



# INSIDE WASHINGTON

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County Impacts from the White House & Congress, Week 5

JULY 2025

# THE ONE BIG BEAUTIFUL BILL ACT

- **House:** Passed May 22, 2025 (215-214)
- **Senate:** Passed July 1, 2025 (50-50 with VP Vance tie-breaking vote)
- **House:** Passed Senate version July 3, 2025
- **Signed into Law:** Largest federal cost shift to counties in modern history



*NACo Analysis of  
OBBA*

***Next for Counties:*** Shift to implementation monitoring, cost management, and appropriations defense for remaining programs

# 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, 10 million lose coverage

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



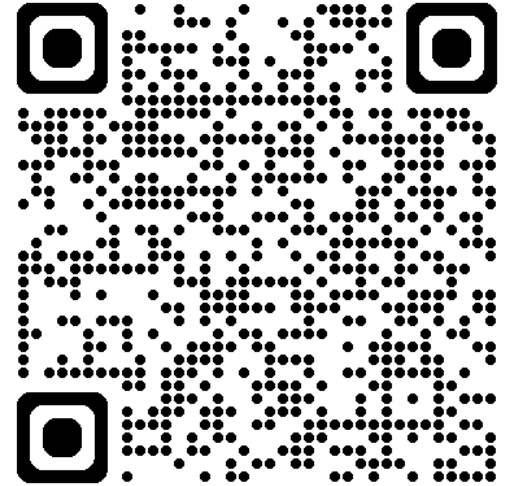
NACo Analysis of  
OBBA

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

# The Big Shift Analysis

- *One Big Beautiful Bill Act*
- President Trump's Fiscal Year (FY) 2026 budget
- Executive Orders
- Agency Actions

*To comply with expanded federal mandates and maintain essential services, counties may need to generate additional revenue, potentially shifting **billions of dollars in federal costs to local taxpayers.***



*NACo's Big Shift  
Report*

# Supplemental Nutrition Assistance Program - SNAP

## Administrative Cost Shift – Begins FY 2027

- **Current Law:** Federal government pays 50% of administrative costs
- **New Law:** Federal share drops to 25% (counties pay 75%)
- **Confirmed Annual Cost:** \$850+ million to counties in 9 states

## Benefits Cost Shift – Begins FY 2028 (Unless qualify for delay)

### Error Rate Tier Structure:

- **Under 6% error rate:** 0% state share (100% federal)
- **6-8% error rate:** 5% state share (95% federal)
- **8-10% error rate:** 10% state share (90% federal)
- **10%+ error rate:** 15% state share (85% federal)



*NACo Analysis of  
SNAP Changes*

# Medicaid

- **Uncompensated and indigent health care costs:** Policy changes could lead to a projected **\$283** billion in uncompensated care sought by the newly uninsured, and as many as **17 million people** losing coverage (10 million coming from Medicaid), straining county-supported hospitals, clinics and jails
- **Administrative burden:** Increases in eligibility determination workload (includes implementation grants)
- **Provider tax restrictions:** Prohibits non-expansion states from assessing new provider taxes and reduces the provider tax cap from 6% to 3.5% by 2032, reducing the amount of revenue counties can generate for Medicaid financing

*NACo's Medicaid and  
Counties Report*



# EXECUTE ORDER:

## *Unleashing American Energy*

On February 25, the Council on Environmental Quality (CEQ) issued a memo implementing Executive Order (E.O.) 14154, *Unleashing American Energy*. The interim final rule removed CEQ's authority to promulgate National Environmental Policy Act (NEPA) regulations.

### Agency-Specific Reforms:

- **USDOT:** Cut NEPA procedures in half (first department-wide reform in 40 years)
- **USDA:** 66% reduction in regulations (rescinding 7 agency-specific rules into 1)
- **DOE:** Time limits, page limits and strict deadlines
- **DOI:** Limits public comment (impact on counties as cooperating entities)
- **Additional Agency Announcements Expected**

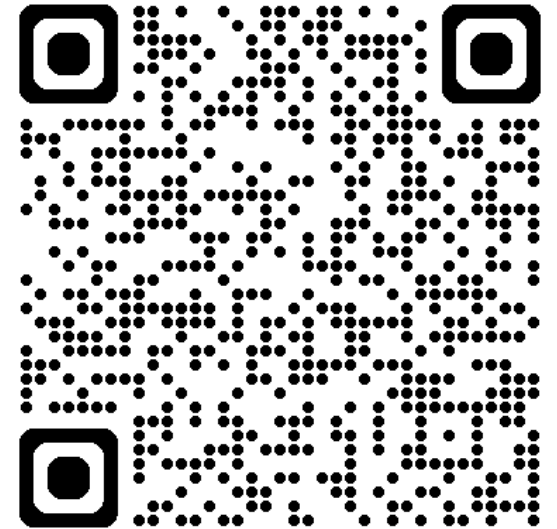


*Scan for NACo's  
NEPA analysis*

# FEMA & DISASTER RESPONSE

## Administration

- Established FEMA Advisory Council to reform FEMA structure and activities
  - Ongoing meetings
  - Recommendations due Nov 16
- Executive Order 14239, “Achieving Efficiency Through State and Local Preparedness” – streamline internal FEMA processes and shifting accountability to states and locals
- Cancellation of the Building Resilient Infrastructure and Communities (BRIC) grant program - \$3.6 billion for disaster mitigation



*Learn about  
NACo's  
Intergovernmental  
Disaster Task  
Force*



# FEMA & DISASTER RESPONSE

## Congress

- FEMA reform package introduced – **July 24**
  - Establishes FEMA as an independent agency
  - Public assistance reform – Transition from reimbursement to grant model
  - Individual assistance reform – Universal disaster application
  - Mitigation reforms – Pre-approved mitigation projects for counties
  - Creates a public PA dashboard

*This bill responds directly to NACo feedback, including major reforms that would speed up recovery timelines, ease administrative burdens and improve support for survivors.*



*Scan to register for NACo's membership call on the FEMA Act*



*Read more about the FEMA Act*

# 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 to defending  
remaining direct-to-  
county programs in  
appropriations***

# Appropriations

## U.S. House – Topline Numbers

- **Defense:** \$892 billion
- **Non-Defense:** \$705.6 billion
  - Agriculture and Rural Development: \$25.52 billion
  - Commerce, Justice, Science: \$76.82 billion
  - Energy and Water: \$57.3 billion
  - Financial Services: \$23.1 billion
  - Homeland Security: \$66.3 billion
  - Interior and Environment: \$37.9 billion
  - Labor, Health and Human Services, Education: \$184.4 billion
  - Military Construction and Veterans Affairs: \$152 billion
  - Transportation, Housing and Urban Development: \$89.9 billion

***Non-defense  
spending would be  
cut by 6%,  
compared to  
President Trump's  
request of 23%  
reduction***

# Appropriations

## U.S. House – Highlights

- \$26.5 billion for the Disaster Relief Fund, an almost \$4 billion increase over FY 2025
- Payment in Lieu of Taxes (PILT) program - \$94.8 million reduction from FY 2026 (\$550 million)
- Reallocates IIJA dollars from previously appropriated programs – funds FAA, INFRA and rail programs
- Increased funding for rural development programs
- \$15 million for election security grants
- \$17 million for U.S. Election Assistance Commission
- Excludes DSH payment cut delay, with cuts beginning FY 2026
- Preserve funding for key mental health services, including substance use prevention programs
- Decreased funding for clean and drinking state revolving funds

***Non-defense  
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# Appropriations

## U.S. Senate – Highlights

- Trying to move forward with a small package of 4 appropriations bills:
  - Agriculture
  - Commerce-Justice-Science
  - Legislative Branch
  - Military Construction-VA

***Senate  
Appropriators  
have agreed to  
move forward with  
a small package of  
4 appropriation  
bills to expedite  
the process***

# FY 2026 Appropriations: State of Play

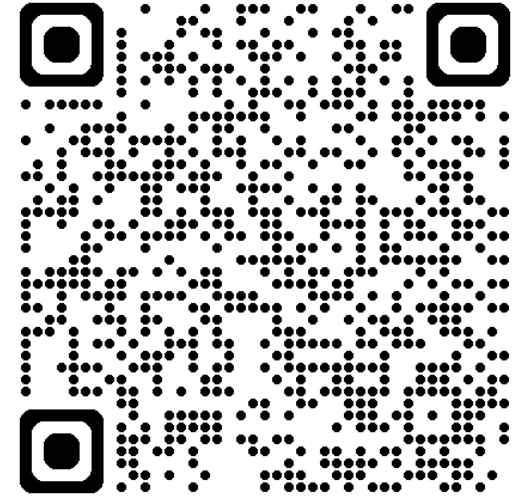


- Government funding runs out **Sept. 30, 2025**
  - House has recessed for August
  - Shortened August recess for the Senate
- No agreement on topline funding numbers between chambers
- House delayed appropriations markups
- Senate requires bipartisan support for passage
- **\$9 billion recissions package** at play in negotiations

*If Republicans choose to do a clean Continuing Resolution, this may gain Democrats support to avoid a government shutdown*

# FARM BILL 2.0

- Multiple short-term extensions since 2023
- Scaled down version of 2024 Farm Bill
- Text set for release early September
- Major items dealt with in reconciliation
  - SNAP recissions
  - Conservation funding
- Major focus on rural development, broadband access, energy and forestry
- NACo sent letter of support for rural development funding



*Scan the QR code  
for NACo's Farm Bill  
Reauthorization  
Hub*



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