



Federal Budget Update: Déjà Vu All Over Again

Federal Funds Information for States
www.ffis.org

NCSL Fiscal Directors Pre-Conference
Nashville, TN
August 5, 2019

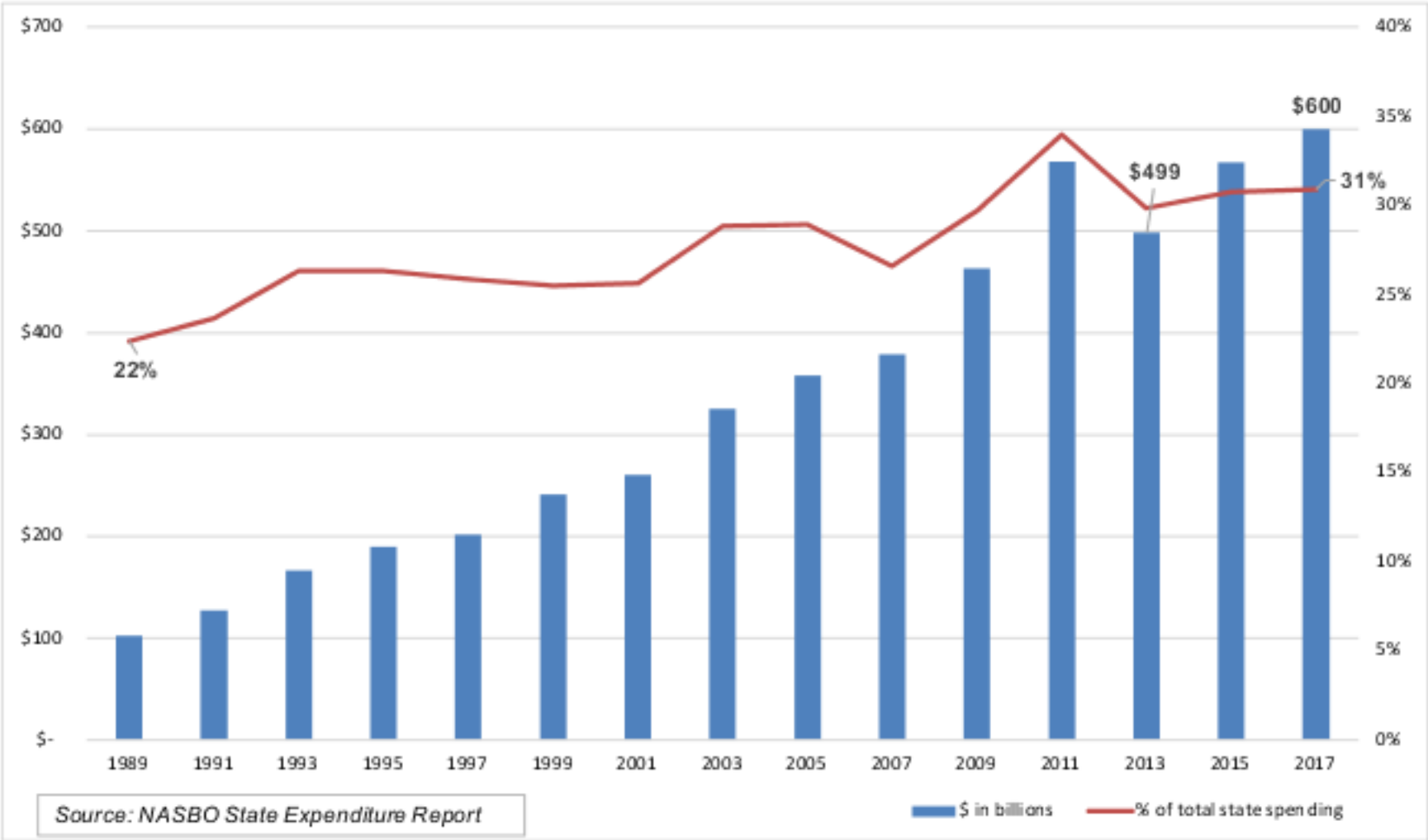
Overview

Background on federal grants

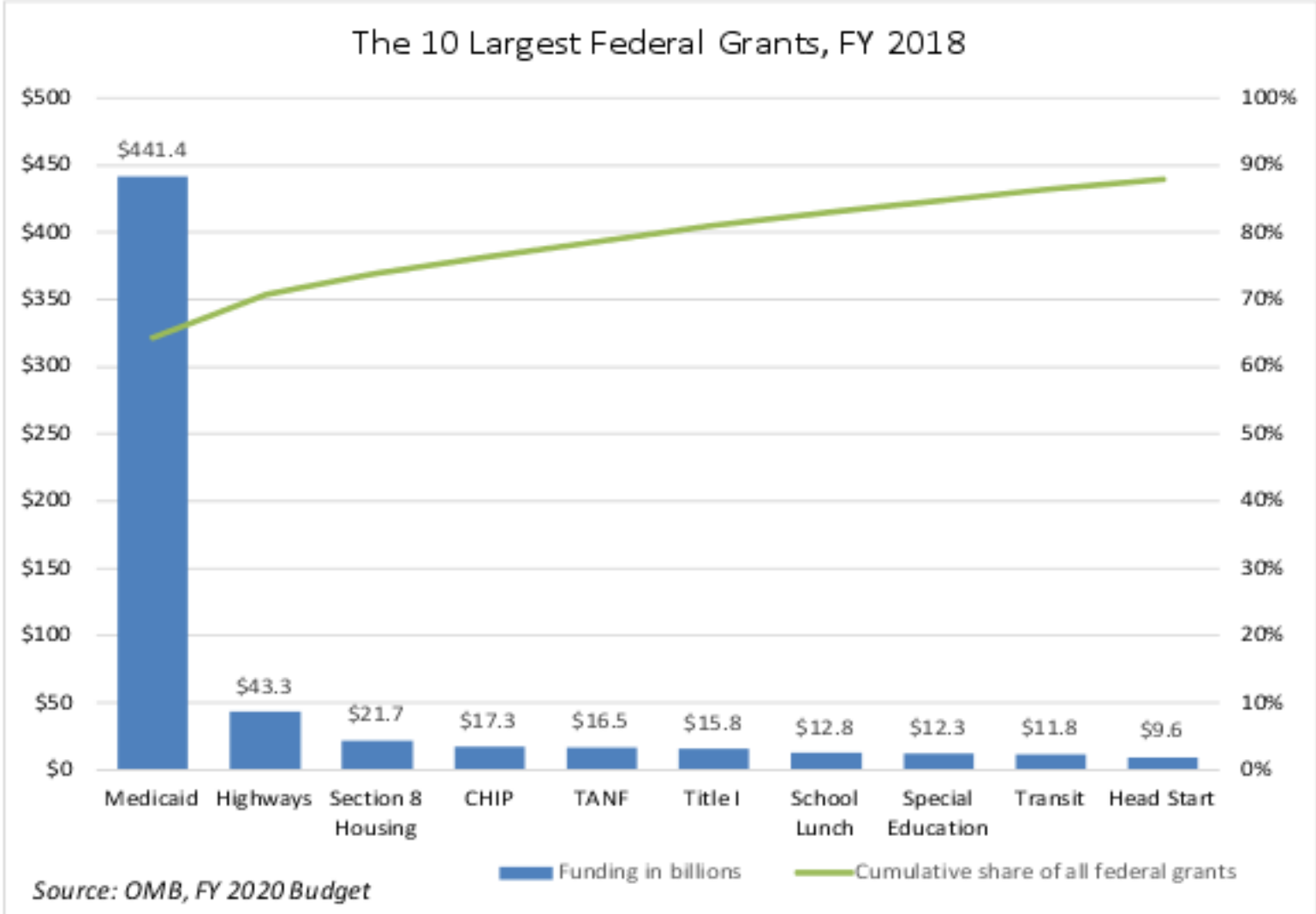
A federal budget update

A few reality checks

Grants are a growing share of state spending



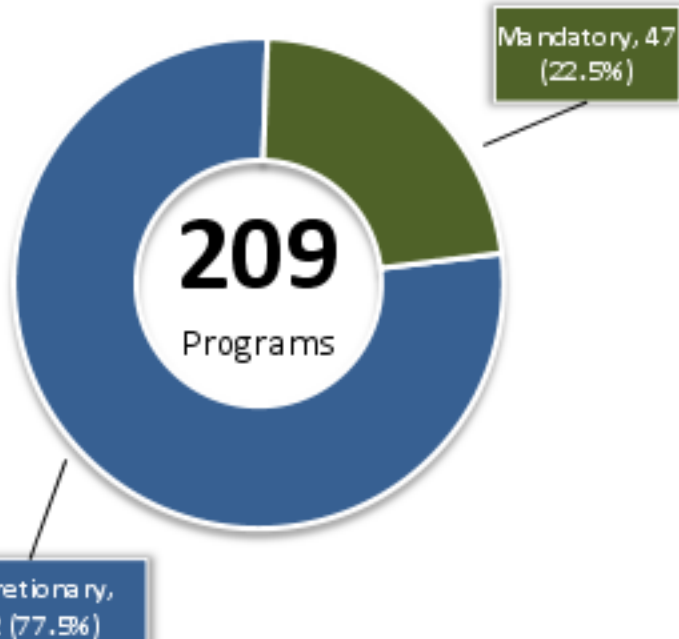
The largest grants dominate total funding



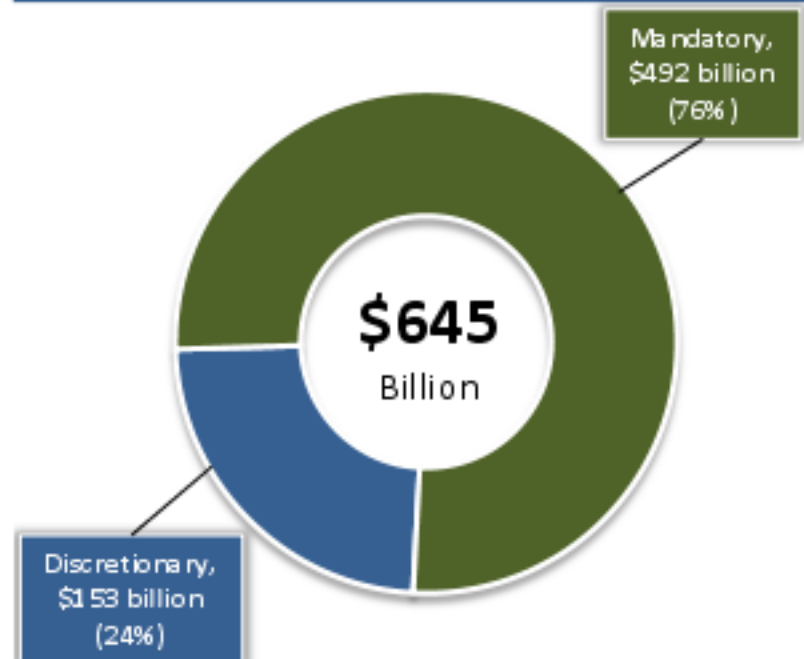
Lots of discretionary programs

Lots of mandatory money

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



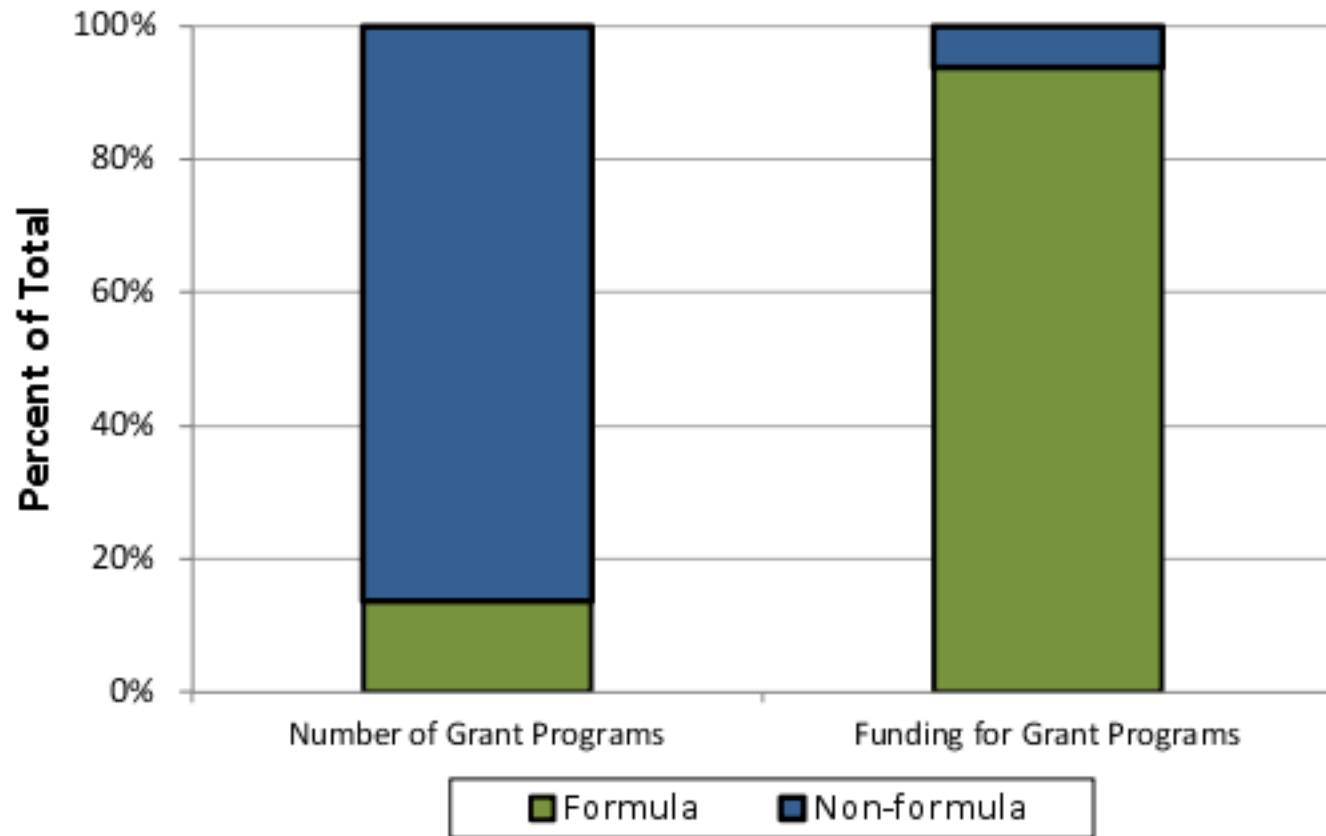
**Distribution of Grants
by Funding, FY 2017**



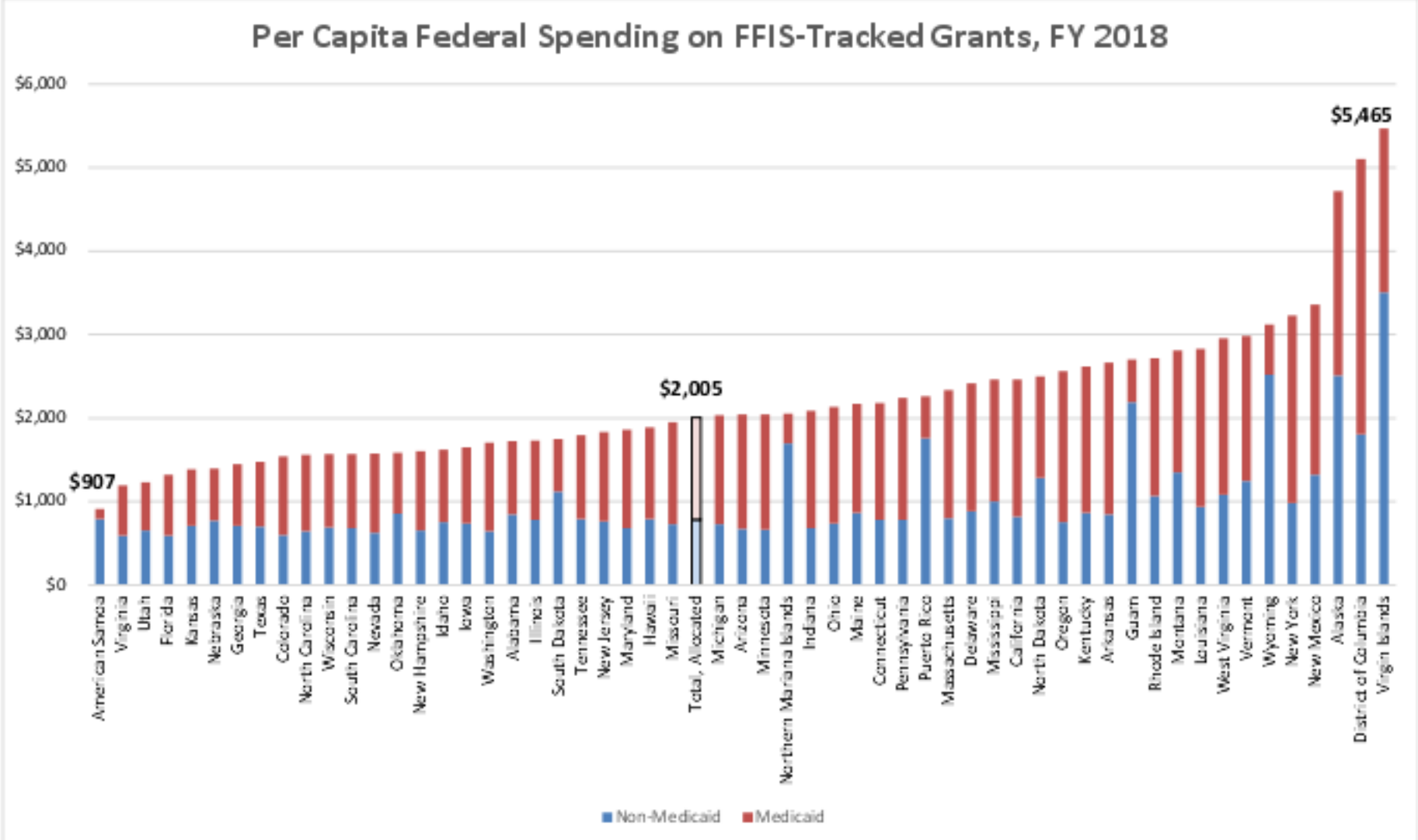
Lots of competitive programs

Lots of formula money

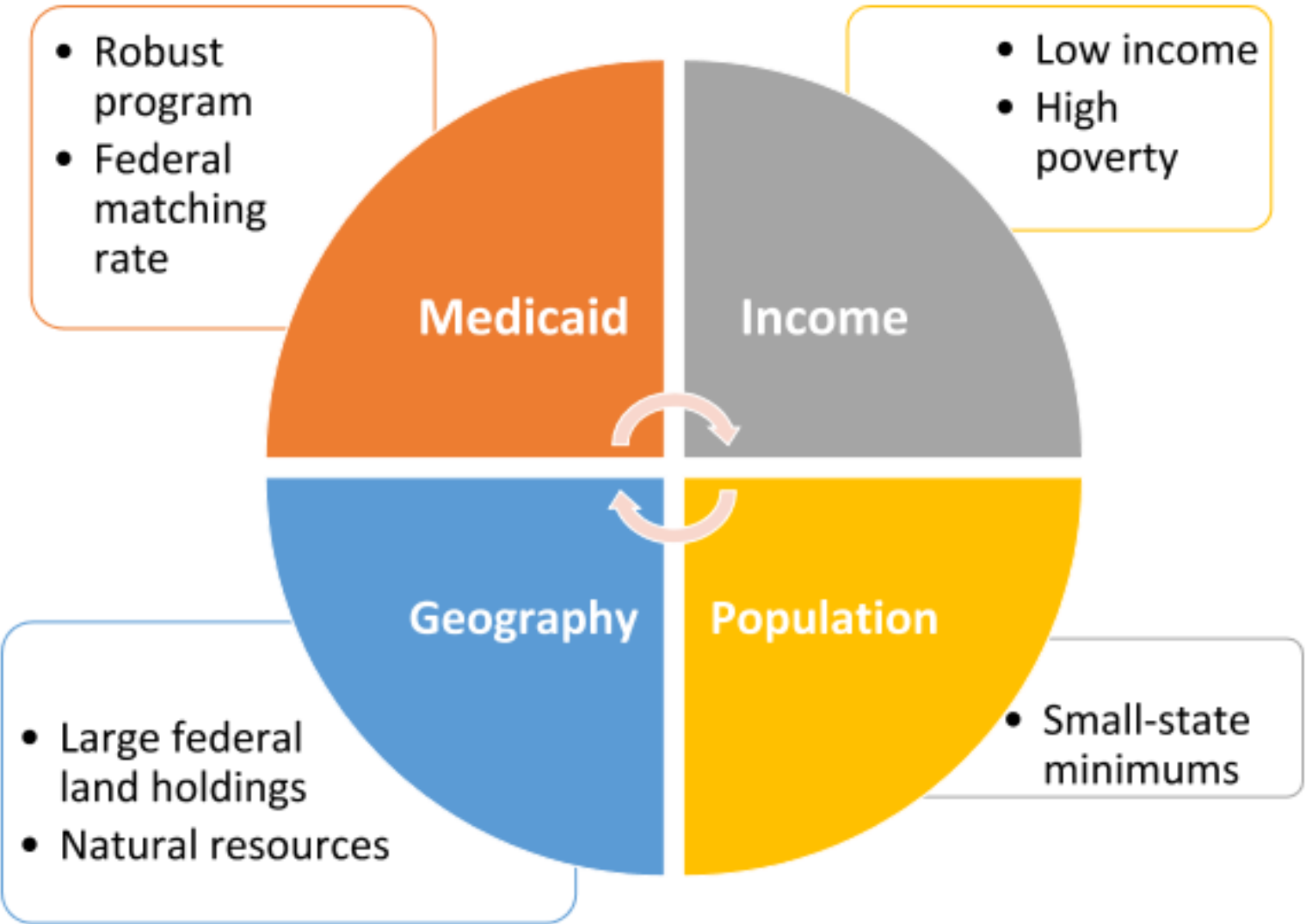
Formula Grants as a Share of Total Federal Grants and Funding to State and Local Governments, FY 2017



How states stack up

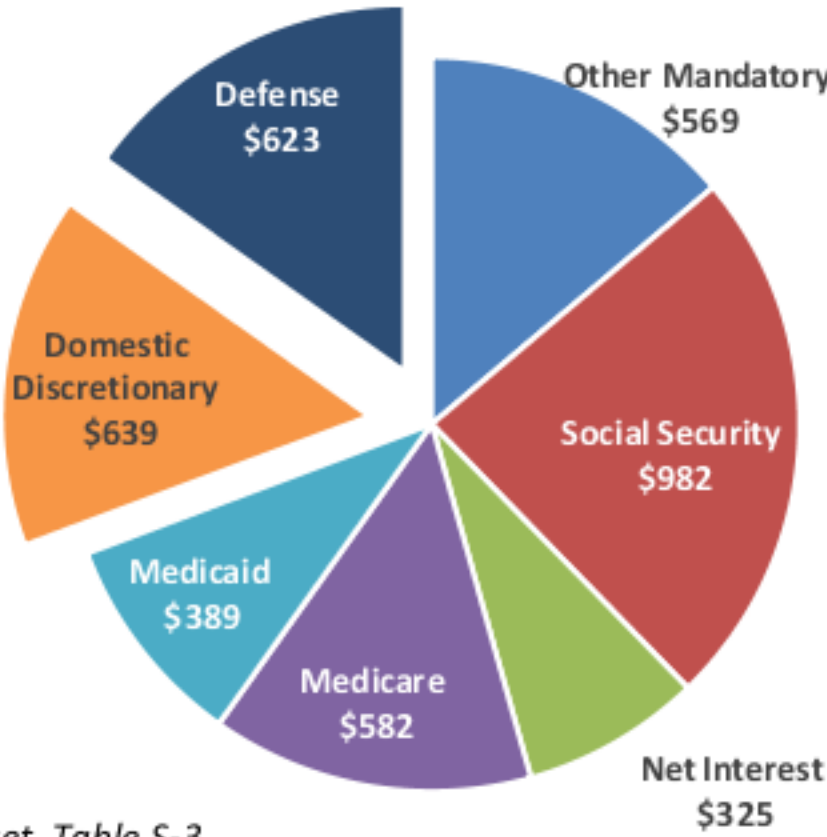


But why? How the money flows



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



Living with(out) the BCA of 2011

American Taxpayer Relief Act (January 2013)

Bipartisan Budget Act (December 2013)

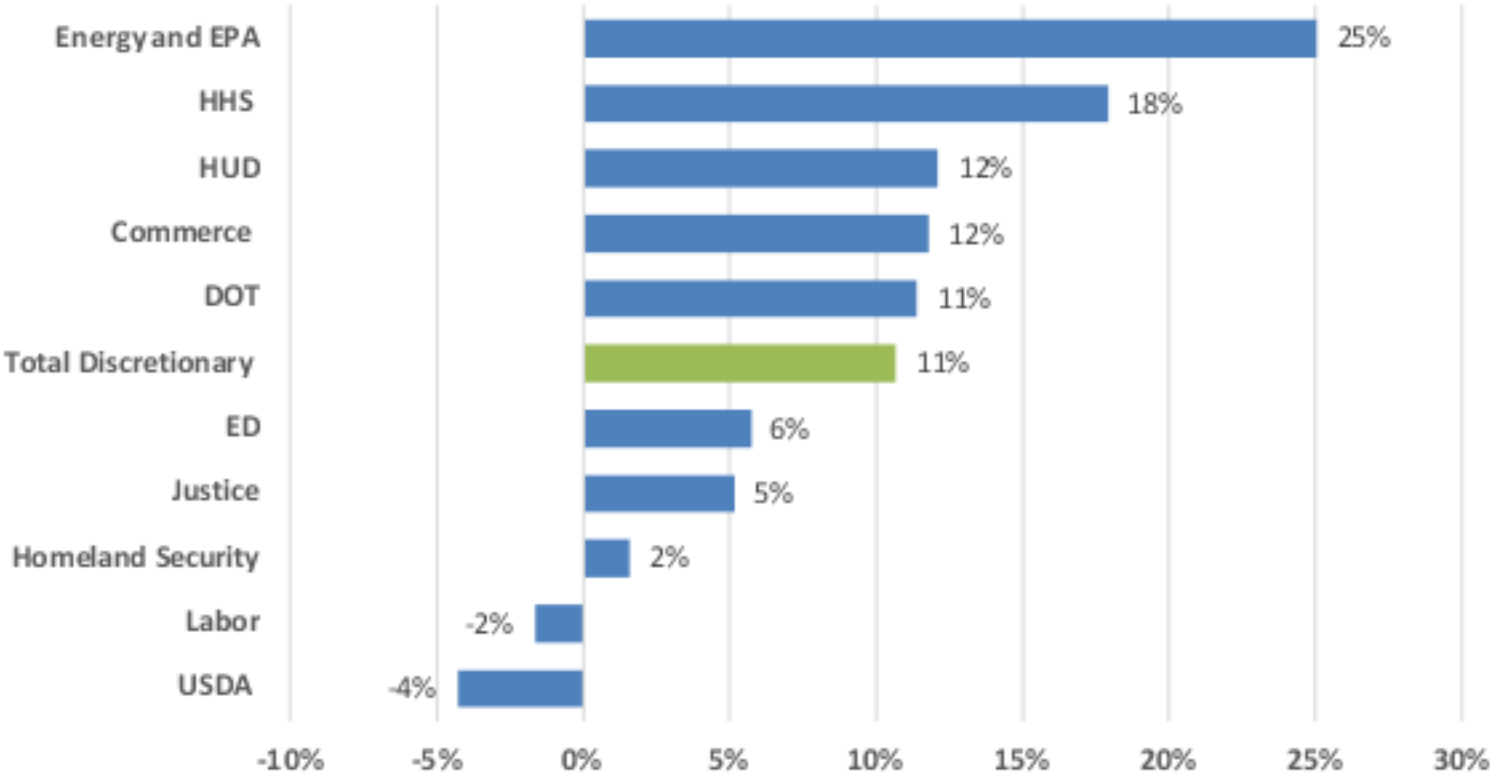
Bipartisan Budget Act of 2015

Bipartisan Budget Act of 2018

BBA 2018 led to increases



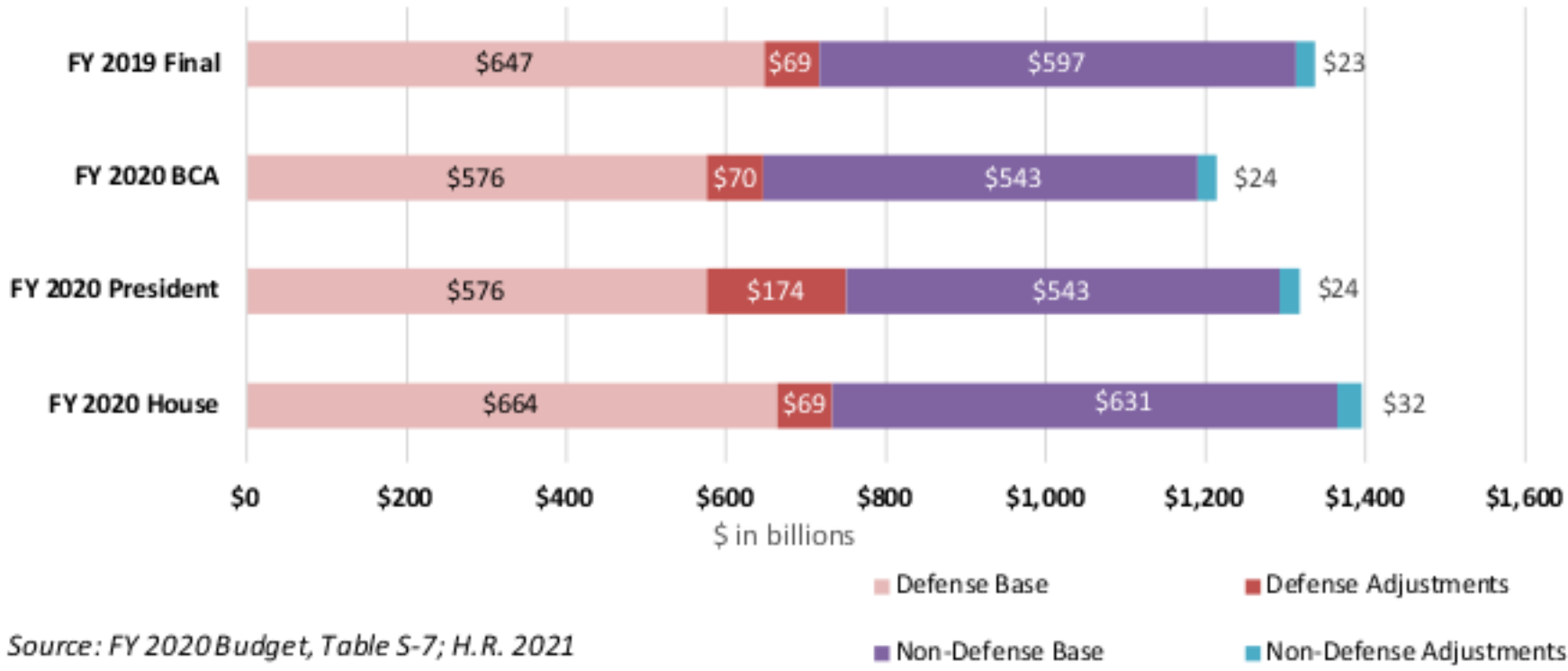
Change in Discretionary Appropriations for Major Grants,
FY 2017 to FY 2019



Source: FFIS's Jim Martin Table

The challenge of the BCA

Current-Law and Proposed Discretionary Spending

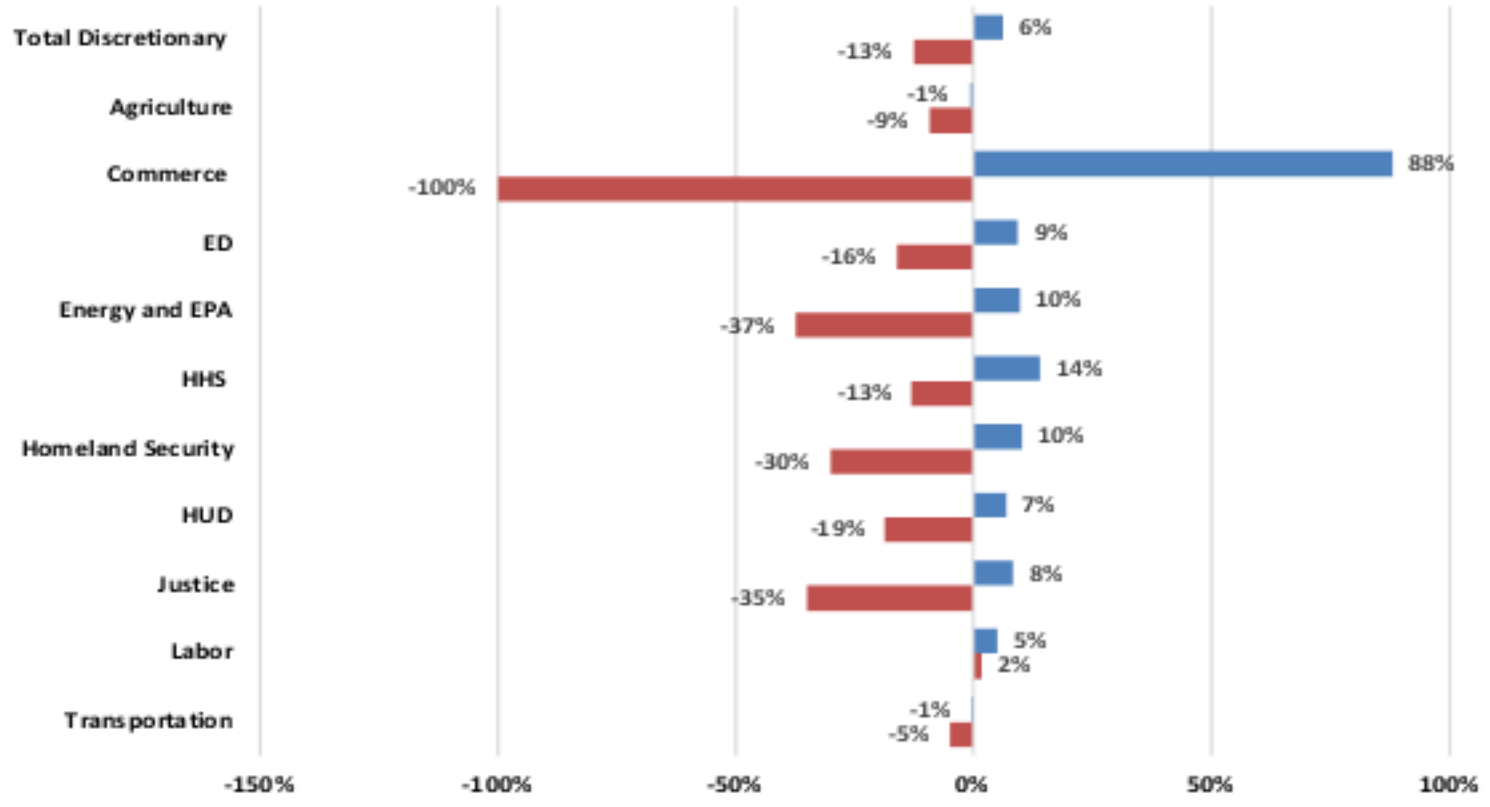


Source: FY 2020 Budget, Table S-7; H.R. 2021

The challenge of the BCA



Recommended Change in Discretionary Appropriations for Major Grants, FY 2019 to FY 2020



Source: FFIS's Jim Martin Table

■ House ■ President



The challenge of the BCA

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

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

The newest BBA (2019)

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 levels

Themes in the four BBAs

Two years each (FYs 14-15, 16-17, 18-19, 20-21)

Raised discretionary caps

Extended mandatory sequestration

Three suspended the debt limit

Most addressed various and sundry other items

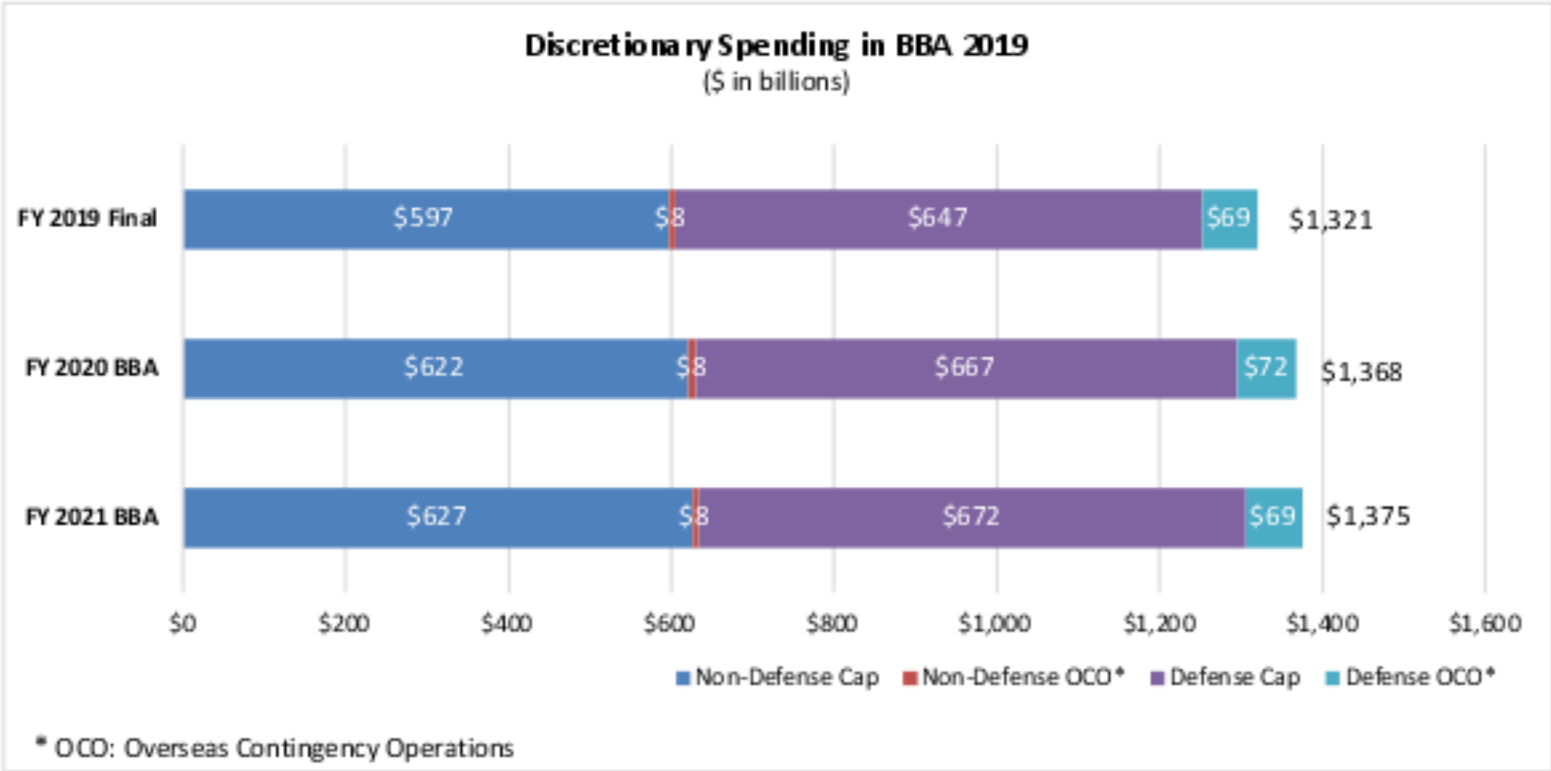


Mandatory sequestration

- 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:



BBA 2019 by the numbers





2019 program expirations

TANF+ (9/30/19)

- Mandatory
- \$20+ billion
- Requires extension or reauthorization

Secure Rural Schools (9/30/18)

- Mandatory
- \$252 million
- Reverts to 25% authorization

Money Follows the Person

- Medicaid demonstration
- Funds appropriated through FY 2019 (\$132 million)

Flood Insurance (9/30/19)

BBA extensions (9/30/19)

- Community Health Centers
- National Health Service Corps
- Pregnancy Prevention, others
- \$4.7 billion

Older Americans (9/30/19)

- Discretionary
- \$2 billion

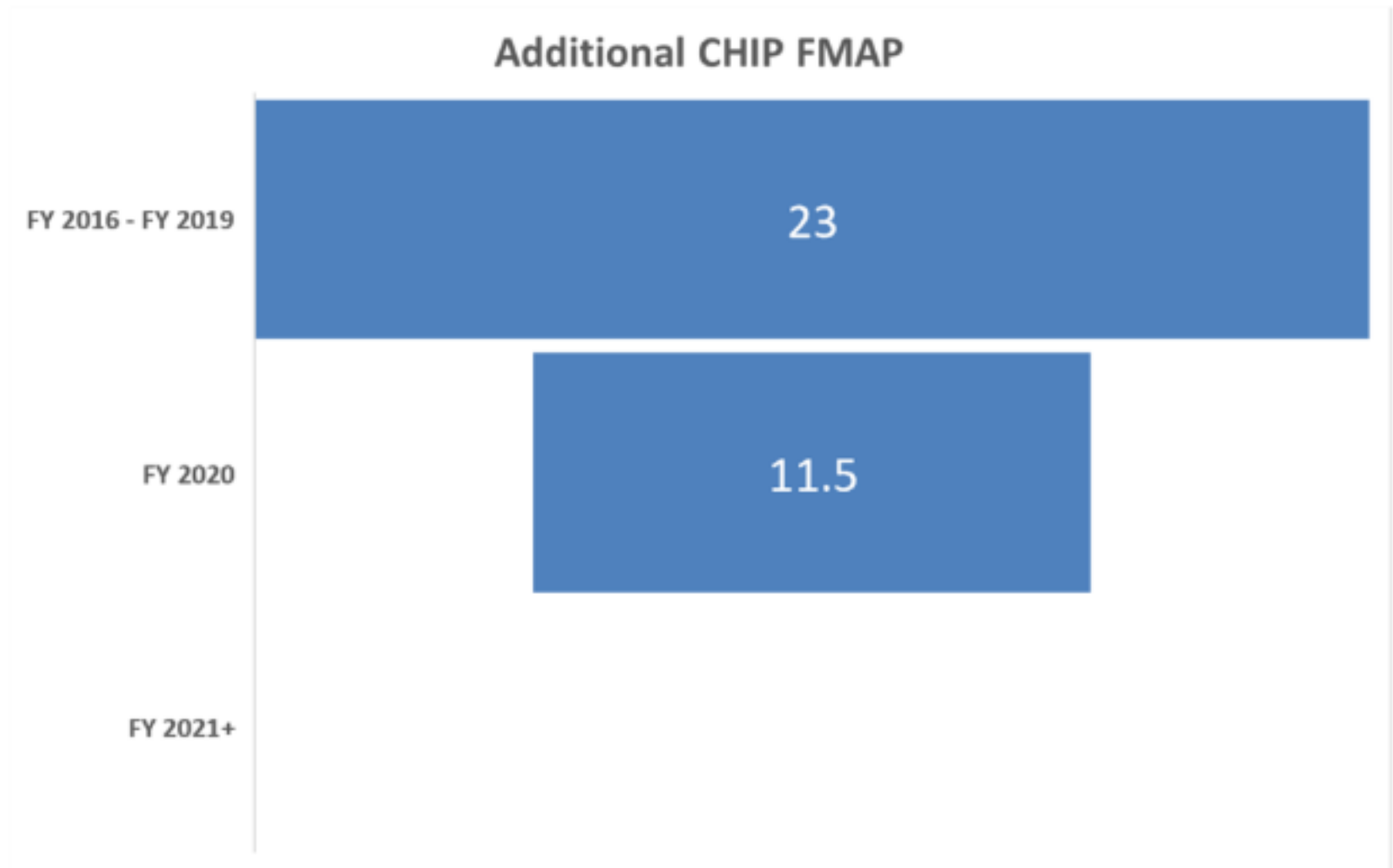


Issues on our radar

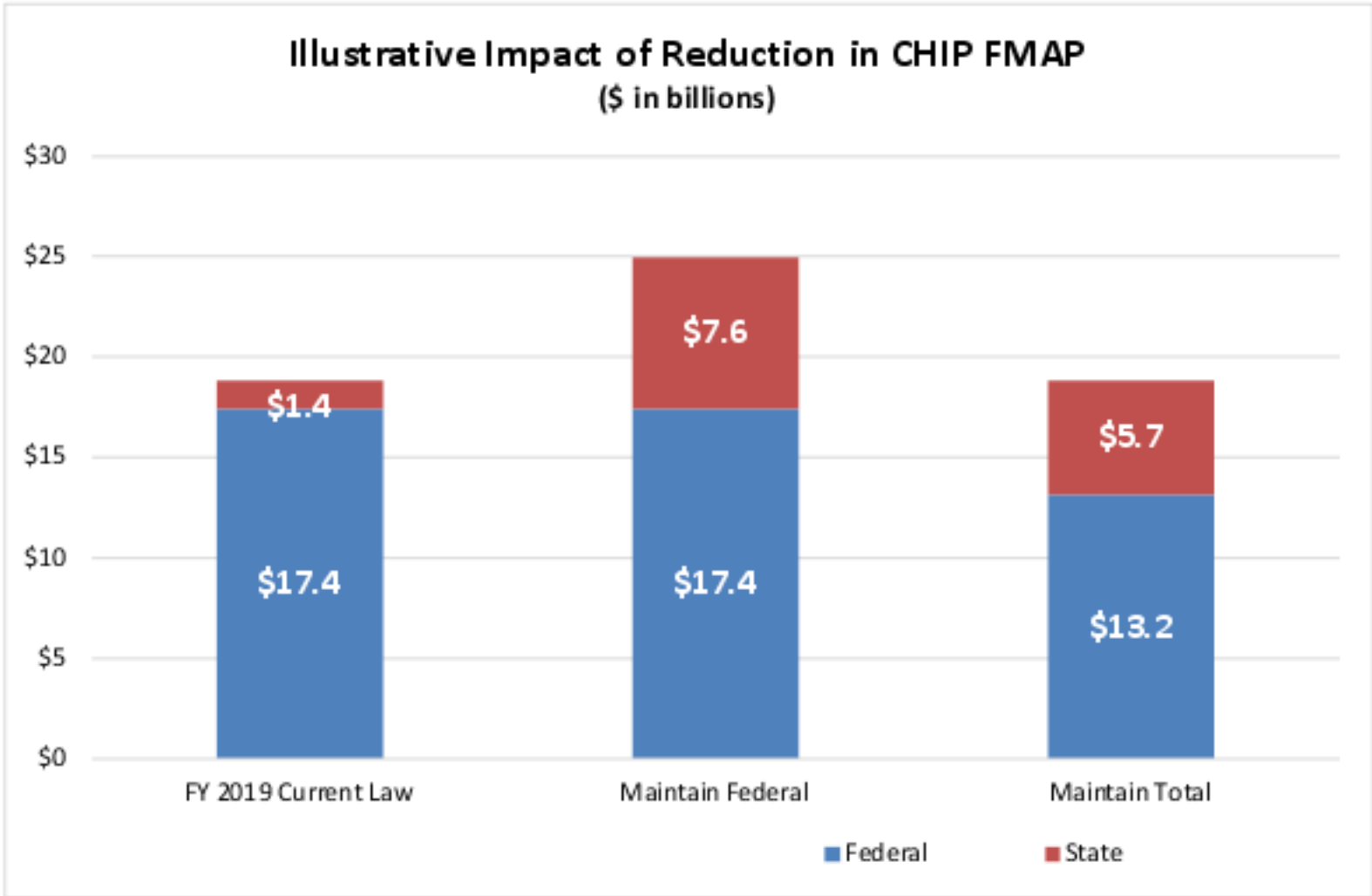
- Opioids/mental health
- Environment (lead)
- Infrastructure
- School safety
- Rural broadband
- Disaster relief
- Election security



The CHIP dip looms large



More on the CHIP dip





FMAP projections

Projected Change in FMAP, FY 2020 to FY 2021

Increase

North Dakota
South Dakota
Nebraska
Oklahoma
Texas
Iowa
Kansas
Louisiana
New Mexico
Montana
Vermont
Kentucky
Ohio
Idaho

Delaware
Mississippi
Rhode Island
South Carolina
Arizona
Wisconsin
Michigan
Missouri
Florida
Arkansas
Minnesota
Alabama
North Carolina
Colorado

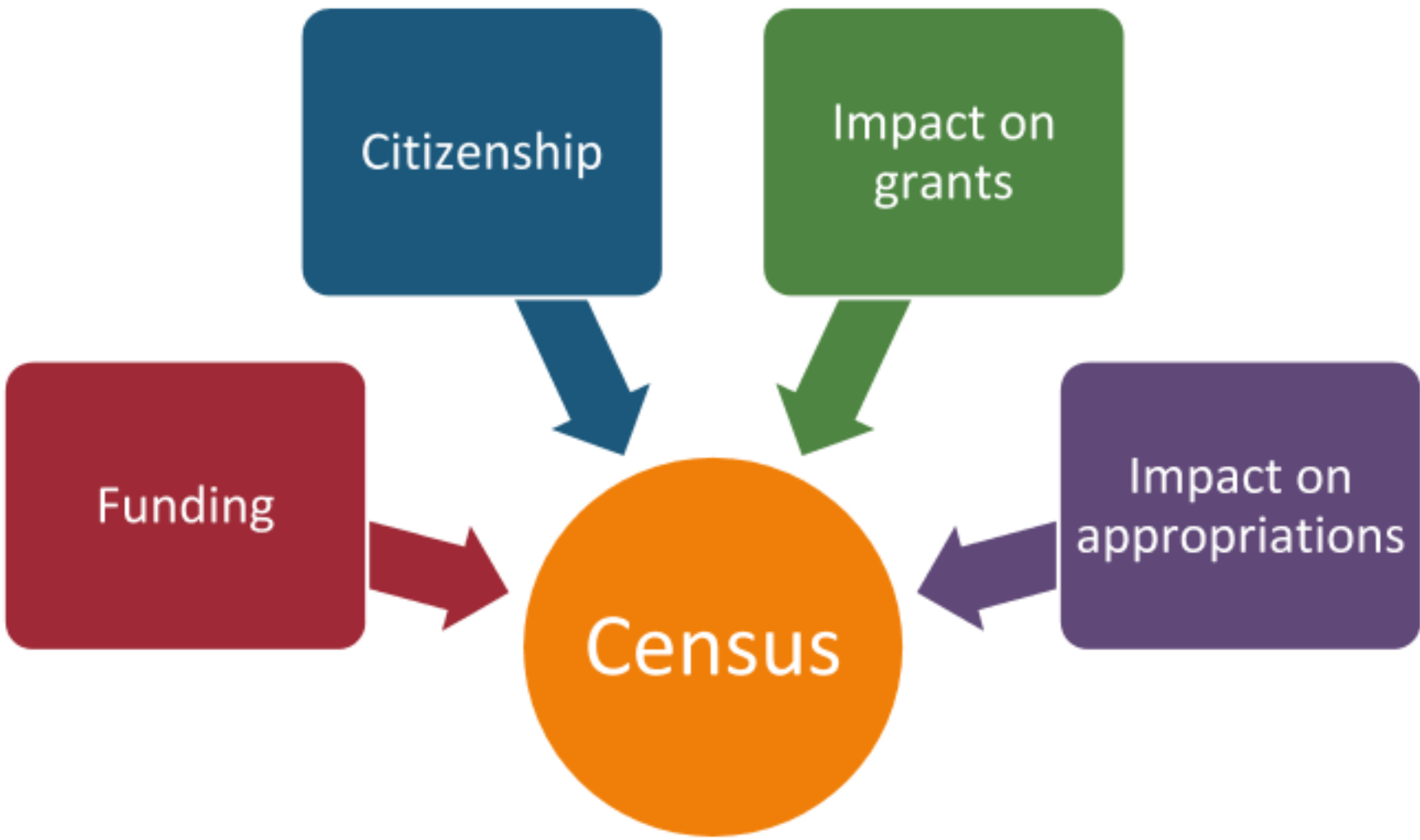
Decrease

Nevada
Hawaii
Utah
Illinois
Georgia
Oregon
Maine
Pennsylvania
Tennessee
Indiana
West Virginia

No change

Alaska
California
Connecticut
District of Columbia
Maryland
Massachusetts
New Hampshire
New Jersey
New York
Virginia
Washington
Wyoming
Puerto Rico & Territories

2020 census sets 10-year baseline



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

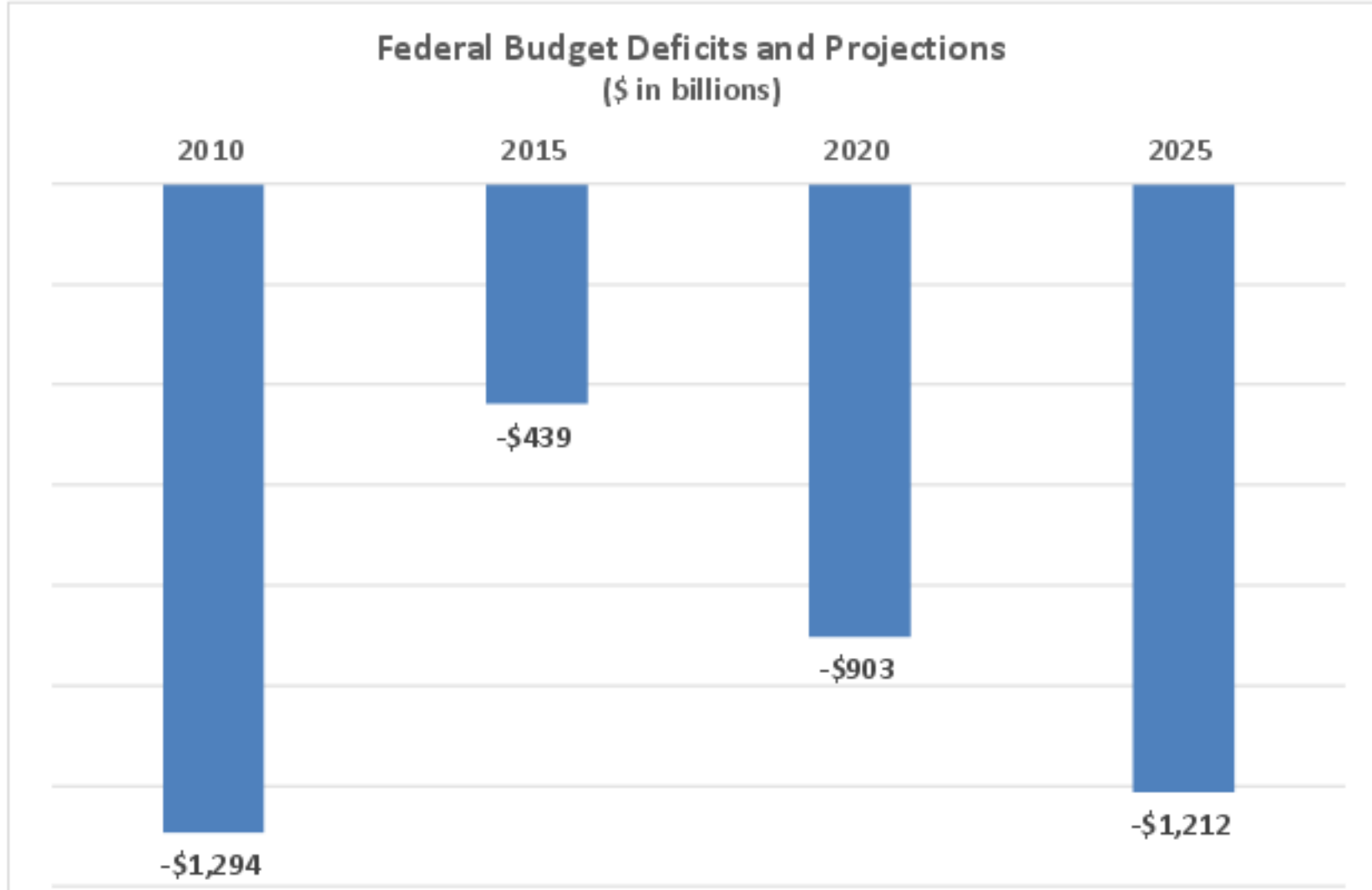
And?

- Lots of legislative activity
- Little action/agreement between chambers, branches
- Everything linked to the election cycle

Risks to States

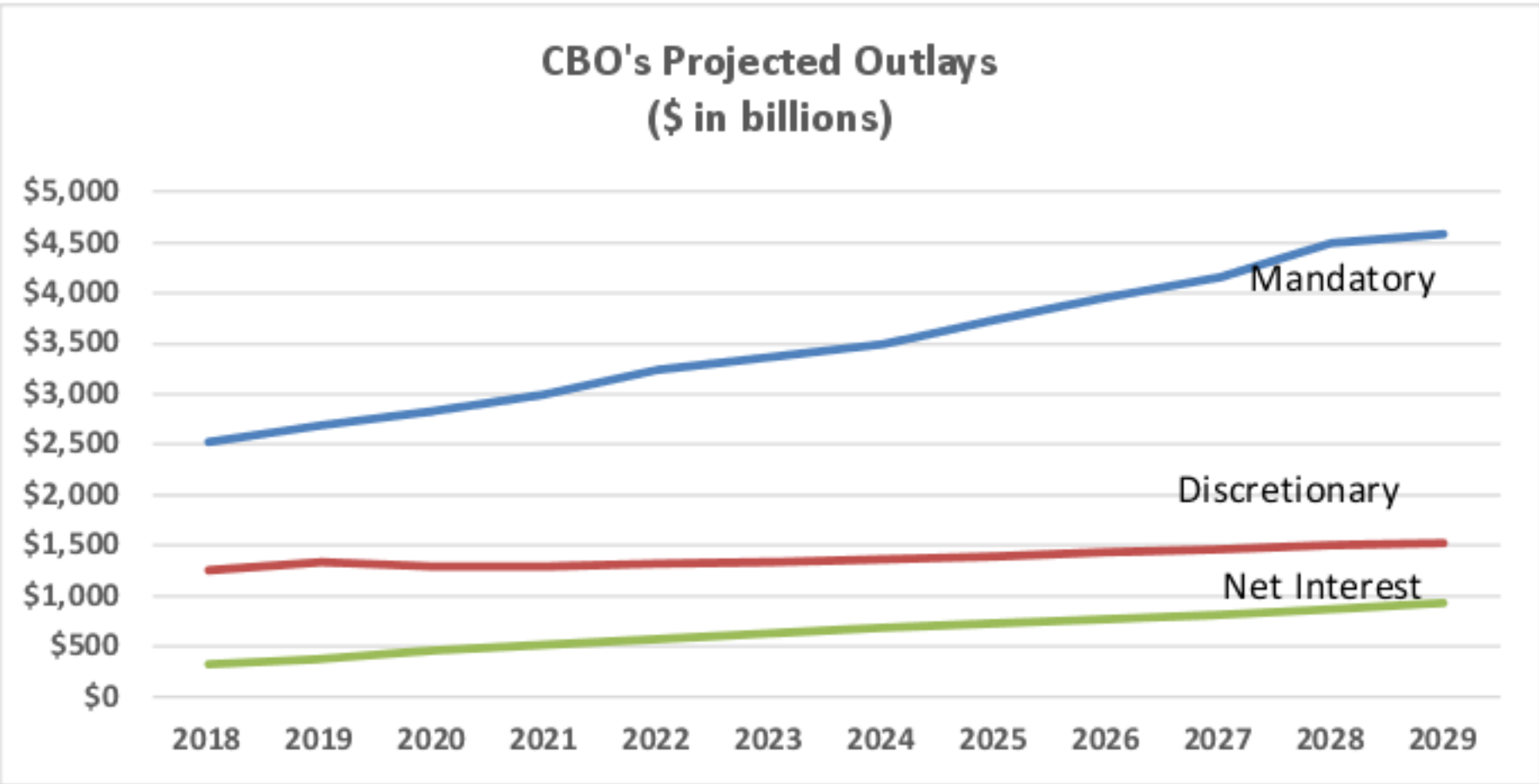
- Budget deficit re-emerges as a political hot potato
- Federal shutdowns less unusual

Reality check #1



Source: CBO Budget and Economic Outlook: 2019-2029

Reality check #2





Questions?

Check for updates at www.ffis.org

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