Update on Federal and State Actions Affecting County Funding

Federal and State Executive, Legislative and Judicial Actions
Pima County Board of Supervisors Presentation
May 6, 2025



Federal Executive Orders & Other Actions

Pima County Board of Supervisors 5/6 Update Key Discussion Items:

- Barriers to County Grant and Program Funding
- Proposed 2026 Budget Implications
- State Update

Over the first 100 days in office there have been over **143 Executive Orders** issued and signed, with over 225 legal actions in response to the Executive Office actions - only **7closed**

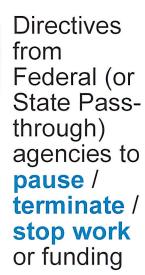


Monitoring Federal Actions on Local Grants and Programming

Disruption to local funding and programming



Most Executive Orders have Court action



Reductions of Federal Agencies / Workforce Overseeing Programs

Programmatic Oversight and funding sourced depts

Supreme Court blocked probationary employees court order

New York et al. v Trump, Litigation on HHS, and Temporary Restraining Orders on early grant terminations

In each of the above – there is risk of: Enhanced <u>scrutiny</u> on reimbursements Actual <u>non-payments</u>



Status of Federal Grant Funding Holds / Pauses

Timeline of Federal Funding Directives and County-directed Pauses:

DHHS

- 90% of grants received by Pima County Health Department sourced from DHHS and its agencies;
- Reorganization and elimination of 20,000 positions with an immediate reduction in force of 10,000;
- Grant terminations received by Pima County Health Department held in Temporary Restraining Order; LIHEAP proposed for elimination

FEMA

- Shelter and Service Program FEMA has withheld reimbursement
- Memorandum and Executive Order to define 'Sanctuary Jurisdictions' conditions and restrictions for all FEMA grants
- Outcomes of FEMA action would affect County's Office of Emergency Management and Disaster Response Funding

DoT

- Notice of 'pause' of IIJA grant for Safe Streets
- Issued memorandum of directives to align with Executive Orders DEI, Immigration

HUD

- Significant cuts planned for HUD funding in proposed Federal Budget



Review of the Proposed FY2026 Federal Budget Overview

Proposed Federal FY2026 Budget Released Friday, May 2, 2025

- Of the large grant allocations (\$102M ARPA, EFSP, SSP, ERAP) the County still has not been reimbursed for over \$12M in Shelter and Services Programming.
- The County has 16 grants under IIJA representing \$69M in awards.
- Of the previously reported \$52M in FY2024 County Grant Spending (block grants and annual awards regularly anticipated programming) an <u>estimated</u> ~\$26M (50%) are slated for elimination (or significant) financial / program cuts in the FY2026 proposed budget anticipated to be higher.



Federal Proposed Budget Impacts

Detail on County Grant Awards

Department Health and Human Services (Proposed cuts represented ~\$11.4M in FY24 Grant Spending)

- Low Income Home Energy Assistance Program (LIHEAP) –proposed elimination
- Community Services Block Grant (CSBG) Community Action Agencies proposed elimination
- Health Resources and Services Administration (HRSA) proposed consolidation and reduction – substantial cuts
- Centers for Disease Control proposed consolidation and reduction substantial cuts
- Substance Abuse and Mental Health Service Administration proposed consolidation, reduction and refocus – substantial cuts

Environmental Protection Agency (Proposed cuts represented ~\$1M in FY24 Grant Spending)

Environmental Justice – proposed elimination

Department of Homeland Security (Proposed cuts represented ~\$500K in FY24 Grant Spending, \$12M owed in SSP)

- FEMA Non-Disaster Grant Programs substantial cuts
- Shelter and Services Program proposed elimination



Federal Proposed Budget Impacts –

Detail on County Grant Awards

Department of Justice (Proposed cuts represented ~\$1.8M in FY24 Grant Spending)

Reduce State and Local Grant Programs (TBD)

Department of Energy (Proposed cuts represented ~\$45K in FY2024 grant spending, and \$~69M in County IIJA awards)

- Bipartisan Integrated Infrastructure Jobs Act (IIJA) cancellation across many federal departments
- Weatherization redirected

Department of Education (CWD programming impacts)

Adult Education - proposed redirection back to states

Department of Labor (Proposed cuts represented ~\$4M in FY24 Grant Spending)

- Make America Skilled Again potential reauthorization / additional cuts to Workforce Innovation and Opportunity Act (WIOA)
- Job Corps proposed elimination



Federal Proposed Budget Impacts

Detail on County Grant Awards

Housing and Urban Development (Proposed cuts represent ~\$6.7M in County FY24 Grant Spending)

- State Rental Assistance Block Grants substantial cuts and limits shift to states.
- Community Development Block Grant (CDBG) –proposed elimination
- HOME Investment Partnership Programs proposed elimination
- Homeless Assistance Program Continuum of Care (CoC), Housing
 Opportunities for Persons with AIDS (HOPWA), Emergency Solutions Grants –
 Homeless Emergency Assistance (ESG) proposed reduction and consolidation
- Pathways to Removing Obstacles (PRO) Housing proposed elimination



State Legislative Update

Bipartisan compromise for budget shortfall (\$122M) – House Bill 2945

Floor activity anticipated to complete in upcoming weeks

Budget Discussions – Finance Advisory Committee numbers indicted a slight downturn state revenues

Several federally funded programs and Federal Departments have indicated in the proposed FY2026 Budget that programming / costs could potentially move back to state / local jurisdictions



Thank you!



Board of Supervisors

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