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Trump's Budget Cuts Funding for Manufacturing Program

Extension offices assist smaller manufacturers with business planning, employee training and cybersecurity protection



The Trump administration has proposed cutting federal funding for a program which aids small manufacturers.
PHOTO: LUKE SHARRETT/BLOOMBERG NEWS

By *Andrew Tangel*

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President Donald Trump's proposed budget calls for eliminating federal funding of a program to support small manufacturers that officials say created or protected more than 100,000 jobs in the last fiscal year alone.

The proposed \$125 million cut would slash budgets for 51 local offices affiliated with the Manufacturing Extension Partnership for fiscal 2019.

Local officials involved with the program worry the elimination of federal funding would imperil their work assisting smaller manufacturers with business planning, employee training and cybersecurity protection.

"If we lose our federal funding, we close our doors—it's that simple," Scott Broughton, director of the Advantage Kentucky Alliance, said this week between visits to manufacturers in the Hazard, Ky., area. About half of the not-for-profit group's \$1.2 million budget this year is expected to come from client fees, Mr. Broughton said.

The Trump administration says the program, founded in 1988, was intended to eventually operate without federal subsidies. Funding requires local matching money, such as from state governments or from fees from manufacturing clients.

U.S. Commerce Secretary Wilbur Ross said the president's budget prioritizes national defense, economic growth and fiscal responsibility, and noted his department wants to maintain funding for a separate program aimed at manufacturing research and development.



Commerce Secretary Wilbur Ross said his department wants to maintain funding for a separate program aimed at manufacturing research and development. PHOTO: PAUL MORSE FOR THE WALL STREET JOURNAL

“With President Trump in charge, there has been no better time to build things right here in America, and things will only get better from here,” Mr. Ross said in a statement Wednesday. “The president's policies, from tax cuts, to deregulation, to trade, are reviving American manufacturing across our nation.”

The cut to the manufacturing extension program might not last in the president's budget proposal. A former Commerce Department official said the program has typically had broad bipartisan support in Congress.

U.S. Sen. Richard Shelby (R., Ala.), for example, has supported full funding for the program as an appropriations subcommittee chairman, a spokesman said, adding: “It is not likely that he will support the president's proposal to end federal funding for the program.”

U.S. manufacturing has strengthened in Mr. Trump's presidency. As companies boosted sales and output, workers benefited as well: Manufacturers added 186,000 jobs from January 2017 to January 2018, compared with a loss of 15,000 jobs in the year before Mr. Trump took office, according to government data.

Manufacturers credit local extension offices with providing them advice and services they couldn't afford from the private sector. The extension network has also helped the U.S. Department of Transportation steer work—such as making rail for streetcar projects—to American manufacturers that would otherwise go to foreign firms, said John Porcari, who served as deputy transportation secretary during the Obama administration.

Some of the program's clients are puzzled by Mr. Trump's proposed funding cut, given his frequent pledges of support for manufacturing.

“In my experience [the extension program] has been tremendously beneficial to local manufacturers, and generally speaking the administration has seemed to be very much pro-business and very much pro-manufacturing,” said David VanVoorhis, chief executive of [Precision Molded Plastics Inc.](#), a Los Angeles-area maker of parts for aerospace, medical and other industries.

Mr. VanVoorhis said his firm might not have survived the recession between 2007 and 2009 without free training from California's extension office that helped him improve quality, boost efficiency and lower prices.

In Illinois, Danville Metal Stamping Co. relied on help from the state's extension office to retool a factory floor where it makes parts used in engines for jets, tanks and Caterpillar Inc. machinery.

“The impetus was to increase our capacity, but we saw benefits in both quality and efficiency as well,” Danville Metal Stamping CEO Judd Peck said. Caterpillar declined to comment.

—*Bob Tita contributed to this article.*