Federal Grants Update: The Federal Budget and Southern States

Federal Funds Information for States

www.ffis.org

SLC Annual Meeting
July 22, 2018
The Federal Budget and Southern States
A Little Bit of Context
Overview of federal spending

- Defense: $585 billion, 15%
- Domestic Discretionary: $600 billion, 16%
- Medicaid: $368 billion, 10%
- Medicare: $588 billion, 15%
- Social Security: $910 billion, 24%
- Other Mandatory: $560 billion, 14%
- Net Interest: $240 billion, 6%

Includes programs such as:
- Temporary Assistance for Needy Families
- Supplemental Nutrition Assistance Program
- Child Nutrition
- Supplemental Security Income
- Earned Income Tax

$ in billions

Source: OMB Historical Tables, FY 2018
Grants play a minor role in federal spending...

Source: OMB Historical Tables, FY 2018
But a large (and growing) role in state spending

Source: NASBO State Expenditure Reports, Various Years
Federal Revenues as a Percent of State General Revenue, FY 2015

<table>
<thead>
<tr>
<th>Rank</th>
<th>State</th>
<th>Percent</th>
<th>Rank</th>
<th>State</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mississippi</td>
<td>43.0%</td>
<td>6</td>
<td>Montana</td>
<td>39.3%</td>
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<tr>
<td>2</td>
<td>Louisiana</td>
<td>42.3%</td>
<td>7</td>
<td>Oregon</td>
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<tr>
<td>3</td>
<td>Arizona</td>
<td>40.9%</td>
<td>8</td>
<td>Missouri</td>
<td>38.3%</td>
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<tr>
<td>4</td>
<td>New Mexico</td>
<td>40.5%</td>
<td>9</td>
<td>Tennessee</td>
<td>38.2%</td>
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<tr>
<td>5</td>
<td>Kentucky</td>
<td>39.6%</td>
<td>10</td>
<td>Ohio</td>
<td>37.7%</td>
</tr>
</tbody>
</table>

Source: Census Bureau, State Government Finances
Most grants are discretionary, but most funding is mandatory.

Source: FFIS Grants Database
Most grants are competitive, but most funding is by formula

Source: FFIS Grants Database, OMB Analytical Perspectives, FY 2016
Health dominates

Grants to State and Local Governments by Function, FY 2016

- **Health**: $396.7 billion (60%)
- **Income Security**: $104.8 billion (16%)
- **Education, Training, Employment, and Social Services**: $60.9 billion (9%)
- **Transportation**: $63.9 billion (10%)
- **Other**: $34.7 billion (5%)

Includes programs such as:
- Child Nutrition
- Low Income Home Energy Assistance Program
- Temporary Assistance for Needy Families
- Public Housing Operating Fund

*Source: OMB Historical Tables, FY 2018, Table 12-3*
Medicaid dominates

Per Capita Federal Grants, FYs 2010-2016
*Source: FFIS Database*
Per capita grant funding

Source: FFIS Grants Database, FY 2016
Ignoring Medicaid, southern states rank a little higher

Source: FFIS Grants Database, FY 2016
For Medicaid, the range is extreme

Source: FFIS Grants Database, FY 2016
The Federal Budget and Southern States
Federal Budget Update
# Outlook: Framing the issues

## FY 2019 Budget Overview
- BBA raised caps
- No budget resolution
- Spending bill progress

## FY 2019 Budget - President
- FY 2018 redux
- Compiled prior to BBA
- Out of sync w/Congress
- Infrastructure? No.

## Expiring Programs
- FAA
- TANF
- Farm Bill

## Cats and dogs
- Opioid response
- November election
BBA has broad reach

- Discretionary caps
- Side agreement for extra funding
- Mandatory sequestration
- Disaster relief
- Debt limit suspension (March 2019)
- HHS programs
- Budget reform committee
Mandatory sequestration

• Extended through FY 2027
• ATB cuts (-6.2% in FY 2019)
• 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 made budgeting easy

Increases in Discretionary Spending Under BBA 2018

Source: CBO
Side agreement funding

- Infrastructure, $20B
- Opioids, $6B
- Child care, $5.8B
- Veterans' health, $4B
- Higher ed, $4B
- NIH, $2B

$42B/ two years
$2+ billion in new spending

New Funding in FY 18 ($ in millions)

- USDA-Rural broadband: $600
- Election reform: $380
- Federal lands/tribal transportation: $225
- Competitive bridge funding: $300
- Rural communities opioid response: $130
- Highly automated vehicles: $100
- Community behavioral health: $100
- Social Impact Partnerships: $100
- School violence: $75
- Criminal background checks: $25
- EPA-small & disadvantaged communities: $20
- Lead testing: $20
- Pediatric mental health: $10
- Lead in drinking water: $10
- ED-family engagement centers: $10
- Opioid youth Initiative: $8
- Foster family homes: $8
- Infant/early childhood mental health: $5
- Serious mental illness: $5
- Maternal depression: $5

Source: FFIS new grants tracker
President, Congress out of sync

- BBA to serve as budget resolution
  - House may act for political purposes
  - Senate will stick with BBA
- No budget resolution, no reconciliation
- President’s budget on the sidelines, as in FY 2018
- November election an important backdrop
FY 2019 president’s budget

FY 2019 Discretionary Spending
($ in billions)

Non-Defense
- BCA: $529
- BBA: $597
- President: $540

Defense
- BCA: $562
- BBA: $647
- President: $647
House, Senate out of sync too
Lots of individual progress

<table>
<thead>
<tr>
<th>Appropriations Subcommittee</th>
<th>Status</th>
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<tbody>
<tr>
<td>Energy and Water</td>
<td>House</td>
</tr>
<tr>
<td>Legislative Branch</td>
<td>P</td>
</tr>
<tr>
<td>Military/Veterans</td>
<td>P</td>
</tr>
<tr>
<td>Interior and Environment</td>
<td>C</td>
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<tr>
<td>Financial Services/General gov.</td>
<td>C</td>
</tr>
<tr>
<td>Agriculture</td>
<td>C</td>
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<tr>
<td>Commerce/Justice/Science</td>
<td>C</td>
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<tr>
<td>Defense</td>
<td>P</td>
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<tr>
<td>Homeland Security</td>
<td>S</td>
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<tr>
<td>Labor/HHS/Education</td>
<td>C</td>
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<tr>
<td>State/Foreign Operations</td>
<td>C</td>
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<tr>
<td>Transportation/HUD</td>
<td>C</td>
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P=Full chamber; C=Committee; S=Subcommittee
House, Senate actions of note

- Jim Martin table has details
- Few eliminations, targeted reductions
- Reductions more likely in House
- Lots of programs level funded
- FY 2018 side agreement priorities remain: opioids, child care, etc.
- Changes within priorities, e.g., infrastructure
## Other agenda items

### Opioids
- Medicaid, new grants, grant reauthorizations
- Major differences between House and Senate bills

### Farm Bill
- Expires 9/30/18
- Conference: SNAP work rules, eligibility, performance bonuses

### TANF
- Expires 9/30/18
- House bill: work requirements, performance, limits on how states spend funds

### Others
- FAA, Perkins, water resources, public health preparedness, government reorganization
## FY 2020 Preliminary FMAPs

<table>
<thead>
<tr>
<th>Increases</th>
<th>Decreases</th>
<th>No Change</th>
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</thead>
<tbody>
<tr>
<td>Oklahoma</td>
<td>Hawaii</td>
<td>North Carolina</td>
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<tr>
<td>Texas</td>
<td>Utah</td>
<td>Idaho</td>
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<td>Kansas</td>
<td>Oregon</td>
<td>Indiana</td>
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<tr>
<td>Nebraska</td>
<td>Michigan</td>
<td><strong>South Carolina</strong></td>
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<td><strong>Louisiana</strong></td>
<td><strong>Georgia</strong></td>
<td>Delaware</td>
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<td>Iowa</td>
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<td>Pennsylvania</td>
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<td>South Dakota</td>
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<td><strong>Alabama</strong></td>
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<td>West Virginia</td>
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<td>Mississippi</td>
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<td>Rhode Island</td>
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<td><strong>Virginia</strong></td>
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<td>Illinois</td>
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<td>Arkansas</td>
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<td>Ohio</td>
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</table>
2020 Census

- Citizenship
- Impact on grants
- Funding
- Impact on appropriations
What’s in play?

FY 2019 appropriations
• Higher caps
• Most progress in years
• May enact a few spending bills; CR likely

Other stuff...
• Supreme Court nomination
• August recess?
• Opioids: likely
• Farm Bill, TANF: require bipartisan support

Election-year budgeting is always tricky
Spending Frenzy + Tax Cuts =
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Source: OMB Historical Tables, FY 2018
FFIS resources

- FY 2019 national totals: Jim Martin Table
- Opioids: Issue Brief 18-26
- FMAPs: Issue Brief 18-11
- Supplemental highway funding: Issue Brief 18-18
- New spending: New Grants Tracker
- Appropriations updates on the FFIS website
- Grants 101
Questions?

• Check for updates:
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  – (202) 624-7889
  – www.ffis.org