

**The House is from Mars,
the Senate is from Venus**

Agenda update



Budget

- FY 2017 completed
- FY 2018 underway
- BCA constrains
- CR until December

Structural Reforms

- Health: done (sort of)
- Taxes: front burner
- Infrastructure?
- TANF? SNAP? Others?

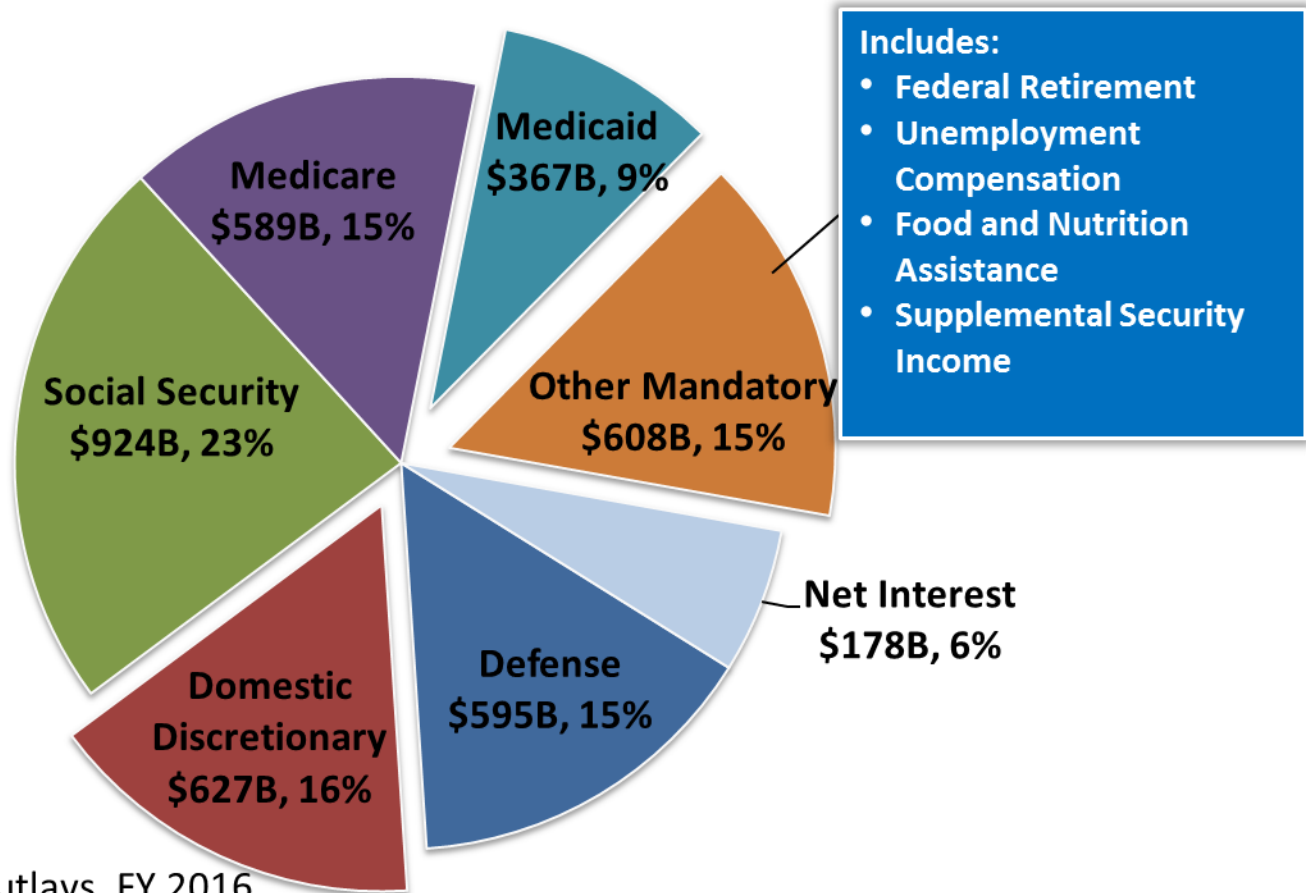
Debt Limit

- In CR
- Will surface again in early 2018

Extensions

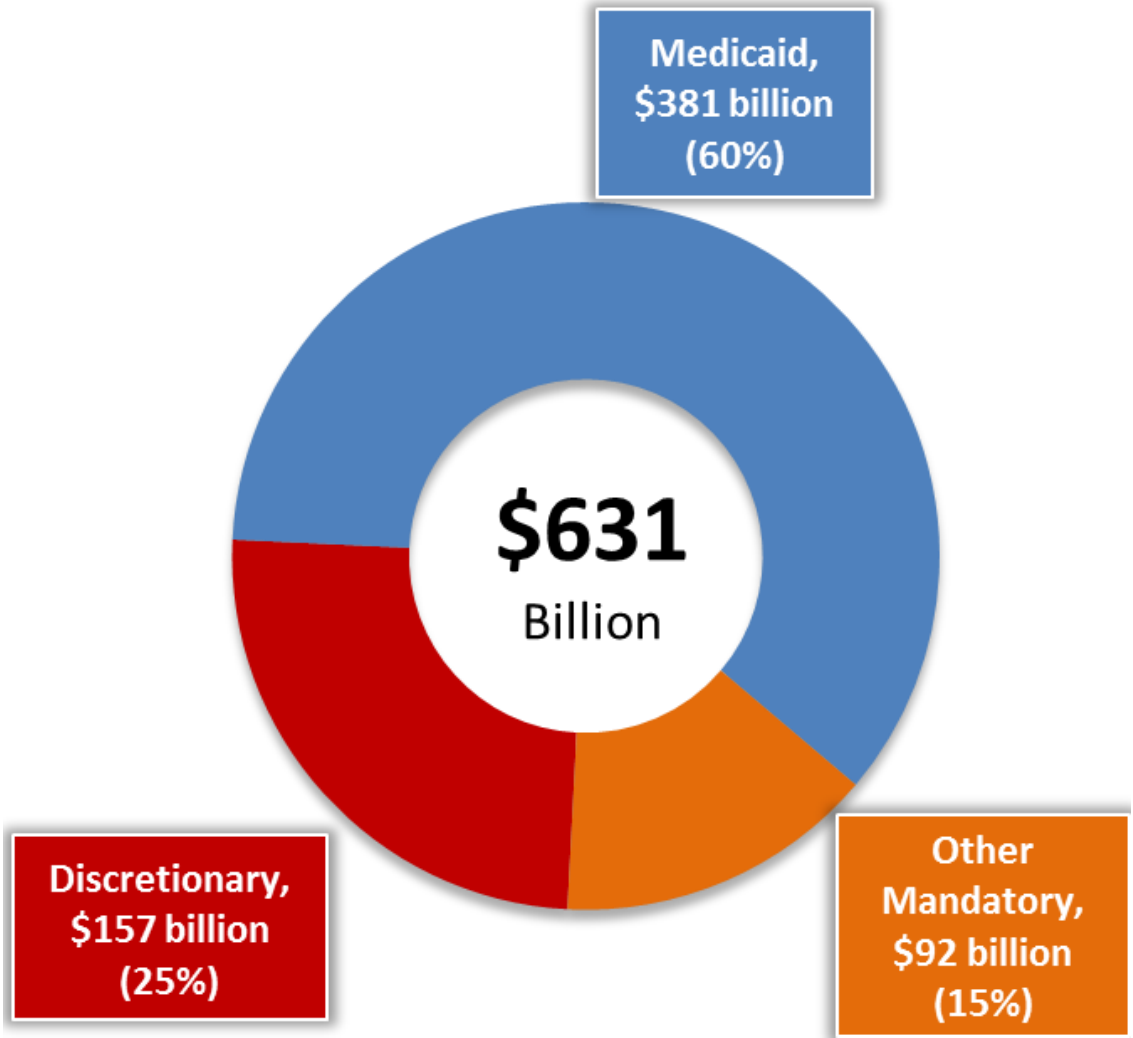
- CHIP
- Other HHS programs
- FAA: 6-month

Most risks in three areas



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

These same three areas fund state and local grants



Source: FFIS Grants Database, FY 2016

FY 2017 – it's finally over!



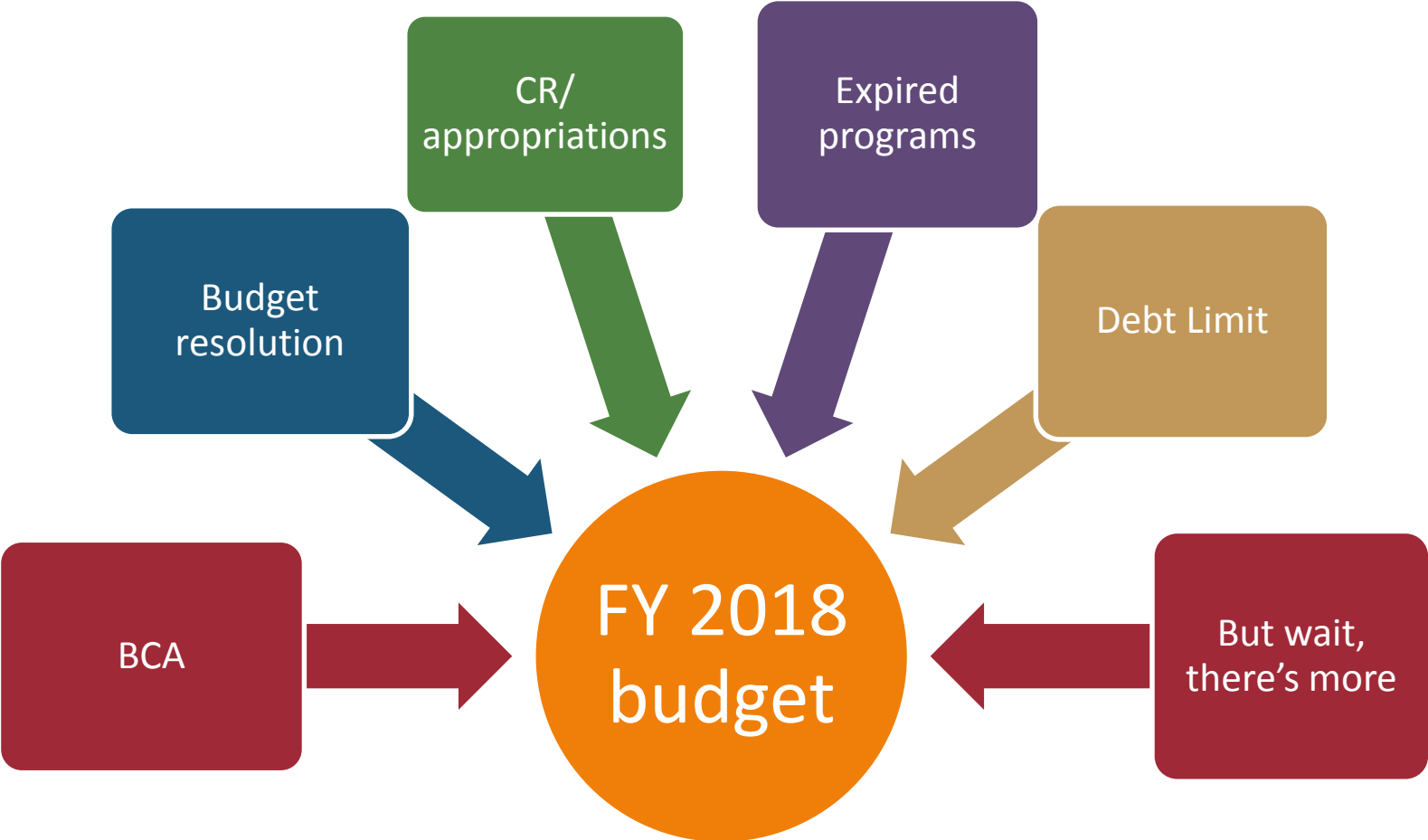
Omnibus Appropriations

- Passed in May

Reconciliation (health care)

- Action shifts to administration
- Efforts to stabilize markets?

Plenty in play 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
- Offset by cut to non-defense

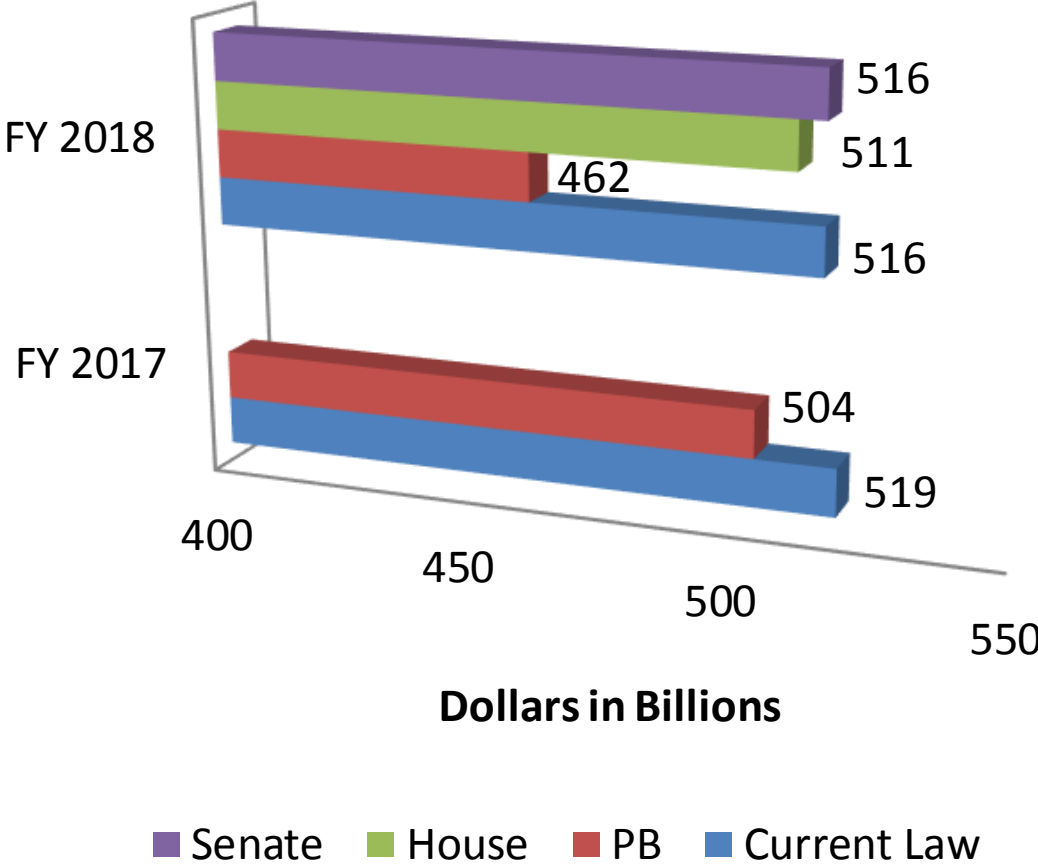
House

- Exceed BCA defense cap in FY 2018
- Extend mandatory sequestration until FY 2027
- Increase defense and reduce non-defense cap after FY 2018

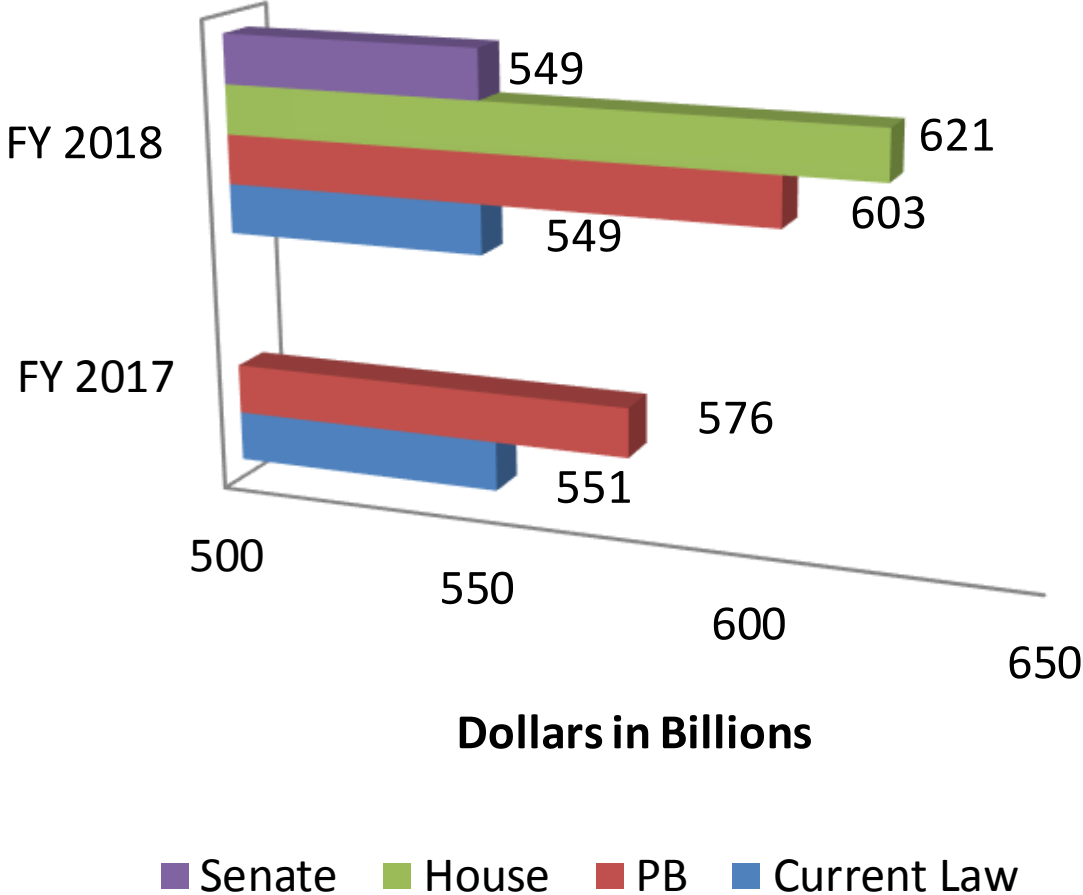
Senate

- Adhere to BCA in FY 2018
- Retain BCA cap for defense
- Reduce cap for non-defense after FY 2018

Non-defense discretionary



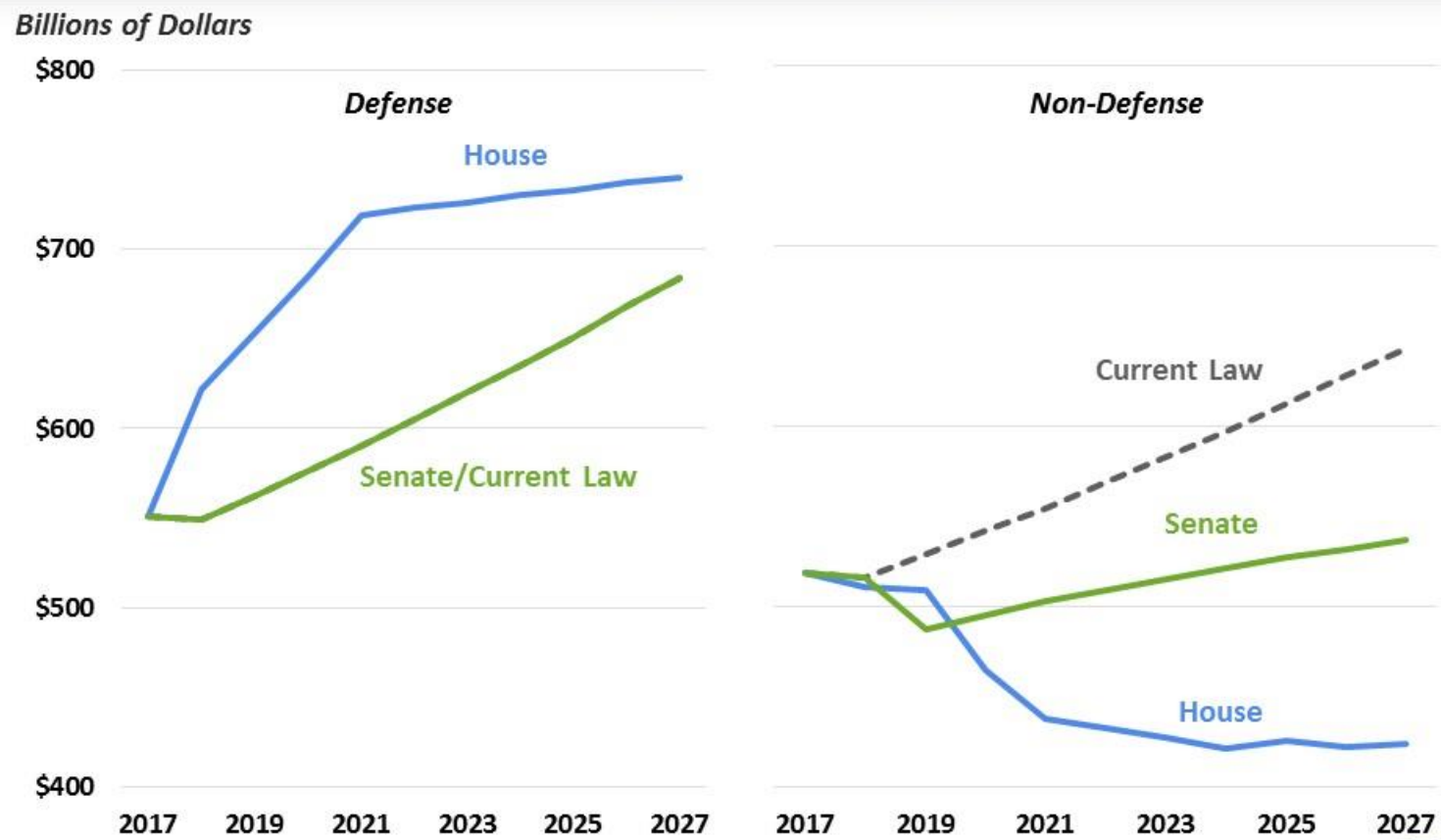
Defense discretionary



What CRFB Says



Discretionary Spending in the Congressional Budgets



Source: Congressional Budget Office, House and Senate Budget Committees.



House FY 2018 Budget Resolution



Return power to the states

Duplicative anti-poverty programs

Deficit-neutral tax reform

>\$203B mandatory savings

Balance budget in 10 years

Medicaid reforms

Improve career and tech ed

Tackle improper payments

Eliminate corporate welfare

Strengthen welfare work requirements

SNAP reforms

EITC fraud

Consolidate job training programs

AHCA health reforms

Means test Medicare Part B, D premiums

Medicaid work requirement

Senate FY 2018 Budget Resolution



BCA levels in FY 2018

Out-years: defense conforms, non-defense declines

2 reconciliation instructions

Taxes: -\$1.5T/10

E&NR >\$1B/10

Respond to BCA changes

Dynamic scoring

No mandatory savings

Deficit-neutral reserve funds



“Big 6” Tax Reform Framework

7 brackets to 3

12%, 25%, 35%

Could add 4th
bracket

Index (to
chained CPI?)

Nearly double
standard
deduction

Eliminate
personal
exemption

Eliminate tax
deductions
(SALT)

Retain mortgage
interest, charity
deductions

Expand child tax
credit

New credit for
non-child
dependents

Silent on capital
gains, dividends

Eliminate AMT

CIT from 35% to
20%

Eliminate estate
tax

TPC: $-\$2.4T/10$

Increase for 80-
95 percentile

Appropriations status

House
combined all
bills into an
omnibus that
passed



Full Senate
has
approved
no bills



No final
bills
enacted;
CR in
place

The Continuing Resolution

Funding



- Expires Dec. 8
- 0.6791% ATB cut (discretionary)
- Exceeds BCA caps
- \$15 B for hurricane relief (more to come)

Programs



- Suspends debt limit (Dec. 8)
- Extends flood insurance (Dec. 8)



FY 2018 expirations

Program	FY 2017 Funding (in millions)
September 30:	
Children's Health Insurance Program	15,952
Community Health Centers (mandatory funding)	3,528
Perkins Loan Program	782
Maternal, Infant, and Early Childhood Home Visiting	372
National Health Service Corps	289
Health Profession Opportunity Grants	79
Personal Responsibility Education Program	70
Abstinence Education	70
Medicare Improvements for Patients and Providers Act	35
December 31:	
Teaching Health Center Graduate Medical Education	56
March 31:	
Airport Improvement Program	3,350
Total	\$24,583

DSH cuts take effect in FY 2018



Why?

- ACA included cuts based on assumption of less uncompensated care

How much?

- Cuts delayed several times
- Current: -\$2 billion, FY 2018; increasing to -\$8 billion, FYs 2024 and 2025
- CMS released proposed methodology

Delayed again?

- House proposes to eliminate in FY 2018, but extends cuts for two years

Changes in FY 2019 FMAPs



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



VW settlement announced

\$2.9 B over 10 years

Dec. 1 deadline for states to apply

Unclaimed funds redistributed

Mitigation of nitrogen oxide emissions

Funds can be used for diesel grant match



Recapping what's in play

Budget Control Act

- Requires slight reductions in FY 2018

Appropriations

- Level funding seems likely

Reconciliation

- Lessons learned in health care reform?

Debt Ceiling

- On back burner until Spring 2018

What are risks to states?



Questions?

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