



MEMORANDUM

Date: May 30, 2025

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: Jan Leshner 
County Administrator

Re: **Update on Federal Funding Impacts to County Federal Grant Awards**

As highlighted in the May Pima County Board of Supervisors (BOS) update on Friday May 2, 2025, the Executive Office of the President, through memorandum prepared by the Office of Management and Budget (OMB) released the proposed Federal fiscal year (FY) 2026 budget.

County staff provided an update on the fiscal impact of the proposed budget across County departments and programs. The proposed budget 'One, Big, Beautiful Bill' Act passed the federal House of Representatives on May 22nd 215-214 and is now headed to the Senate.

Staff is working with over fifteen County departments that are providing programmatic impact data on the effect of these cuts, redirected or eliminated funds. Staff will provide a comprehensive report around the anticipated effect of community-wide programmatic cuts.

I have provided the Board a series of memoranda around the broader impacts of the proposed federal budget cuts – specifically Medicaid and the population served across Pima County. We will continue to monitor is the agency head appointments amid considerable proposed federal changes to the provision of health services across states and localities – as the directors of both Arizona Health Care Cost Containment System (AHCCCS) and Arizona Department of Health Services (ADHS) were recently vacated.

Department of Homeland Security (DHS) and Federal Emergency Management Agency (FEMA) are other agencies we are following closely as they have issued directives tied to a suite of Executive Orders that directly affect counties. As previously anticipated, DHS released the list of 'sanctuary jurisdictions' on May 29th. The previous correspondence from DHS implicated that the determination of 'sanctuary jurisdiction' would potentially affect the receipt of existing federal funding for a group of DHS centered agency funds. No Arizona jurisdictions are on that list.

Pertaining to FEMA – the County is still not in receipt of funds for allowable services rendered under the grant terms of the Shelter and Services Program (SSP). FEMA is also seeing substantial operational and financial cuts that directly affect disaster recovery and relief, in addition to assertions to reconsider the FEMA federal operations – pushing fiscal and relief services substantially to states and local jurisdictions (a potential shift from 75% federal contribution to 25%).

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The Honorable Chair and Members, Pima County Board of Supervisors
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Pertaining to the state update regularly provided to the BOS - the Arizona State budget must be completed by June 30, 2025. After a recent recess, the state legislature has returned May 27th and there has been little movement of budget development outside of the proposed budget from the Governor issued in January. Of note, the previously anticipated surplus is now at zero, and there is still uncertainty about the state- and local cost shifts that will be realized from the proposed federal budget.

We will provide the BOS with a comprehensive impact report on the community-wide impact of budget cuts and other pertinent updates at the federal and state-level.

JKL/anc

Attachment

c: Carmine DeBonis, Jr., Deputy County Administrator
Steve Holmes, Deputy County Administrator
Art Cuaron, Director, Finance and Risk Management
Sarah Davis, Senior Advisor, Pima County Administrator's Office
Michael Racy, Racy and Associates, Inc.



Update on Federal and State Actions Affecting County Funding

Federal and State Executive, Legislative and Judicial Actions

Pima County Board of Supervisors Presentation

June 3, 2025



Federal Executive Orders & Other Actions

Update Key Discussion Items:

- Budget Status – Federal and State
 - Proposed 2026 Budget Implications – Data Request
 - Ongoing Monitoring
-

Over the first 100 days in office there have been over **157 Executive Orders** issued and signed, with over **249 lawsuits** in response to the Executive Office actions –
10 closed



Federal and State Budget

- House of Representatives **passed** the FY 2026 federal budget 215 – 214 on **Thursday, May 22nd**
 - Budget package moved to the Senate, requiring only a simple majority to pass
 - It is expected there will be changes to the bill – such as continued discussions on Medicaid.
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- Arizona state legislature has been on recess (returning May 27th) and **has under 40 days to complete the state budget** – projected surplus gone, uncertainty on federal-level cost shifts to state and local governments



Follow up Items from May 20th Board of Supervisors Meeting

As requested by the Pima County Board of Supervisors, County staff is working with over **15 County Departments** to document breadth of **programmatic impact data pertaining to the County-effect of the proposed federal budget cuts**

This will be submitted as a full impact report to the Pima County Board of Supervisors

Review of the Proposed FY2026 Federal Budget Overview

- An **estimated minimum of ~\$26M (50%)** of ongoing and discretionary grants are slated for **direct elimination or financial / program cuts**
 - Release of the 'Make America Healthy Again' (MAHA) report which lays out priorities for HHS and its federal departments – the largest funding source for Pima County grants
- **Congressional Budget Discussions** – still determining impact of considerable cost shifts to states and counties
- Policy Directives and **Implication for Obligated Funds**
 - DHS release of Sanctuary Jurisdictions List;
 - County is **still owed financial reimbursement** from FEMA, FEMA Restructuring;
 - IIJA funded directives implicate a suite of substantial funds for infrastructure projects.



PIMA COUNTY

Thank you!



PIMA COUNTY

Board of Supervisors

Rex Scott, *Chair*, District 1
Jennifer Allen, *Vice Chair*, District 3
Dr. Matt Heinz, District 2
Steve Christy, District 4
Andrés Cano, District 5

Pima County Administrator

Jan Leshner