



COUNCIL *on* FOUNDATIONS

---

# Navigating the 2018 Federal Budget Landscape

Thursday, October 26 | 2PM EST/11AM PST



## HOUSEKEEPING

- **Access the Help Desk:** Select the “Help” option in the toolbar at the top of your GoToWebinar navigation panel.
- **Ask a Question of the Presenters:** Click the “Questions” box to type a question for the presenters.
- **Exit the Webinar:** Click the gray “X” in upper right corner of the gray webinar navigation bar.
- **Webinar Recording:** A recording of this webinar and slides will be made available on the Council’s website.



## AGENDA

- Overview of Current Federal Budget and the Appropriations Process
- Connecting the Dots between Federal Funding and State Budgets and Policymaking
- Impact of Changes in Federal Funding Priorities on Nonprofits and Communities
- Q & A and Discussion



COUNCIL *on* FOUNDATIONS

## MEET YOUR SPEAKERS



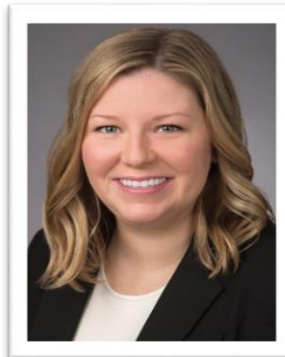
**Stephanie Powers (Moderator)**

Sr. Director for Policy and Partnerships  
Council on Foundations



**Rebecca Theiss**

Fiscal Federalism, Government  
Performance  
The Pew Charitable Trust



**Lauren O'Brien**

Senior Policy Advisor  
Akin Gump



**David Thompson**

Vice President of Public Policy  
National Council of  
Nonprofits



# The Federal Budget Process Explained

- Federal agencies begin developing budgets 18 months ahead of the next fiscal year in order to receive funding.
- Agencies must monitor the progress of their requests as they are pushed and pulled through the White House, House of Representatives and Senate.
- The budget has target dates for when an action is to be completed.
- Deadlines are often missed and there is no penalty for missing any.



COUNCIL *on* FOUNDATIONS

# THREE CATEGORIES OF SPENDING

**Mandatory**

**Discretionary**

**Interest on  
the debt**

# Trump's top priorities for the FY 2018 budget include reform of healthcare, tax and immigration

## The Trump administration's eight pillars of reform



### Health reform

- Trump's plan suggests repealing Obamacare and replacing it "with a framework that restores choice and competition"



### Regulatory rollback

- Trump's plan calls for aggressive elimination of outdated federal regulation



### Tax reform

- The budget claims to simplify the tax system so individuals and corporations can spend less time filling out taxes



### Energy development

- The budget puts a focus on developing and cultivating U.S. energy resources to strengthen national security and lower the price of electricity and transportation fuel



### Reduction in federal spending

- In the budget Trump calls on Congress to "scrutinize every dollar the federal government spends"



### Welfare reform

- Trump's welfare reform aims to ensure able-bodied adults are not "discouraged from working, which takes away scarce resources from those in real need"



### Immigration reform

- The budget proposes reforming immigration "to reduce burdens on taxpayers ... and focus federal funds on underserved and disadvantaged citizens"



### Education reform

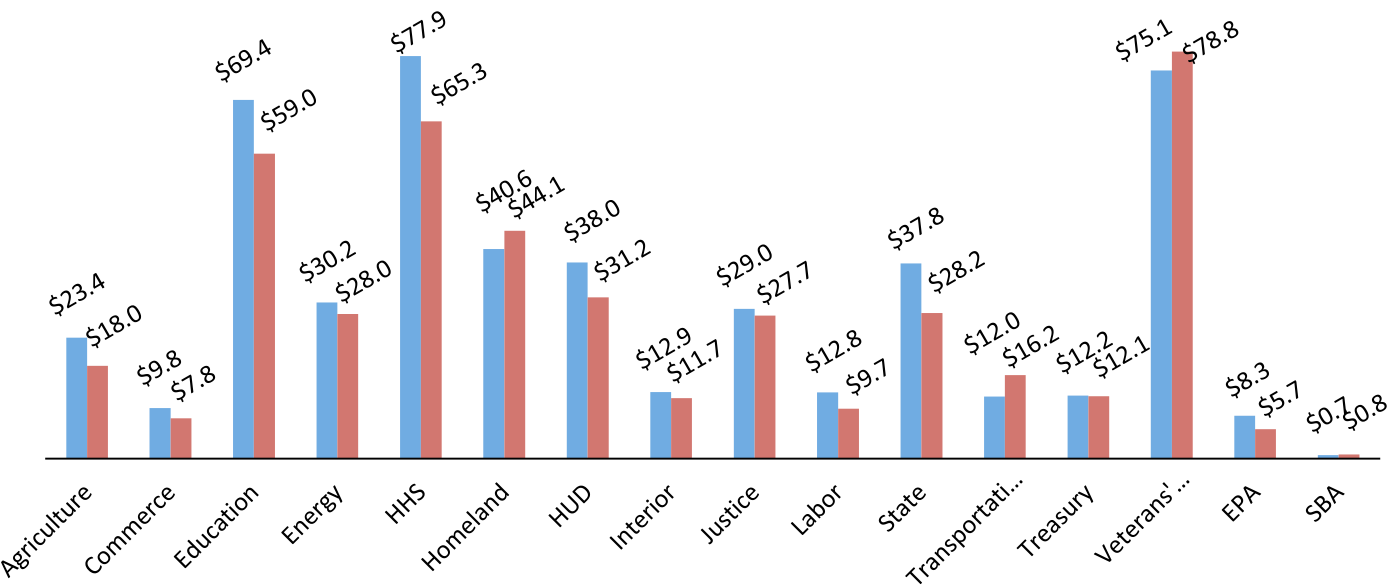
- The education reform suggested in the budget is aimed to "return decision regarding education back to the state and local levels"

Source: "A new foundation for American greatness," Office of Management and Budget, May 23, 2017.

# Trump's request calls for cuts in most departments compared to Obama's final budget request

## Overview of the FY17 and FY18 budget requests

FY17 request (Obama)    FY18 request (Trump)



Sources: National Journal Research, 2017; Office of Budget and Management, 2017.





# Top three spenders of the federal budget

- Social Security
- National defense
- Medicare

# Federal Budget and Appropriations Process

Lauren O'Brien

*Akin Gump Strauss Hauer & Feld*

# Fall Agenda for Congress

- **Agenda Items:** FY18 Budget, tax reform, government funding
- **Expired/Expiring Programs:**
  - SCHIP
  - NDAA
  - Medicare Extenders

# Top GOP Priority: Tax Reform

- Republicans in Congress will spend the next several weeks attempting to pass a tax reform package via reconciliation instructions
  - Fast-track procedural tool to expedite consideration of certain legislative priorities with an impact on spending or revenue

# Tax Reform Timeline

## ■ Expected timeline:

- **House:** Ways & Means to release tax reform legislation Nov 1, with markup and floor passage expected before Thanksgiving
- **Senate:** Possible markup mid-November, setting up floor passage and a conference committee in December
- Goal for final passage is December, but likely to slip into Q1 2018

# FY18 Budget & Appropriations

- **Oct 26:** Expected date of House approval of Senate FY18 Budget with tax reform reconciliation instructions
- **Dec 8:** Current government funding via “Continuing Resolution” expires
  - Congress will likely need more time – additional 1-2 week CR is possible

# Likely Funding Options

- **Short-term CR:** temporary extension of current funding levels
- **Omnibus:** combined bills to fund through full fiscal year
  - May become a catch-all end-of-year package w/ extension for expiring health programs, fix for Dreamers, and/or deal on budget caps

# Complicating Factors

- Focus on tax reform
- Lingering health policy issues
  - ACA stabilization efforts, cost-sharing reduction payments, SCHIP, funding for public health programs
- Negotiations around:
  - Topline budget numbers for FY2018
  - Possible budget cap deal (~\$80 bil/2 year deal)
  - Dreamers
  - Border wall funding



# House and Senate Appropriations Activity

## ■ House Appropriations:

- House Appropriations Committee has approved all twelve spending measures for FY18, and the full House passed all measures in two minibus packages.

## ■ Senate Appropriations:

- Senate Appropriations Committee has approved eight of twelve spending measures. Pending bills include Defense, Financial Services, Homeland Security, and Interior/Environment.
- The full Senate has yet to vote on an appropriations bill.

# Important Players

Influential Group	Republicans	Democrats
<b>Congressional Leaders</b>	Speaker Paul Ryan Leader Mitch McConnell	Leader Nancy Pelosi Leader Chuck Schumer
<b>Appropriations Committee</b>	<b>Chairmen:</b> Rodney Frelinghuysen (H), Thad Cochran (S)	<b>Ranking Members:</b> Nita Lowey (H), Patrick Leahy (S)
<b>House Freedom Caucus</b>	<b>Chairman:</b> Mark Meadows	-
<b>House Republican Study Committee</b>	<b>Chairman:</b> Mark Walker	-

# Akin Gump

---

**Lauren O'Brien**

**Senior Policy Advisor**

**Lauren.O'Brien@akingump.com**

# Connecting the Dots: Federal Funding, State Budgets, and Policymaking

Rebecca Theiss  
The Pew Charitable Trusts

Presentation for the Council on Foundations  
June 2017

# Importance of Federal-State Connection



- Federal spending spread out across the country
- Federal government and the states both deeply involved in nearly every area of policy
- Federal and state tax codes connected

# Categories of Federal Spending

Grants

Retirement Benefits

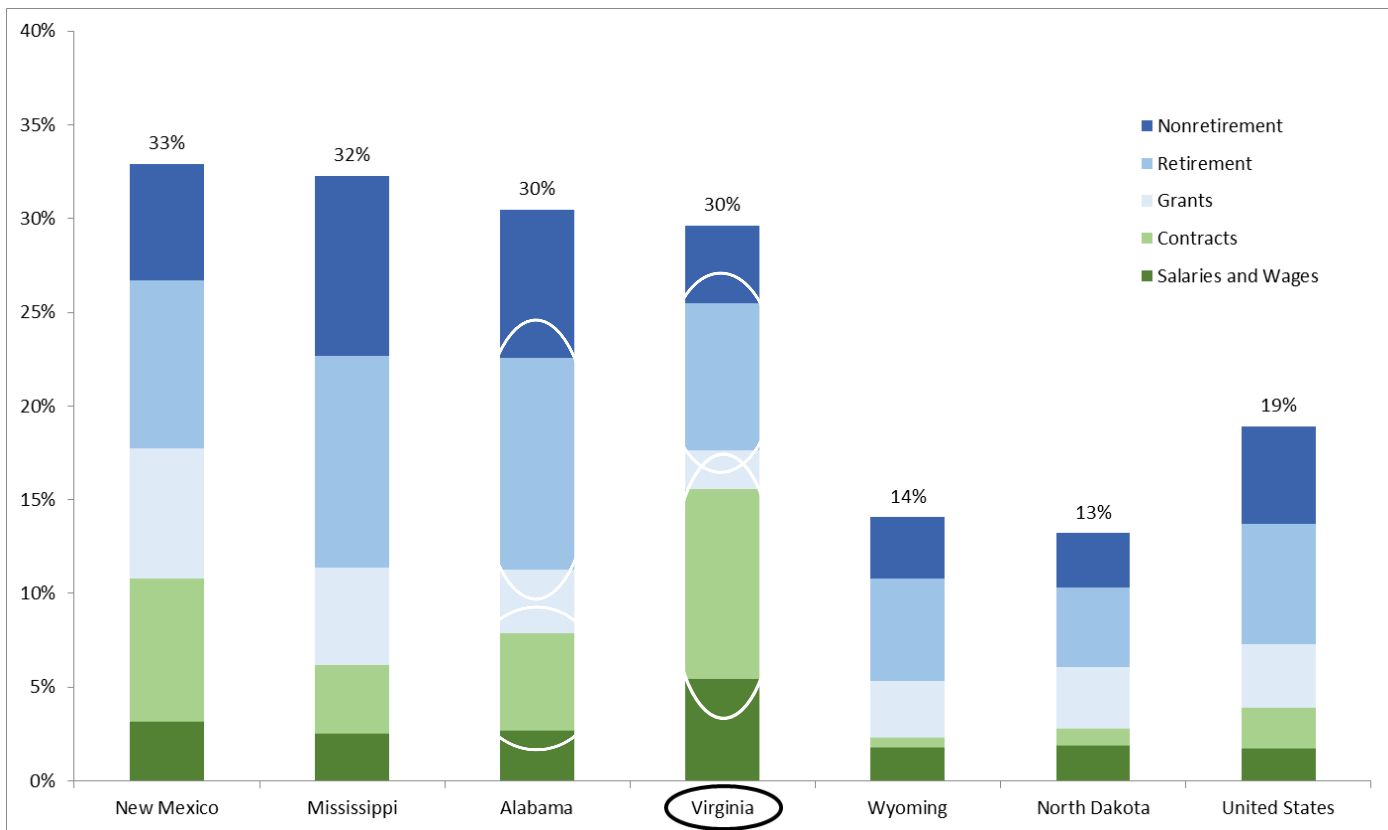
Non-Retirement Benefits

Contracts

Salaries and Wages

# Relative Size of Federal Spending Varies Across States

State Examples: Types of Federal Spending Relative to State GDP, FY2015



# Two Types of Federal-State Spending Linkages



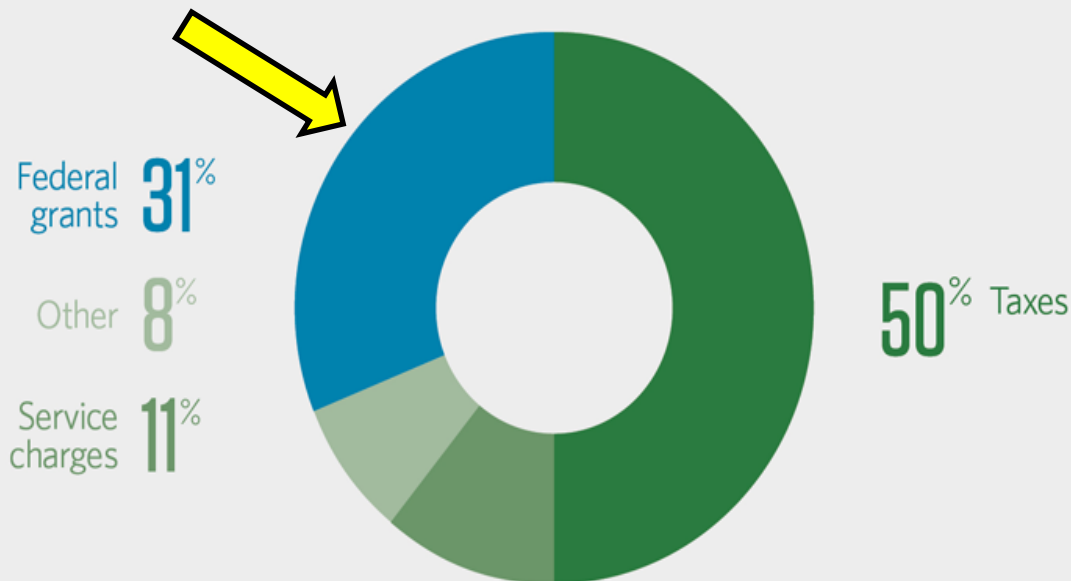
- Direct (e.g. Medicaid and Transportation)
- Indirect (Higher Education)



# Federal Grants Account for Nearly One-Third of State Revenue

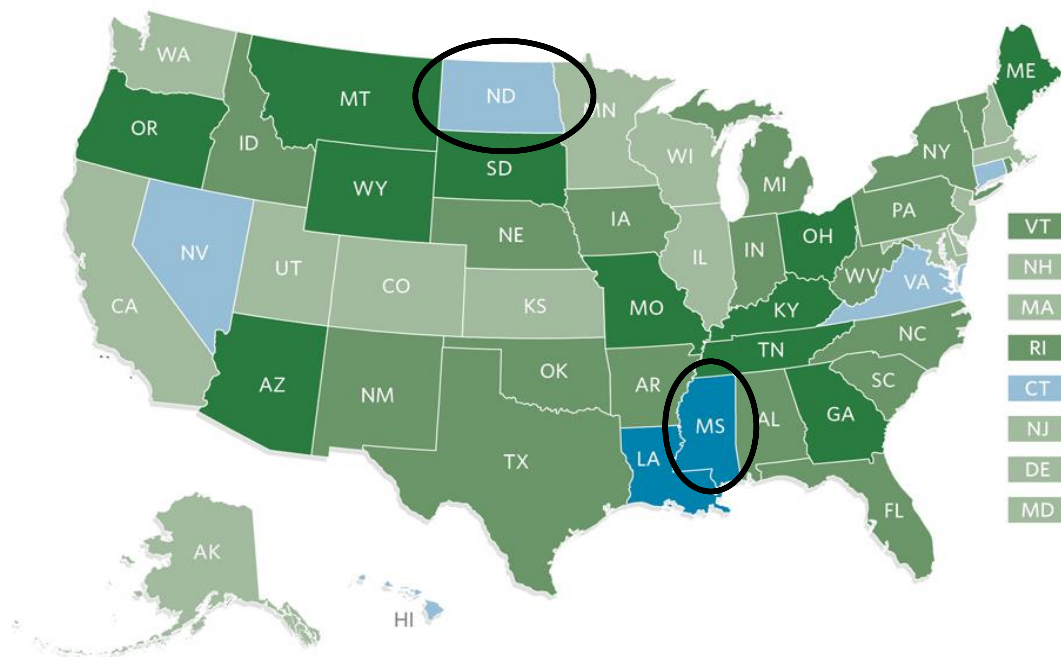


Share of total by category, state FY 2014



# Federal Grants Vary as a Share of State Budgets

Percentage of state revenue from federal funds, state fiscal year 2014

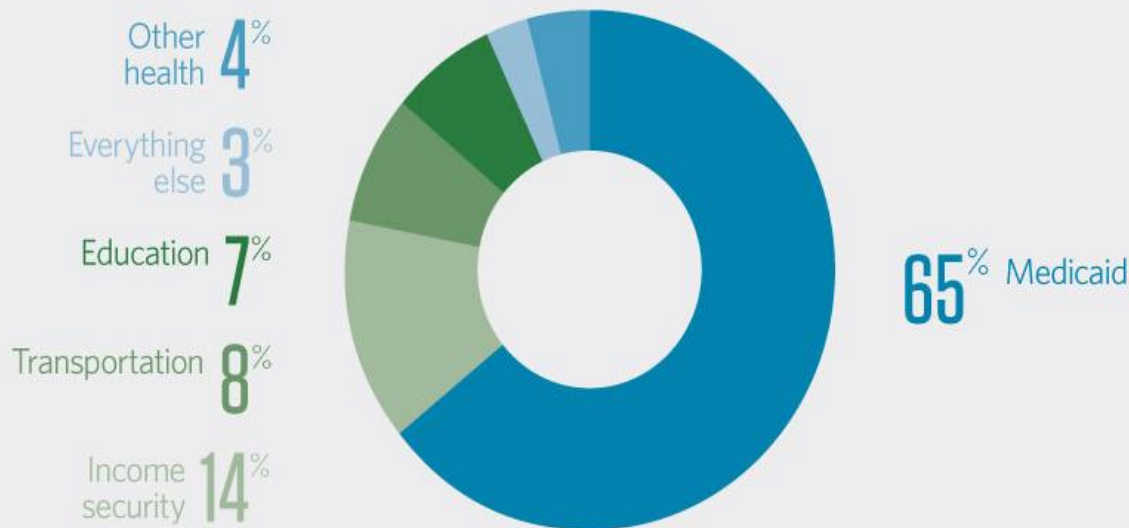


■ Less than 25% ■ 25-29.9% ■ 30-34.9% ■ 35-39.9% ■ 40% or more

# Medicaid Accounts for Nearly Two-Thirds of Federal Grants to States

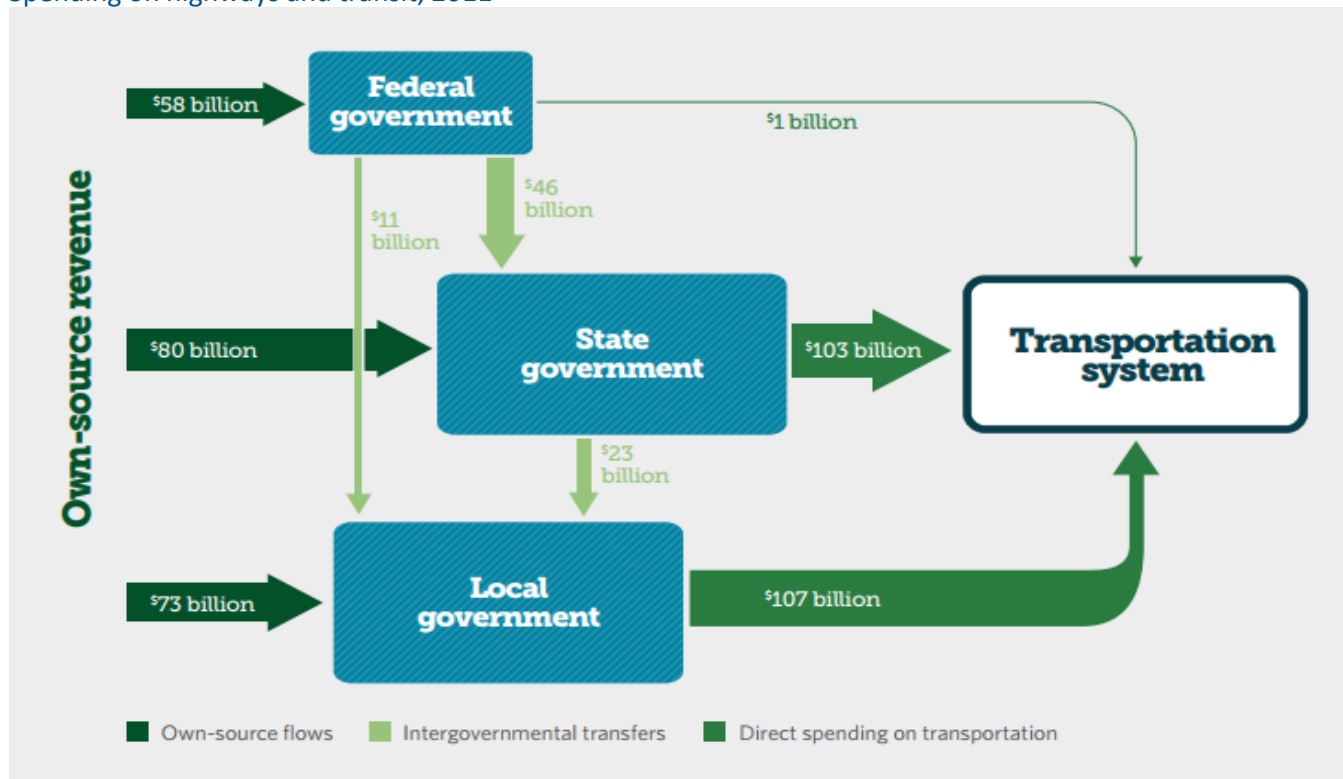


Distribution by program area, federal fiscal year 2015



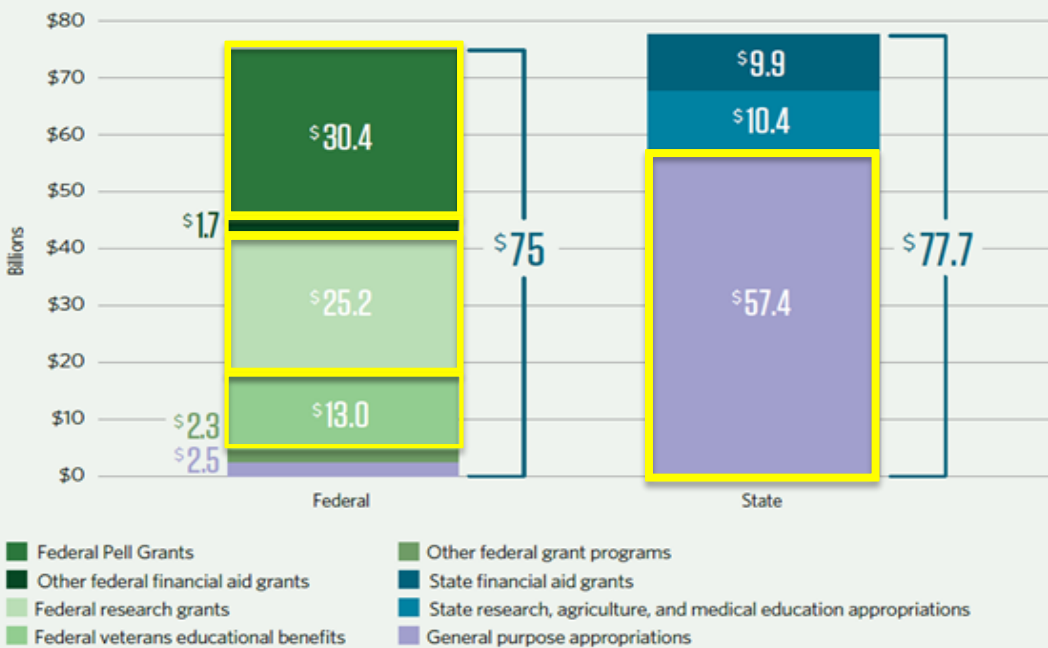
# Surface Transportation Funding Flows Among Levels of Government

Spending on highways and transit, 2011



# Federal and State Spending on Higher Ed

Spending categories by level of government, academic year 2014



# State and Federal Tax Connections

- Every state with an income tax links to the federal tax code
- Example: 31 states connect to federal itemized deductions

# Current Debates



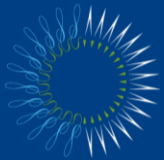
Health Care

Infrastructure investments

Elimination of grants

Increased defense spending

Tax reform



THE  
**PEW**  
CHARITABLE TRUSTS

Rebecca Theiss

<http://www.pewtrusts.org/fiscal-federalism>





**NATIONAL COUNCIL OF  
NONPROFITS**

National voice. State focus. Local impact.

# **Impact on Nonprofits and Communities**

**David L. Thompson**  
**National Council of Nonprofits**

Council on Foundations | October 26, 2017

© 2017 National Council of Nonprofits | @NatlCouncilNPs

# Impact on Nonprofits and Communities

**30.1%**

**32.5%**

**\$4.5 / 66**

**\$1.2 / 16**





Federal  
Government

# Interconnected Budgets

30.1%



States



Municipalities



Community-Based  
Nonprofits

Grants

Grants

Grants

Grants

Contracts/Grants

Contracts

# Interconnected Budgets

32.5%



Data Sources: The Nonprofit Sector in Brief, National Center for Charitable Statistics, 2015 (2013 data); Giving USA 2014 (2013 data); Foundation Center report (2013). Excludes non-reportable revenue and giving to religious institutions.

Copyright 2015 National Council of Nonprofits. All rights reserved.

# Proposed Spending Cuts

## President's FY 2018 Budget proposal

- \$4.5 trillion in cuts over 10 years
- \$54 billion more for defense
- \$54 billion less for non-defense programs (mostly domestic)

**\$4.5**  
**Trillion**

Significant Cuts: SNAP, TANF, Student Loans, etc.

Proposed Elimination of Programs

**66**

**Programs**

# Proposed Program Cuts

# 66

## Programs



# **Proposed Spending Cuts**

## **FY 2018 Budget Resolution**

- Maintains Budget Control Act Limits (“sequestration”)
- Tax Reform Reconciliation Instructions
  - \$1.5 Trillion in tax cuts
  - Bills due mid-November
- Extra Defense Spending Comes Later

# Proposed Spending Cuts

## House FY 2018 Spending Plan

- \$1.2 trillion in discretionary spending
- Mostly an “it could be worse” spending plan:
  - HHS down \$500 million
  - Education down \$2.4 billion

**\$1.2**

**Trillion**

Level Funding for Endangered Programs  
CNCS, CPB

**16**

Fewer Programs to be Eliminated

**Programs**



# **Behind the Scenes**

## **Impact of Administration Policies**



# Behind the Scenes

## Impact of Administration Policies

### Healthcare

- Health Insurance Subsidy
- Open Enrollment

### Immigration

- Immigration EOs
- DACA

### National Park Service



# Roles & Actions

## 1. Deliver Message:

- Philanthropy Can't Fill the Gaps

## 2. Connect Grantees with Nonprofit State Associations

## 3. Identify & Share Impact of/on Grantees

- Mine existing grant results
- Survey grantees

## 4. Convene Local Leaders, Nonprofits



# Following Up



**David L. Thompson**

Vice President of Public Policy  
**National Council of Nonprofits**

[dthompson@councilofnonprofits.org](mailto:dthompson@councilofnonprofits.org)

**202-962-0322**

[www.councilofnonprofits.org](http://www.councilofnonprofits.org)

Sign up for ***Nonprofit Advocacy Matters***  
and ***Nonprofit Knowledge Matters*** at  
[www.councilofnonprofits.org/connect](http://www.councilofnonprofits.org/connect)



COUNCIL *on* FOUNDATIONS

---

## Questions?

**Stephanie Powers, Sr. Director for Policy  
and Partnerships**

[Stephanie.powers@cof.org](mailto:Stephanie.powers@cof.org)  
**(703) 879-0626**

**THANK YOU!**

**Navigating the 2018 Federal Budget Landscape**

**Thursday, October 26 | 2PM EST/11AM PST**