


Trillions of Pennies from Heaven

Federal Funds Information for States
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NASBO Spring Meeting
March 30, 2018

2018 Agenda



<h3 data-bbox="373 1249 779 1302">FY 2018 Budget</h3> <ul data-bbox="389 1312 771 1407" style="list-style-type: none">• BBA• Appropriations	<h3 data-bbox="812 1249 1218 1302">FY 2019 Budget</h3> <ul data-bbox="828 1312 1209 1480" style="list-style-type: none">• February release• Repeat of last year• Developed before BBA• No budget resolution?
<h3 data-bbox="373 1533 779 1585">Structural Reforms</h3> <ul data-bbox="389 1596 771 1732" style="list-style-type: none">• Health: ✓• Taxes: ✓• Infrastructure: next	<h3 data-bbox="812 1533 1218 1585">Cats and dogs</h3> <ul data-bbox="828 1606 1209 1743" style="list-style-type: none">• Opioid epidemic• Expiring programs• November election

BBA has broad reach



Raises discretionary caps

Funds priorities via side agreement

Extends mandatory sequestration

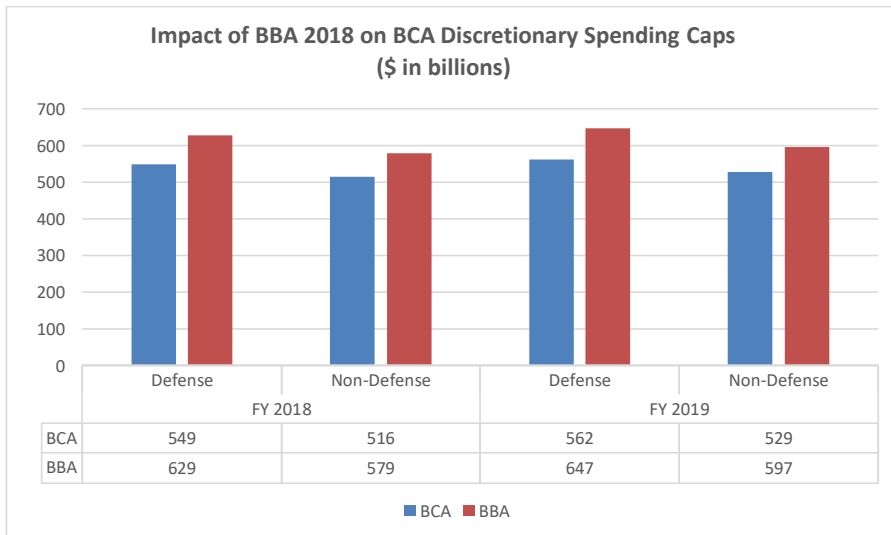
Provides additional disaster relief

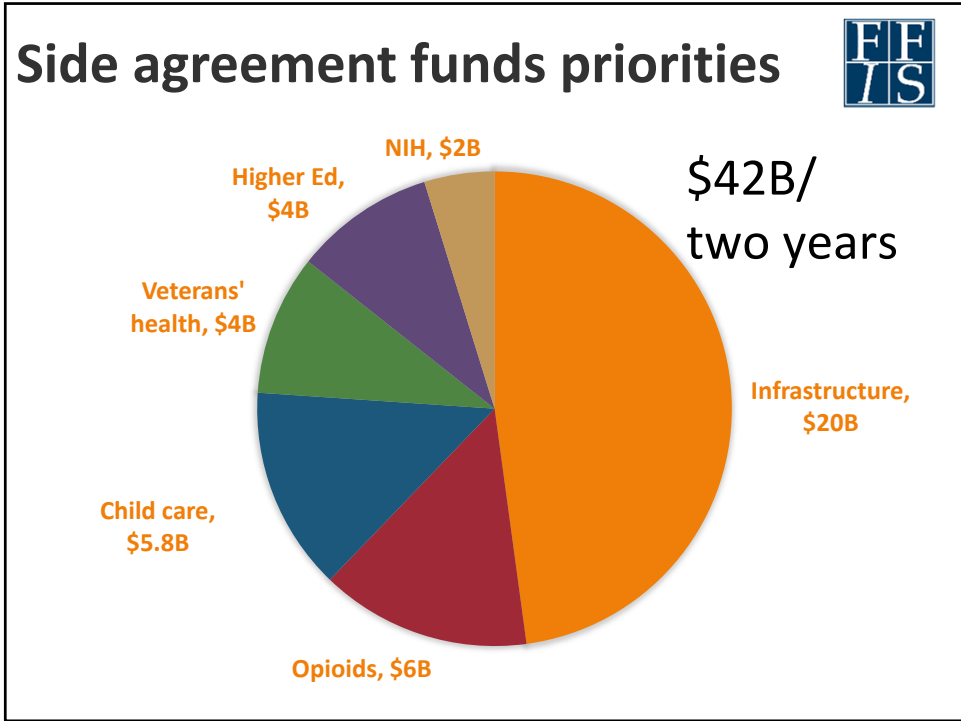
Suspends debt limit (March 2019)

Extends, authorizes, reforms HHS programs

Creates budget reform committee

BBA lifts spending caps





Mandatory sequestration

- BBA extends for two years (FYs 2026-2027)
- ATB cuts (-6.2% in FY 2019)
- 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	

HHS programs and the BBA



Extends CHIP funding through FY 2027

Delays Medicaid DSH cuts until FY 2020

Modifies treatment of lump sum payments for Medicaid eligibility

Reverses PPHF cuts in FYs 2019-2021; reduces funding in future years

Appropriates \$100M for Social Impact Partnerships


Reauthorizes MIECHV through FY 2022

BBA extends funding for other HHS programs




Program (\$ in millions)	Budget Agreement		
	FY 2017	FY 2018	FY 2019
Community Health Centers (mandatory funding)	\$3,600	\$3,800	\$4,000
Personal Responsibility Education Program	75	75	75
Abstinence Education	75	75	75
Family-to-Family Health Information Centers	5	6	6
National Health Service Corps	310	310	310
Teaching Health Center Graduate Medical Education	60	127	127
Health Profession Opportunity Grants	85	85	85
Medicare Improvements for Patients and Providers Act (add'l funding for outreach/assistance)			
Aging and Disability Resource Centers	5	5	5
Area Agencies on Aging	7.5	7.5	7.5
State Health Insurance Programs	13	13	13

BBA reforms child welfare



- FY 2018**
 - New Foster Family Homes grant (\$8M)
 - Adoption assistance eligibility expansion delayed
 - Reauthorizes, modifies Title IV-B programs
- FY 2019**
 - New Title IV-E option for residential family-based treatment centers
 - New Title IV-E option for Kinship Navigator
- FY 2020**
 - New Title IV-E prevention services option (50% match through FY 2026, FMAP thereafter)
 - Limits funding for non-family foster care settings, option to delay for two years

The broken budget process



Process	Policy Options
<ul style="list-style-type: none">• Joint Select Committee in BBA• Vote by 11/30/18• “Fast track” in Senate	<ul style="list-style-type: none">• Biennial budget• Adjust fiscal year• Eliminate debt ceiling• Restore earmarks• Reform budget resolution process• Improve budget enforcement

FY 2018 funding take-aways



- ✓ Level funding or increases
- ✓ New programs
- ✓ Expanded set-asides
- ✓ Growth areas:
 - ✓ opioids
 - ✓ mental health
 - ✓ infrastructure
 - ✓ lead prevention/mitigation
 - ✓ school safety

FY 2018 discretionary overview



Department	FY 2017	FY 2018	Change
Transportation	\$60.0B	\$65.6B	9%
HUD	\$44.8B	\$49.3B	10%
Education	\$37.4B	\$39.1B	5%
HHS	\$32.1B	\$37.2B	16%
Labor	\$6.1B	\$6.1B	0%
Energy/EPA	\$2.5B	\$3.2B	25%
Homeland Security	\$1.5B	\$1.5B	0%
Justice	\$952M	\$1B	5%
Selected Discretionary	\$192.2B	\$209.7B	9%

FY 2018 notable increases



Program	\$ Change	% Change
Student Support/Academic Enrichment BG	\$700M	175%
State Opioid Response	\$1B	200%
Child Care and Development BG	\$2.4B	83%
Mental Health BG	\$160M	28%
EPA Clean and Drinking Water SRFs	\$600M	27%
Predisaster Mitigation	\$210M	670%
Public Housing Capital Fund	\$809M	42%
Highway programs	\$3.5B	8%
Transit programs	\$833M	9%
Apprenticeships	\$50M	53%
TIGER Grants	\$1B	200%

FY 2018 new funding



Security	
Election Reform (\$380M)	Secure Our Schools (\$75M)
Mental health/opioids	
Rural Communities (\$100M)	Community Behavioral Health Clinics (\$100M)
Maternal Depression (\$5M)	Pediatric Mental Health (\$10M)
Infant/Early Childhood Mental Health (\$5M)	Community Treatment for Serious Mental Illness (\$5M)
Kinship Navigator (\$20M)	
Lead prevention/mitigation	
Lead in Drinking Water (\$10M)	Lead Testing (\$20M)

FY 2018 new funding, continued



Infrastructure and Related

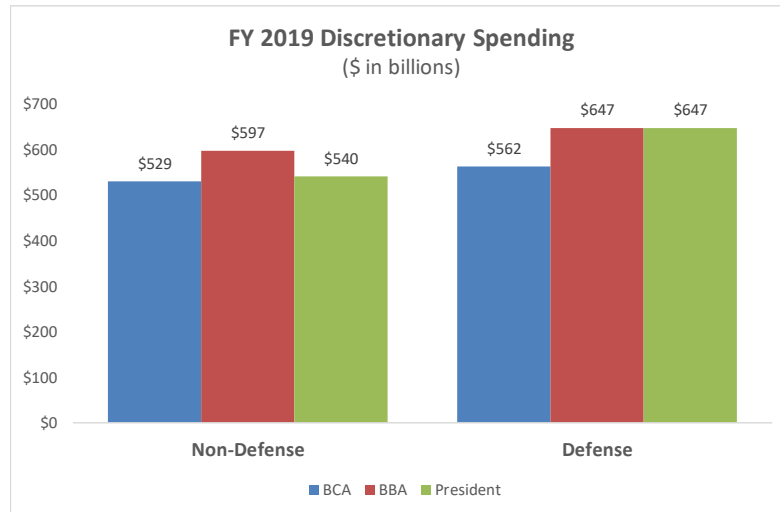
Assistance to Small and Disadvantaged Communities (EPA, \$20M)	Automated Vehicles Demonstrations (DOT, \$60M)
Rural Broadband (USDA, \$600M)	Rural Water and Waste (USDA, \$495M)
Positive Train Control deployment (DOT, \$250M)	

FY 2018 fixes and other items



- NICS Fix (National Instant Criminal Background Check System)
- Wildfire fix: funds at 10-year average; adds wildfires as allowable use of FEMA's Disaster Relief Fund
- Secure Rural Schools reauthorized for two years
- Airport Improvement Program extended and expanded
- Abstinence Education state match eliminated

FY 2019 president's budget



FY 2019 budget themes



- ✓ FY 2018 redux
- ✓ Favors defense over non-defense
- ✓ Program eliminations, reductions
- ✓ Shifts mandatory funding to discretionary
- ✓ Shifts costs to state and local government
- ✓ Priorities:
 - ✓ school choice
 - ✓ combating opioid abuse
 - ✓ infrastructure

FY 2019 budget and Congress



- BBA allowed to serve as budget resolution
 - House may act for political purposes
 - Senate less likely, able to do so
- No budget resolution, no reconciliation
- President's budget likely to be largely set aside, as in FY 2018
- November election an important backdrop

Other items for FY 2019



Infrastructure

- Different approaches: funding, timing, offsets
- HTF solvency?

Opioids

- Comprehensive Addiction and Recovery Act 2.0
- Timely spending

Farm Bill

- SNAP work rules, categorical eligibility, eligible foods, performance bonuses

TANF

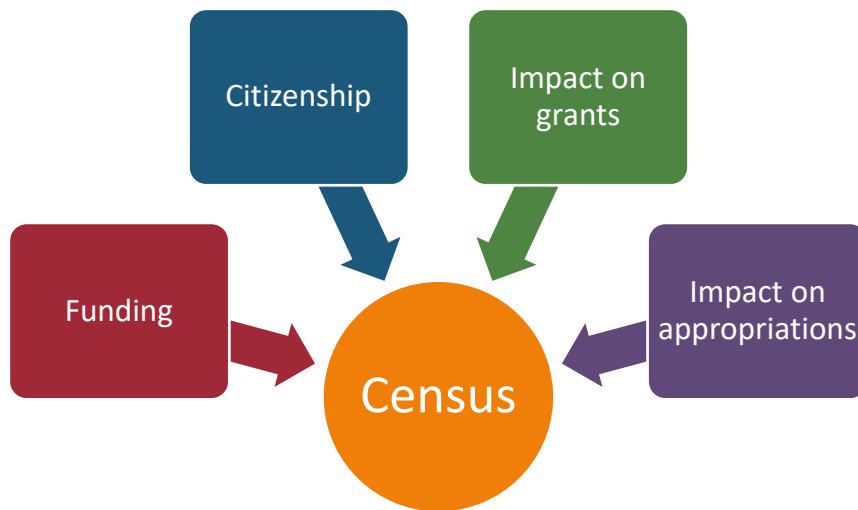
- Extension or reauthorization?

FY 2020 Preliminary FMAPs



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

2020 Census



What's in play?



FY 2018 and FY 2019 Appropriations

- Higher caps
- Grant increases
- Return to regular order in FY 2019?

And?

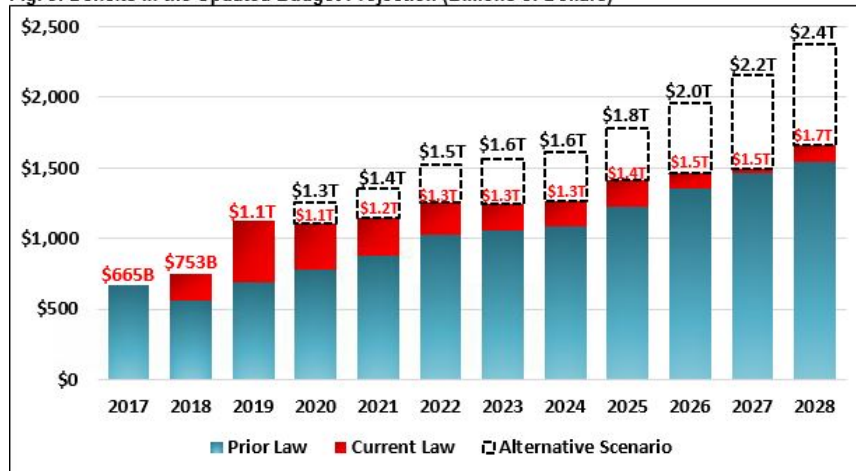
- Infrastructure: Timing? Offsets?
- Opioids: likely
- Farm Bill, TANF: require bipartisan support

Risks to states?

Spending Frenzy + Tax Cuts =



Fig. 3: Deficits in the Updated Budget Projection (Billions of Dollars)



Source: CRFB calculations based on Congressional Budget Office data.

Questions?



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