



# **NACo FEDERAL POLICY UPDATE**

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## **VACo Regional Meeting**

AUGUST 20, 2025

# Top Line Numbers for the One Big Beautiful Bill Act

**Revenue:** \$508 billion over 10 years

**Cost:** \$3.4 trillion over 10 years

**Debt limit:** Raises the debt limit from \$4 trillion to \$5 trillion

**Medicaid:** -\$1.02 trillion over 10 years

**SNAP:** \$186 billion over 10 years

*The OBBA uses a “current policy baseline” to calculate its cost, assuming the continuation of the 2017 Tax Cuts and Jobs Act, meaning extending these provisions would cost the federal government \$0 over 10 years*



NACo Analysis of  
OBBA

## County Priorities in the One Big Beautiful Bill Act:

- **Municipal Bonds:** Tax-exempt status preserved ✓
- **SNAP Delay in Senate:** 1-year delay (FY 2026 → FY 2027) ✓
- **Major Event Funding:** \$1.6 billion for 2026 World Cup and 2028 Olympics ✓
- **10-year AI regulation moratorium** on local authority removed ✓
- **Low-Income Housing Tax Credit** permanently increased ✓
- **Child tax credit is permanently increased** to \$2,200 ✓

### **Partial Progress:**

- **SALT Cap:** Increase to \$40,000 (partial relief), expires in 2030
- **Secure Rural Schools:** Forced a reauthorization vote in the Senate

# SNAP & MEDICAID

## SNAP

- **Administrative Cost Shift**
  - Shifts from 50/50 to 75/25
  - Primarily impacts 10 county-administered states – at least \$850 million annual increase
- **Benefits Cost Shift**
  - Shifts from fully federally funded to states required to contribute SNAP based on state SNAP error rate
  - States with higher error rates contribute a higher percentage towards SNAP benefits

## Medicaid

- Work requirements
  - Individuals ages 18-64 for 80 hours per month
  - Additional Medicaid recipient reporting
- Provider tax limitations



*NACo Analysis of  
SNAP Changes*



*NACo Analysis of  
Medicaid Changes*

# Implementation of One Big Beautiful Bill Act:



## **Inflation Reduction Act**

- \$540 billion of savings through 2034 by phasing out energy/environmental-related tax credits
- Earliest phase-out begins Sept. 30, 2025 with latest after 2027

## **Medicaid**

- \$1.1 trillion in Medicaid cuts
- Work requirements phase in in 2027
- Provider tax limits phase in in 2027
- Bill introduced to repeal some of these offsets and increase Rural Hospital Transformation Program

## **SNAP**

- 75/25 administrative cost shift begins FY 2027 – Counties begin paying Oct. 1, 2026
- SNAP benefit cost shifts begin FY 2028
  - States choose FY 2025 or FY 2026 error rates for match requirement
  - **FY 2029+:** Three-year rolling lag system begins (error rate from 3 fiscal years prior)
  - **High error states (>13.33%):** Receive 1-2 year implementation delays (poor incentive structure)

# FY 2026 APPROPRIATIONS



**1 PRESIDENT'S BUDGET REQUEST**

**2 ANNUAL APPROPRIATIONS PROCESS**

# President's FY 2026 Budget: Proposed Cuts

## Topline Numbers

- **Non-Defense:** 22.6% reduction (\$163 billion cut)
- **Defense:** 13% increase (\$119.3 billion increase)

## Programs Proposed for Elimination or Significant Reduction

- **Economic Development Administration (EDA):** Complete termination
- **Community Development Block Grant (CDBG):** Complete termination
- **Community Services Block Grant (CSBG):** Complete termination
- **HOME:** Affordable housing program cuts
- **Forest Service:** 76% reduction (\$16.8B → \$4B)

***Congressional  
Reality: With OBBA  
enacted, focus  
shifts entirely to  
defending  
remaining direct-to-  
county programs in  
appropriations***

# President's FY 2026 Budget: Proposed Cuts

## Current State of Play

- Federal government funding expires on Sept. 30, 2025

## U.S. House – Approved 9 out of 12 appropriations bills

- **Topline spending: \$1.598 trillion** topline spending level
  - Defense spending: \$895.2 billion
  - Non-defense spending: \$705.6 billion (6 percent cut)

## U.S. Senate – Approved 8 out of 12 appropriations bill

- **No topline spending number identified**
  - Defense spending: \$852.5 billion
  - Non-defense spending: No topline number (Appropriations bills being marked up)
- Next Steps: *Continuing Resolution likely*

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# Executive Orders



# EXECUTIVE ORDER:

## *Ending Crime and Disorder on America's Streets*

- **Limits support for Housing First:** HUD and HHS are directed to revise regulations, grant requirements and guidance to end support for Housing First policies
- **Conditions housing assistance on behavioral health treatment:** HUD and HHS are directed to ensure federal housing programs require active participation in treatment for substance use disorders or serve mental illness
- **Mental health and treatment bed shortages:** County facilities with capacity issues can access additional federal dollars to expand/secure additional mental health treatment beds
- **Reduces harm reduction funding:** Discretionary funds from SAMHSA cannot be used for harm reduction services (syringe programs, naloxone distribution, etc.)
  - Counties can use state, local or opioid settlement dollars
- **New intervention funding:** Expands Federally Qualified Health Centers (FWHCs) and Certified Community Behavioral Health Clinics (CCBHCs) to deliver crisis intervention and response services
- **Prioritizes public safety laws:** Agencies are directed to prioritize jurisdictions that enforce bans on urban camping, loitering, etc. when awarding federal grants

# EXECUTIVE ORDER:

## *Improving Oversight of Federal Grantmaking*

- **Grant Review Processes:** The EO instructs federal agencies to designate senior appointees to be responsible for reviewing both NOFOs and discretionary grant awards to ensure alignment with agency priorities and national interest
- **Accountability Measures:** Agencies will conduct annual reviews of discretionary awards to assess progress and ensure consistency with the administration's priorities
- **Streamlining and Simplification:** The EO requires that federal agencies review the type of information requested when an applicant is applying to a discretionary grant program
- **Selection Criteria:** The EO states that agencies should select applications that support the administration's policy priorities
- **Financial Controls:** The EO directs agencies to take steps to amend current grant policies, resulting in the potential termination of grant programs
  - Requires grant recipients (i.e. counties) to obtain authorization from the awarding federal agency to draw down funds



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