



Federal Budget Update: Déjà Vu All Over Again

Federal Funds Information for States
www.ffis.org

NCSL Fiscal Analysts Seminar
Columbus, OH
October 9, 2019

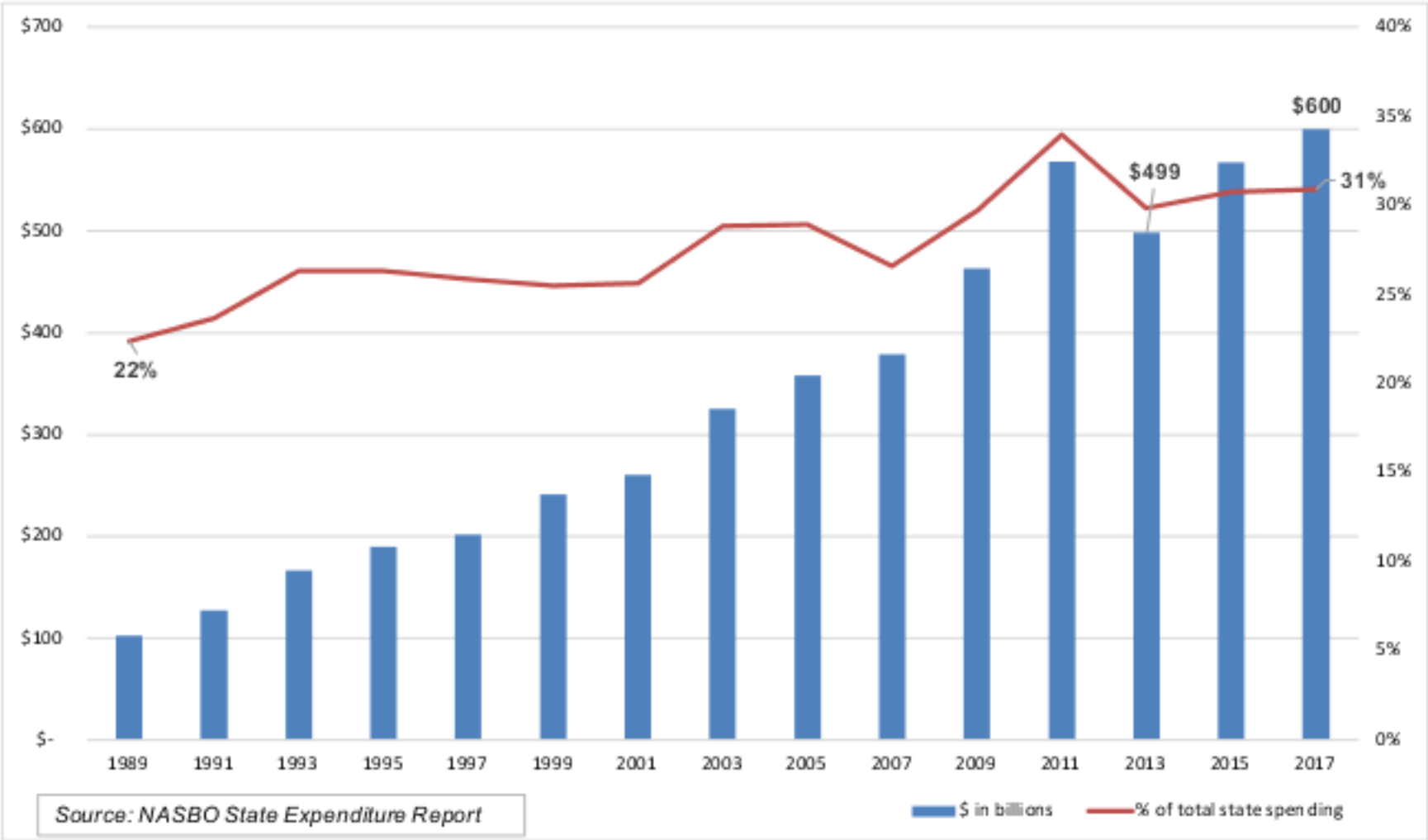
Overview

Background on federal grants

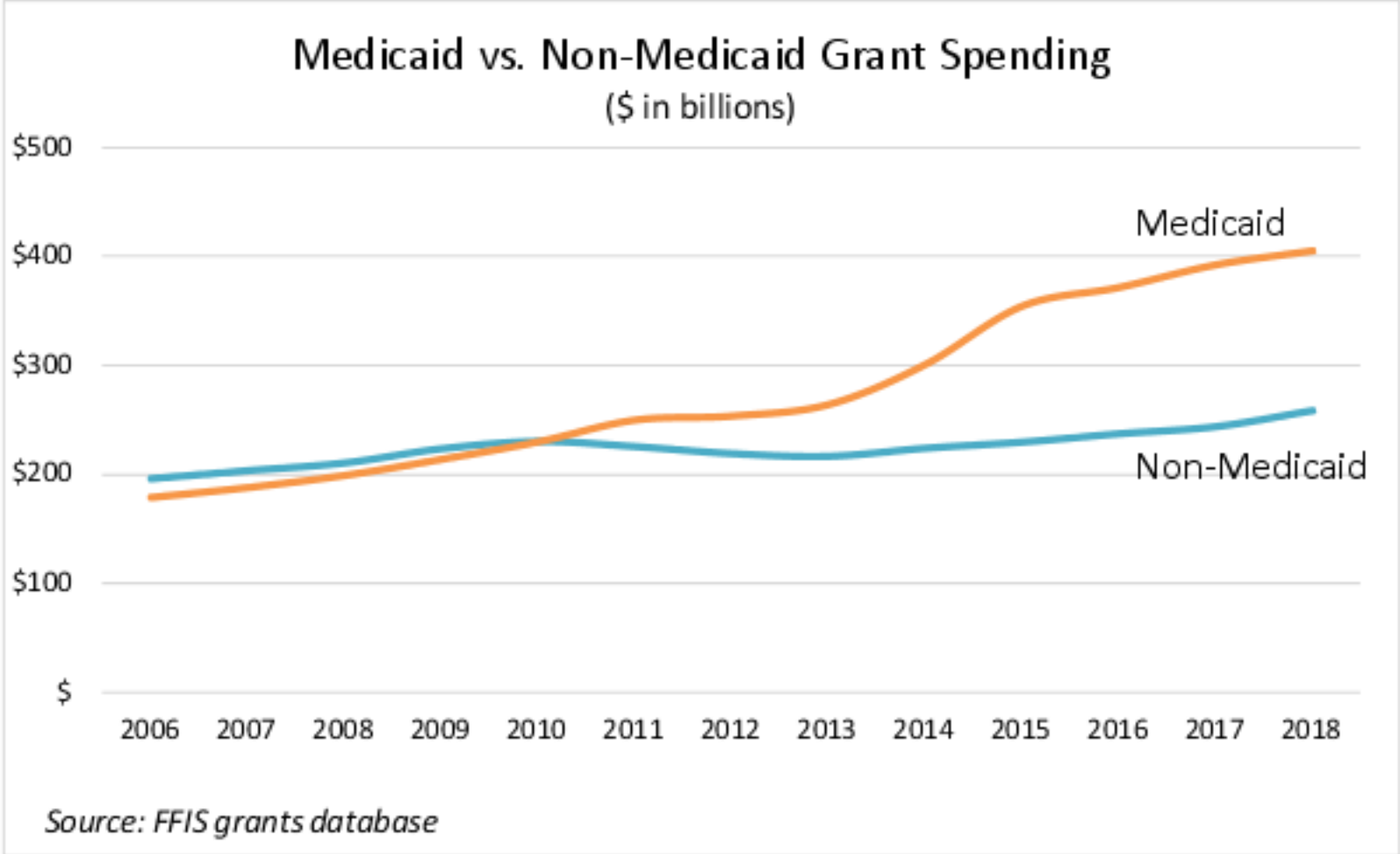
A federal budget update

A few reality checks

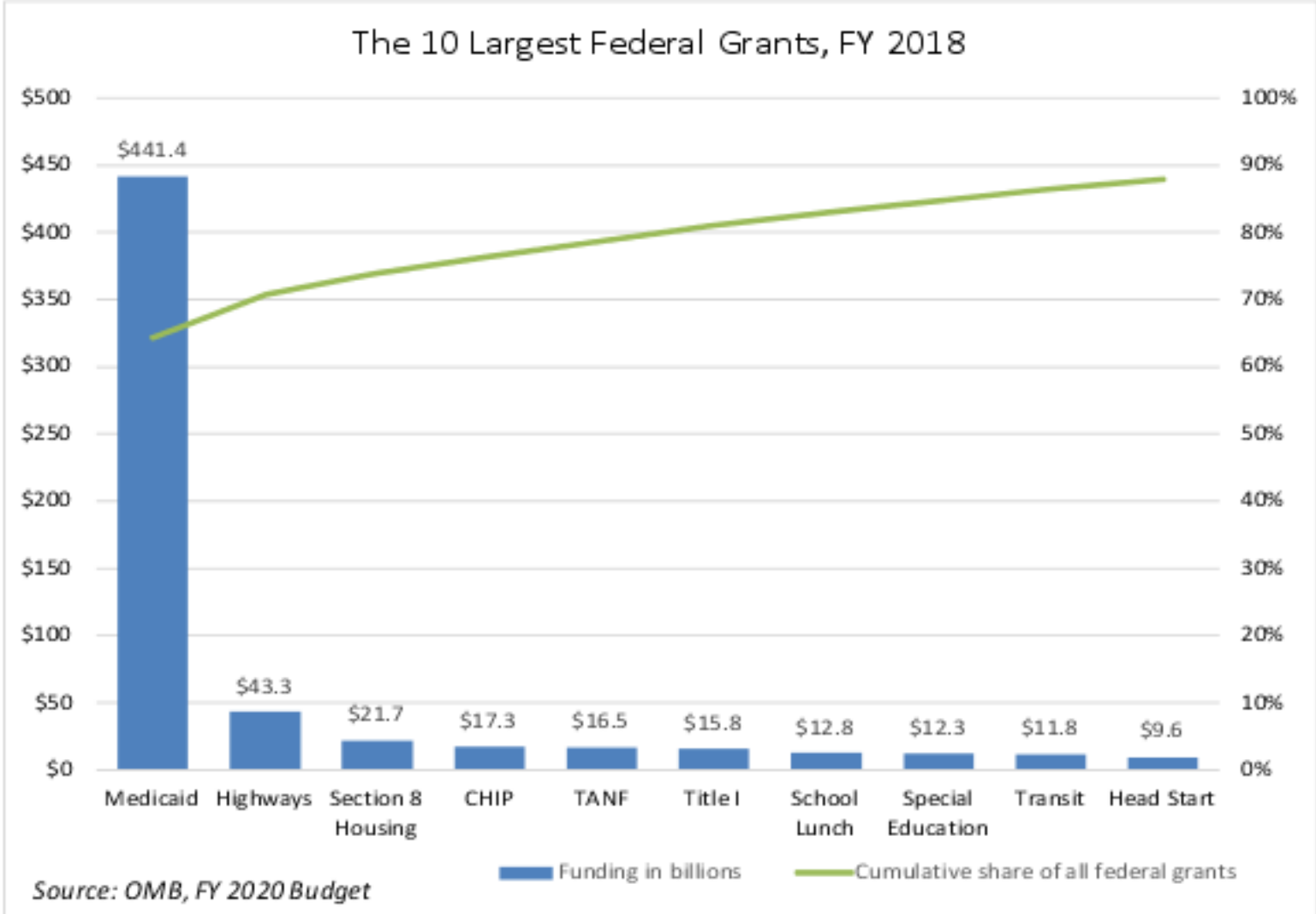
Grants are a growing share of state spending



Because...



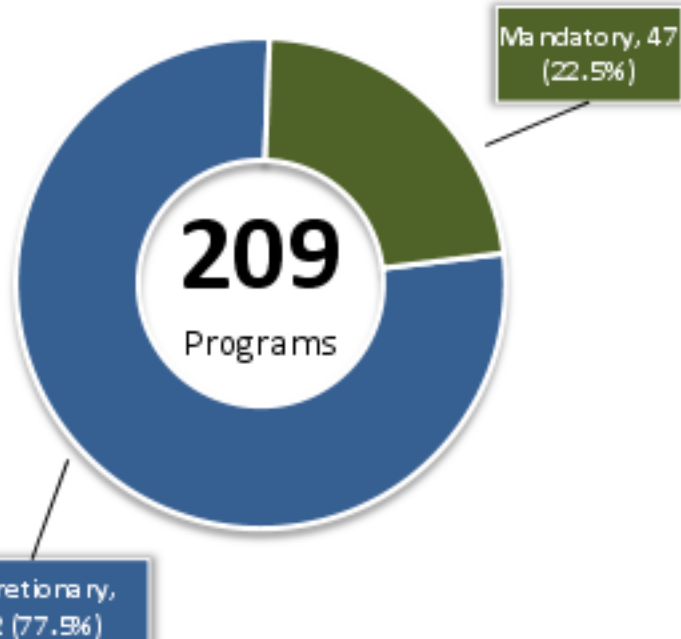
The largest grants dominate total funding



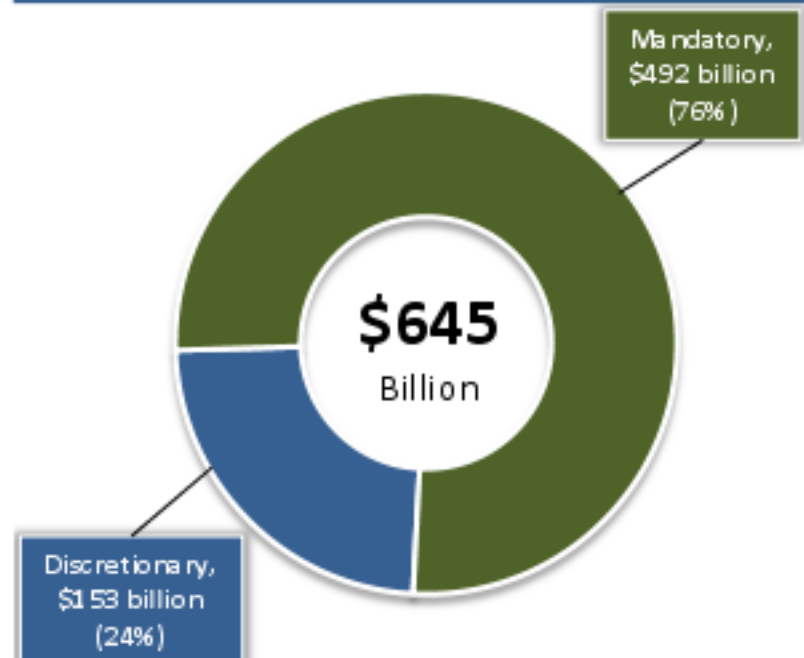
Lots of discretionary programs

Lots of mandatory money

**Distribution of Grants
by Type, FY 2017**



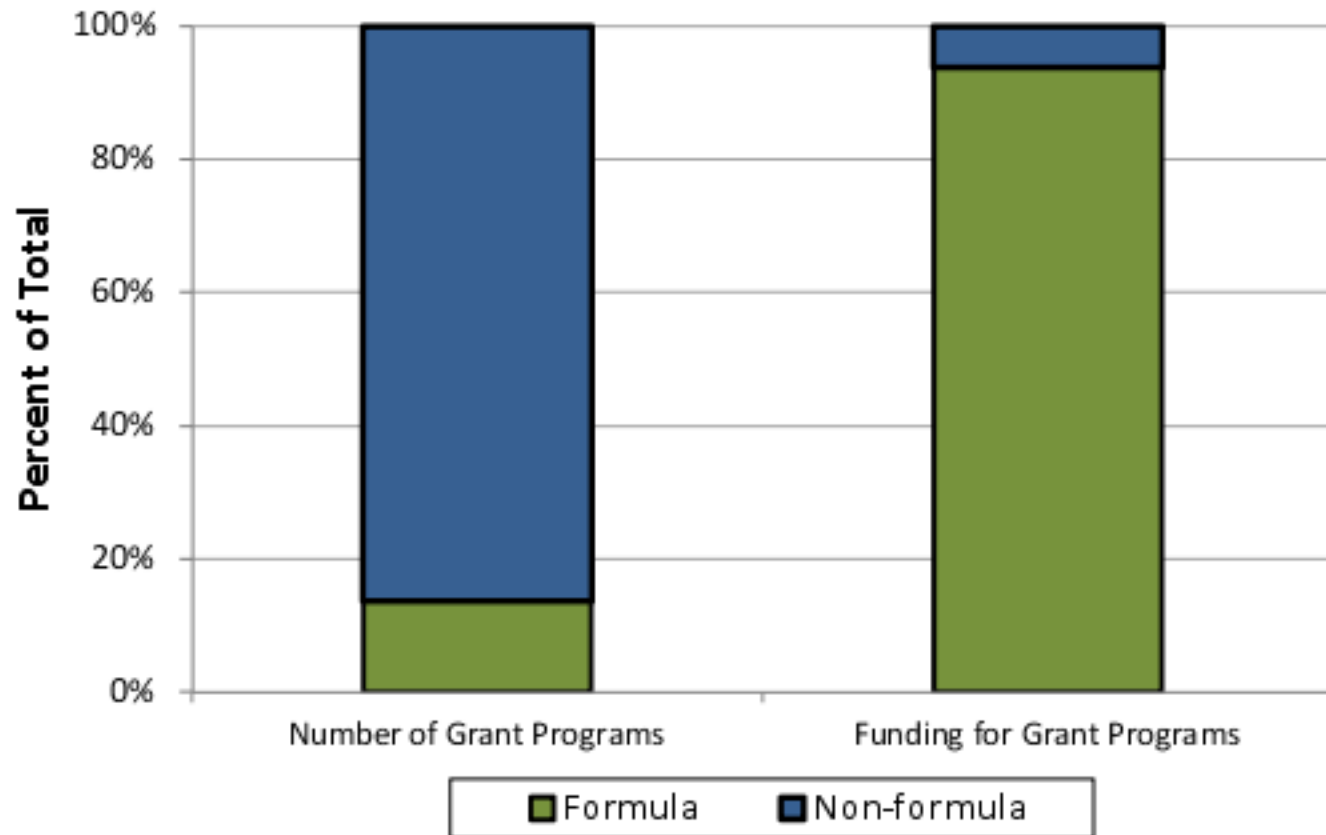
**Distribution of Grants
by Funding, FY 2017**



Lots of competitive programs

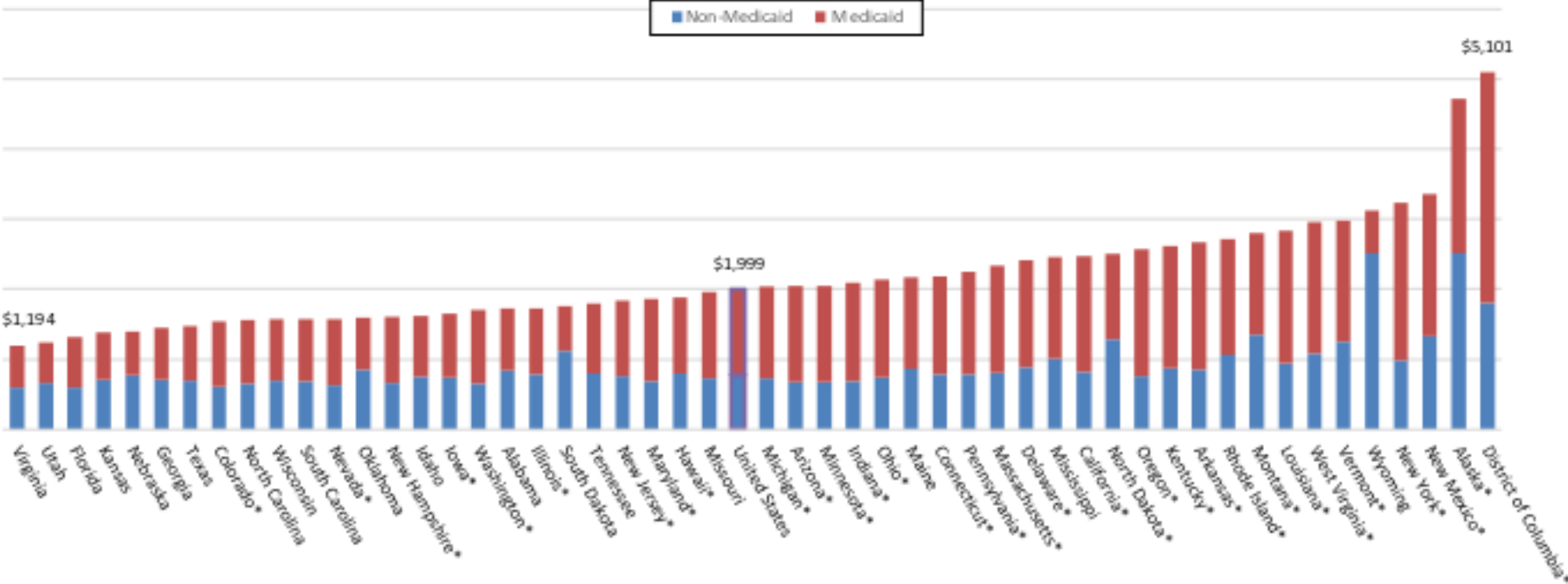
Lots of formula money

Formula Grants as a Share of Total Federal Grants and Funding to State and Local Governments, FY 2017



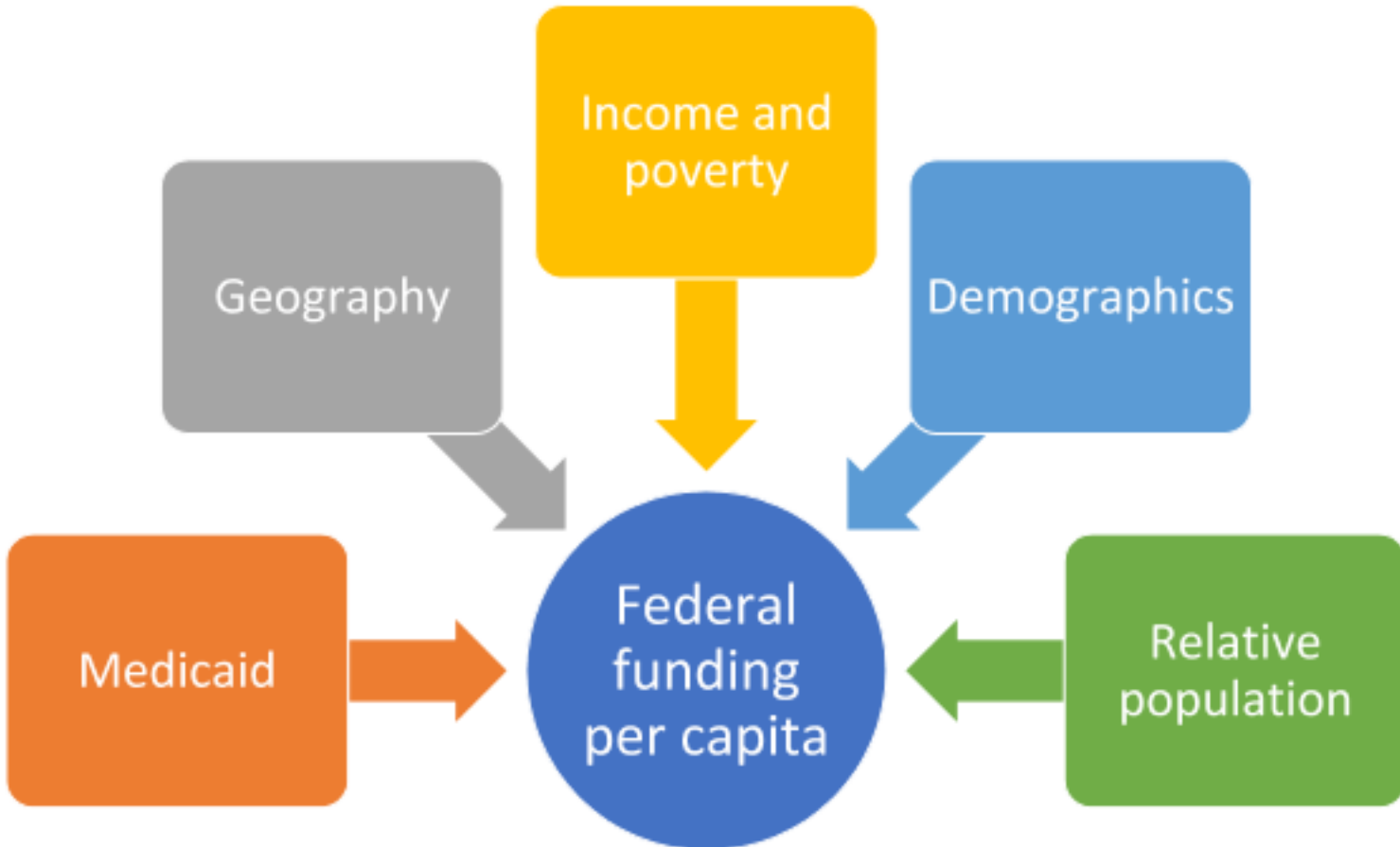
How states stack up

Per Capita Federal Spending on FFIS-Tracked Grants, FY 2018



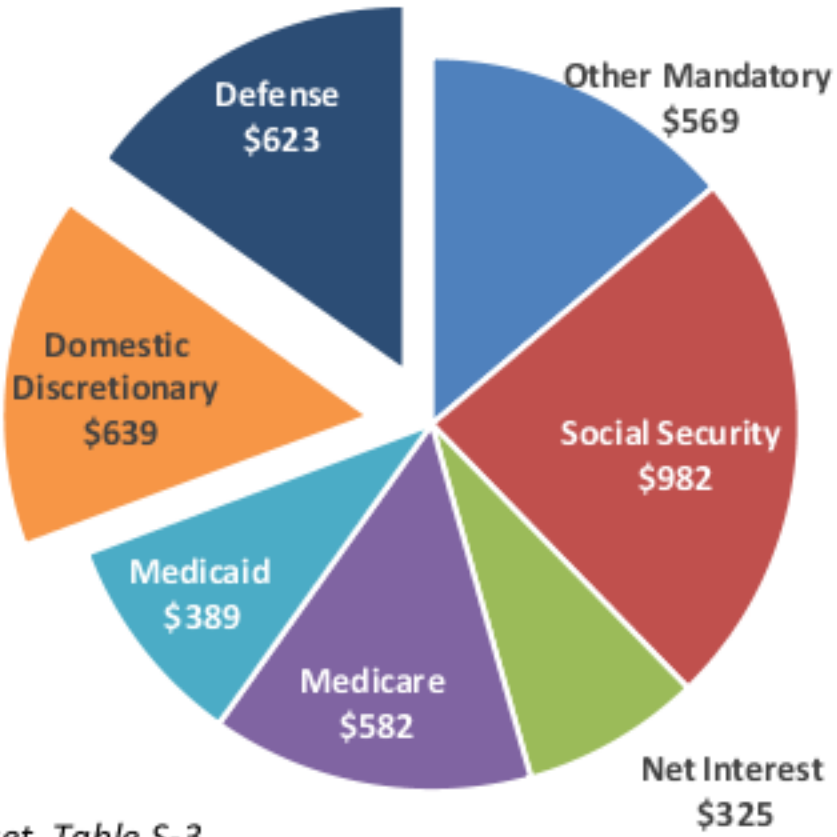
* Expanded Medicaid by FY 2018

But why? How the money flows



Federal budget update

Federal Outlays in FY 2018
(\$ in billions)

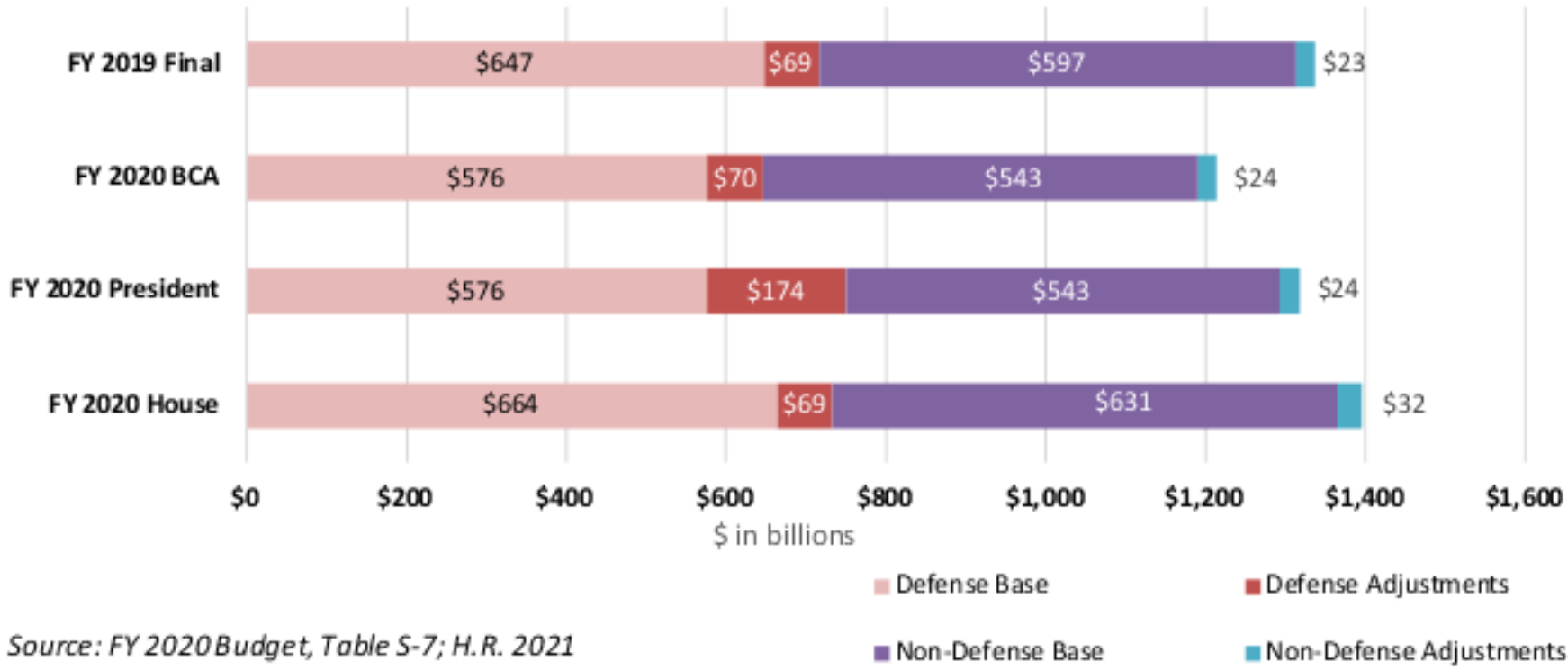


Other mandatory includes:
 Federal retirement
 UI
 Nutrition
 TANF
 SSI
 EITC

Source: FY 2020 budget, Table S-3

The challenge of the BCA

Current-Law and Proposed Discretionary Spending



Source: FY 2020 Budget, Table S-7; H.R. 2021



BBA 2019 to the rescue

Raises discretionary caps in FY 2020 and FY 2021

Extends mandatory sequestration to FY 2029

Suspends debt limit until July 2021

Allows cap adjustment for 2020 Census

Differs from House-passed spending



Mandatory sequestration

- Now through FY 2029
- ATB cuts (-6.2% FY 2019, -5.9% FY 2020)
- Most programs exempt (or receive sequestered funds in following year)
- Covered programs include:

Social Services Block Grant

Promoting Safe and Stable Families

Prevention and Public Health Fund

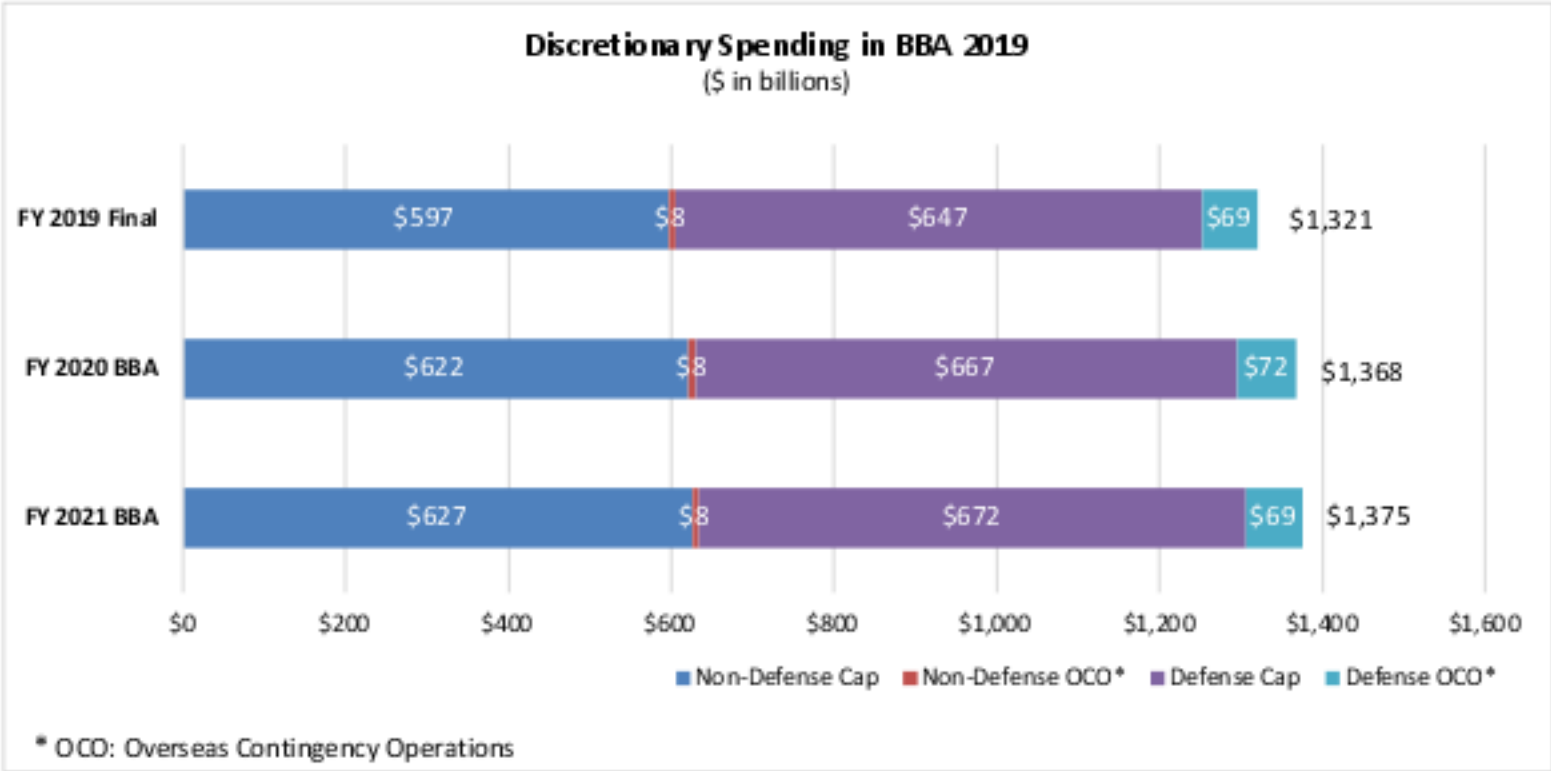
Vocational Rehabilitation

Portion of highway funding

Housing Trust Fund

Abandoned Mines

BBA 2019 by the numbers



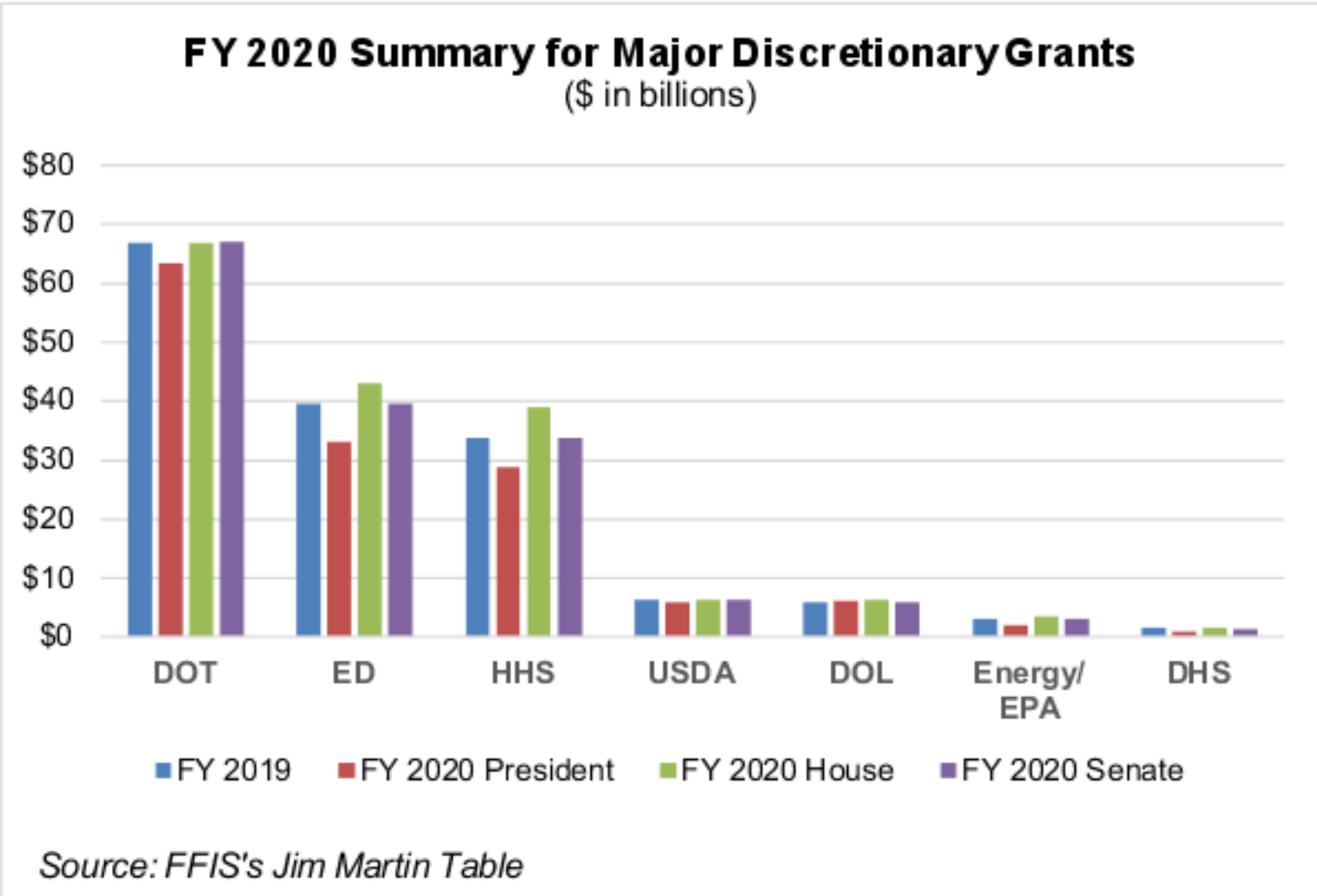


Progress, but not enough

| FY 2020 Appropriations Progress | | |
|---------------------------------|--------|--------|
| Appropriations Subcommittee | Status | |
| | House | Senate |
| Defense | P | C |
| Energy and Water | P | C |
| Labor/HHS/Education | P | |
| State/Foreign Operations | P | C |
| Agriculture | P | C |
| Commerce/Justice/Science | P | C |
| Interior and Environment | P | C |
| Military Construction/Veterans | P | |
| Transportation/HUD | P | C |
| Legislative Branch | C | C |
| Financial Services/General Gov. | P | C |
| Homeland Security | C | C |

P=Full chamber; C=Committee; S=Subcommittee

House exceeds BBA levels



CR until November 21

Extends flood insurance

Extends HHS programs (detail follows)

Delays DSH cuts

Extends 100% FMAP for Puerto Rico, Virgin Islands, Northern Mariana Islands, American Samoa

Prevents transit account rescission

Whispers of another CR until 12/12

Issues on our radar



Funding Expirations

- Several HHS (11/21/19)
- NFIP (11/21/19)
- Secure Rural Schools (9/30/18)

Health

- DSH cuts (11/21/19)
- ACA health insurer tax (CY 20)
- CHIP dip

Other

- Election funds
- Infrastructure/Rescission
- Disasters
- Census
- SNAP rule/regs in general

Fiscal Relief

- FYs 2003-04: Medicaid and flexible assistance
- Great Recession: ARRA

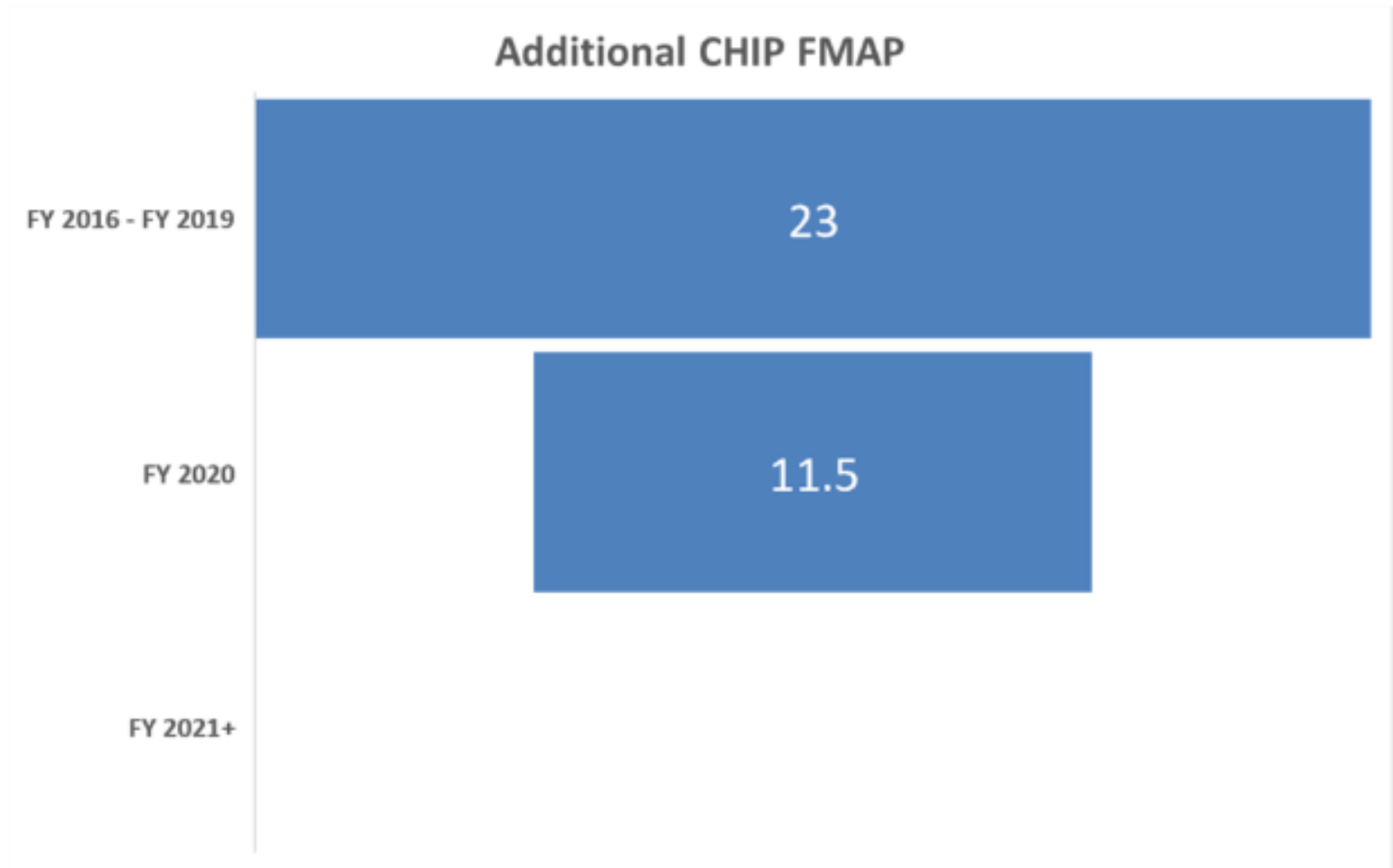
HHS 2019 funding expirations



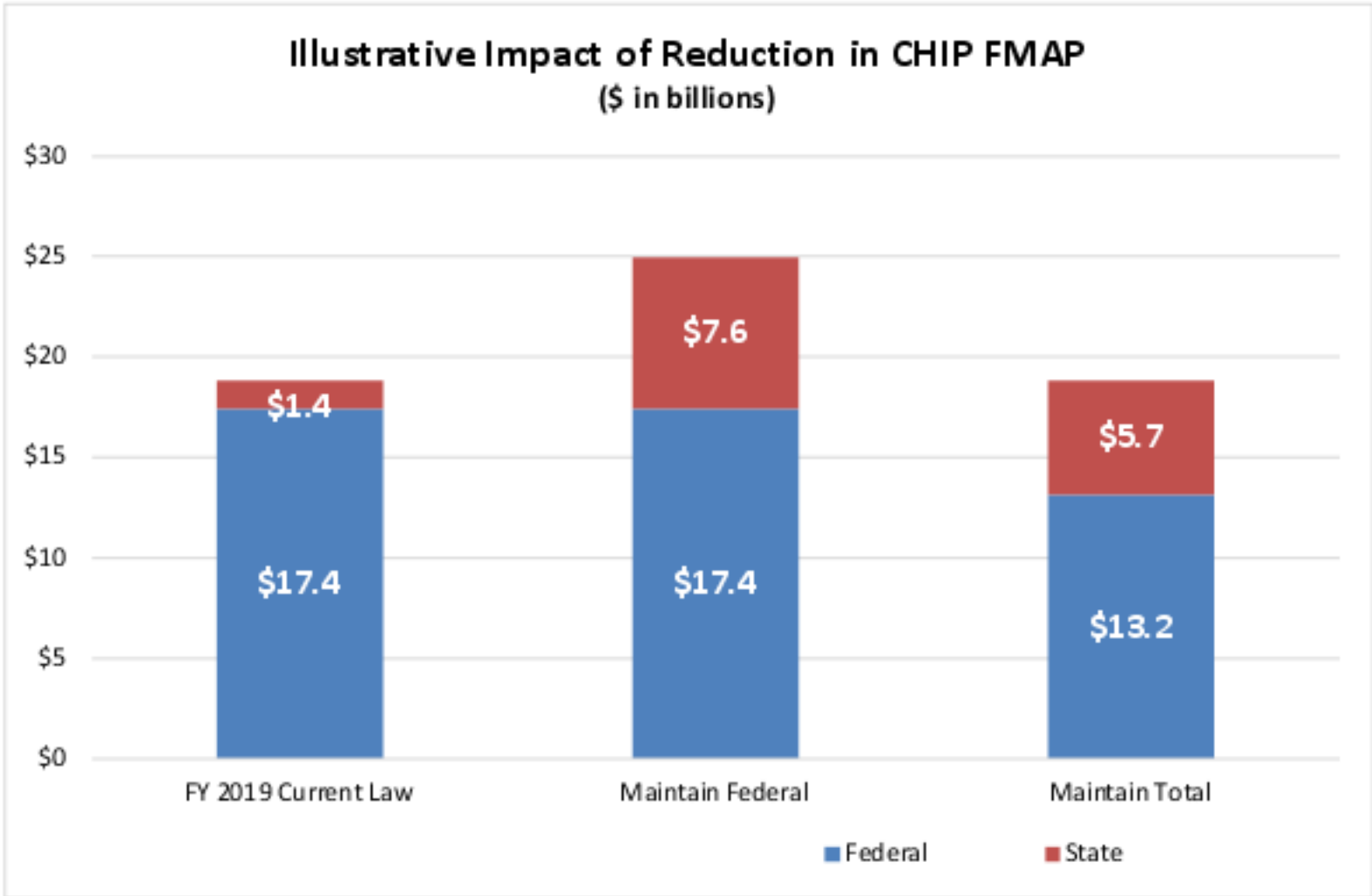
| Program | FY 2019 (\$ in millions) |
|--|-----------------------------|
| Temporary Assistance for Needy Families (TANF)/Related Programs | \$20,208 |
| TANF block grant | 16,512 |
| Mandatory/matching portion of CCDF | 2,917 |
| TANF contingency funds | 608 |
| Healthy Marriage and Responsible Fatherhood | 148 |
| TANF matching grants to territories | 15 |
| Grants to tribal work programs | 8 |
| Health Programs | \$4,989 |
| Community Health Centers (mandatory funding) | 4,000 |
| National Health Service Corps | 310 |
| Money Follows the Person Demonstration | 255 |
| Teaching Health Center Graduate Medical Education | 127 |
| Health Profession Opportunity Grants | 85 |
| Personal Responsibility Education Program | 75 |
| Sexual Risk Avoidance Education | 75 |
| Medicare Enrollment Assistance Program | 38 |
| Pregnancy Assistance Fund | 25 |



The CHIP dip looms large



More on the CHIP dip

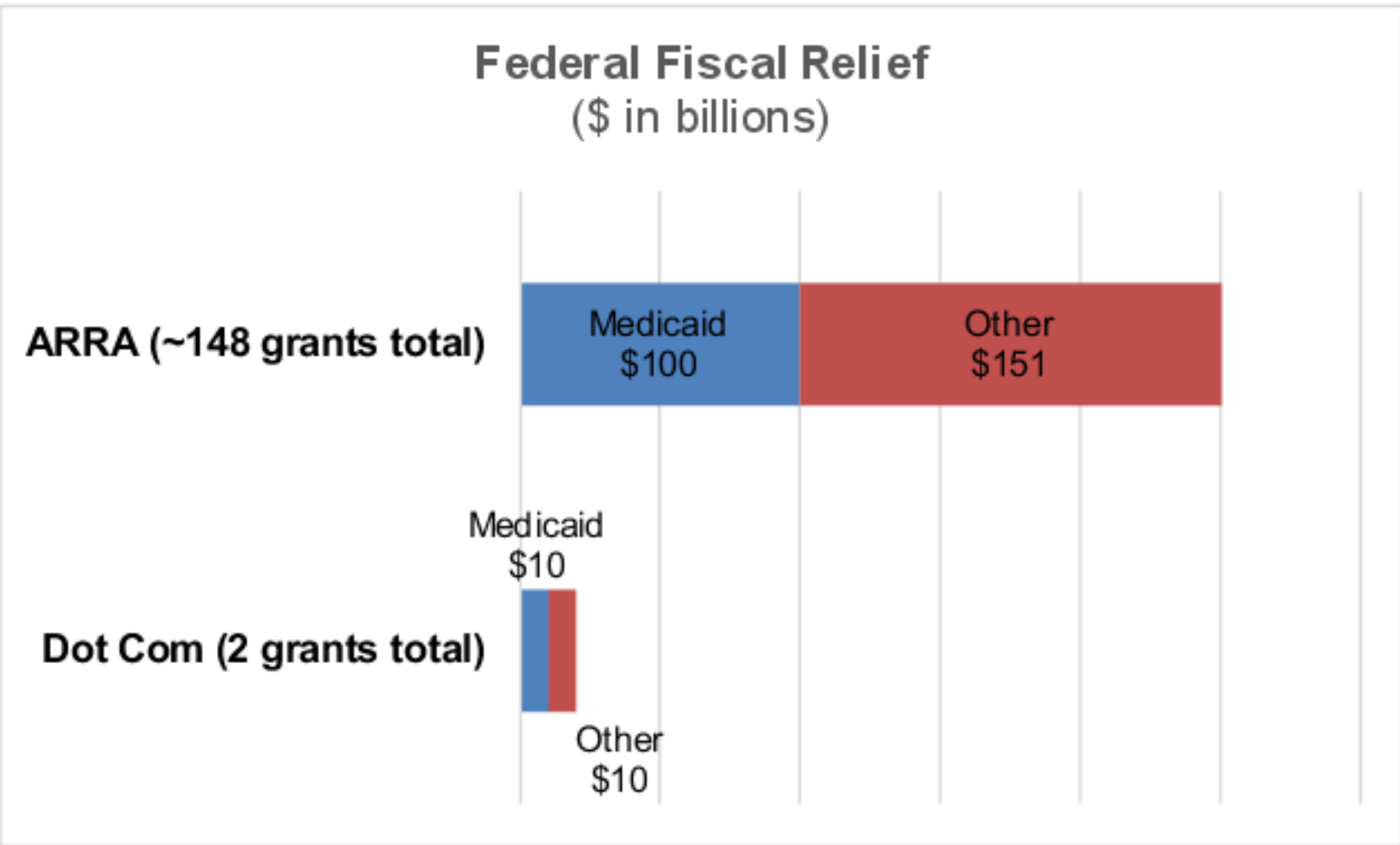


FY 2021 FMAPs hot off the press



| Increases | | Decreases | No Change |
|--------------|----------------|----------------|----------------------|
| North Dakota | Alabama | Missouri | Alaska |
| Oklahoma | Ohio | Utah | California |
| Nebraska | Louisiana | Nevada | Colorado |
| Rhode Island | Iowa | Hawaii | Connecticut |
| Texas | Kansas | Oregon | District of Columbia |
| Tennessee | Florida | Georgia | Maryland |
| Illinois | North Carolina | Arkansas | Massachusetts |
| Montana | Kentucky | Delaware | Minnesota |
| Mississippi | Idaho | Maine | New Hampshire |
| New Mexico | West Virginia | South Carolina | New Jersey |
| Vermont | Michigan | Pennsylvania | New York |
| South Dakota | Wisconsin | Indiana | Virginia |
| | | Arizona | Washington |
| | | | Wyoming |

Comparing federal fiscal relief



What's in play

FY 2020 Appropriations

- BBA 2019 sets topline numbers
- Debt limit suspended until after 2020 elections
- The devil is always in the details

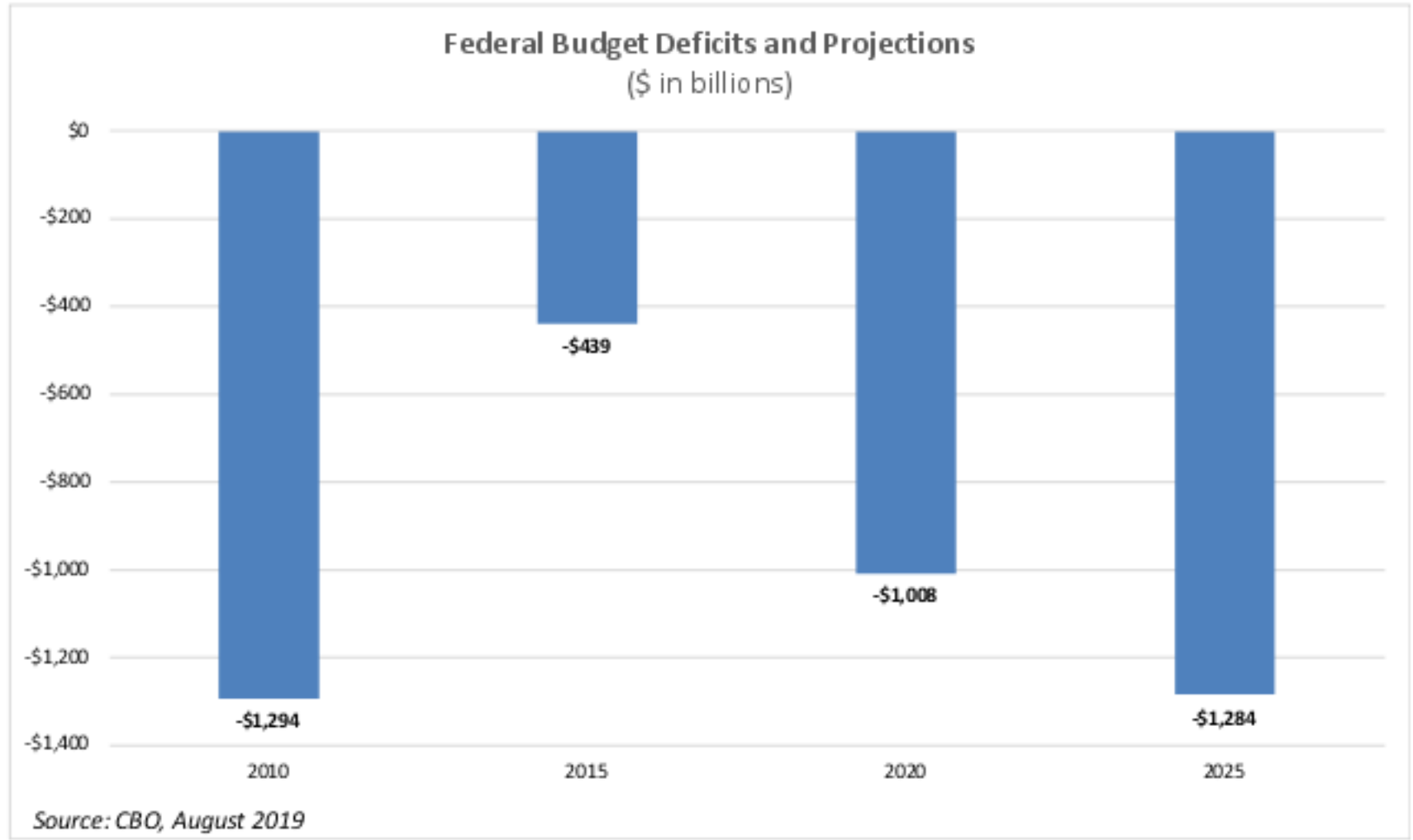
And?

- Will legislative activity come to a standstill?
- Little action/agreement between chambers, branches
- Everything linked to politics

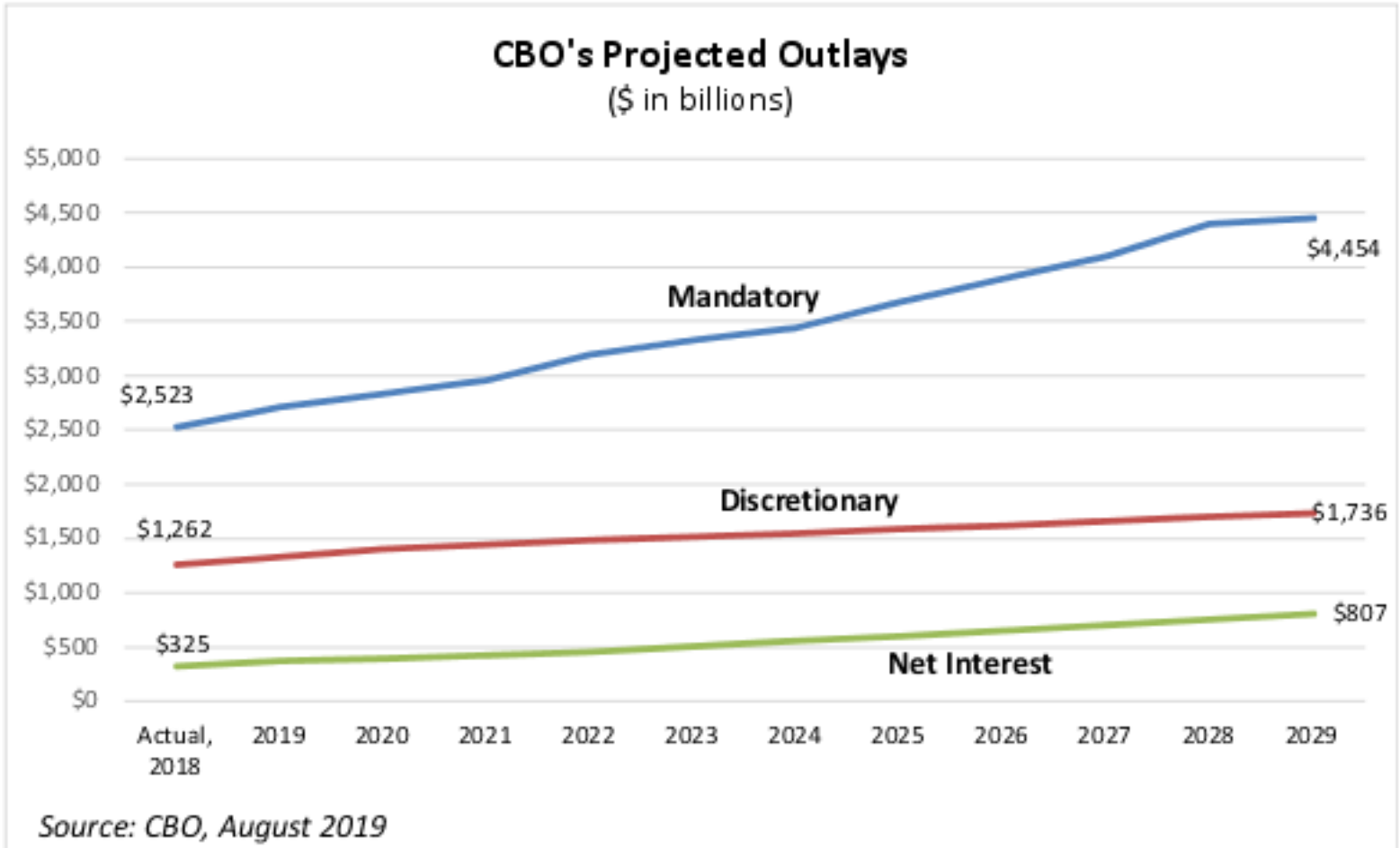
Risks to States

- Budget deficit re-emerges as a political hot potato
- Federal shutdowns less unusual
- Limited federal fiscal capacity in a recession

Reality check #1



Reality check #2





Questions?

Check for updates at www.ffis.org

mhoward@ffis.org

202-624-5848