



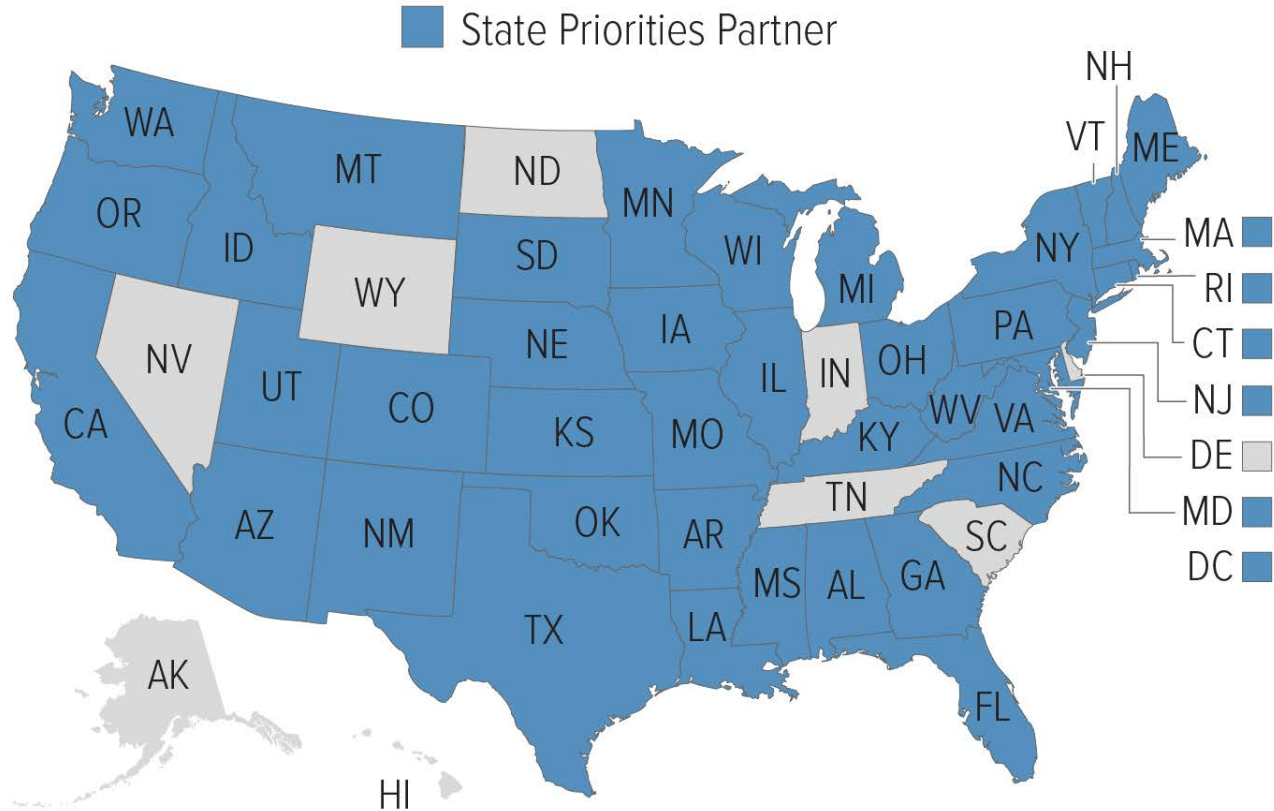
The Federal Budget Debate and Its Potential Impact on State and Local Governments

Michael Leachman

Center on Budget and Policy Priorities

The State Priorities Partnership

Analysis + Impact in 42 States



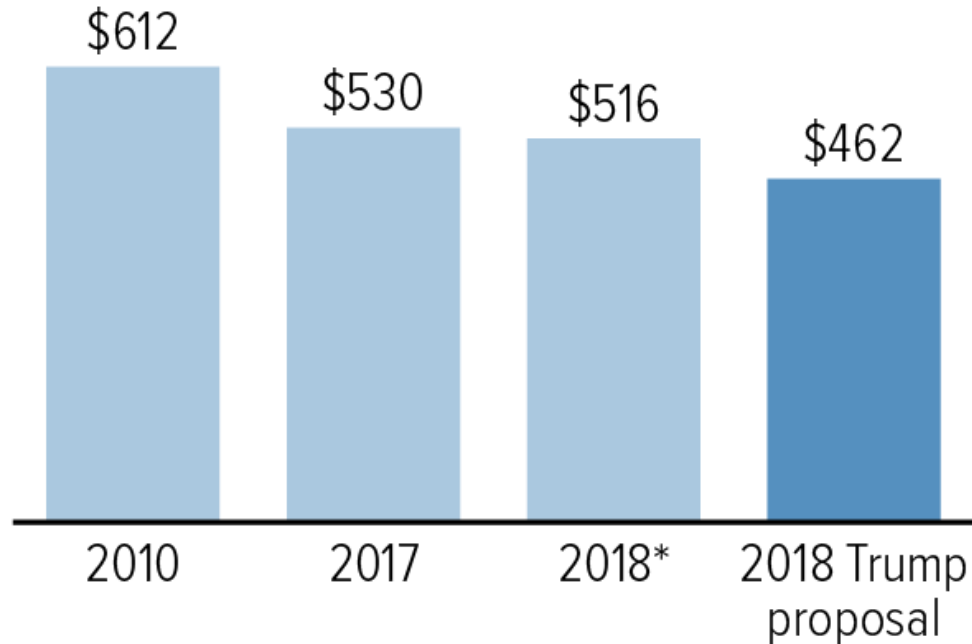


State Priorities Partnership groups in New England

- Economic Progress Institute (Rhode Island)
- Fiscal Policy Center at Connecticut Voices for Children
- Maine Center for Economic Policy
- Massachusetts Budget and Policy Center
- New Hampshire Fiscal Policy Institute
- Public Assets Institute (Vermont)

Skinny Budget Targets Non-Defense Discretionary Programs for Deeper Cuts

In billions of 2018 dollars

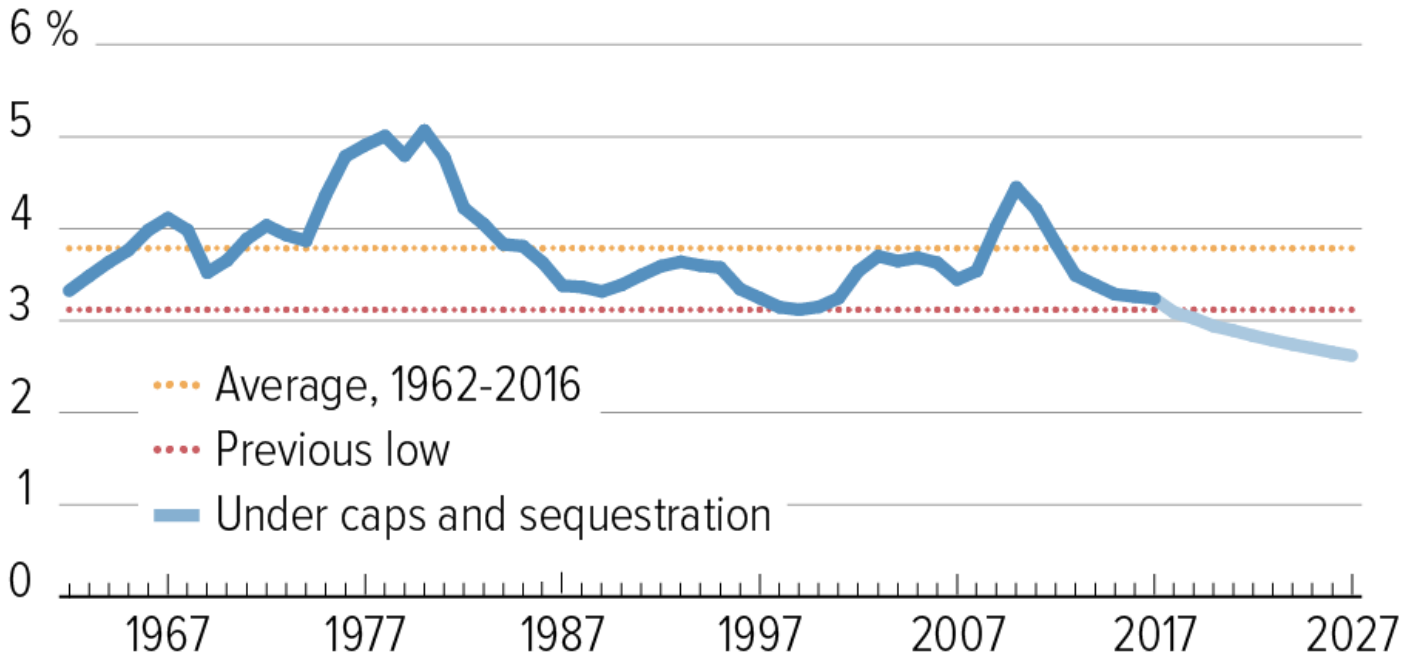


*Funding level set in 2011 Budget Control Act, which establishes sequestration cuts.

Source: CBPP analysis of data from the Congressional Budget Office and the Office of Management and Budget

Non-Defense Discretionary Spending Set to Fall to Historically Low Levels Under Current Law

Spending as a percent of gross domestic product



Note: Data available only back to 1962. Sequestration refers to budget cuts required under the 2011 Budget Control Act, and includes modifications made in the Bipartisan Budget Acts of 2013 and 2015.

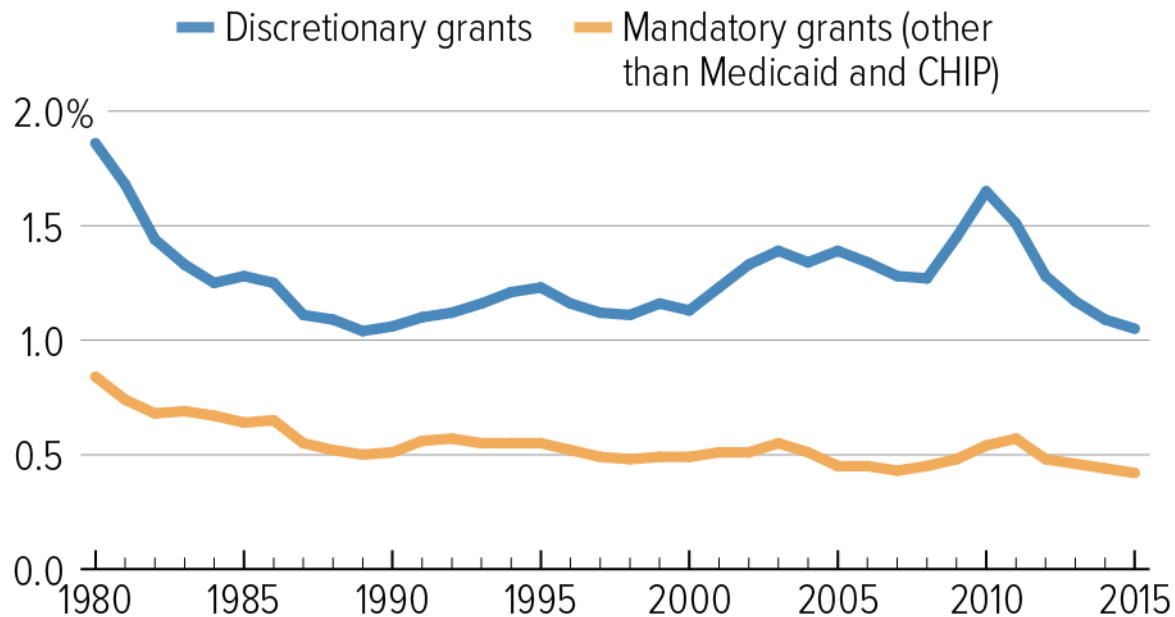
Source: CBPP based on Office of Management and Budget and Congressional Budget Office data

Potential Threats

- Cuts to Medicaid
- Cuts to other “mandatory” programs
- Cuts in annually appropriated federal grants
- Federal tax reform

Federal Grants for States and Localities at Historically Low Levels

Federal grants as a share of gross domestic product





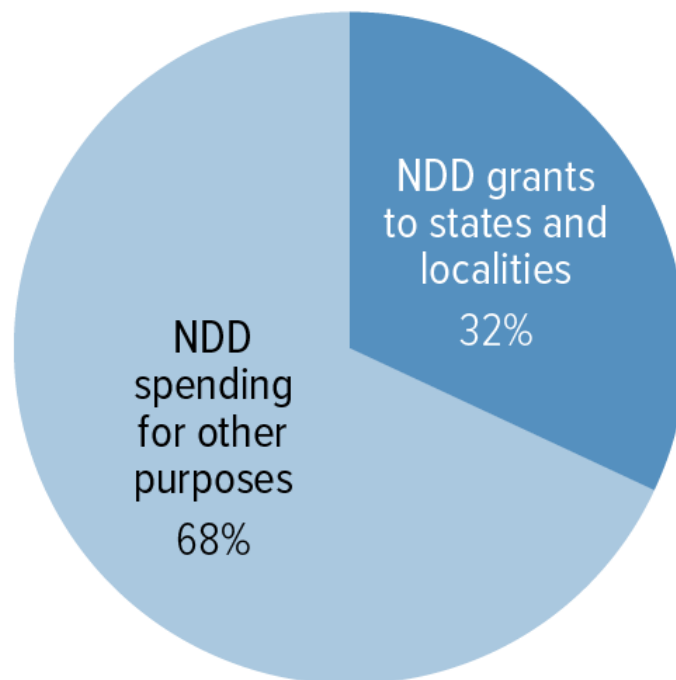
Cost shift to New England states of Medicaid cuts in AHCA, over 10 years

- Connecticut – \$7 billion
- Maine – \$1 billion
- Massachusetts – \$13 billion
- New Hampshire – \$3 billion
- Rhode Island – \$3 billion
- Vermont – \$2 billion



Federal Grants to States and Localities Make Up Nearly One-third of Total Non-Defense Discretionary Spending

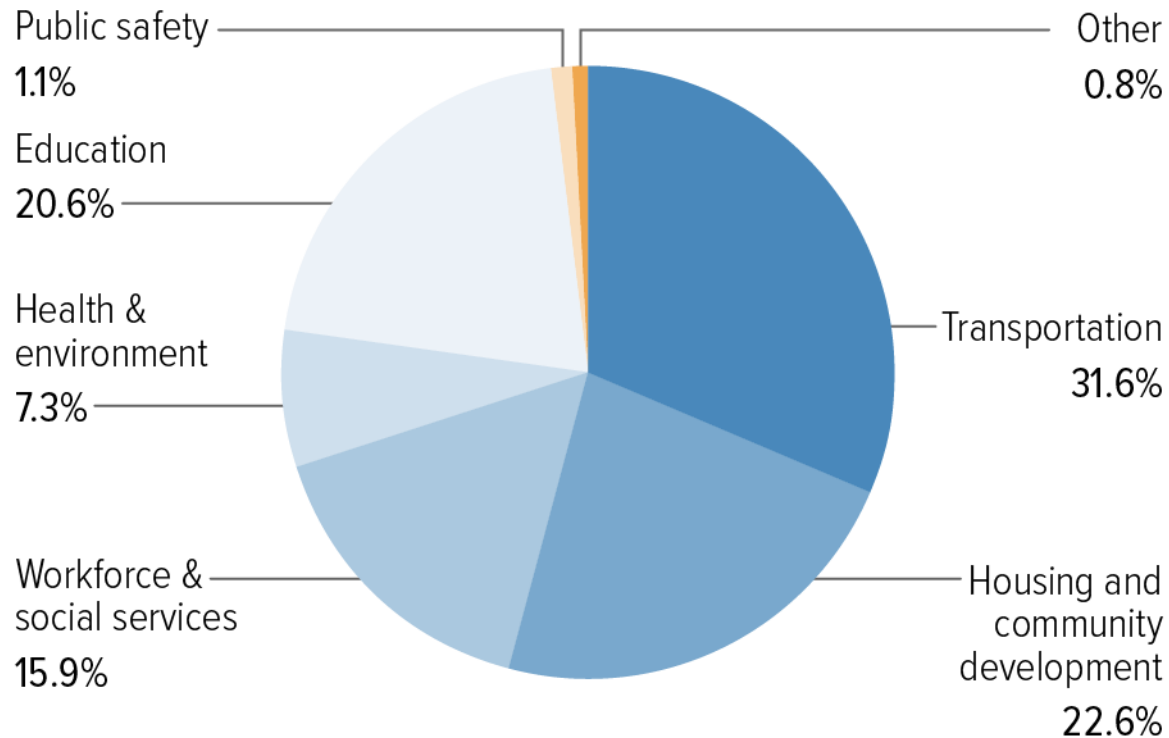
Discretionary grants to state and local governments as a share of federal non-defense discretionary (NDD) spending, fiscal year 2015





Federal Grants Fund Critical State and Local Services

Discretionary grants to state and local governments by purpose, fiscal year 2015





The Federal Budget Debate and Its Potential Impact on State and Local Governments

Michael Leachman

Center on Budget and Policy Priorities