

Federal Budget Changes: What They Mean for States

Federal Funds Information for States

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NCSL Legislative Summit

August 2017

Ambitious 2017 agenda



Budget

- Complete FY 2017
- Begin FY 2018
- Amend BCA
- Appropriations

Structural Reforms

- Health
- Taxes
- Infrastructure
- TANF? SNAP? Others?

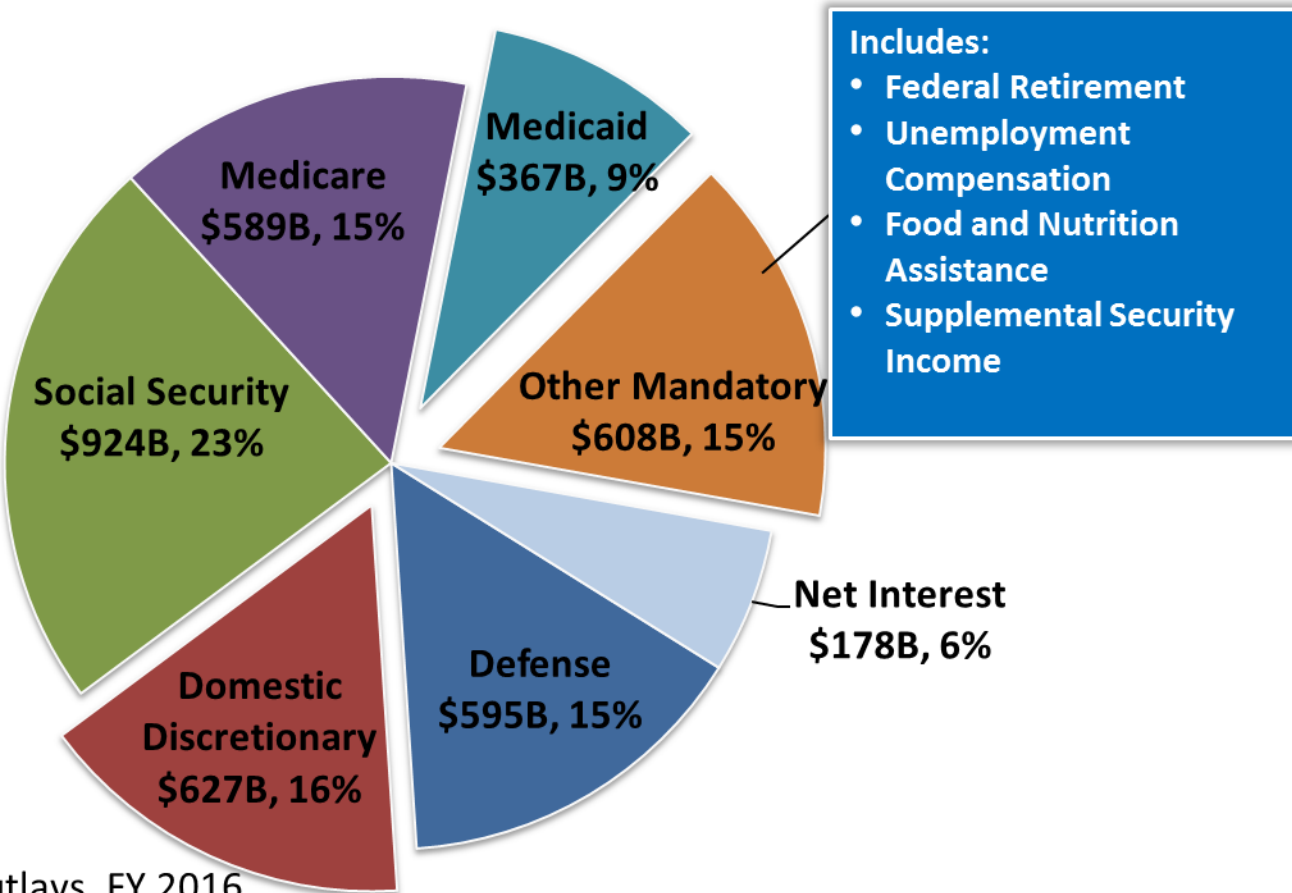
Debt Limit

- September-ish
- Will interact with other matters

Extensions

- CHIP
- Other HHS programs
- Airport Improvement

Most risks in three areas



Federal Outlays, FY 2016
Source: OMB Historical Tables, FY 2017

FY 2017 – is it over yet?



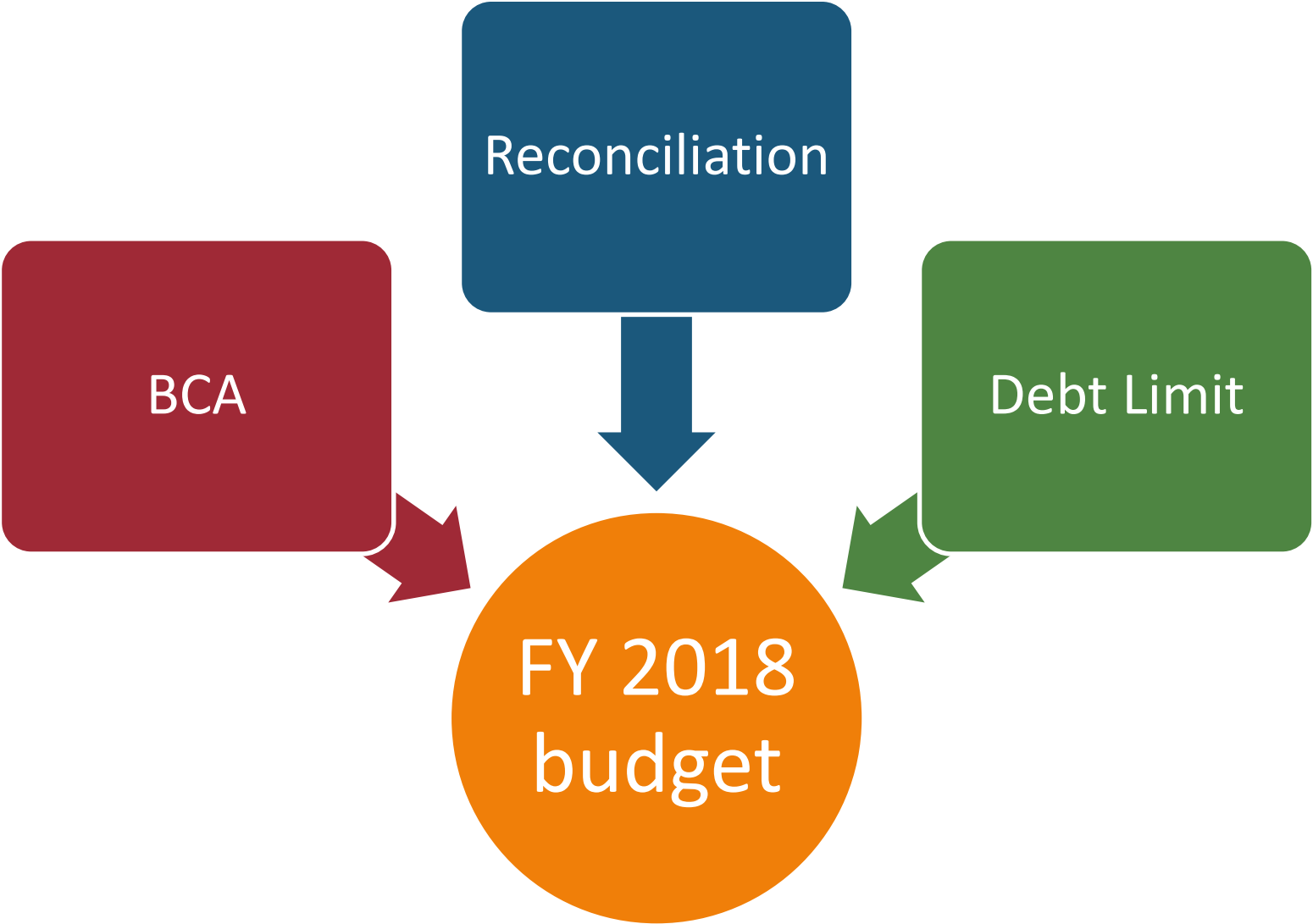
Omnibus Appropriations

- Passed in May
- Adhered to BCA
- Largely benign for states
- TANF extended 2 years
- Rejected president's request

Reconciliation (health care)

- House passed (May)
- Senate rejected (July)
- Have they thrown in the towel?

Forces at work in FY 2018





BCA is the law of the land

Sequestration reduces caps through FY 2021

Split equally between defense and non-defense

Spending in excess of caps reduced by ATB cuts

Congress amended BCA to increase caps in FYs 2014-2017

Limited mandatory sequestration through FY 2025

FY 2018 and the BCA



President

- Eliminate defense sequestration
- Big increase in defense funding
- Offset by big cut to non-defense

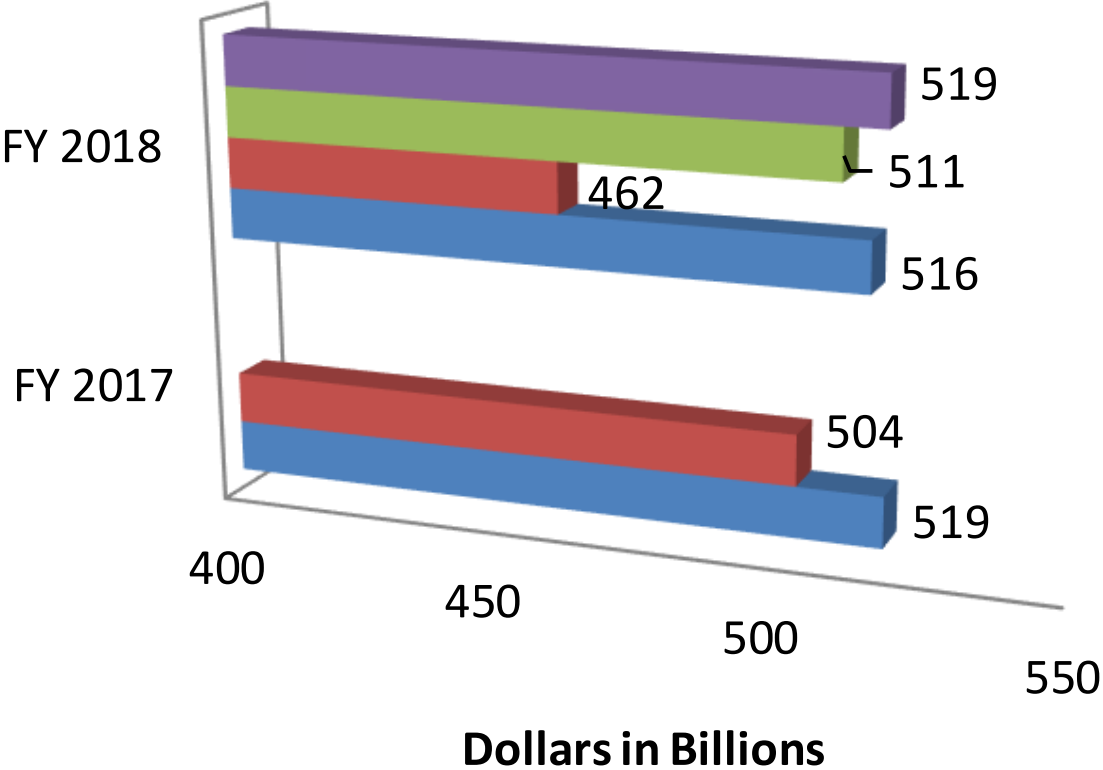
House

- Still no budget resolution (September?)
- Appropriations proceeding
- ~Level-fund non-defense; even bigger increase in defense

Senate

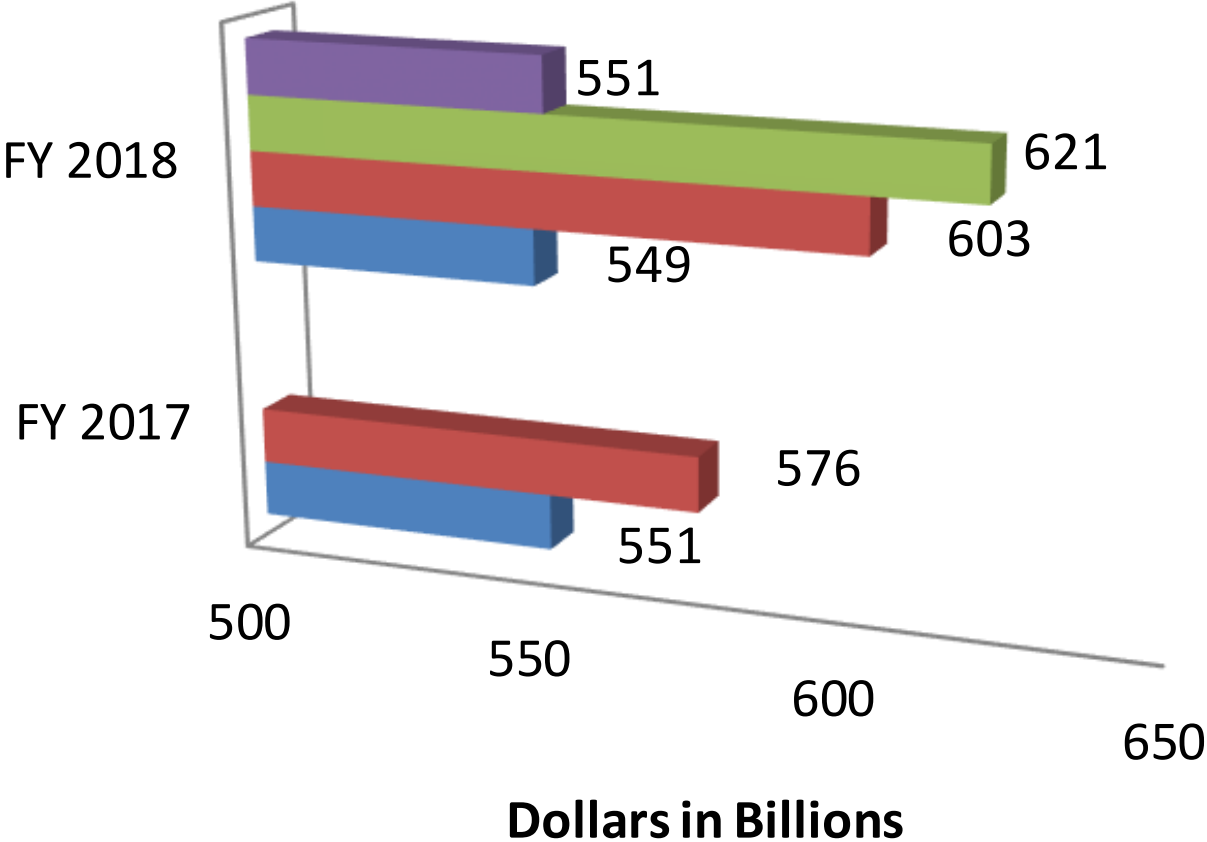
- Appropriations proceeding
- Following FY 2017 spending levels
- May Senate vote on a budget resolution that exceeds discretionary spending limits?

Non-defense discretionary



Senate House PB Current Law

Defense discretionary



■ Senate ■ House ■ PB ■ Current Law



PB eliminations

LIHEAP

CDBG

Teacher Quality

SSBG

21st Century

HOME

CSBG

TANF Contingency

TIGER Grants

Student
Support/Academic
Enrichment BG

Senior Community
Service

Preschool
Development

Weatherization

Pollution Control

Supplemental
Ed. Opportunity

SCAAP

Mandatory proposals

Cut TANF, eliminate
contingency fund

Eliminate CHIP
match increase

SNAP
restrictions

Large
unspecified
Medicaid cuts



Reconciliation refresher

Simple majority in Senate

Part of budget resolution

Every provision must affect revenue or spending

Can't raise deficit outside specified window

Can be used once/year for outlays, revenues, debt limit

Has been used for TANF, CHIP, taxes, portions of ACA, Medicaid

FY 2018 Budget Resolution



Tax Reform

- Deficit neutral?
- Tax-exempt bonds, S&L tax deduction

Mandatory Cuts

- \$203B/10 years. Enough? Too much?
- TANF, SNAP, Medicaid?
- “Pay-fors” for defense increases, tax cuts
- ACA revisited?

Other Issues

- What happened to infrastructure?
- House v. Senate
- House v. House (moderates, deficit hawks, defense hawks)



Appropriations status

FY 2018 Appropriations Progress				
Appropriations Subcommittee	Status		% Change in 302(b) vs. FY 2017	
	House	Senate	House	Senate
Agriculture	C	C	-4%	-2%
Commerce/Justice/Science	C	C	-5%	-6%
Defense	F		13%	-1%
Energy & Water	F	C	0%	2%
Financial Services	C		-6%	-3%
Homeland Security	C		4%	-11%
Interior & Environment	C		-3%	-1%
Labor/HHS/Education	C		-3%	2%
Legislative Branch	F	C	1%	1%
Military/Veterans	F	C	8%	7%
State/Foreign Operations	C		-4%	-17%
Transportation/HUD	C	C	-2%	4%

F=Full; C=Committee; S=Subcommittee



Appropriations features

(\$ in millions)

	FY 2017	FY 2018		
		President	House	Senate
Striving Readers	190	190	0	
Effective Instruction/Teacher Quality	2,056	0	0	
21st Century Learning Centers	1,192	0	1,000	
Student Support and Academic Enrichment	400	0	500	
Preventive Health Block Grant	160	0	160	
Family Planning	286	286	0	
Preschool Development Grants	250	0	250	
Community Services Block Grant	715	0	600	
Low-Income Home Energy Assistance	3,390	0	3,390	
Refugee Assistance	1,675	1,457	1,023	
Capital Investment Grants (New Starts)	2,413	1,232	1,753	2,133



More appropriations features

(\$ in millions)

	FY 2017	FY 2018		
		President	House	Senate
Comm. Dev. Block Grant - Entitlement (CDBG)	2,102	0	2,032	2,102
CDBG - Nonentitlement	898	0	868	898
HOME	950	0	850	950
Weatherization	228	0	228	215
State Energy Program	50	0	50	50
COPS - hiring grants	137	157	0	208
State Criminal Alien Assistance Program	210	0	220	100
Byrne Justice Assistance Grants - formula grants	335	260	444	376
Juvenile Justice-Part B Formula Grant	55	58	0	60
Dislocated Worker Assistance	1,021	615	1,016	
Adult Training	816	490	777	
Youth Training	873	524	832	
Employment Service State Administration	671	416	0	



p.s., upcoming expirations

Program	FY 2017 Funding (in millions)
September 30:	
Children's Health Insurance Program	15,952
Community Health Centers (mandatory funding)	3,528
Airport Improvement Program	3,350
Maternal, Infant, and Early Childhood Home Visiting	372
Health Profession Opportunity Grants	79
Personal Responsibility Education Program	70
Abstinence Education	70
Total	\$23,421



Reiterating the risks

Budget Control Act

- BCA is law
 - slight reductions to defense, non-defense
- With bipartisan agreement, increases in both

Reconciliation

- Medicaid, taxes, other mandatory programs in play
- Bipartisan support not needed, but a tough sell

Debt Ceiling

- The “action forcing event” of the year
- Mandatory cuts? BCA changes? Timing? Shutdown?



FFIS resources

- FY 2018 state estimates: *The VIP Series, V. 17, #2*
- FY 2018 complete state estimates: *Grants Database*
- FY 2018 budget: *Budget Briefs 17-09, 17-10*
- FY 2018 program levels: *Jim Martin Table*
- Budget timelines, deadlines: *Budget Brief 17-02*
- BCA: *Budget Brief 16-09*
- Reconciliation: *Budget Brief 17-01*
- House health care bill: *Issue Brief 17-10*
- CHIP: *Issue Brief 17-20*



Questions?

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