FY 2015 Federal Budget Update: More Questions than Answers

NCSL Legislative Summit
August 20, 2014

Federal Funds Information for States
www.ffis.org
Big Questions

- What’s the outlook for appropriations?
- Is the urge to tweak the BCA irresistible?
- What happens after FY 2015?
- Another debt limit showdown?
- More tax preemptions?
- What about expiring programs?
But first, the basics

Composition of Federal Outlays in FY 2013
($ in Billions, % of Total)

- Defense, $626 (18%)
- Domestic Discretionary, $576 (17%)
- Social Security, $808 (23%)
- Medicare, $492 (14%)
- Medicaid, $265 (8%)
- Other Mandatory, $467 (14%)
- Net Interest, $221 (6%)
Per Capita Federal Spending on Selected Grants, FY 2013

Source: FFIS Grants Database
Recent trends in grant funding

![Graph showing funding for major grants by type from FY 2010 to PB 2015. The graph includes data on Total, Medicaid, Other State Grants, Individuals/Other, and Local Governments. The percentage changes are indicated for each category across the years.]

Source: FFIS Grants Database
House, Senate, President Adhering to Bipartisan Budget Act (BBA)

FY 2013-2015 Discretionary Appropriations

- FY 2013: $518 billion (Defense: $465 billion, Nondefense: $520 billion)
- FY 2014: $520 billion (Defense: $465 billion, Nondefense: $492 billion)
- FY 2015: $521 billion (Defense: $465 billion, Nondefense: $492 billion)
What's the outlook for appropriations?

<table>
<thead>
<tr>
<th>Appropriations Subcommittee</th>
<th>FY 2014 Omnibus</th>
<th>FY 2015</th>
<th>House vs. Senate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>$20,880</td>
<td>$20,880</td>
<td>$20,575</td>
</tr>
<tr>
<td>Commerce-Justice-Science</td>
<td>51,600</td>
<td>51,200</td>
<td>51,202</td>
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<tr>
<td>Defense</td>
<td>486,851</td>
<td>490,944</td>
<td>489,605</td>
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<tr>
<td>Energy-Water</td>
<td>34,060</td>
<td>34,010</td>
<td>34,208</td>
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<tr>
<td>Financial Services</td>
<td>21,851</td>
<td>21,285</td>
<td>22,518</td>
</tr>
<tr>
<td>Homeland Security</td>
<td>39,270</td>
<td>39,220</td>
<td>39,000</td>
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<tr>
<td>Interior-Environment</td>
<td>30,058</td>
<td>30,220</td>
<td>29,450</td>
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<tr>
<td>Labor-HHS-Education</td>
<td>156,773</td>
<td>155,702</td>
<td>156,773</td>
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<tr>
<td>Legislative Branch</td>
<td>4,258</td>
<td>4,258</td>
<td>4,300</td>
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<tr>
<td>Military Construction-VA</td>
<td>73,299</td>
<td>71,499</td>
<td>71,898</td>
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<tr>
<td>State-Foreign Operations</td>
<td>42,481</td>
<td>42,381</td>
<td>39,660</td>
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<tr>
<td>Transportation-HUD</td>
<td>50,856</td>
<td>52,029</td>
<td>54,439</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$1,012,237</td>
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What’s the outlook for appropriations?

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<td>Commerce/Justice Science</td>
<td>Full House</td>
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<td>Defense</td>
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<td>Committee</td>
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<td>Energy &amp; Water</td>
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<td>Subcommittee</td>
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What’s the outlook for appropriations?

- 0% chance that any appropriation bills will be enacted before October 1.

- Other open questions:
  - Timing of CR passage
  - Duration of a CR (post-election or next year)
  - Provisions of a CR
    - Most funding levels probably similar to FY 2014
    - Policy riders minimized under a CR
  - Will Congress enact an omnibus bill, a full-year CR, or combination?
Is the urge to tweak the BCA irresistible?

- Amended discretionary caps enforced by sequestration
- Mandatory sequestration still in place
  - Bipartisan Budget Act (BBA) extends it to FY 2023
  - President proposes repeal, Congress won’t go along
  - ATB percentages applied to current-law levels

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<th>Nondefense</th>
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<tr>
<td>FY 2014</td>
<td>-9.8%</td>
<td>-7.2%</td>
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<tr>
<td>FY 2015</td>
<td>-9.5%</td>
<td>-7.3%</td>
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</table>
What happens after FY 2015?
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Source: CBO Budget and Economic Outlook, 2/14
Another debt limit showdown?

- Debt limit suspended until March 15, 2015
  - Extraordinary measures will allow extra time
- A new Congress makes its mark
  - Will the highway program get caught up in the debate?
- Fasten your seat belts
Deadlines on the horizon

Oct. 1, 2014
- Enact FY 2015 budget or pass a CR
- Expiration of TANF/related programs

Nov. 1, 2014
- Expiration of temporary Internet tax moratorium

Jan. 1, 2015
- Expiration of Medicaid primary care payment increase
- Tax extenders
Deadlines on the horizon

April 1, 2015
- Expiration of Medicaid Qualifying Individual and Transitional Medical Assistance, Home Visiting Program, Medicare outreach assistance

June 1, 2015
- Highway Trust Fund projected to become insolvent
- Expiration of highway programs

Oct. 1, 2015
- Expiration of many ACA programs
- No new allotments for Children’s Health Insurance Program
- Expiration of child nutrition programs
More questions than answers

- FY 2015: overall level funding
- Little chance of major legislation
  - Highways: the new can to kick down the road
- FY 2016 and beyond:
  - Will Congress amend the BCA caps? Up or down?
  - Will deficit reduction be a focus?
  - Will mandatory programs come into play?
  - Will health programs be extended?
  - The policies will stem from the politics.
Questions?

For more information:  www.ffis.org,
Trinity Tomsic (ttomsic@ffis.org)