



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

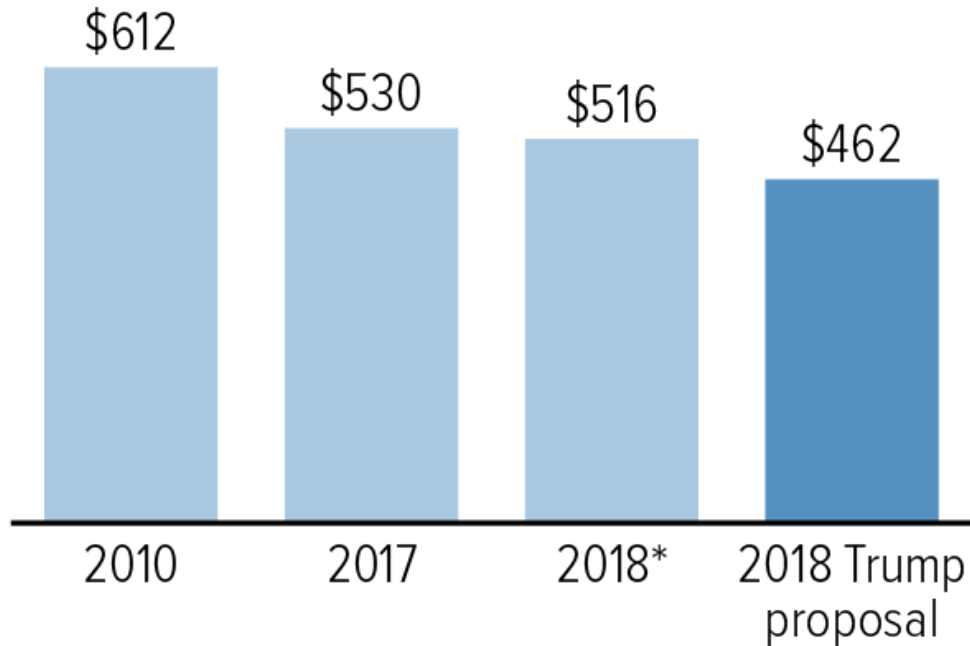
**Michael Leachman**

Center on Budget and Policy Priorities



# Skinny Budget Targets Non-Defense Discretionary Programs for Deeper Cuts

In billions of 2018 dollars



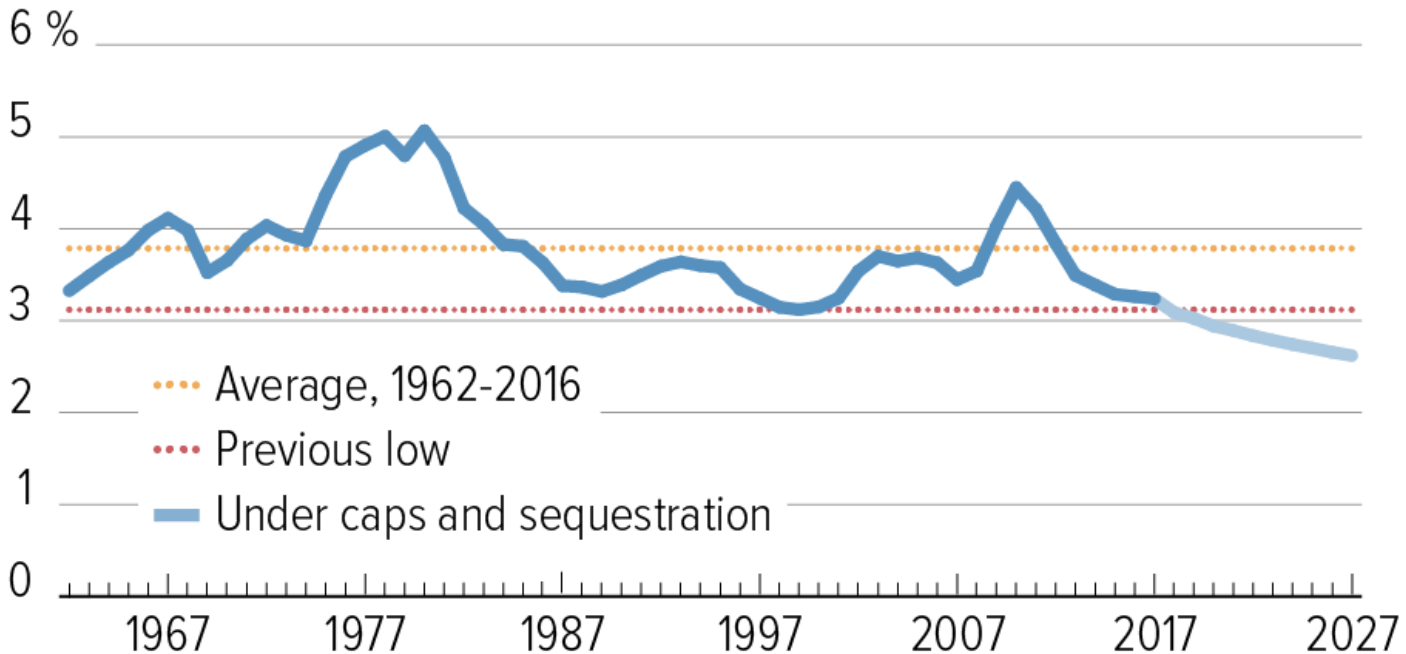
\*Funding level set in 2011 Budget Control Act, which establishes sequestration cuts.

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



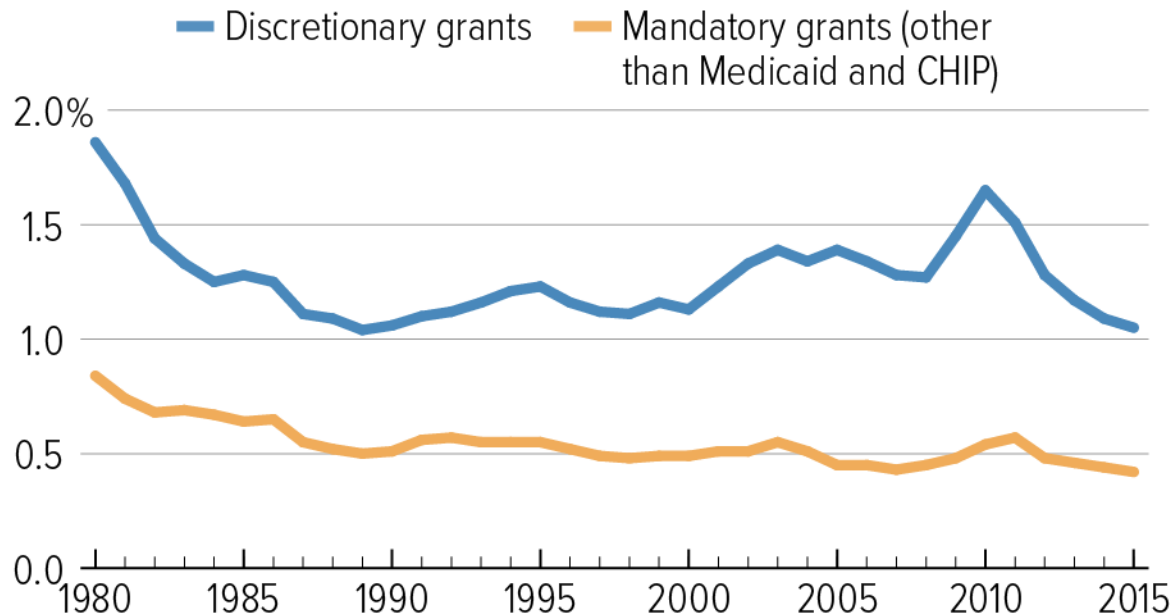
# Potential Threats

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



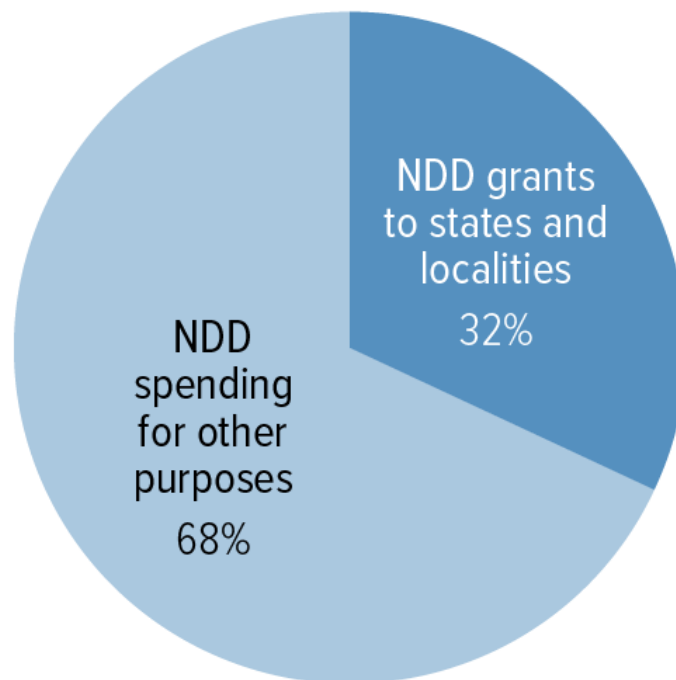
## Federal Grants for States and Localities at Historically Low Levels

Federal grants as a share of gross domestic product



## 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





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