

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

Federal Funds Information for States  
[www.ffis.org](http://www.ffis.org)

**Vermont Legislative Briefing  
November 9, 2017**

# Agenda update



## Budget

- FY 2018 underway
- BCA constrains spending
- CR until December

## Structural Reforms

- Health: done (maybe)
- Taxes: front burner
- Infrastructure?
- Others?

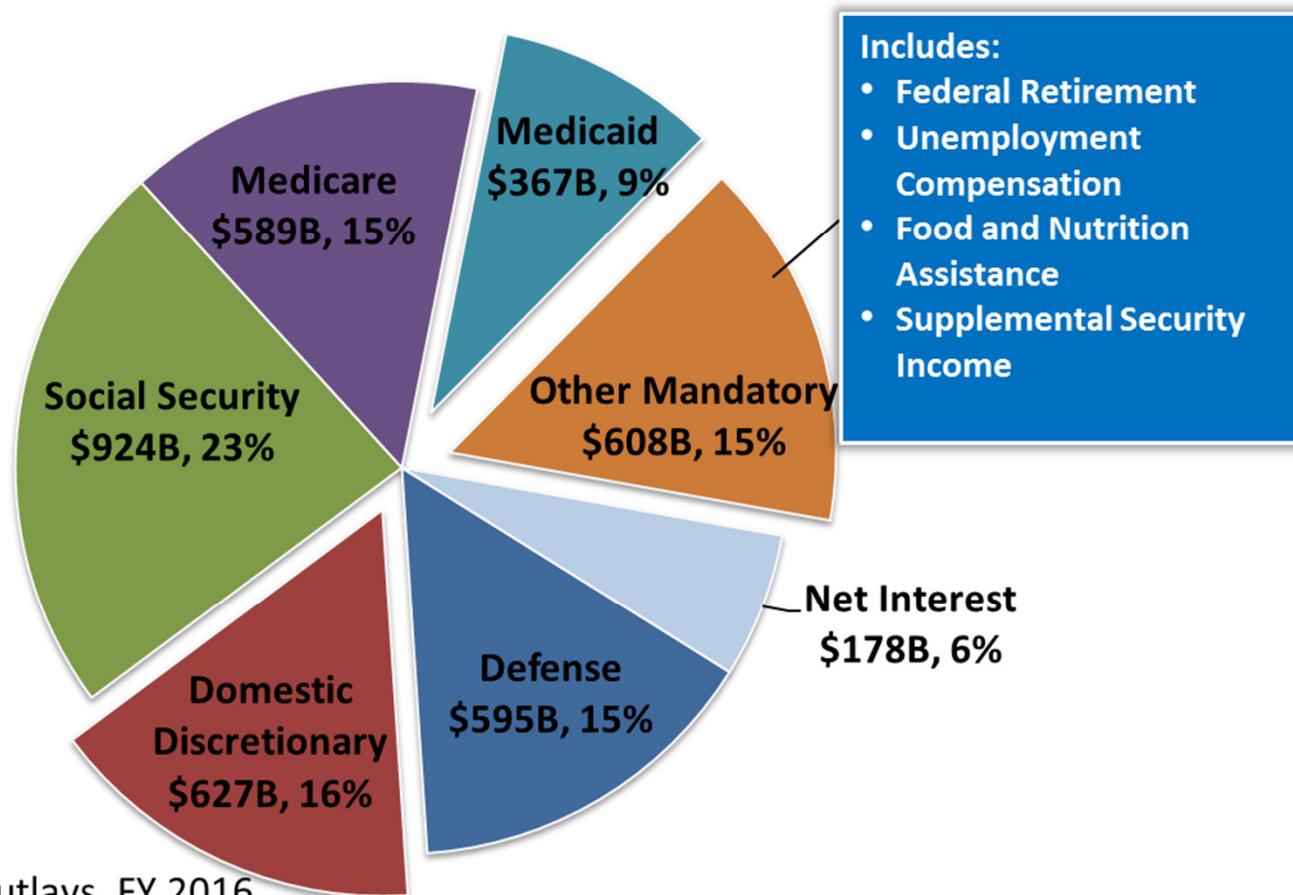
## Debt Limit

- In CR
- Will surface again in early 2018

## Expired Funding

- CHIP
- Other HHS programs

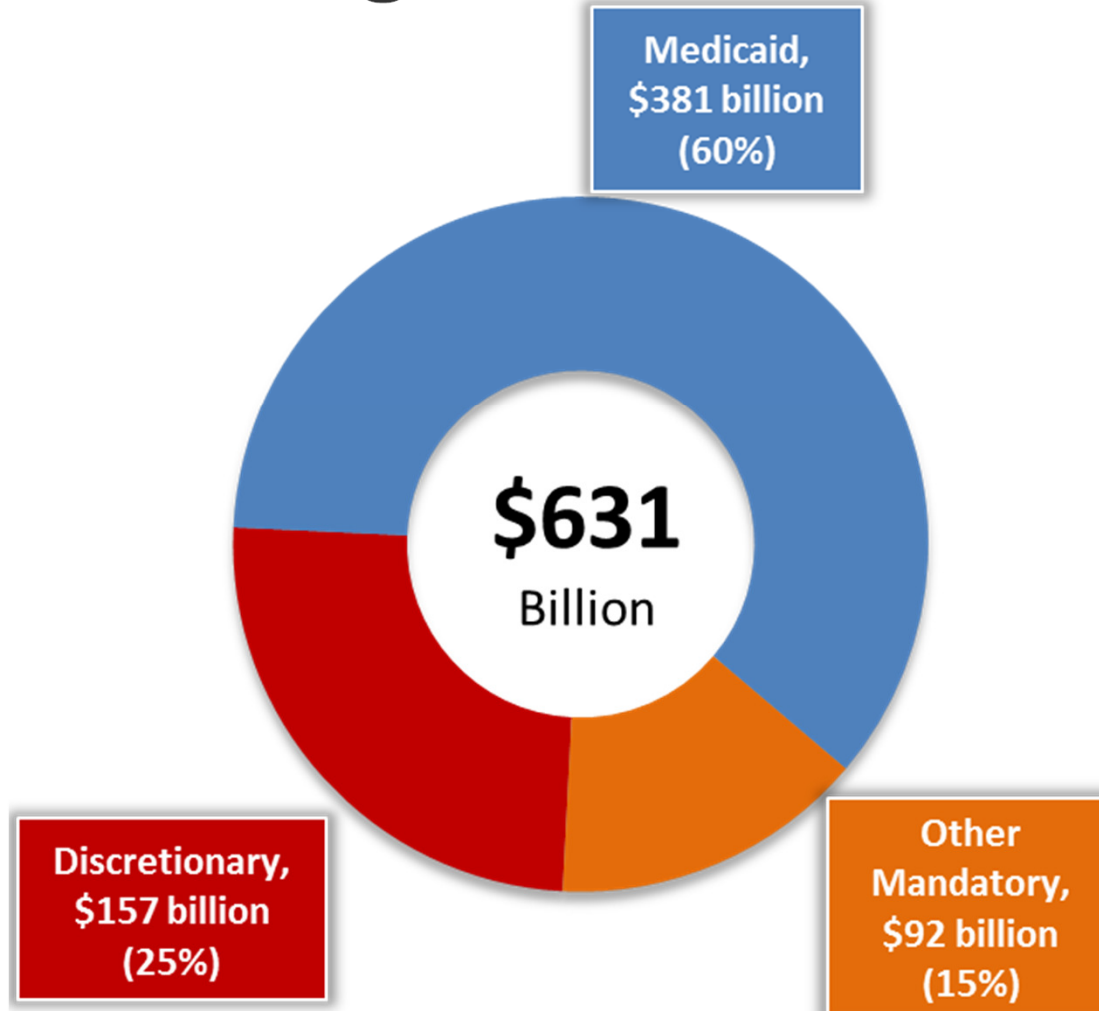
# Most risks in three areas



Federal Outlays, FY 2016

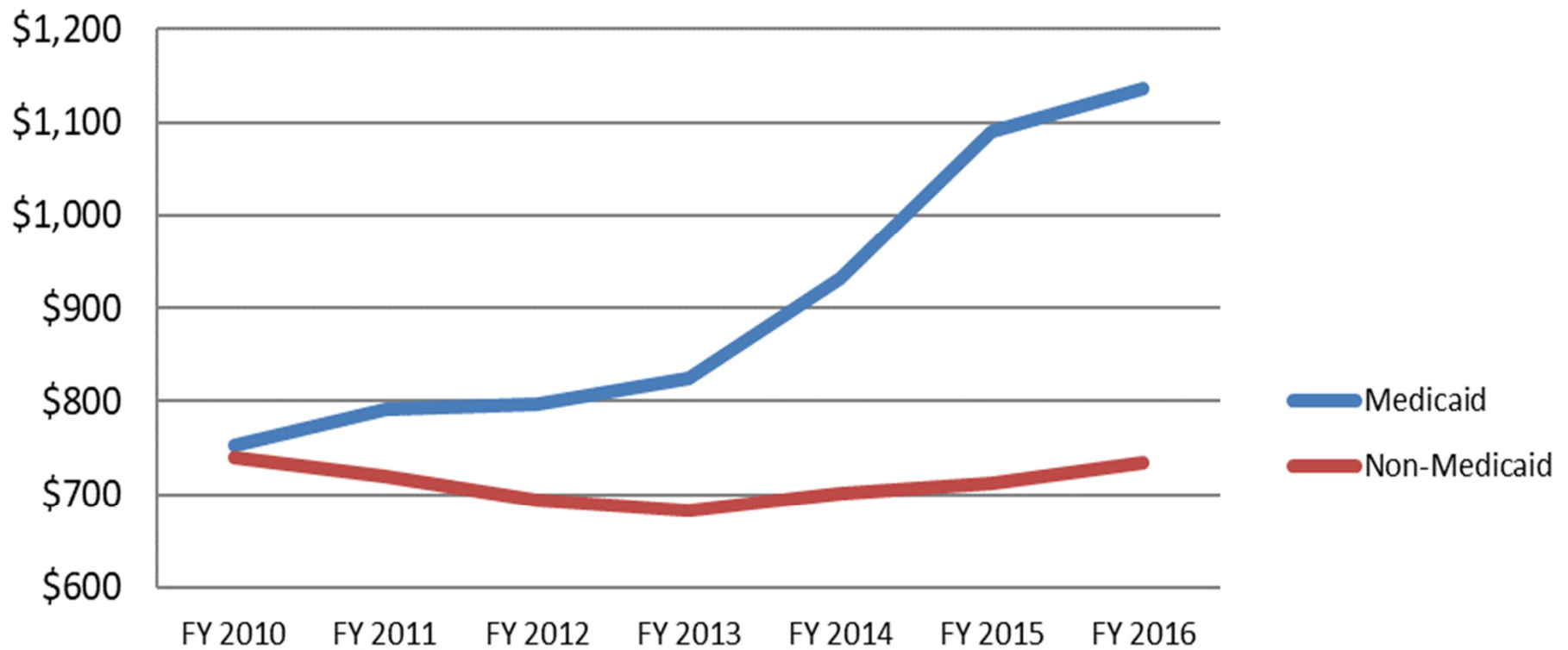
Source: OMB Historical Tables, FY 2017

# These same three areas fund state and local grants



Source: FFIS Grants Database, FY 2016

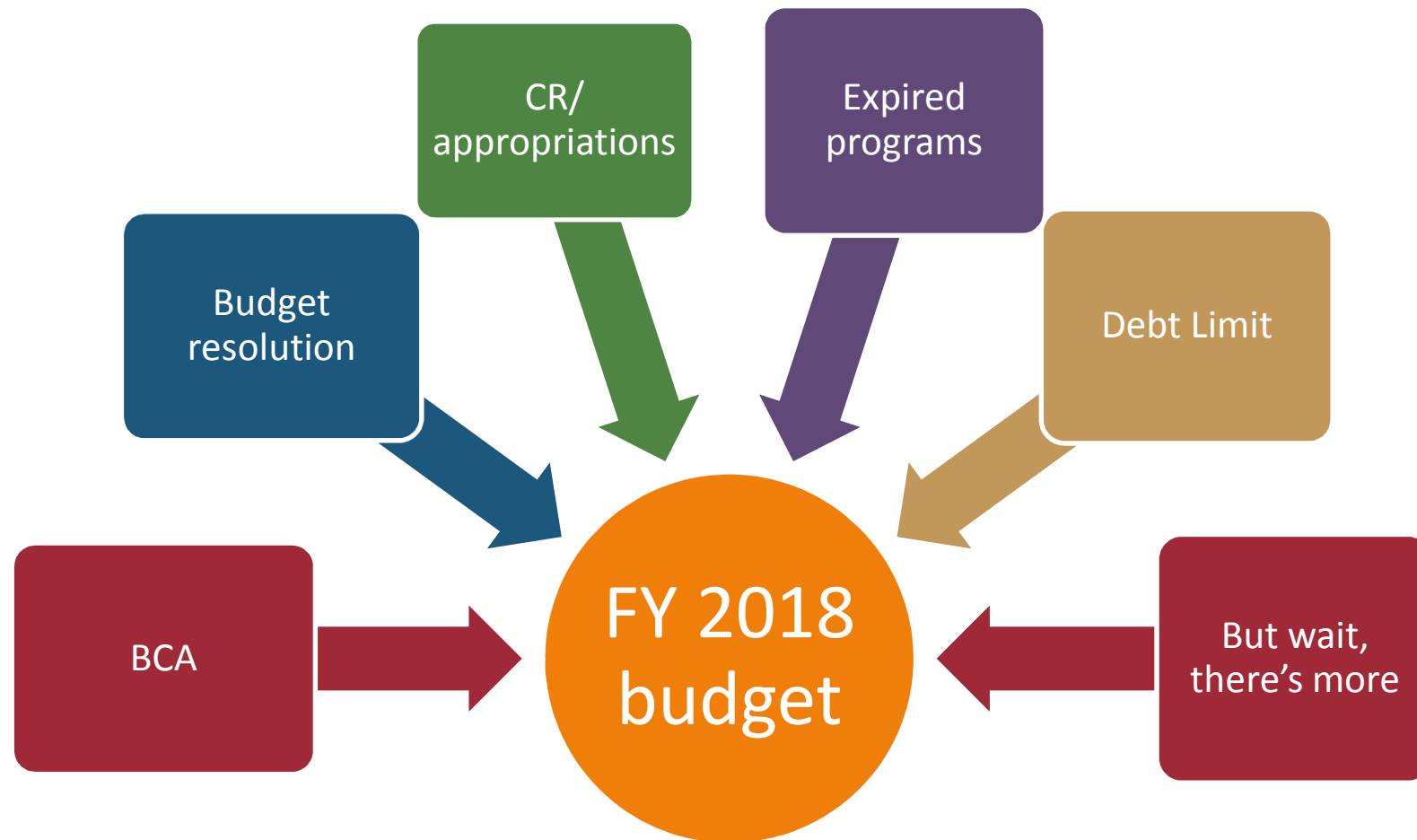
# Non-Medicaid grants relatively flat



Per Capita Federal Grants, FYs 2010-2016

Source: FFIS Database

# Plenty in play in FY 2018



# Budget Control Act recap



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Sequestration reduces caps through  
FY 2021

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Split equally between defense,  
non-defense

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Exceeding caps  
triggers ATB cuts

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Congress increased caps  
in FYs 2014-2017

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Limited mandatory sequestration  
through FY 2025



# FY 2018 and the BCA

## President

- Eliminate defense sequestration
- Higher defense spending offset dollar-for-dollar by non-defense cuts

## House Budget Resolution

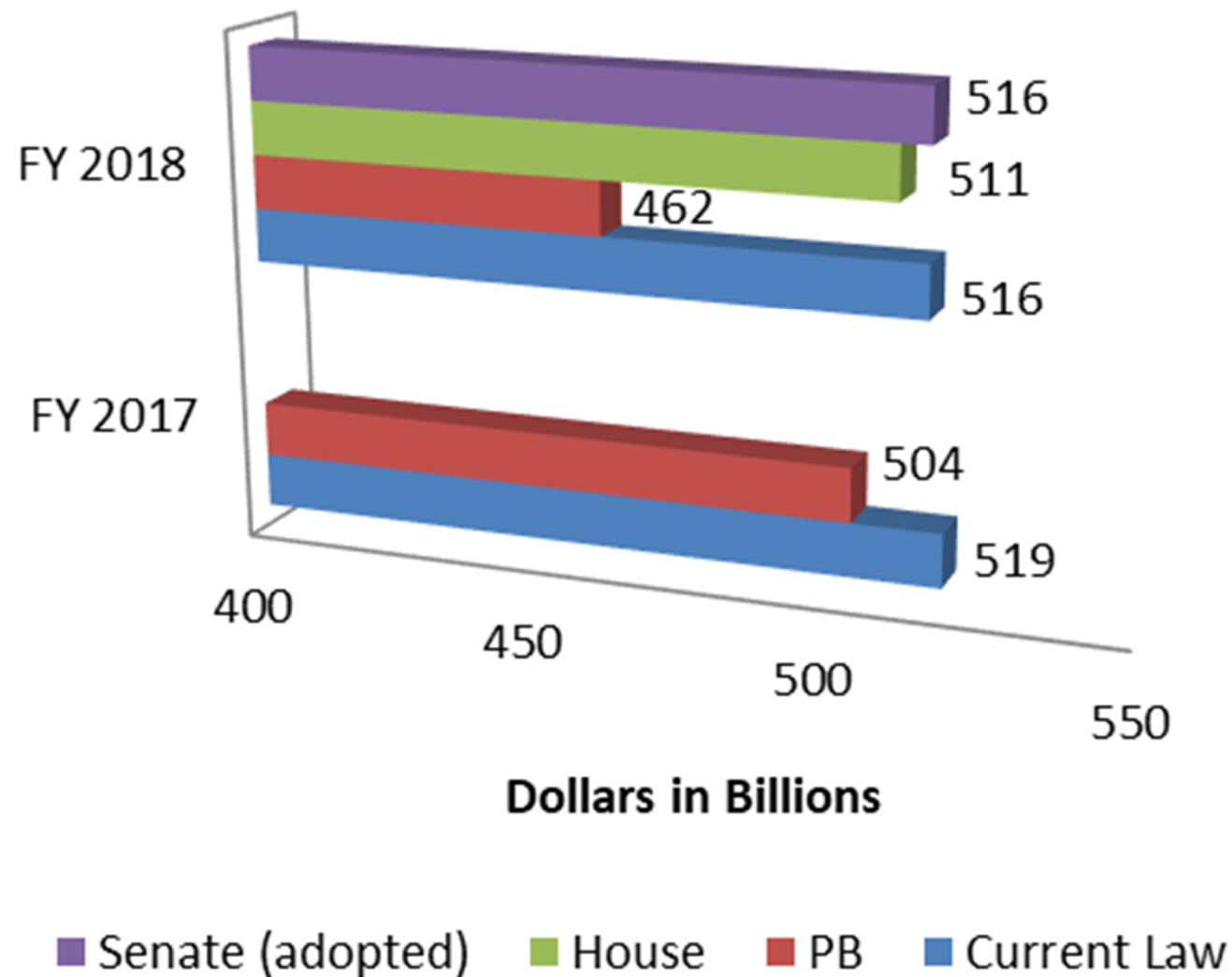
- Greatly exceed BCA defense cap
- Reduce non-defense cap after FY 2018
- Extend mandatory sequestration for 2 more years

## Senate Budget Resolution (Adopted)

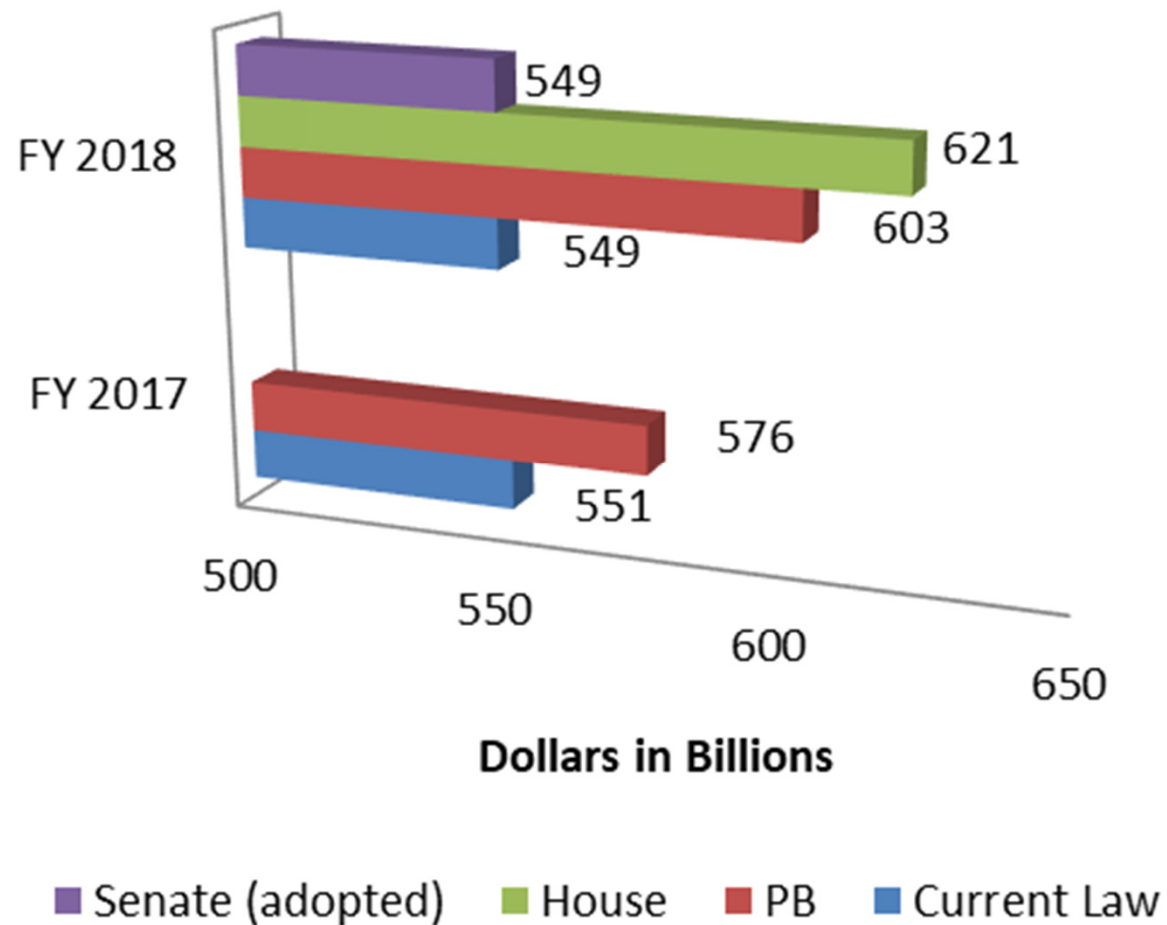
- Retain BCA cap for defense
- Reduce BCA cap for non-defense after FY 2018



# Non-defense discretionary



# Defense discretionary

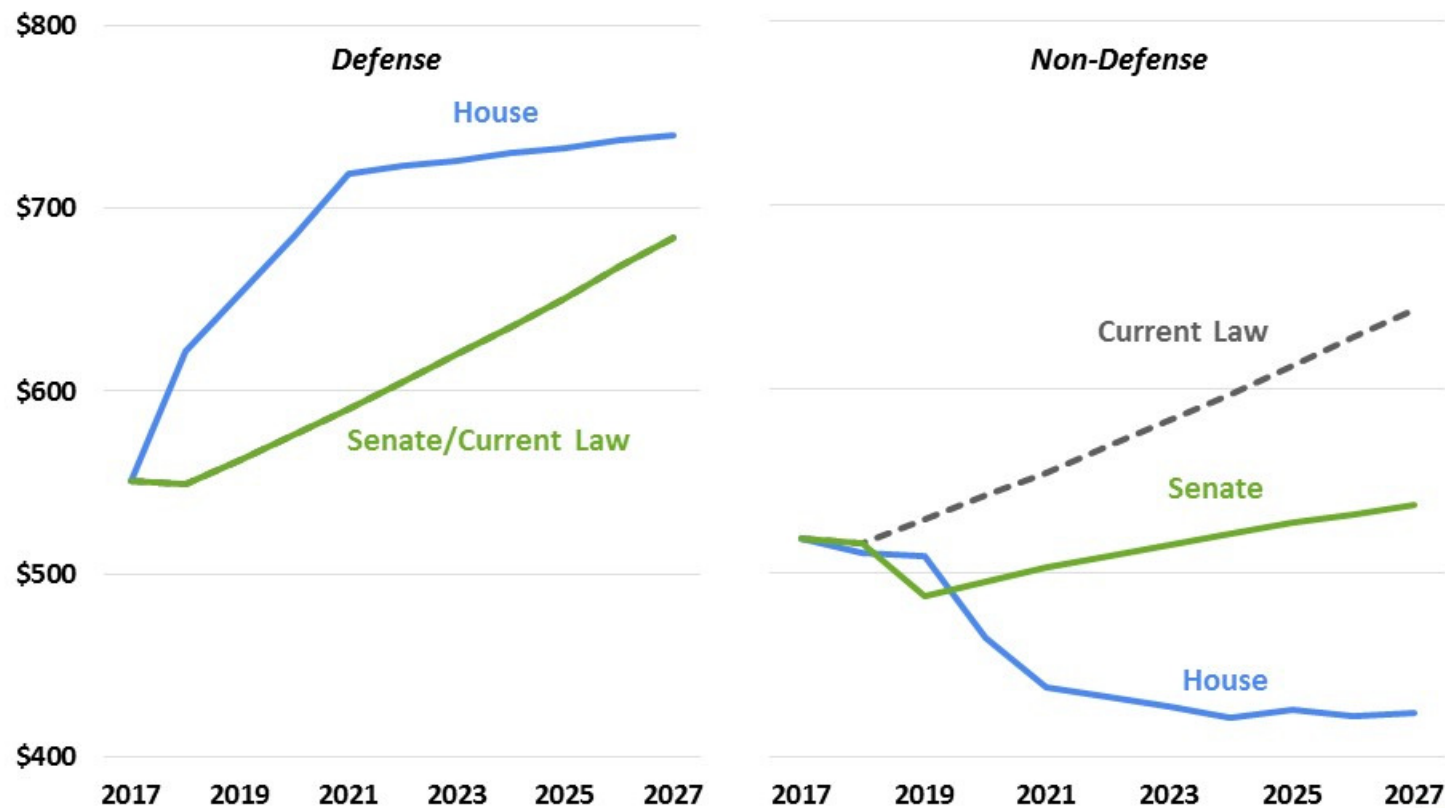


# What CRFB says



## Discretionary Spending in the Congressional Budgets

Billions of Dollars



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

CRFB.org



# FY 2018 Budget Resolution



## Funding

- Abides by BCA in FY 2018; allows for upwards adjustments
- Cuts non-defense discretionary in out years (nonbinding)

## Reconciliation

- \$1.5T/10 years for tax reform
- -\$1B/10 years in savings (Arctic drilling)
- Excludes mandatory savings House favored

# House W&M Tax Highlights



7 brackets to 4

12%, 25%, 35%,  
39.6%

Enhance standard  
deduction

Eliminate personal  
exemption

Eliminate tax  
deductions for S/L  
income, sales  
taxes

Cap property tax  
deduction at  
\$10,000

Cap mortgage  
interest deduction  
at \$500,000

Expand child tax  
credit

Non-dependent  
credit

Eliminate AMT

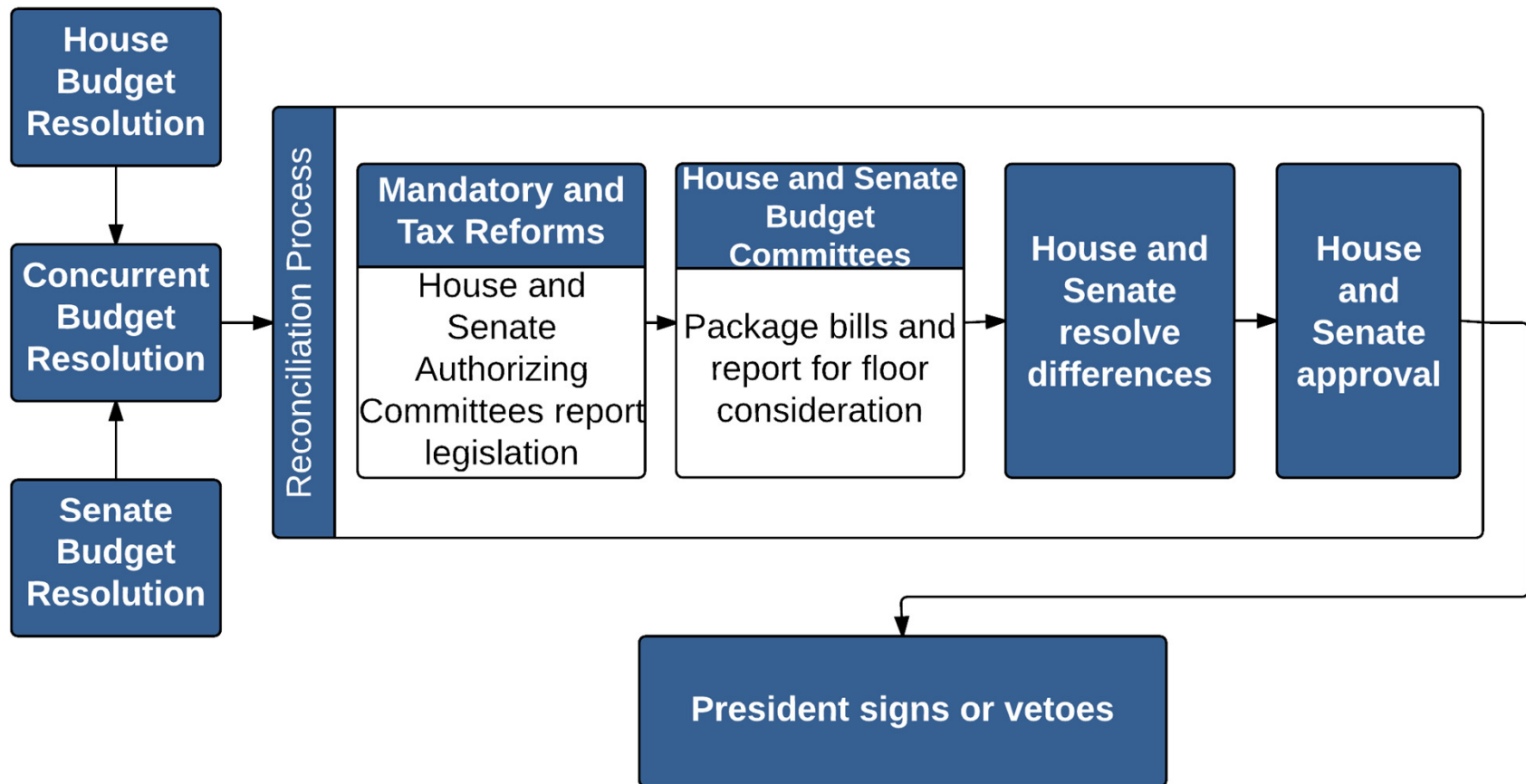
Terminate Private  
Activity Bonds

Repeal advance  
refunding bonds

CIT from 35% to  
20%

Eliminate estate  
tax

# Reconciliation “simplified”



# 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

## Programs

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



# FY 2018 expirations



Program	FY 2017 Funding (in millions)
<b>September 30:</b>	
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
<b>December 31:</b>	
Teaching Health Center Graduate Medical Education	56
<b>March 31:</b>	
Airport Improvement Program	3,350
<b>Total</b>	<b>\$24,583</b>

# House, Senate CHIP Proposals



## Similarities

Through FY  
2022

Maintain ACA  
increase  
through FY 2019

Maintain ACA  
MOE

## Differences

Offsets

Companion  
provisions

## Status

Tax reform on  
front burner in  
Senate

Redistribution  
of existing  
funding

# DSH cuts take effect in FY 2018



## Why?

- ACA included cuts based on less uncompensated care

## How much?

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

## Delayed again?

- House proposes to eliminate in FYs 2018-19, extend to FY 2027
- Included in House CHIP bill



# 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



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\$2.9 B over 10 years

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Dec. 1 deadline to apply

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Unclaimed funds redistributed

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Mitigation of nitrogen oxide emissions

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Funds can be used for diesel grant match



# Recapping what's in play

## BCA & FY 2018 Appropriations

- Status quo or higher caps
- Focus has moved to taxes; therefore, CR?

## Reconciliation & Tax Reform

- Senate Finance bill imminent
- How different from House?

## CHIP

- Offsets remain an issue

## What are risks to states?

# Questions?



- Check for updates:
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