

Federal Budget Proposals: A Greater Burden on Idaho's Budget

President Trump presented his budget proposal in May 2017. The proposal would exert considerable pressure on Idaho's state budget at a time when it is still recovering from the Great Recession. Drastic cuts in the proposed budget would result in enormous cost-shifts to Idaho that would prompt tax increases, service cuts, or a combination of both. Overall by 2027, the President's proposal would shift up to \$453 billion in funding from the federal government to states.

Congress is now developing its own budget resolution with a deadline of October 1, 2017. Though it need not follow the President's budget blueprint, reports of the developing negotiations include cuts on the same order as the President's proposal, with the same goal of obtaining revenue for potential tax cuts. This brief provides an overview of cuts presented in the President's budget as a preview to what will likely emerge in Congress' budget resolution.

SNAP, TANF, Medicaid, and the Social Services Block Grant

Entitlement programs (also known as "mandatory" in budgeting terms) are ongoing; funding continues unless policymakers change them. The Trump budget would significantly change three entitlements — Medicaid, SNAP, and TANF — and eliminate a fourth, the Social Services Block Grant. **By 2027, the total cut in entitlements would reach as much as \$346 billion in the President's proposal. According to news reports, the House Budget Committee is looking for at least \$200 billion in entitlement cuts over the same period of time.**

The Supplemental Nutrition Assistance Program (SNAP) is an effective and relatively efficient program targeted to households that need help meeting basic food needs. It provided food assistance to 185,303 Idahoans in 2016. Benefits have historically been federally financed, with states paying a share of the state-level administrative costs. The SNAP cost shift to the states and the Medicaid cuts would begin in 2020 and Idaho would take over 25 percent of SNAP benefits by 2023 - a cost shift of approximately \$445 million to Idaho over ten years. While it is unclear whether Idaho would be required to cost-share, current proposals would give states new flexibility to cut basic food assistance to poor households. These cuts would also impact 1,100 food retailers in Idaho where SNAP participants shop.

Temporary Assistance to Needy Families (TANF) is a block grant to states, which is used in Idaho to provide short-term income assistance, work and education programs, child care, and other supports for low-income families with children. In 2018, the President's budget would cut the TANF Family Assistance and eliminate the TANF Contingency Fund, which provides funds to states in hard economic times. Idaho receives an estimated \$31.9 million in TANF Family Assistance and Contingency Fund dollars. The proposed cut would be about \$3.1 million, a 10 percent reduction.

The Social Services Block Grant (SSBG) helps Idaho provide services for vulnerable populations, mainly low- and moderate-income children and people who are elderly or disabled. The funds are used for child care assistance, to prevent and address child abuse and neglect, and to support community-based care for the elderly and disabled. The President's proposal would eliminate SSBG, which provides an estimated \$8.1 million in funding to Idaho.

The Idaho Medicaid program serves primarily children, people with disabilities, pregnant women, and other vulnerable adults. According to the Urban Institute, Idaho would shoulder an estimated \$1 billion cost-shift from the House version of health reform. They also estimate that the Senate version of health

reform would reduce federal health care spending in Idaho by 24.5 percent in 2022. Idaho would likely see a rise in state catastrophic health care program (CAT) fund costs. After the implementation of Idaho's health insurance exchange, the CAT fund saw \$20 million in savings between 2013 and 2016. The state could see a full reversal of this gain with the cuts proposed, plus more costs as Idahoans receiving Medicaid lose access to care. Cuts to Medicaid could mean that schools have fewer dollars to draw on to cover medical services for students with disabilities. Under obligation to provide these services, districts would need to seek more local dollars to make up for the shortfall.

Non-Defense Discretionary

Discretionary programs are those that are appropriated annually, that is, Congress each year must decide on and enact their funding. Grants to state and local governments make up a substantial portion of discretionary grants outside of defense. The President's budget would eliminate or significantly reduce more than two dozen of them. In this proposal, the total cut to discretionary grants for states and localities would amount to \$28 billion in 2018 and grow to about \$82 billion a year by 2027. In Idaho the eliminated programs and their current funding levels include:

21st Century Learning Centers - \$5.8 million
Supporting Effective Instruction (SEI) State Grants - \$9.7 million
Community Services Block Grants (CSBG) - \$3.7 million
Low Income Home Energy Assistance Program (LIHEAP) - \$19.0 million
Community Development Block Grants (CDBG) - \$11.5 million
HOME Investment Partnerships Program - \$4.0 million