



California Budget  
& Policy Center

# Implications of Federal Budget and Policy Proposals

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[calbudgetcenter.org](http://calbudgetcenter.org)

# Budgets are statements about our values and priorities.



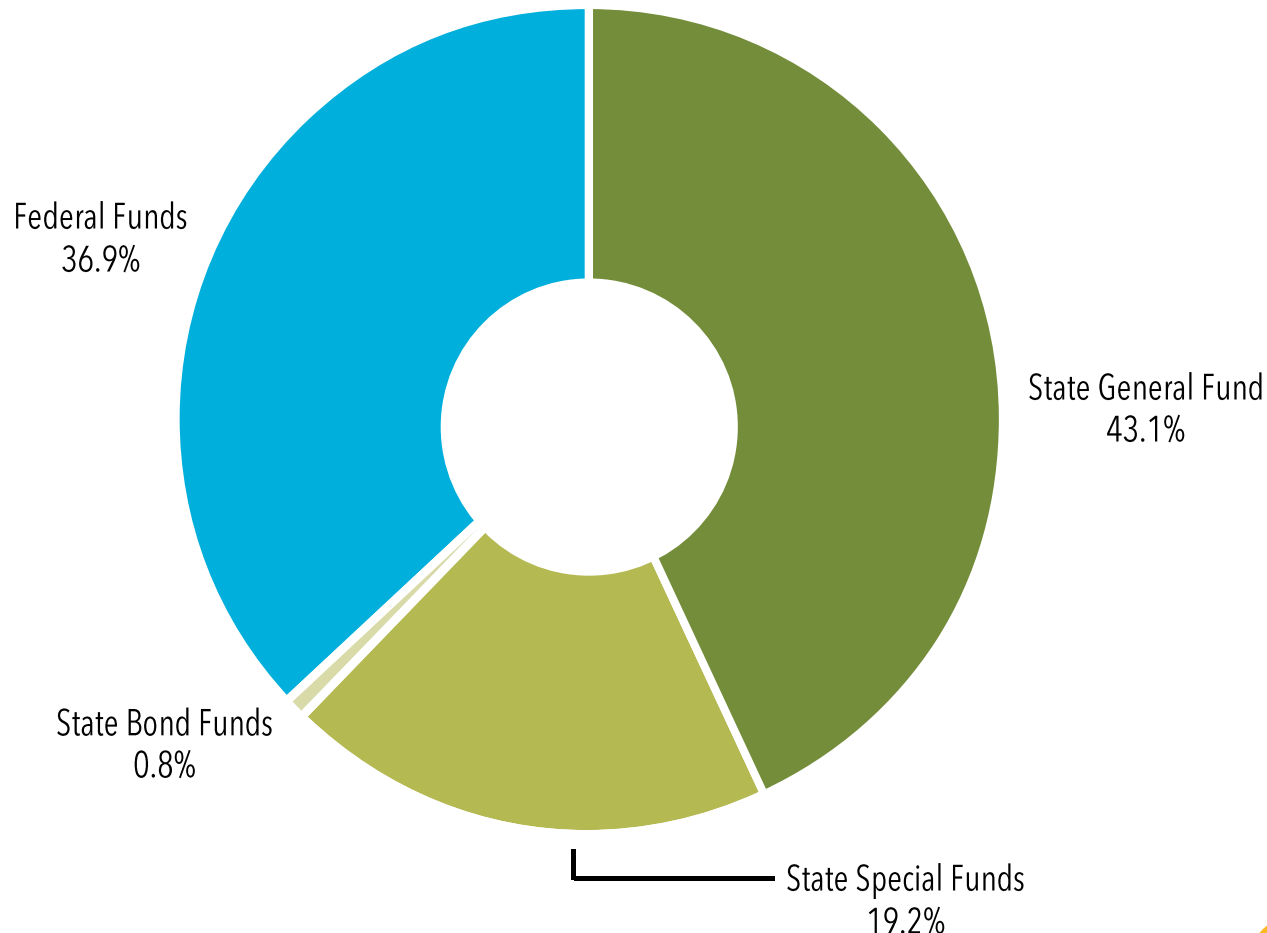
# **Federal Policy Environment: Key Proposals, Context, Timelines, What Happens Next?**



# Federal Funds Account for More Than One-Third of California's State Budget

Total Proposed 2017-18 Expenditures = \$284.5 Billion

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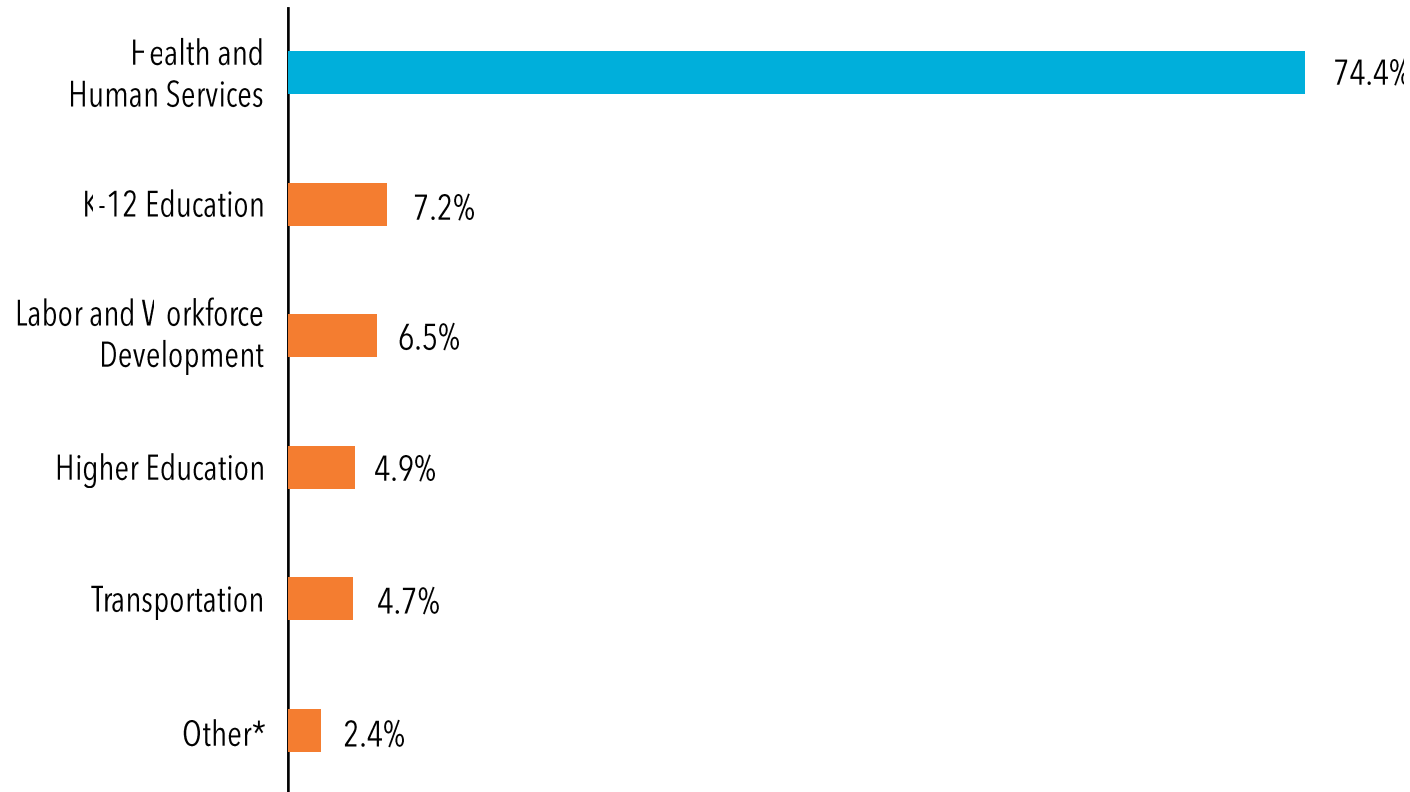
Source: Department of Finance



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# More Than 7 in 10 Federal Dollars Spent Through the State Budget Support Health and Human Services

Federal Funds Projected to Be Spent Through the State Budget in 2017-18 = \$105.0 Billion



\* Includes Environmental Protection; Legislative, Judicial, and Executive; Corrections and Rehabilitation; and other state budget categories that account for relatively small shares of federal funds.

Note: Percentages do not sum to 100 due to rounding.

Source: Department of Finance



# Federal Proposals – Overall Approach and the Threats in 2017

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Overall goals and approach: Cut taxes, increase defense spending, reduce “non-defense discretionary” spending.

- Repealing the Affordable Care Act (ACA), including Medicaid (Medi-Cal), with no real replacement
- Dismantling the current safety net through block grants and caps on Medicaid and SNAP (food assistance)
- Deep federal budget cuts to other discretionary program and entitlements
- Major federal tax cuts as “tax reform”



# Federal Proposals – Biggest Threats to Children and Children's Health

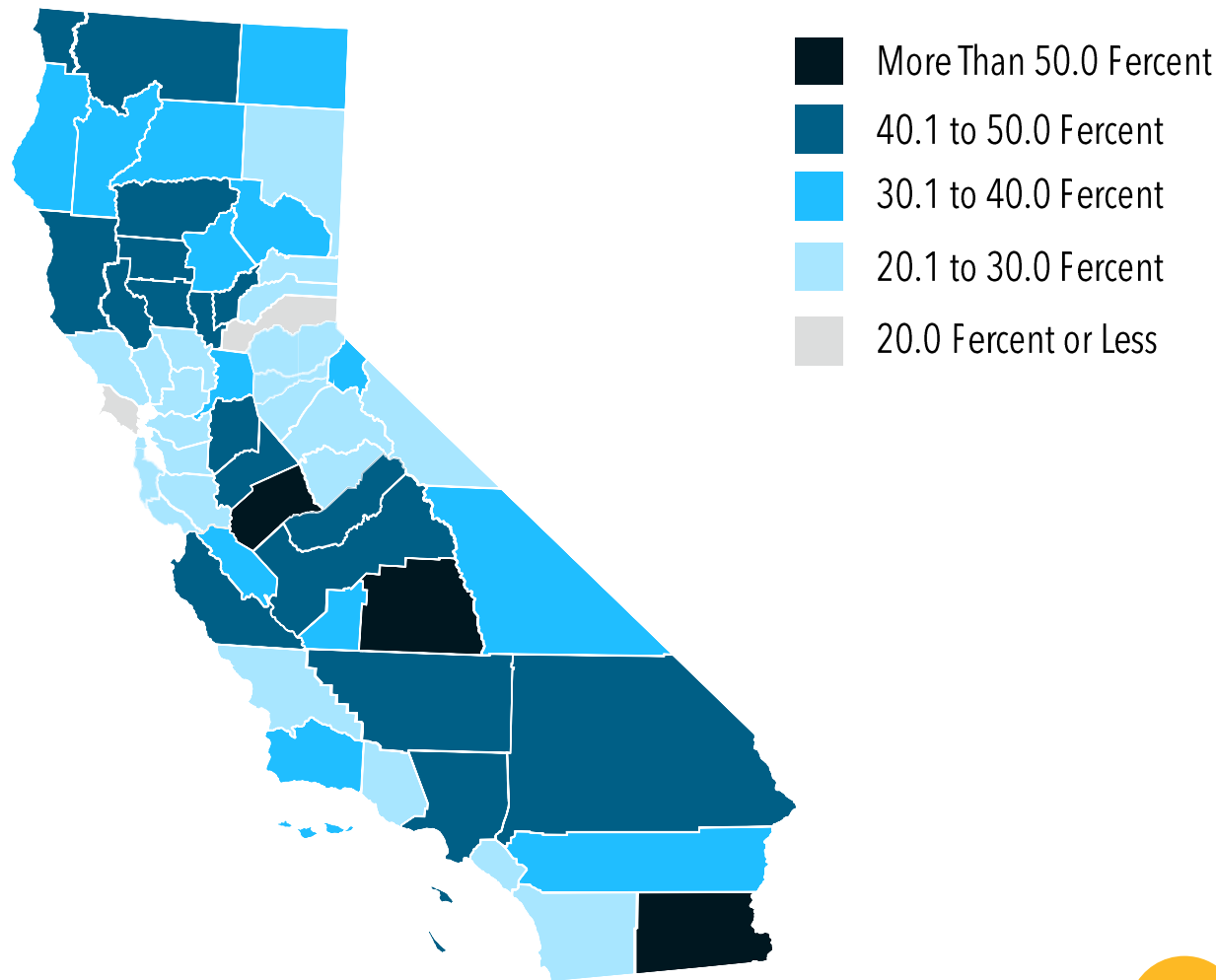
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- Dismantling the current safety net through block grants and caps on Medicaid and SNAP (food assistance)
- Deep federal budget cuts to other discretionary programs and entitlements
  - Education cuts and neo-vouchers expansion
- Other major concerns: CHIP Reauthorization



# The Share of Residents Enrolled in Medi-Cal Exceeds 40 Percent in 20 Out of 58 Counties

Medi-Cal Enrollees as a Percentage of the Population, January 2016



Note: Percentages are estimates.

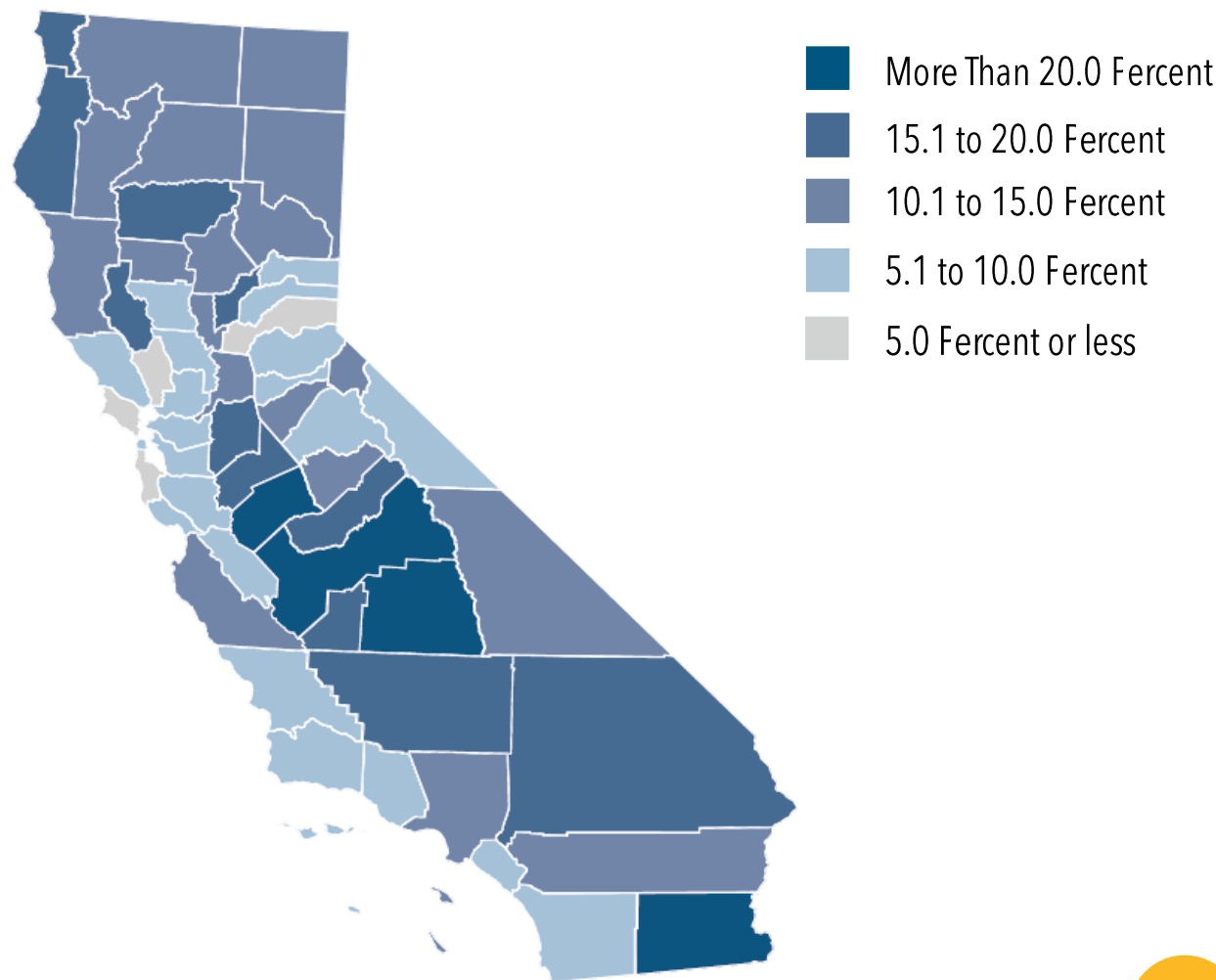
Source: Department of Finance and Department of Health Care Services





# Use of Food Assistance Varies Across California, but Is the Highest in the San Joaquin Valley

Estimated CalFresh Participation as a Share of the Population, 2016-17



Note: Estimates are based on CalFresh participation during the first four months of the 2016-17 state fiscal year.

Source: Budget Center analysis of data from the Department of Finance and Department of Social Services



# Underlying budget strategies to watch for in current and future debates

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- Block grants and per capita caps
  - Cap the total available federal funds.
  - Not usually adjusted for inflation and demographic changes; more likely to be cut than increased.
- Cutting federal spending and shifting costs to states
  - Potential threat for SNAP and CHIP.
  - Forces states to cut funding and restrict eligibility.
- Restricting eligibility for certain populations (a particular threat for immigrant children).
- Regulatory uncertainty and interference...



# Federal Timelines and Uncertainty Leading Up to Fiscal Year 2018 (Oct. 1)

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- ACA
  - House approved 2017 reconciliation bill to repeal ACA.
  - Senate fails on 2017 reconciliation bill to repeal ACA.
- Federal Budget
  - Congress adopts/extends FY 2017 appropriations.
  - President releases proposed FY 2018 budget
  - Congress has not yet adopted FY 2018 budget resolutions or started appropriations process.
- Federal Tax and Debt Issues
  - President released “skinny” tax reform proposal
  - Congress has to raise the federal debt ceiling by 9/29



# Key issues to watch in August and September

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- Congress has 12 working days left in FY 2017
- A FY 2018 budget must be passed to avoid a government shutdown – most likely scenario is a “continuing resolution” (CR).
- The debt ceiling must be raised by 9/29 according to the U.S. Treasury – will likely require a bipartisan vote.
- Federal tax “reform” is unlikely – but we may see efforts to pass a budget and tax package that cuts taxes on corporations and higher-income individuals.





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