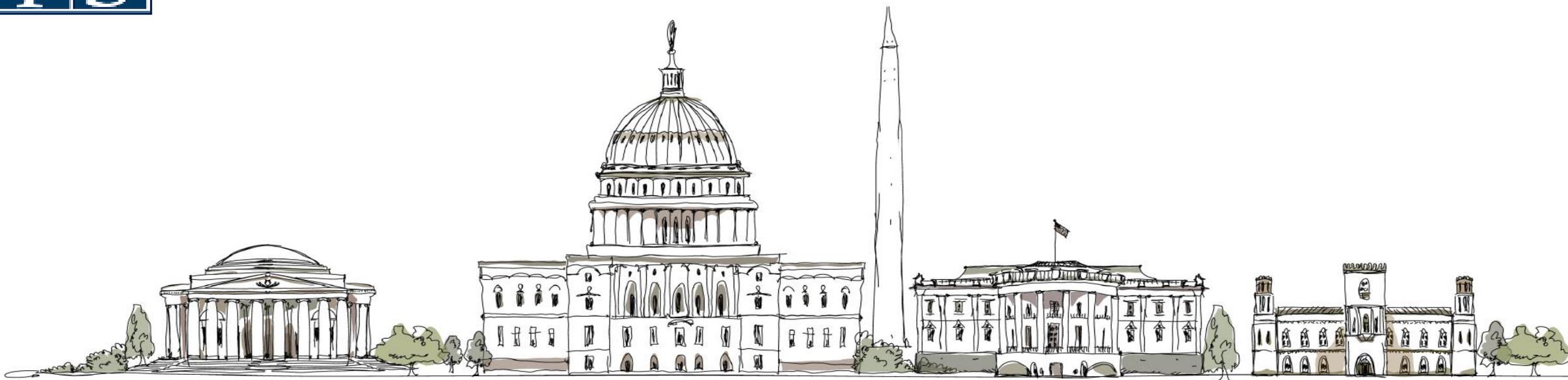


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# How Will Changes in Federal Funding Impact Your State?

# FY 2025 Budget Status

## Appropriations Process

- Full-year continuing resolution enacted
- With exceptions, maintains FY 2024 funding
- Eliminates earmarks
- Comes in slightly less than FY 2024 enacted overall

## Reconciliation Process

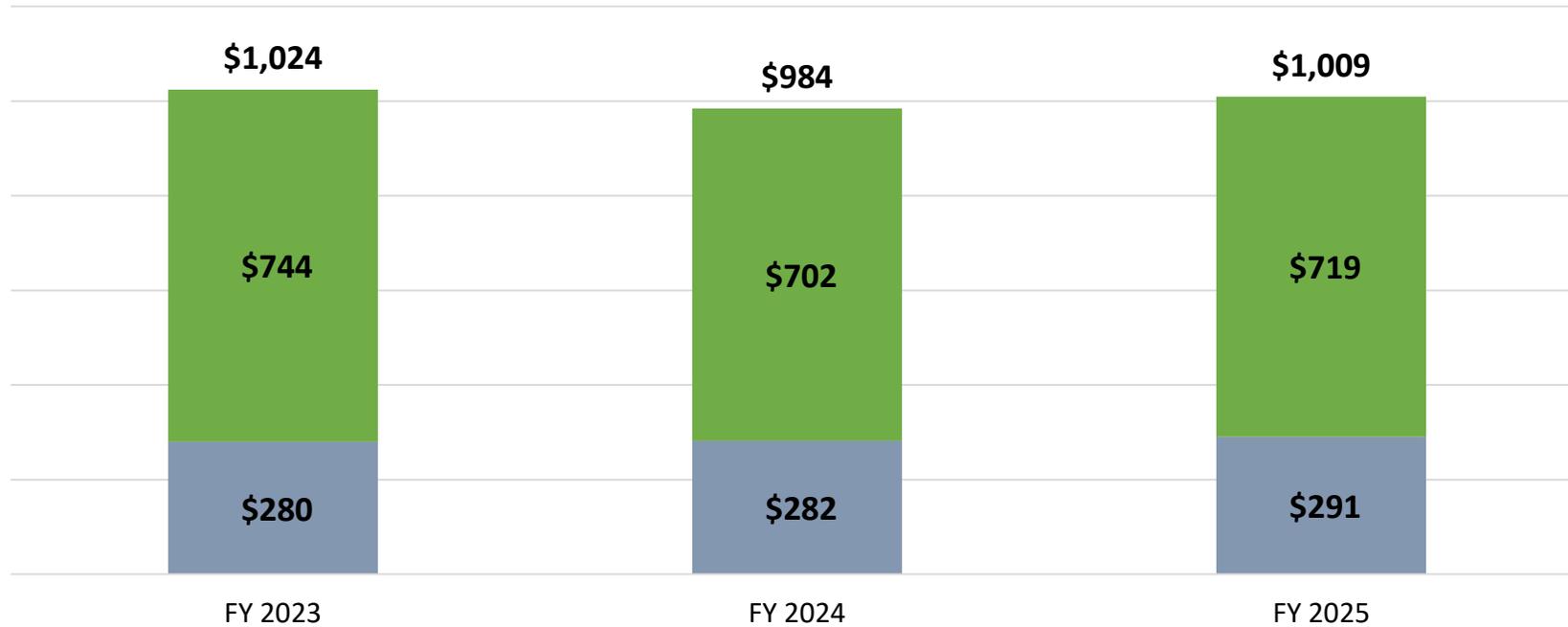
- House resolution adopts “one big beautiful bill” approach
- Senate resolution is narrowly crafted to address border security, energy, defense
- Will need to agree



# FY 2025: JM Table Summary

Funding Summary for Selected Grant Programs  
(\$ in billions)

■ Discretionary ■ Mandatory



Source: FFIS, Jim Martin Table

# FY 2025 CR: Other Items

## Medicaid Disproportionate Share Hospital (DSH) cuts

- Eliminated in FY 2025 but extended through FY 2028

## Rescissions

- Unobligated IJA funds for dams redirected to FEMA federal assistance account; Dislocated Worker National Reserve; Americorps

## Earmarks

- Their elimination boosts EPA's revolving loan funds

## Spending Plans

- Due within 45 days of enactment at program, project, and activity (PPA) level
- Requires monthly OMB reports on obligations by account

# Rescissions and Impoundment

## Rescissions

- Legislative action
- Typically done in appropriations or debt limit bills
- Usually target unobligated balances, meaning no grant agreement has been executed
- Mandatory funding provided in reconciliation bills (e.g., IRA) could be rescinded in a reconciliation bill
- Impoundment Control Act (filibuster-proof)

## Impoundment

- Executive action
- Used to withhold funds that have been appropriated/obligated.
- Impoundment Control Act (filibuster-proof)
- Current administration may challenge constitutionality of requirement.
- Funding freezes = Impoundment

# Regular Process v. Reconciliation

## Regular Process

- Can be used to do anything: appropriate funds, authorize programs, make changes to mandatory and discretionary programs, raise or suspend debt limit, amend Social Security
- Requires bipartisan support because of Senate filibuster (60 votes)

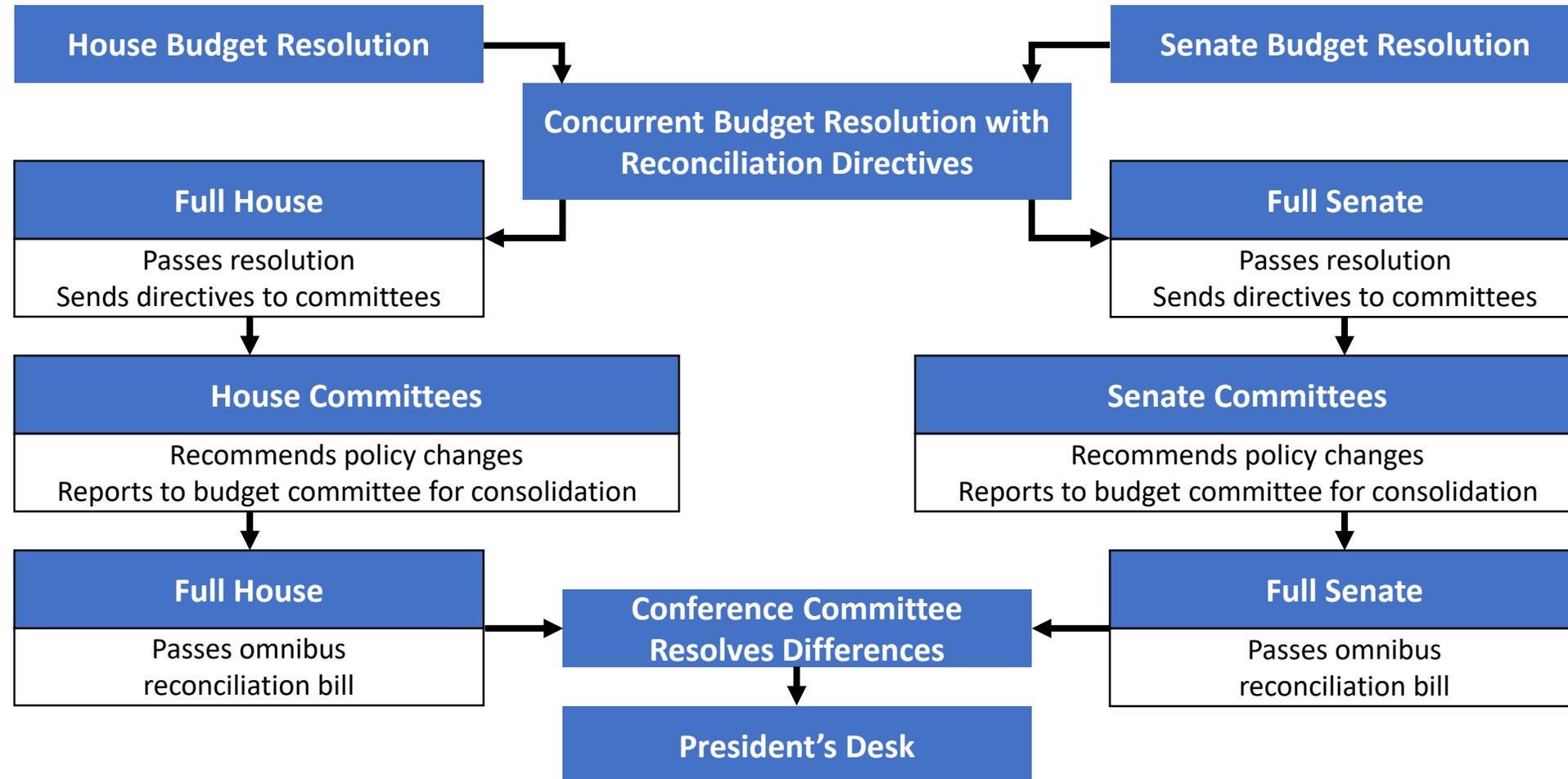
## Reconciliation

- Powerful but limited in scope
- Can be used only to amend mandatory spending (except Social Security), taxes, and address debt limit
- Expedited process permits up or down vote with simple majority and no Senate filibuster

# What can reconciliation be used for?

Action	Reconciliation
Reduce mandatory appropriations	Yes
Modify mandatory programs, including Medicaid/ACA	Yes
Rescind IRA unobligated balances	Yes
Repeal IRA tax provisions	Yes
Cancel/eliminate IRA programs	Yes
Extend TCJA	Yes
Eliminate taxes on tips, overtime pay	Yes
Raise/suspend debt limit	Yes
Rescind CHIPS unobligated mandatory balances	Yes
Reduce discretionary appropriations	
Eliminate or consolidate discretionary programs	
Implement government efficiency recommendations	
Impound funds	
IIJA program changes	?
Amend Social Security benefits, revenues	

# The reconciliation process





# FY 2025 Reconciliation Directives ([BB25-03](#))

## Reconciliation Directives in Concurrent FY 2025 Budget Resolution

(\$ in billions)

House	10-Year Cost	Senate	10-Year Cost
Ways and Means	\$4,500	Homeland Security and Government Affairs	\$175
Judiciary	110	Judiciary	175
Armed Services	100	Armed Services	150
Homeland Security	90	Commerce, Science and Transportation	20
Energy and Commerce	-880	Environment and Public Works	1
Education and Workforce	-330	Agriculture, Nutrition and Forestry	-1
Agriculture	-230	Energy and Natural Resources	-1
Oversight and Government Reform	-50	Banking, Housing, and Urban Affairs	-1
Transportation and Infrastructure	-10	Health, Education, Labor and Pensions	-1
Financial Services	-1	Finance	1,500
Natural Resources	-1	"Current Policy" extensions	3,800
Unspecified*	-500		
<b>Allowable Deficit Increase</b>	<b>\$2,798</b>	<b>Allowable Deficit Increase**</b>	<b>\$5,800</b>

# FY 2025 Reconciliation Notes

## House

- Includes a provision to target \$2 trillion in mandatory spending reductions over FY 2025-2034; if less than \$2 trillion is cut, the Ways and Means Committee's deficit increase directive will be reduced by the difference.

## Senate

- One reserve fund facilitates current policy baseline. Budget Committee chair can declare TCJA extensions have no deficit impact. Another non-binding reserve fund calls for \$2 trillion in spending cuts.



# Reconciliation Options: Medicaid ([IB25-07](#))

## Medicaid Proposals\* (\$ in millions)

Proposal	Projected 10-Year Savings
Convert Medicaid to a per capita capped system	Up to \$900,000
Eliminate the enhanced matching rate for ACA expansion population	561,000
Lower the 50% FMAP minimum	Up to 387,000
Limit provider taxes	175,000
Repeal Medicaid Eligibility Rule	164,000
Repeal Medicaid/CHIP Access Rule	121,000
Establish work requirements	100,000
Standardize the administrative matching rate	69,000
Impose limits on state-directed payments in Medicaid	Up to 25,000
Repeal Nursing Home staffing rule (savings for Medicare/Medicaid)	Up to 22,000
Eliminate the temporary FMAP increase for states adopting the ACA expansion	18,000
Reduce the District of Columbia's FMAP to 50%	8,000
<b>Total</b>	<b>Up to \$2,550,000</b>



# Reconciliation Options: SNAP ([IB25-08](#))

## SNAP Proposals (\$ in millions)

Proposal	Projected 10-year Savings
Change/undo Thrifty Food Plan update	Up to \$274,000
End broad-based categorical eligibility	10,000
End SNAP-LIHEAP linkage	7,000
Restrict ABAWD work requirement exemptions	5,000
Cap maximum benefit	2,000
Expand use of the National Accuracy Clearinghouse	658
Repeal improper payment tolerance threshold in error rate calculations	70
Account suspensions after 60 days of exclusively out-of-state purchases	-1
Retailer restrictions	-5
<b>Total</b>	<b>Up to \$298,722</b>

# Reconciliation Options: Other

## Inflation Reduction Act ([IB25-09](#))

- Repeal more than 40 programs across departments of Energy, Commerce (NOAA), EPA, Interior, Transportation
- Sum of unobligated funds is ~\$17.3 billion
- Repeal tax policies (including direct pay option for states)

## Other Health Programs

- Alter or eliminate ACA subsidies
- Amend IRA drug policies
- Prohibit/restrict non-citizen eligibility
- Eliminate Prevention and Public Health Fund

## Human Services

- Eliminate SSBG
- Reduce TANF
- TANF work requirements (remove ability to waive penalties)

# Anticipating FY 2026

No date set for release of president's budget

No more Fiscal Responsibility Act (FRA)

- It imposed discretionary caps for FY 2024 and FY 2025

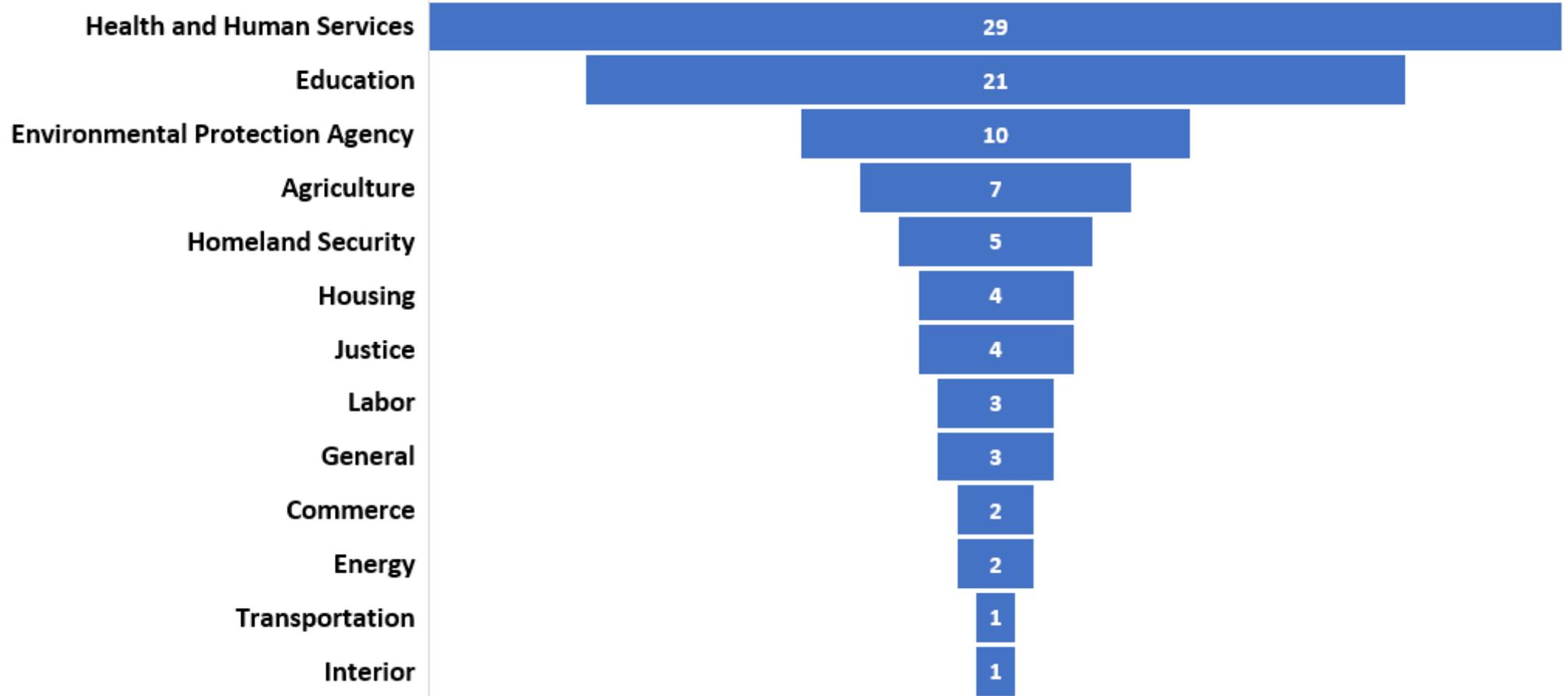
Enacting final appropriations may be a challenge—bipartisan support needed in Senate

A reprise of FY 2025?



# The Past as Precedent: FY 2018 ([BB17-09](#))

92 Grant Programs Were Proposed for Elimination in FY 2018 Budget





# The Past as Precedent: FY 2018 ([BB17-09](#))

## Notable Formula Programs Proposed for Elimination in FY 2018

Economic Development Administration

Supporting Effective Instruction/Teacher Quality

21st Century Community Learning Centers

Student Support and Academic Enrichment Block Grant

Weatherization Assistance Program

State Energy Program

EPA Categorical: Pollution Control (Sec 106)

EPA Categorical: Nonpoint Source (Sec. 319)

Numerous health workforce programs

Preventive Health and Health Services Block Grant

Low Income Home Energy Assistance Program

Community Services Block Grant

TANF Contingency Fund

Social Services Block Grant

Preschool Development Grants

Flood Hazard Mapping

Emergency Food and Shelter

Choice Neighborhoods Program

Housing Trust Fund

State Criminal Alien Assistance Program

Senior Community Service Employment Program

National Endowment for the Arts

National Endowment for the Humanities

# Lingering Questions

What happens to IIJA, IRA, CHIPS?

How will impoundment/court cases play out?

How will states respond?



# Where things stand

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**Reconciliation**      Situation fluid; one bill or two?

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Can do again in FY 2026

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**Appropriations**      FY 2026 holds peril (rescissions, eliminations, consolidations, shutdown)

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Need bipartisan support to get through Senate

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**Debt Limit**      Reinstated January 1, 2025; probably mid-year deadline

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Could usher in budget reforms like BCA, FRA

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May be done in reconciliation

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# FFIS resources

- Reconciliation – [Budget Brief 25-01](#)
- [Government shutdowns](#)
- [Debt limit/deficit reduction](#)
- [Infrastructure Investment and Jobs Act \(IIJA\)](#)
- [Inflation Reduction Act \(IRA\)](#)
- [Federal Budget Updates](#)



# FFIS Contacts

- **Get the latest updates** by joining the email list.

Email [eableman@ffis.org](mailto:eableman@ffis.org) (Ethan Ableman)

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Q&A

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## UPCOMING FORUMS

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**July 8-13, 2025** – Ljubljana, Slovenia

**September 3-7, 2025** – Kona, Hawaii

**January 2-5, 2026** – Amelia Island, Florida



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