

NACo FEDERAL POLICY UPDATE

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

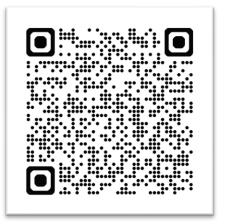
- Shifts from fully federally funded to states required to contribute SNAP based on state SNAP error rate
- States with higher error rates contribute a higher percentage towards
 SNAP benefits

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





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-tocounty programs in appropriations





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

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



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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