



INSIDE WASHINGTON

County Impacts from the White House & Congress

AUGUST 21, 2025

Top Line Numbers for the One Big Beautiful Bill Act

Revenue: \$508 billion over 10 years

Cost: \$4.1 trillion over 10 years which includes increased debt servicing costs

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

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)

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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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.



*Read NACo's analysis on the
FEMA Act*

USDA REORGANIZATION

- Relocating Washington, DC based employees to 5 regional hubs
- Streamline management structure and consolidate support functions
 - **Agriculture Research Service** – Eliminate Area Offices
 - **National Agricultural Statistics Service** – Consolidate 12 regions into 5
 - **Food and Nutrition Service** – Consolidate 7 regions into 5
 - **U.S. Forest Service** – Eliminate 9 regional offices within the next year
 - **Natural Resources Conservation Services** – Realign with 5 USDA hubs



*Read more about USDA's
reorganization*

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
 - 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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