first budget for fiscal year 2018 undermines this principle. If enacted, this budget would reduce non-defense discretionary spending. Given that nearly all small business programs fall into this category, the administration's budget would significantly reduce federal assistance and support for small firms across the country.

The following report provides an assessment of the Trump budget's impact on small businesses across several areas, including the Small Business Administration, innovation, technology and manufacturing, energy, and rural development. What it finds is that agencies and programs that support small business and promote entrepreneurship would be substantially curtailed under the budget. The result would be lower startup rates and reduced levels of job creation.

For small businesses to continue to be the foundation of the U.S. economy, they require an environment that is conducive to growth. Many of the programs in this report have compensated for market failures in such critical areas as manufacturing, technology, entrepreneurial development, rural assistance, and business financing. The network of federal government programs in these areas has enabled the development of a strong and vibrant small business sector, which is essential if the economy is to enjoy a sustained economic recovery. To be effective, however, these programs require the support of Congress.

While ensuring that government operates efficiently is a priority, the decreases in small business resources do not represent a promising path forward. Experience has demonstrated that such reductions only serve to dampen economic activity, rather than act as a catalyst for renewed growth. Ensuring that all sectors and geographic regions have access to the resources they need is vitally important, especially for the small businesses that are so critical to our nation's growth.

As the following report details, many small businesses will face tougher challenges receiving the assistance and support they need under the Trump budget. By not adequately funding the programs that promote entrepreneurship and support small firms, the United States will be unable to build on its recent advances and risks relinquishing the hard-fought gains it has realized during the last few years.

## **PRESIDENTIAL BUDGET IMPACT ON THE SMALL BUSINESS ADMINISTRATION**

### **Small Business Administration**

<b>Program</b>	<b>FY2017</b>	<b>FY2018</b>	<b>Change</b>
Small Business Administration	\$886,761,000	\$829,148,000	<b>-6.5%</b>

The Small Business Administration (SBA) provides loans, investment capital, training, and contracting opportunities to small firms across the U.S. The agency supports more than \$29 billion in small business financing; facilitates access to nearly \$100 billion in federal contracts; and counsels and trains over one million small business owners through a nationwide network of resource partners. Under President Trump's proposed budget, the SBA would lose over \$57 million in funds. The impact would be significant as it would have to cut capital, training, and procurement resources for small firms. Below, this reduction and its impact on small businesses and job creation are further assessed.

### **Small Business Development Centers**

<b>Program</b>	<b>FY2017</b>	<b>FY2018</b>	<b>Change</b>
SBDCs	\$125,000,000	\$110,000,000	<b>-12.0%</b>

Across the United States, Small Business Development Centers (SBDCs) promote the economic growth of small firms, generating business revenue, job creation and job retention as well as advancing local and regional economies. These centers deliver management and technical assistance to small businesses through an extensive business education network comprised of 63 lead centers managing over 900 outreach locations in all 50 states and the insular territories. The Presidential budget proposes to cut SBDCs by \$15 million next year. This cut would greatly reduce service levels at these centers resulting in fewer resources for small businesses and would-be entrepreneurs.

### **Women's Business Centers**

<b>Program</b>	<b>FY2017</b>	<b>FY2018</b>	<b>Change</b>
Women's Business Centers	\$18,000,000	\$16,000,000	<b>-11.1%</b>

Women's Business Centers (WBCs) provide counseling and training services primarily to women entrepreneurs, many of whom are socially and economically disadvantaged. With more than 100 locations, many WBCs provide multilingual services and offer flexible hours, including evenings and weekends, allowing mothers with children to attend training classes. WBCs predominantly

utilize long term training courses to maximize the delivery of services to a population of primarily nascent entrepreneurs. Many of the training courses focus on business and financial planning, helping women entrepreneurs gain business financial literacy. WBCs also provide direct counseling and help clients understand various loan programs, including loan applications. The budget would reduce funding for the Women’s Business Center program by \$2 million over the ten-year budget period.

**PRIME (Program for Investment in Microentrepreneurs)**

<b>Program</b>	<b>FY2017</b>	<b>FY2018</b>	<b>Change</b>
PRIME Technical Assistance	\$5,000,000	\$-	<b>-100.0%</b>

The main focus of the SBA’s Program for Investment in Microentrepreneurs (PRIME) is to provide assistance to low-income entrepreneurs who may not have the training to successfully manage their business. PRIME was created to help the small business owners, and is meant to provide guidance so entrepreneurs can better overcome the barriers that confront them in the early stages of business development. PRIME funding can be used by an organization to provide much-needed training and technical assistance to low-income and disadvantaged entrepreneurs interested in starting or expanding their own businesses. They also can be used to engage in capacity building activities targeted to microenterprise development organizations that serve low-income and disadvantaged entrepreneurs. The Presidential Budget proposes to end the PRIME program. Without PRIME, many would-be entrepreneurs will be unable to get their business off the ground and achieve self-sufficiency.

## **PRESIDENTIAL BUDGET IMPACT ON LENDING**

### **Microloan Program**

<b>Program</b>	<b>FY2017</b>	<b>FY2018</b>	<b>Change</b>
Microloan Program Subsidy	\$4,300,000	\$3,400,000	<b>-20.9%</b>
Microloan Program Level <sup>1</sup>	\$44,000,000	\$36,000,000	<b>-18.2%</b>
Microloan Technical Assistance	\$31,000,000	\$25,000,000	<b>-19.4%</b>

Many entrepreneurs that lack sufficient personal assets do not conform to traditional credit screening, or lack the business training necessary to access affordable capital. These entrepreneurs have difficulty securing conventional loans and often look elsewhere to satisfy their capital needs. SBA's Microloan program is one such program where entrepreneurs can turn to receive smaller loans and it has experienced growing demand in recent years. Through this initiative, entrepreneurs are able to secure loans up to \$50,000. In 2016, the program supported over 4,500 loans worth more than \$61 million, and accounted for 18,000 jobs. Microbusinesses have very favorable survival rates when compared to other small businesses, and are a way out of poverty for low-income individuals. The Microloan program has been a key factor in the development and strengthening of America's microbusinesses. By cutting this program by \$7 million, the administration is limiting the potential for many low-income and minority entrepreneurs to become self-sufficient, and preventing our nation from utilizing a successful and proven economic development tool.

### **USDA Business and Industry Loan Program**

<b>Program</b>	<b>FY2017</b>	<b>FY2018</b>	<b>Change</b>
B&I Loans	\$928,000,000	\$-	<b>-100.0%</b>

The U.S. Department of Agriculture's (USDA) Business and Industry (B&I) Guaranteed Loan program provides loans to establish, expand, or modernize rural businesses. In doing so, the program drives growth and employment in rural communities. This program provides loan guarantees up to 85 percent on long-term loans of up to \$10 million, making it a critical source of financing for rural businesses. This program has proved especially important to those involved in agriculture, bio-based business, and renewable energy development. In 2015, over \$1 billion through 369 loans to rural small businesses was guaranteed. The Presidential budget proposes to end the program, cutting a loan pool for rural businesses and their communities, leading to low economic growth, high unemployment rates, and population loss.

---

<sup>1</sup> Loans to the intermediaries to support lending to businesses.

### Community Development Financial Institutions Program (CDFI)

Program	FY2017	FY2018	Change
CDFI	\$210,000,000	\$-	-100.0%

Many times small businesses located in underprivileged communities are the most in need of capital. Often times these businesses are overlooked by conventional financial institutions, and as a result, their neighborhoods lack opportunities for economic development and are forced into decline. The Community Development Financial Institutions program (CDFI) was created to fill this gap. CDFI offers several services to entrepreneurs including, commercial loans for the expansion of an existing small business, investment in start-ups, and general financial services in low-income communities. In addition, the program provides services that help ensure credit from CDFI is used effectively, which is achieved through technical assistance to small business recipients of CDFI capital. Through their community development loans, CDFI helps businesses expand while community development venture capital provides equity and management expertise to small, minority-owned businesses that promise rapid growth. The budget contains no funding for the CDFI program, despite the fact that CDFI has a proven track record of helping underserved communities revitalize their local economies by providing jobs and entrepreneurial opportunities for the residents who live there.



## **PRESIDENTIAL BUDGET IMPACT ON ENTREPRENEURSHIP RESOURCES**

### **U.S. Economic Development Administration (EDA)**

<b>Program</b>	<b>FY2017</b>	<b>FY2018</b>	<b>Change</b>
EDA	\$252,000,000	\$-	<b>-100.0%</b>

Small businesses have the power to breathe new life into our most vulnerable communities. The Economic Development Administration (EDA), at the U.S. Department of Commerce, stimulates industrial and commercial growth by generating new jobs and retaining existing jobs in economically distressed areas. The EDA also promotes collaboration among small firms by providing financial support for clusters through the country. In addition, the EDA supports revolving loan funds that are directly used by entrepreneurs. EDA provides small business grants to help distressed communities attract new industry, encourage business expansion, diversify local economies, and generate long-term private jobs. Overall, small businesses reap the benefits of the EDA's support for R&D, worker training, business expansion, and infrastructure improvements. However, the administration's budget proposes eliminating the EDA, allotting \$30 million in FY2018 for a close out of the program. This drastic cut for EDA will remove the skills and experience it has provided to economic developments for the last 50 years.

### **Minority Business Development Agency (MBDA)**

<b>Program</b>	<b>FY2017</b>	<b>FY2018</b>	<b>Change</b>
MBDA	\$32,000,000	\$-	<b>-100.0%</b>

One of the fastest growing small business sectors are minority-owned firms. Established in 1969, the Minority Business Development Agency (MBDA) is the only federal agency created to solely focus on the establishment and growth of minority-owned businesses throughout the United States. MBDA promotes the growth and competitiveness of minority-owned businesses by providing access to public and private debt and equity financing, market opportunities, and one-on-one training for minority entrepreneurs through its business centers. The agency also focuses on international trade, franchising, and minority supplier corporate development. Through its minority matchmaker program in international trade, it operates as a mentor-protégé program. The President's budget proposes to slash the program, allocating \$6 million in FY2018 to close out the program. Cutting this program will unnecessarily weaken one of the fastest growing sectors in the United States' economy – minority-owned small businesses.

## **PRESIDENTIAL BUDGET IMPACT ON ENERGY**

### **Office of Energy Efficiency and Renewable Energy**

<b>Program</b>	<b>FY2017</b>	<b>FY2018</b>	<b>Change</b>
EERE	\$2,069,059,000	\$636,149,000	<b>-69.3%</b>

The mission of the Office of Energy Efficiency and Renewable Energy (EERE) is to create and sustain American leadership in the transition to a global clean energy economy. Its vision is a strong and prosperous America powered by clean, affordable, and secure energy. The EERE works closely with the National Laboratories and America's best innovator and businesses to support high-impact, early-stage applied research and development in sustainable transportation, renewable power, and energy efficiency.

The EERE has yielded an estimated net economic benefit to the United States of more than \$230 billion from just a \$12 billion investment by improving energy efficiency of consumer products, homes, buildings, businesses, and industries.<sup>2</sup> It has helped lead to improvements in sustainable transportation technology and power generation from renewable sources. These efforts have led to a surge in small business startups in the energy sector and in domestic clean energy manufacturing. Not only are small firms leading the way in the energy sector, they are also major consumers of energy efficient products. The President's budget cuts the EERE by about 70 percent, which includes a 74 percent cut to EERE's solar, wind, water and geothermal programs and a 73.5 percent cut to the vehicle technologies program. Such draconian cuts for these energy programs, which are tapped by small enterprise, this administration is shortchanging the ability of these firms to develop renewable energy sources – while at the same time decreasing the overall likelihood that the country will be able to produce enough energy to meet its needs.

### **National Renewable Energy Lab**

<b>Program</b>	<b>FY2017</b>	<b>FY2018</b>	<b>Change</b>
National Renewable Energy Lab	\$292,557,000	\$231,442,000	<b>-20.9%</b>

Among the Department of Energy's 17 national laboratories is the National Renewable Energy Laboratory (NREL). It is the only national laboratory solely dedicated to advancing renewable energy and energy efficiency. Small businesses make a big impact on America's economy, adding more than one million employees last year. However, small business entrepreneurs often lack the resources necessary to move their innovative ideas from their laboratory bench to the

---

<sup>2</sup> U.S. Dept. of Energy, FY2018 Congressional Budget Justification, Vol. 3, 2017.

marketplace. NREL helps to facilitate innovation by small firms, resulting in American manufacturing and jobs. The proposed 21 percent cut, would reverberate throughout our economy and globally as America competes to win the clean energy race.

### Advanced Research Project Agency-Energy (ARPA-E)

Program	FY2017	FY2018	Change
ARPA-E	\$276,750,000	\$-	-100.0%

The Advanced Research Projects Agency-Energy (ARPA-E) advances high-potential, high-impact energy technologies that are too early for private-sector investment. ARPA-E empowers America's energy researchers with funding, technical assistance, and market readiness. In just seven years, the program has invested \$1.5 billion in research funding across more than 35 programs and 500 projects.<sup>3</sup> Over 30 percent of ARPA-E grants go to small businesses, who then go on to create jobs and commercialized technology.<sup>4</sup> In fact, in 2014 \$95 million in federal funding went on to raise more than \$625 million in private-sector investment.<sup>5</sup> Nonetheless, the Trump administration has proposed to eliminate the program with operations winding down in 2018 and the office shutting down in FY 2019. Abolishing this program will leave small innovators without the assistance they need because research supported by ARPA-E is too risky for private firms to undertake, counter to what President Trump believes to be true.

### Energy Star

Program	FY2017	FY2018	Change
Energy Star Program	\$66,000,000	0	-100.0%

The program, which was created in 1992, sets an international standard for energy-efficient products, including heating and cooling systems, appliances, and electronics. Homes, businesses, and buildings may receive Energy Star certification by meeting certain standards for energy efficiency. Since it began, it has saved \$430 billion for consumers and reduced greenhouse gas emissions by 2.7 billion metric tons.<sup>6</sup> While the program has clearly been beneficial for consumers, it also boosts small businesses as they are the primary manufacturers and installers of these products. But in his effort to shrink the size of government, President Trump wants to eliminate the program, thereby also shrinking the number of small employers benefiting from this program.

<sup>3</sup> Joseph S. Manser, et al., ARPA-E: Accelerating U.S. Energy Innovation, ARPA-E, Oct. 18, 2016.

<sup>4</sup> *Id.*

<sup>5</sup> ARAP-E Projects Attract More than \$625 Million in Private Funding, ARPA-E, Feb. 25, 2014.

<sup>6</sup> Energy Star Overview of 2015 Achievements, Environmental Protection Agency, Apr. 1, 2016.

## **PRESIDENTIAL BUDGET IMPACT ON RURAL SMALL BUSINESSES**

### **Rural Business Development Programs**

<b>Program</b>	<b>FY2017</b>	<b>FY2018</b>	<b>Change</b>
Rural Business Development Grants	\$34,000,000	\$-	<b>-100.0%</b>
Delta Regional Authority Grants	\$3,000,000	\$-	<b>-100.0%</b>
Rural Cooperative Grants	\$6,000,000	\$-	<b>-100.0%</b>
Small, Socially Disadvantaged Producers Grant	\$3,000,000	\$-	<b>-100.0%</b>
Rural Technology Transfer	\$2,000,000	\$-	<b>-100.0%</b>
Value-added Producer Grants	\$11,000,000	\$-	<b>-100.0%</b>
<b>Total</b>	<b>\$59,000,000</b>	<b>\$-</b>	<b>-100.0%</b>

Together, these programs assist small and emerging private businesses and cooperatives in rural areas with populations of 50,000 or less. This includes Rural Business Development grants, Delta Regional Authority grants, Rural Cooperative Development grants, Small Socially Disadvantaged Producer grants, Rural Technology Transfer grants, and Value Added Producer grants. This investment is used to provide rural small businesses with training, financing, and infrastructure assistance. For these rural companies, USDA's grant programs provide the foundation for future growth. The Trump budget proposes to cut USDA's Rural Business Developments program entirely. By cutting this assistance, President Trump is further exacerbating the slow growth in many rural areas and harming rural small businesses, farmers, and their communities. The Trump administration even wants to eliminate the undersecretary for rural development, proving that they rural America and small businesses are not a priority.

### **Rural Utility Services**

<b>Program</b>	<b>FY2017</b>	<b>FY2018</b>	<b>Change</b>
Rural Utility Services	\$8,023,000,000	\$6,263,000,000	<b>-21.9%</b>

The deployment of broadband services, or high-speed Internet, in small rural towns trails that in large cities across the nation. Lack of broadband can be especially frustrating for small businesses since the Internet is becoming a major avenue of commercial activity. In an effort to give small firms more readily available and affordable access to broadband services, the U.S. Department of Agriculture's Rural Utilities Service (RUS) broadband loan program was created – the only

federal initiative designed to encourage broadband investment in our nation's rural communities. Other RUS programs include electric, telecommunications, distance learning and telemedicine programs that all have a loan and grant component.

In order for small businesses to be utilized as engines of economic development, it is imperative in today's fast-paced global marketplace that they have access to the World Wide Web. Technology has allowed people to start a microenterprise with a high-speed connection and an idea – and homebased businesses have flourished in large part due to this. By attempting to bridge the digital divide in this country, especially for small businesses in rural areas of the U.S., the RUS programs gives small companies access to important technology to better compete in the 21st century. This program is critical today as the U.S. continues to lag behind other technologically-savvy countries, such those located in Asia and Europe. The FY 2018 budget submission proposes to reduce RUS funding by almost 22 percent, at a time when the economy is becoming increasingly dependent on technology. Rural small businesses will lose out on maximizing their full job creation potential as they get cut off by the digital divide.

## **PRESIDENTIAL BUDGET IMPACT ON TECHNOLOGY, INNOVATION, AND MANUFACTURING**

### **Small Business Innovation Research and Small Business Technology Transfer (SBIR/STTR)**

<b>Program</b>	<b>FY2017</b>	<b>FY2018</b>	<b>Change</b>
SBIR/STTR	\$5,225,000	\$1,078,000	<b>-79.4%</b>

The Small Business Innovation Research (SBIR) program is a highly competitive program that encourages small businesses to engage in federal research and development that has the potential for commercialization. Through a competitive awards-based program, SBIR provides funding to small businesses to develop new technologies and pursue its commercialization. Similarly, the Small Business Technology Transfer (STTR) is another program that expands small business funding opportunities in the federal innovation R&D arena. The unique feature of the STTR program is the requirement that small businesses formally collaborate with a research institution, helping bridge the gap between basic science and commercialization of resulting innovations. In FY 2013, the SBIR and STTR programs made more than 5,000 awards for over \$2 billion.<sup>7</sup>

The budget would reduce SBIR/STTR funding opportunities and completely eliminate the Federal and State Technology (FAST) grants. This means that agencies would fund fewer SBIR/STTR proposals, leaving many small firms without the resources to pursue R&D. It would lead to fewer startups and less job creation in the technology sector, as well as lower levels of innovation in the life sciences, defense, and energy sectors. The elimination of FAST would mean lower participation of small companies in innovative fields and weakened competitiveness of small firms in the cutting edge fields.

### **National Telecommunications and Information Administration**

<b>Program</b>	<b>FY2017</b>	<b>FY2018</b>	<b>Change</b>
NTIA	\$43,000,000	\$36,000,000	<b>-16.3%</b>

The National Telecommunications and Information Administration's (NTIA) programs and policymaking focus largely on expanding broadband Internet access and adoption in America. This goal is critical to small businesses. Research has shown that the smaller the business, the bigger the impact that broadband can have. Data demonstrates that higher speed and quality broadband technologies increase the benefits to businesses in the form of growth, productivity, reducing costs, and enabling innovation.<sup>8</sup> The NTIA's investment has enabled small businesses

---

<sup>7</sup> SBIR data from [www.sbir.gov](http://www.sbir.gov)

<sup>8</sup> *Ibid.*

to reach new customers and streamline operations, while providing entrepreneurs with the foundation to start-up. The President’s budget would reduce the NTIA budget by 16 percent. This would impair the NTIA’s ability to promote advanced communications technologies, many of which are relied upon by small businesses, particularly those in rural areas.

**Manufacturing Extension Partnership**

<b>Program</b>	<b>FY2017</b>	<b>FY2018</b>	<b>Change</b>
MEP	\$146,00,000	\$-	<b>-100.0%</b>

Given that 98 percent of all manufacturers are small businesses, programs like the Manufacturing Extension Partnership (MEP) are critical for small firms. MEP is a federal-state-industry partnership that provides U.S. manufacturers with access to technologies, resources, and industry experts. For every one dollar of federal investment, the MEP generates nearly \$18 in new sales growth, \$27 in new client investment, which translates into \$2.3 billion in new sales annually.<sup>9</sup> For every \$1,501 of federal investment, MEP creates or retains one manufacturing job.

The MEP program consists of centers located across the country that work directly with local manufacturers to help them cultivate new products, as well as the processes and services necessary to grow their businesses. America needs a robust manufacturing base and MEP is critical to the small and mid-sized U.S. manufacturers who strengthen that base. The Trump budget would eliminate the MEP program entirely in an effort to privatize the MEP centers. Doing so undermines supply chains that are important to sustaining America’s competitive advantage in advanced manufacturing. Cutting the program also hurts the nation’s most innovative businesses and undercuts opportunities for domestic job creation.

---

<sup>9</sup> MEP performance data can be found at: <http://www.nist.gov/mep/about.cfm>

## **CONCLUSION**

A budget provides the blueprint for the government's fiscal and economic policies. By outlining fiscal priorities, it is the vision for how the U.S. economy should grow and expand. For this reason, Americans should be concerned about the economic policies contained in the Trump budget. Instead of prioritizing programs and policies that create new businesses and the jobs that come with them, the administration's budget significantly reduces the resources that encourage and support entrepreneurship.

While recognizing the need for fiscal constraint given the current budget deficit, the broad cuts to small business programs are troublesome. The federal budget deficit is not a result of the minimal costs associated with these programs. If the ultimate concern is the effect of budget deficits, these programs have paid for themselves by increasing federal tax revenues.

The current deficit developed as a product of a number economic of forces, but has been primarily driven by the loss in federal revenues related to the continued tax cuts and the failure of these measures to generate tax revenues. The tax cuts simply did not create their predicted growth, and when combined with the spending on conflicts, left the U.S. in significant debt.

A better course to reduce the deficit is to target investment in proven, revenue-generating initiatives along with comprehensive tax reform and infrastructure plans. By doing this, new jobs would be created, while at the same time reducing the budget deficit through economic growth and increased tax revenues. When businesses startup and expand, they generate more income and hire new workers, which ultimately generates higher tax receipts and broadens the tax base.

Instead of changing course and offering a balanced proposal that incorporates targeted tax relief as well as adequate funding for programs that spur economic growth, the budget relies on cuts that have a great probability of leading to economic stagnation. Without a reordering of the administration's budget's priorities, the livelihood of American consumers, workers, and small business owners will be jeopardized.