

A background image of a man with a beard and mustache, wearing a blue button-down shirt, holding a set of keys in his right hand. The keys are in sharp focus, while the man's face is blurred. The overall tone is warm and professional.

HR 1 Implementation Series

State Budget Advocacy

January 6, 2026



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Integration
CSH



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National Association of State
Budget Officers (NASBO)



POLL:

My state covers Supportive Housing Services via their Medicaid program

- A. Yes
- B. NO
- C. DON'T KNOW



Today's Agenda

...

- Learning Objectives
- Key Provisions of HR1 related to Medicaid and State Budgets
- State Budgets: Processes and Timing
- State Budget Experience: Being an effective advocate
- Q&A



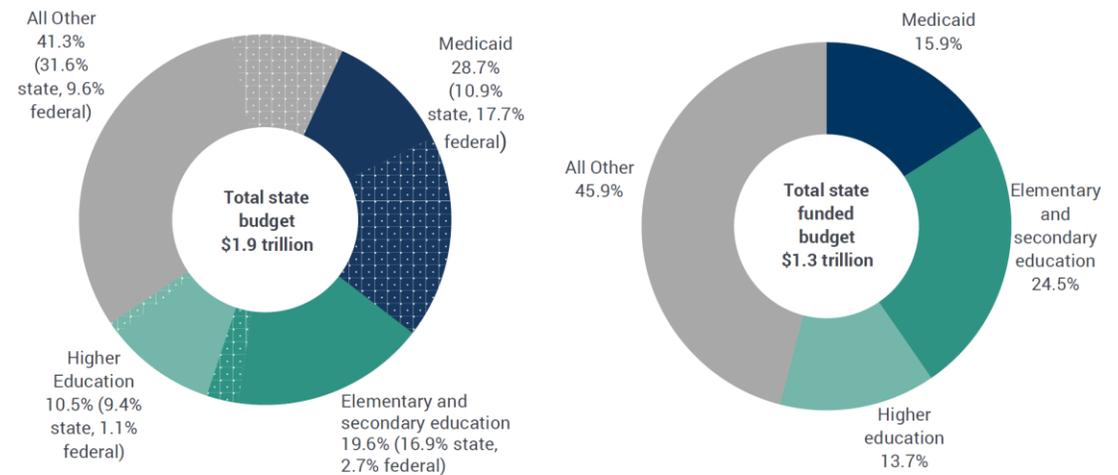
Learning Objectives

- Understand how state choices around supportive services covered by Medicaid are impacted by HR1 and the state budget process
- Understand the basics of state budget processes
- Understand the basics of being an effective advocate in the state budget process



Why State Budgets and Medicaid

- HR1 cuts \$1 trillion over the next 10 years from federal Medicaid investment
- States will have decreased federal revenue and must make hard choices
- Governors and state legislatures need to hear from you and others impacted what those choices mean to people and our communities.



<https://www.macpac.gov/subtopic/medicaids-share-of-state-budgets/>

**Stay on top of
evolving state
developments
by following
our Blog series**

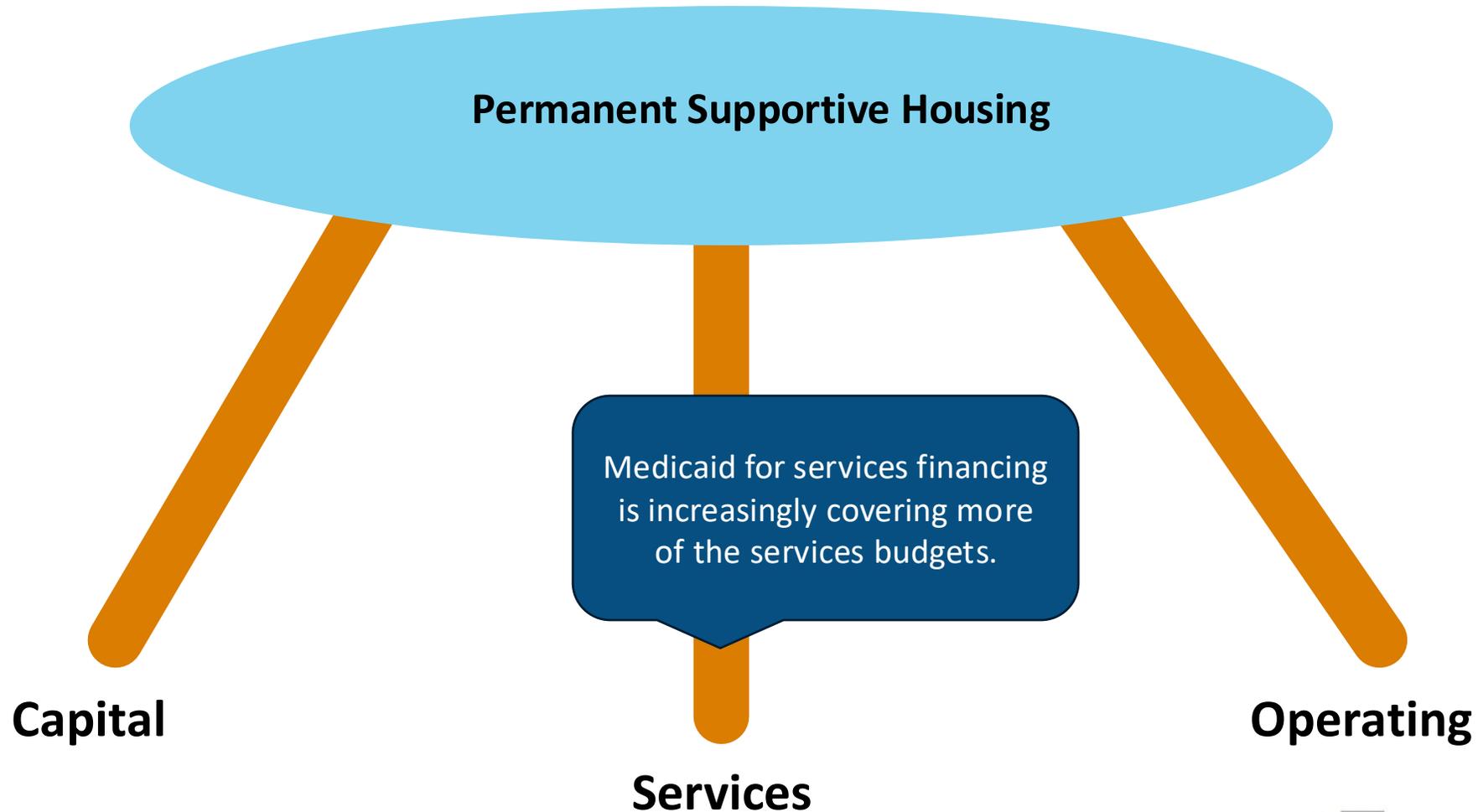


[H.R.1 Reshapes Medicaid: What Housing Providers Need to Know Now - Corporation for Supportive Housing](#)

[Medicaid Compliance and Address Verification: Strategies to Prevent Coverage Loss - Corporation for Supportive Housing](#)

[H.R.1 Response - Policy & Advocacy | Corporation for Supportive Housing](#)

Sources of Funding to Establish and Manage Supportive Housing



State Budget Processes and Fiscal Outlook

Corporation for Supportive Housing Webinar

January 6, 2026

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Director of Budget Process Studies
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The Who in Our Why



THE NATIONAL ASSOCIATION OF STATE BUDGET OFFICERS

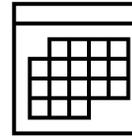
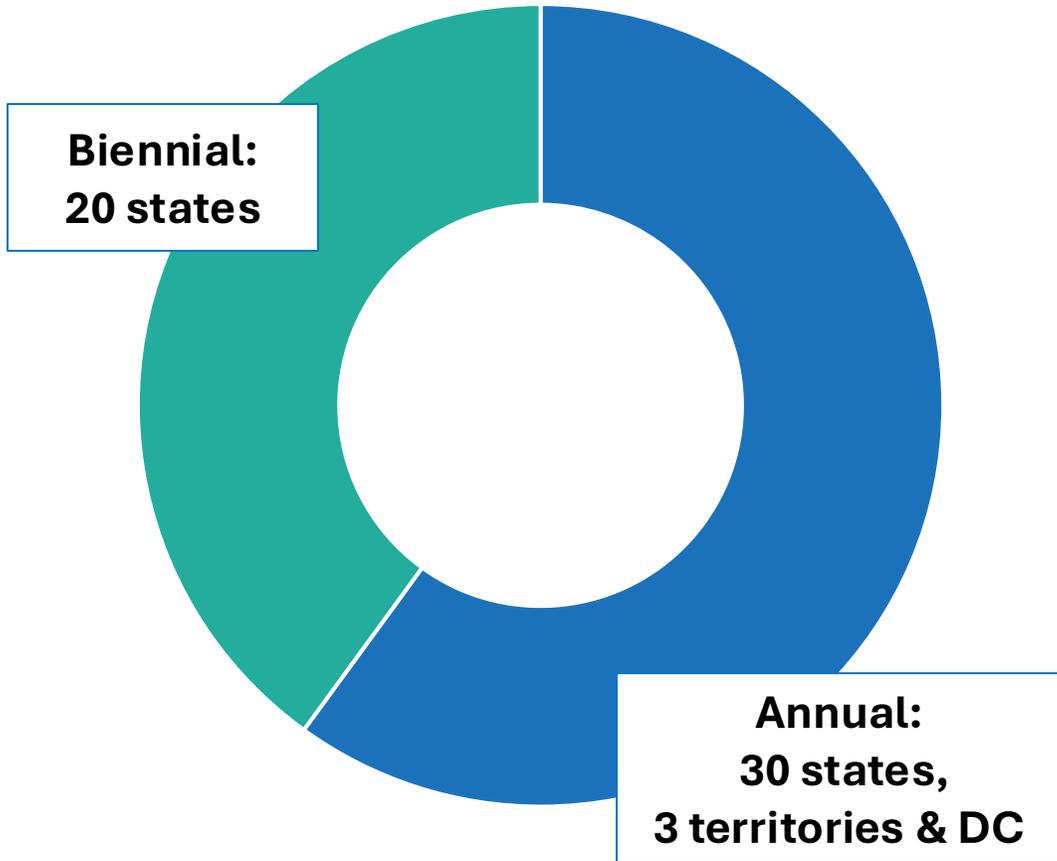
NASBO is an independent, nonpartisan, nonprofit research and educational organization. For more than 80 years, NASBO has been the professional membership organization for budget and finance officers across all states, territories, and DC.



State Budget Processes



The Budget Calendar



Fiscal Year Start Date

July 1
(46 states, PR)

April 1
(NY)

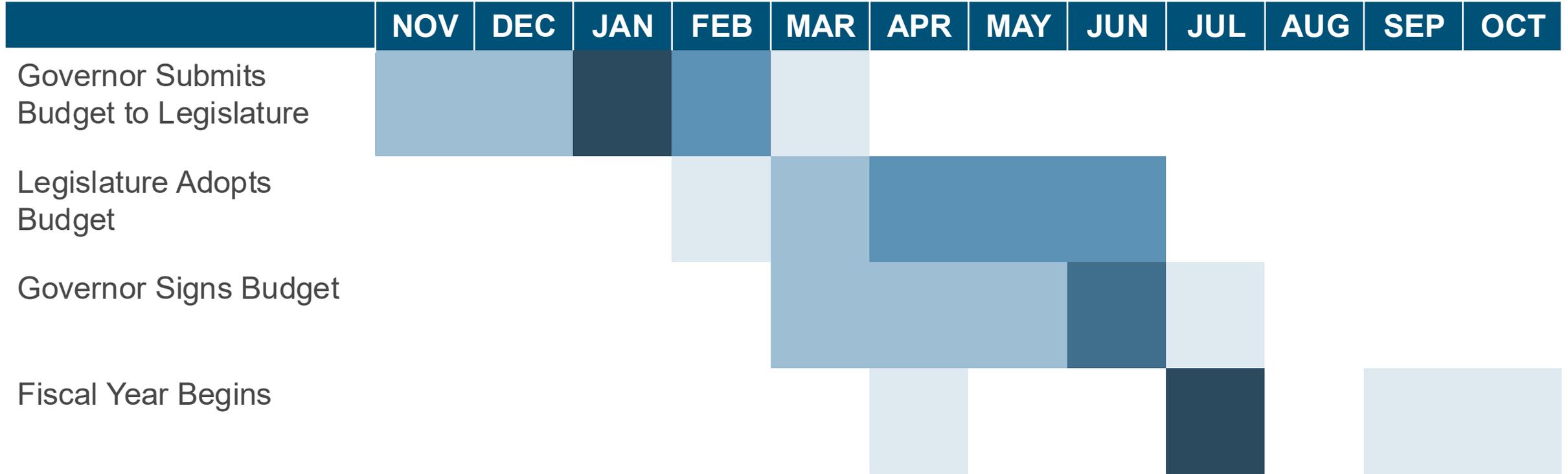
Sept. 1
(TX)

October 1
(AL, MI, DC, GU, VI)

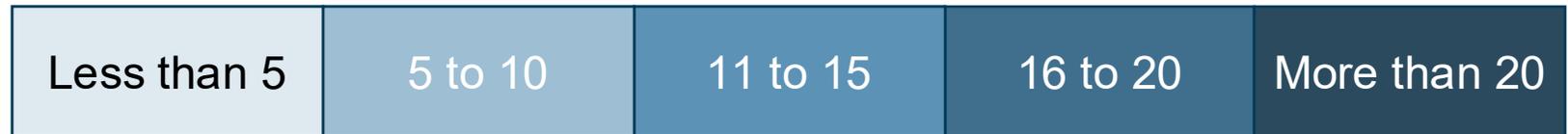


The Budget Calendar

States hit key milestones in the budget process at different times of year



Number of states:

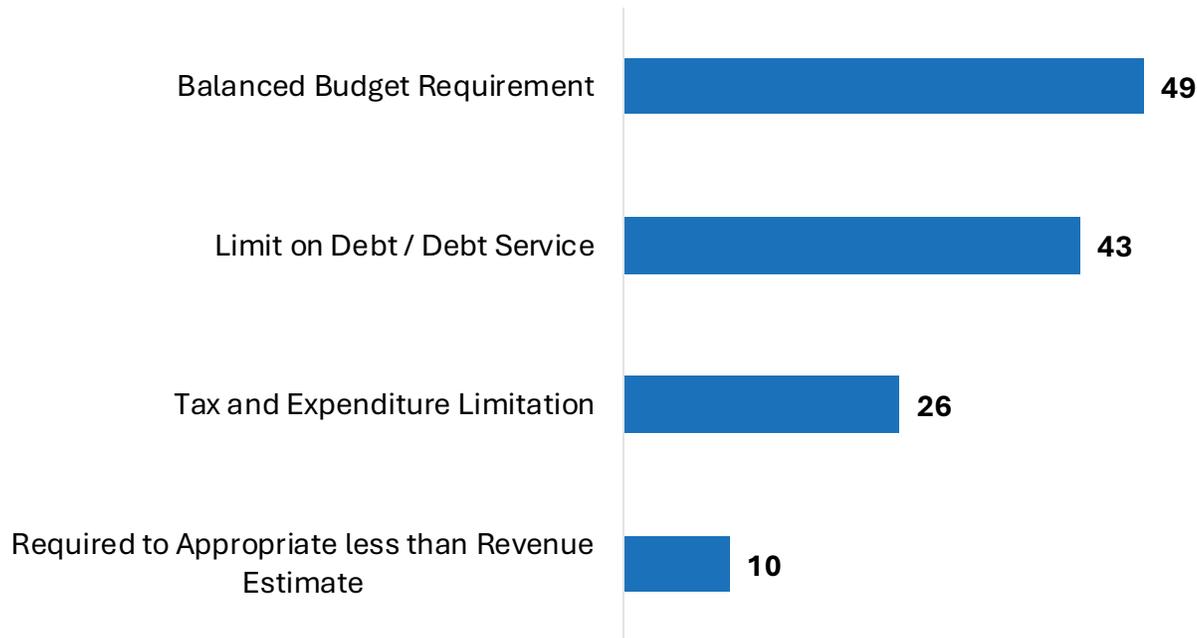




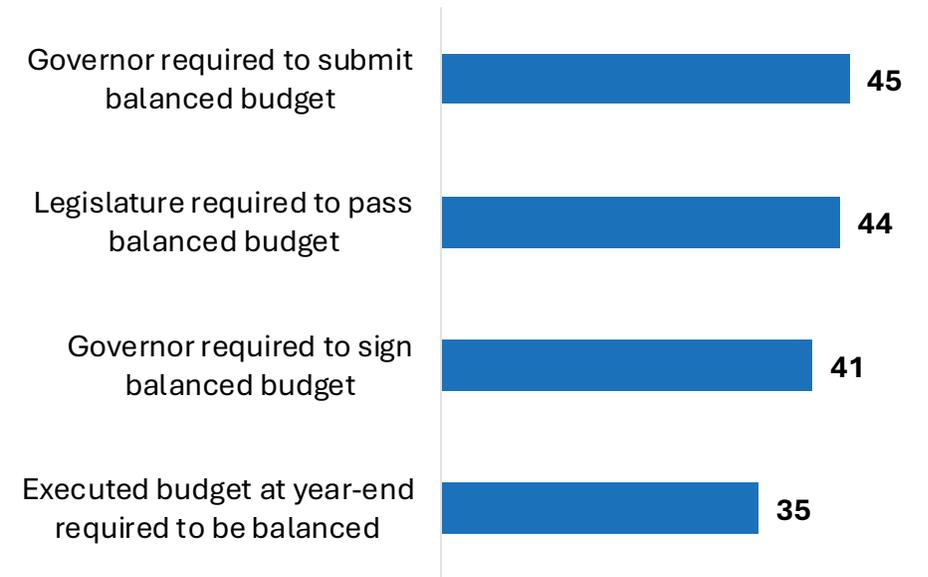
Balancing the Budget

All states have legal budget limitations

Figure 6. Limitations on State Budgets



Types of Balanced Budget Requirements

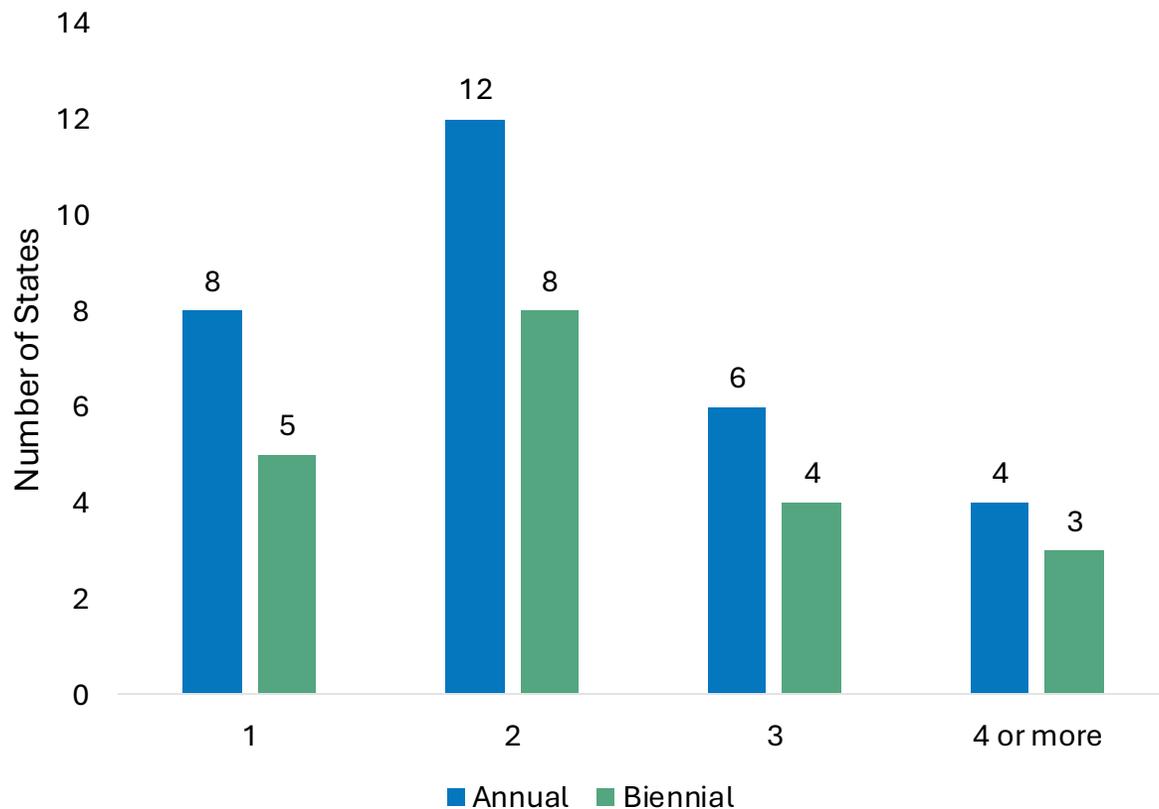




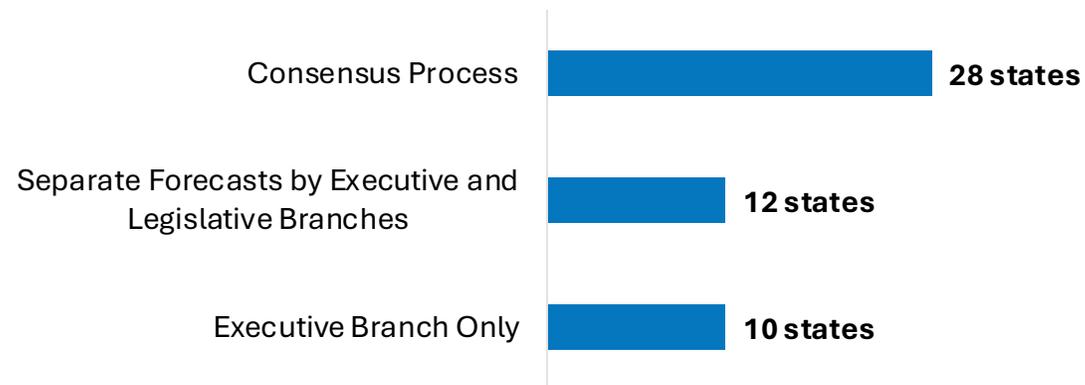
Variations in State Revenue Forecasting Processes

Participants and frequency of forecast revisions vary by state

How Often States Release Official Revenue Estimates During Fiscal Year



How States Develop Revenue Forecasts





Enacting the Budget

In all but 3 states, a simple majority vote is generally sufficient to pass budget

- › Tax/revenue increases sometimes require supermajority

Number of bills comprising enacted budget ranges from 1 to 150+

- › Capital appropriations are co-located with operating appropriations in just over half of states

44 states*, **3 territories & DC** provide for line-item veto authority over appropriation amounts

- › **38 states, 3 territories & DC** with line-item veto power have a supermajority vote requirement for legislature to override

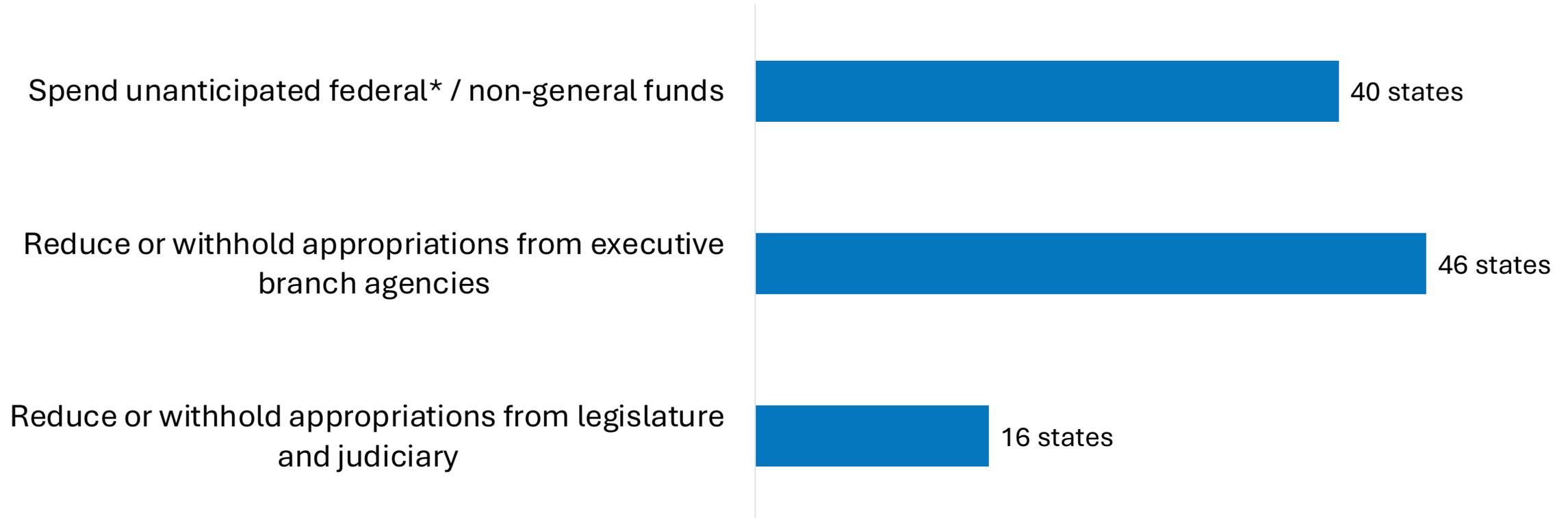
30 states, 2 territories & DC grant line-item veto authority over appropriation language

** This number differs from what is reported in the NASBO's Budget Processes in the States (2021) due to a change in Maryland's budget process.*



Gubernatorial Authority After Budget Enactment

Executive Branch Authorities Without Legislative Approval

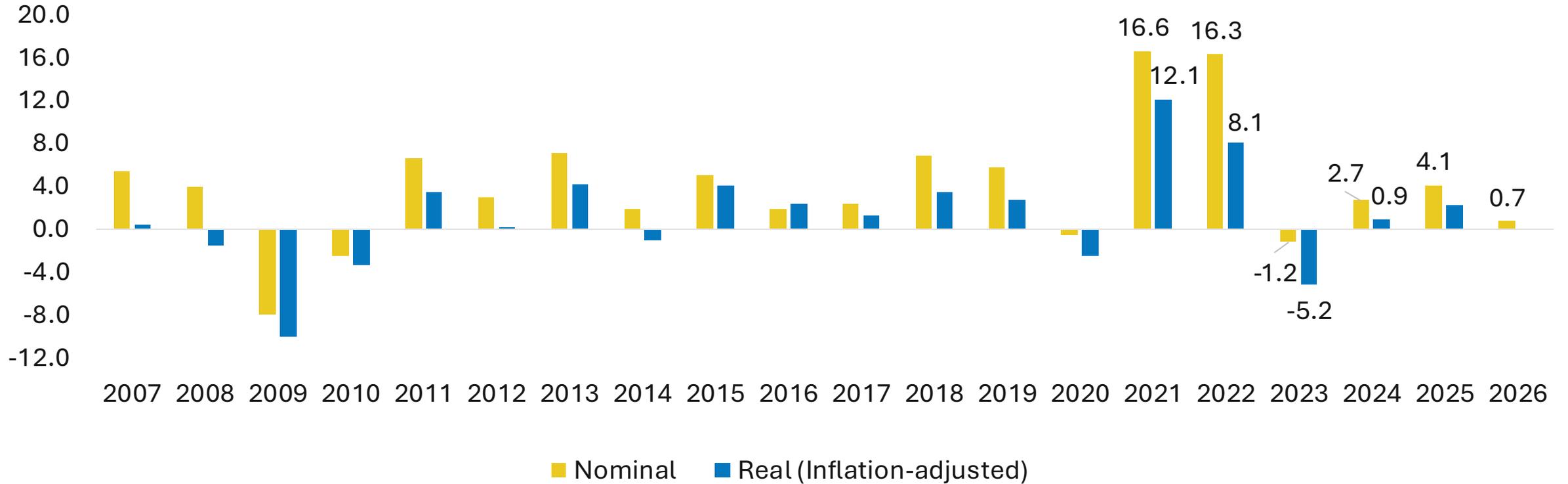


* 43 states reported separately in the survey at least some federal funds are appropriated.



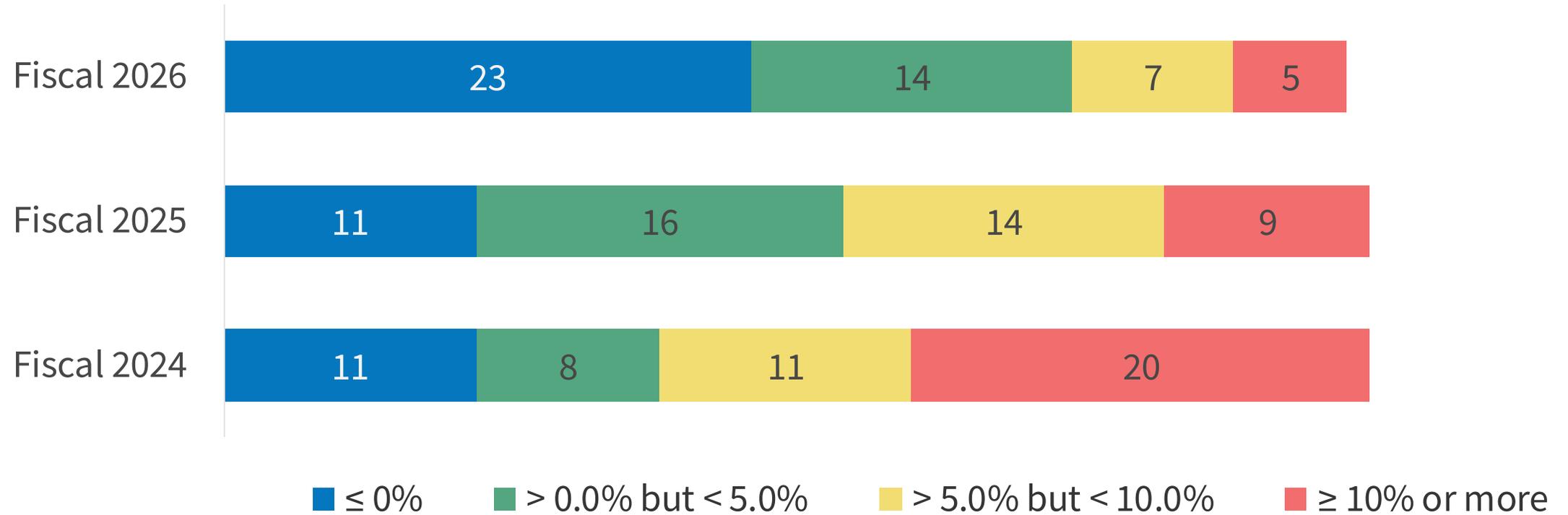
State Fiscal Conditions

Annual General Fund Revenue Percentage Changes Fiscal 2007 to Fiscal 2026



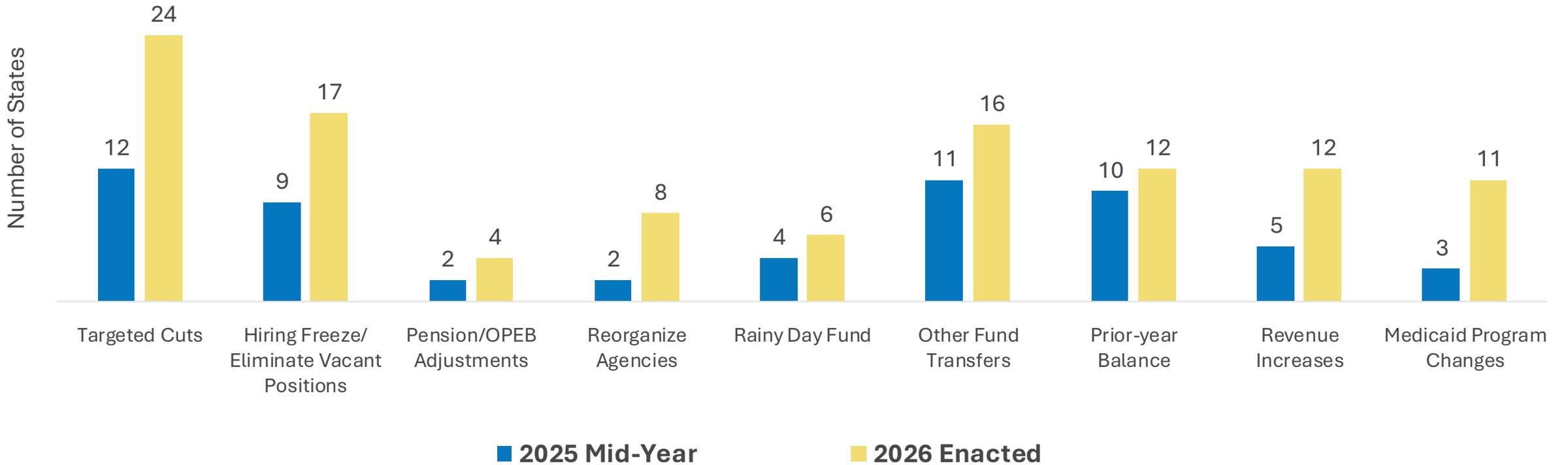
Note: Fiscal 2025 figure is preliminary actual and fiscal 2026 figure is projected based on states' enacted budgets.

Annual Percentage Change in General Fund Spending (Number of States)

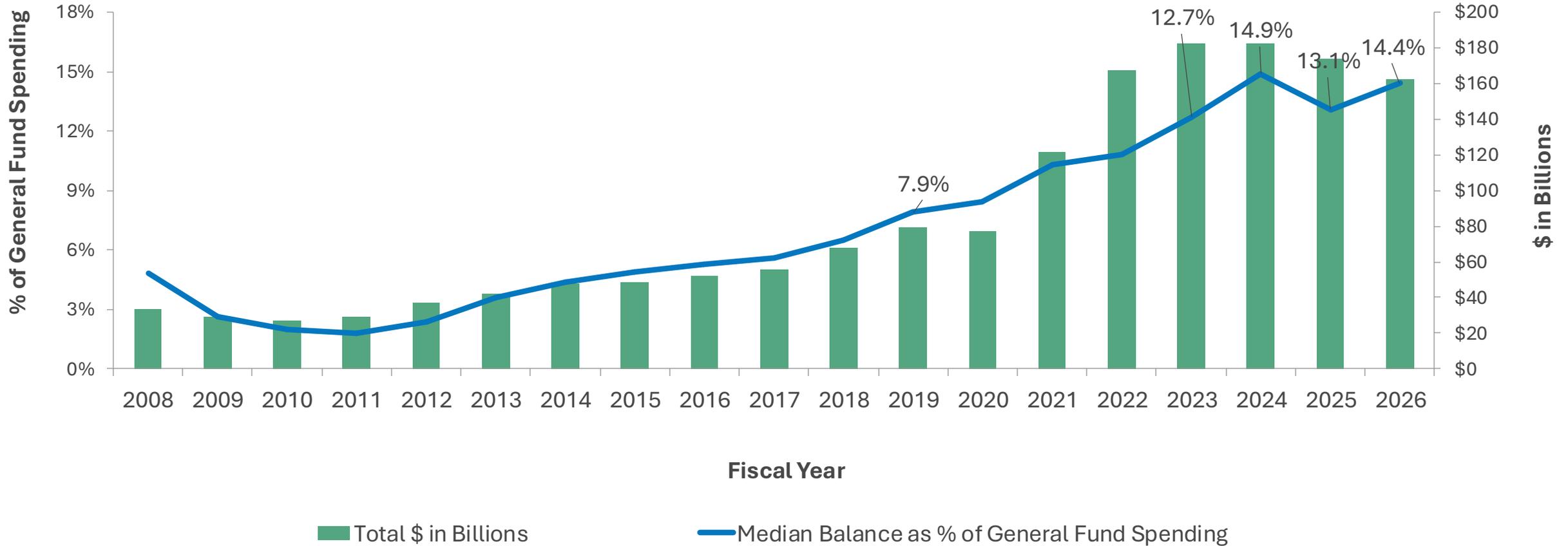


Note: Fiscal 2025 figure is preliminary actual; fiscal 2026 figure is projected based on states' enacted budgets. One state (Pennsylvania) was not able to report on enacted spending level for fiscal 2026.

Use of Budget Management Strategies



State Rainy Day Funds Fiscal 2008 to Fiscal 2026



Note: Fiscal 2025 figure is based on preliminary actual data; fiscal 2026 figure is based on states' enacted budgets. Total dollar amount for fiscal 2026 is adjusted to allow for year-over-year comparisons by including most recent rainy day fund balance figure available for states that were unable to report enacted rainy day fund balance projections for that year.



States Are Managing Expectations In A Tighter Environment

State general fund revenue growth is projected to be moderate.

Revenue projections have been adjusted downward in a handful of states. Forecasters cited economic uncertainty; changes in federal spending and employment; tariffs; and decreased international tourism.

Expenditure growth is outpacing revenue growth.

Pressures include medical inflation, school choice, housing, declining federal funds.

Declining federal funds include the end of pandemic-era federal funding and cancellation of federal grant funding, BEFORE OBBBA impacts hit budgets.

Disasters are stressing budgets and states are concerned they will shoulder a greater burden of costs in the future.



Impacts of OBBBA on State Budgets



Select OBBBA Provisions Affecting State Budgets

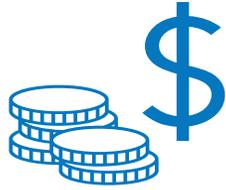
Fiscal Year 2026 (immediate) - Conforming to the federal tax code will reduce revenues in the majority of states, some significantly.

Fiscal Year 2027 - More frequent Medicaid eligibility checks (December 2026).

Fiscal Year 2027 – Medicaid Work Requirements (by January 2027); Increase the state share of SNAP administrative costs from 50% to 75%.

Fiscal Year 2028 – Medicaid Provider taxes phase-down in expansion states; State directed payments phase-down; SNAP benefit match.

Estimated Expenditure Impacts



Federal Medicaid Spending

- Federal cuts to states over 10 years would represent 14% of federal spending on Medicaid over the period. (KFF Analysis) (On an annual basis, 14% of FY 2024 federal Medicaid expenditures by states = \$82.2 billion.)



SNAP Cost Sharing

- Shifting a share of SNAP Expenditures to states based on error rates (FY 2024=\$11.6 billion) + increasing admin costs (\$3.5 billion) (FFIS Analysis)

These are in addition to

- Other cost shifts
- Cuts to Current Federal Grants
- Current Escalation in State Costs

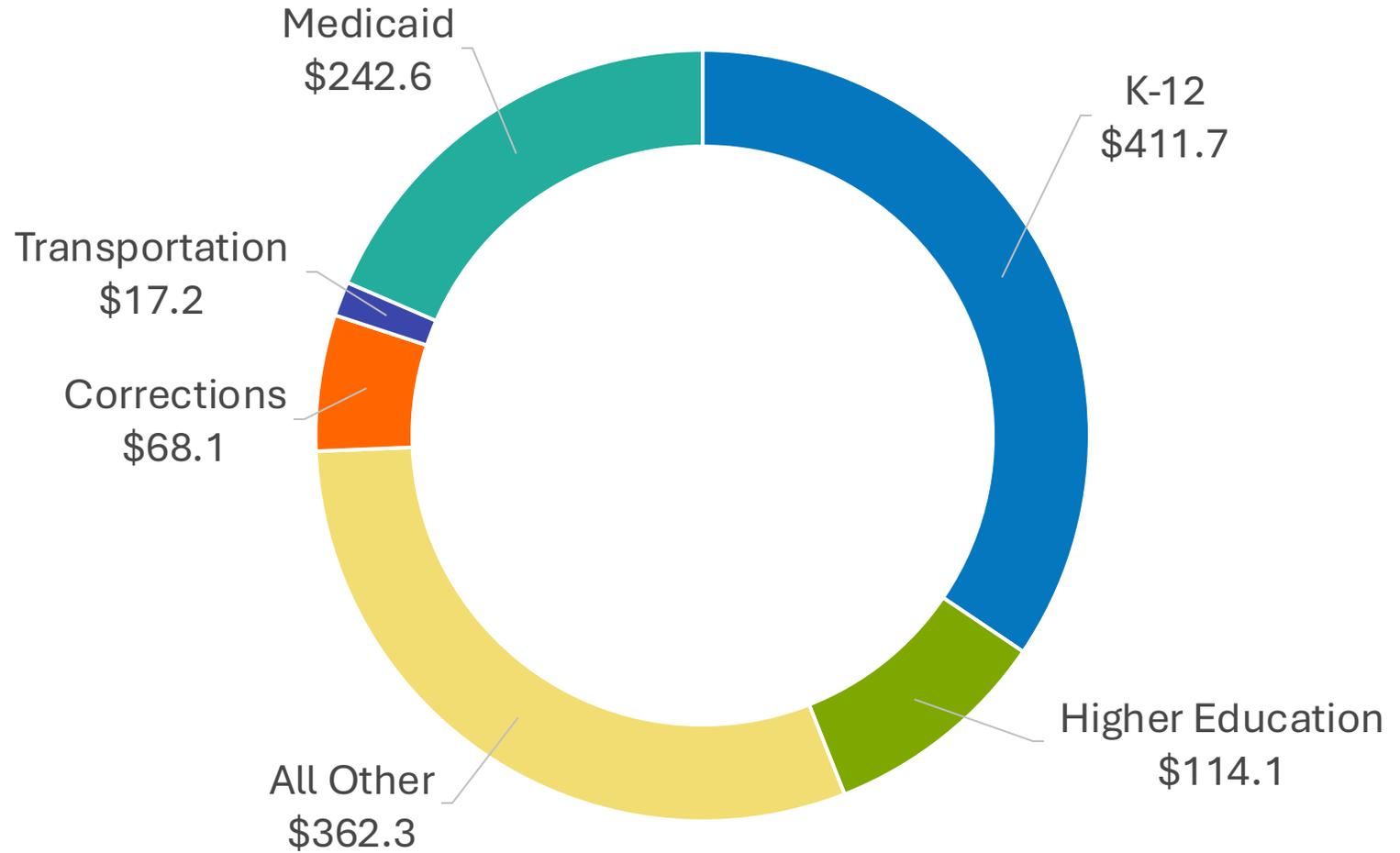




**\$1,216
Billion**

FY25

General Funds
Expenditures By Function



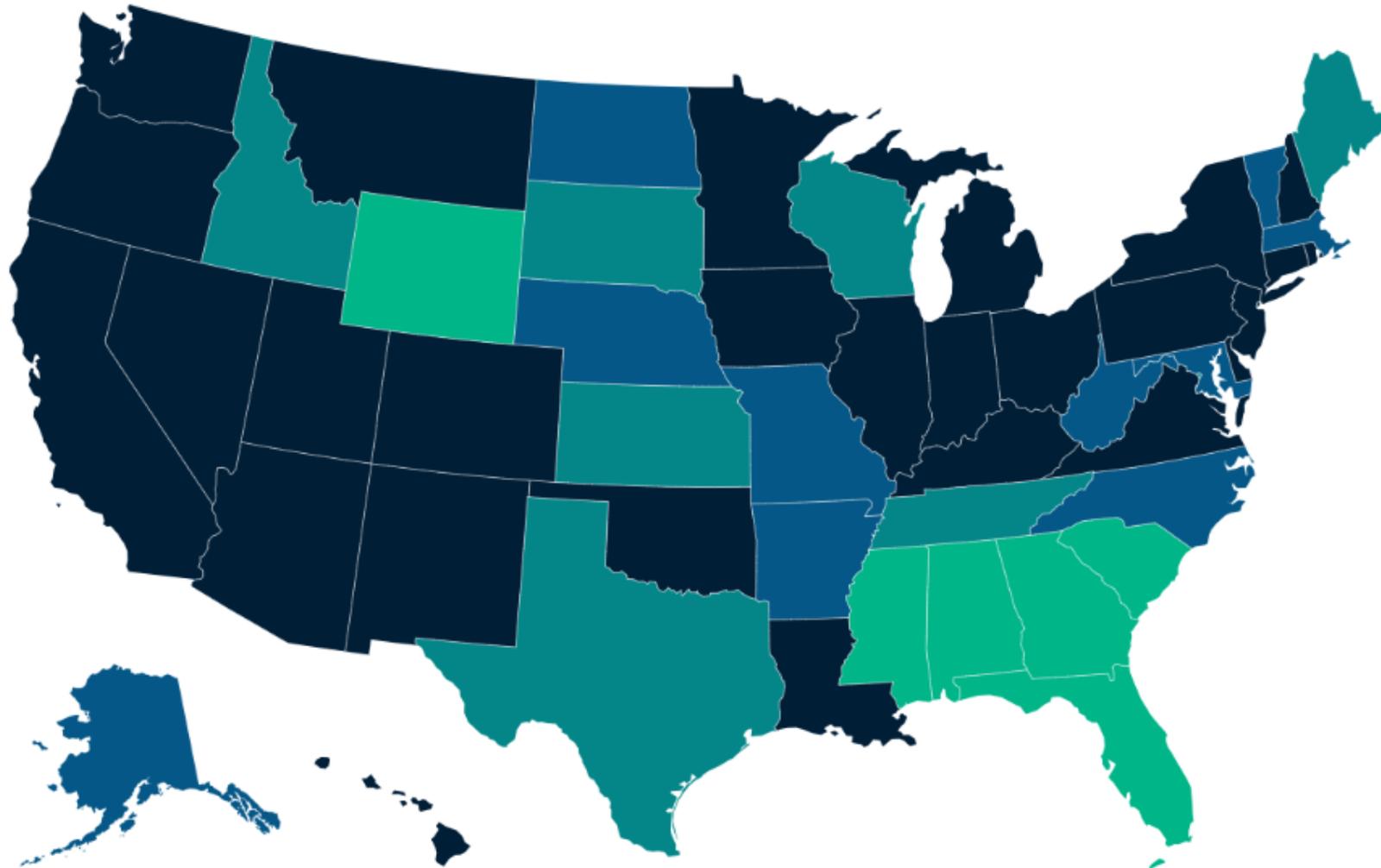
Source: NASBO State Expenditure Report

Amount in Billions

Federal Medicaid Cuts in the Enacted Reconciliation Package, By State

As a % of 10-year baseline federal spending (2025-2034)

■ < 7% ■ 7%–10% ■ 10%–13% ■ ≥ 13%

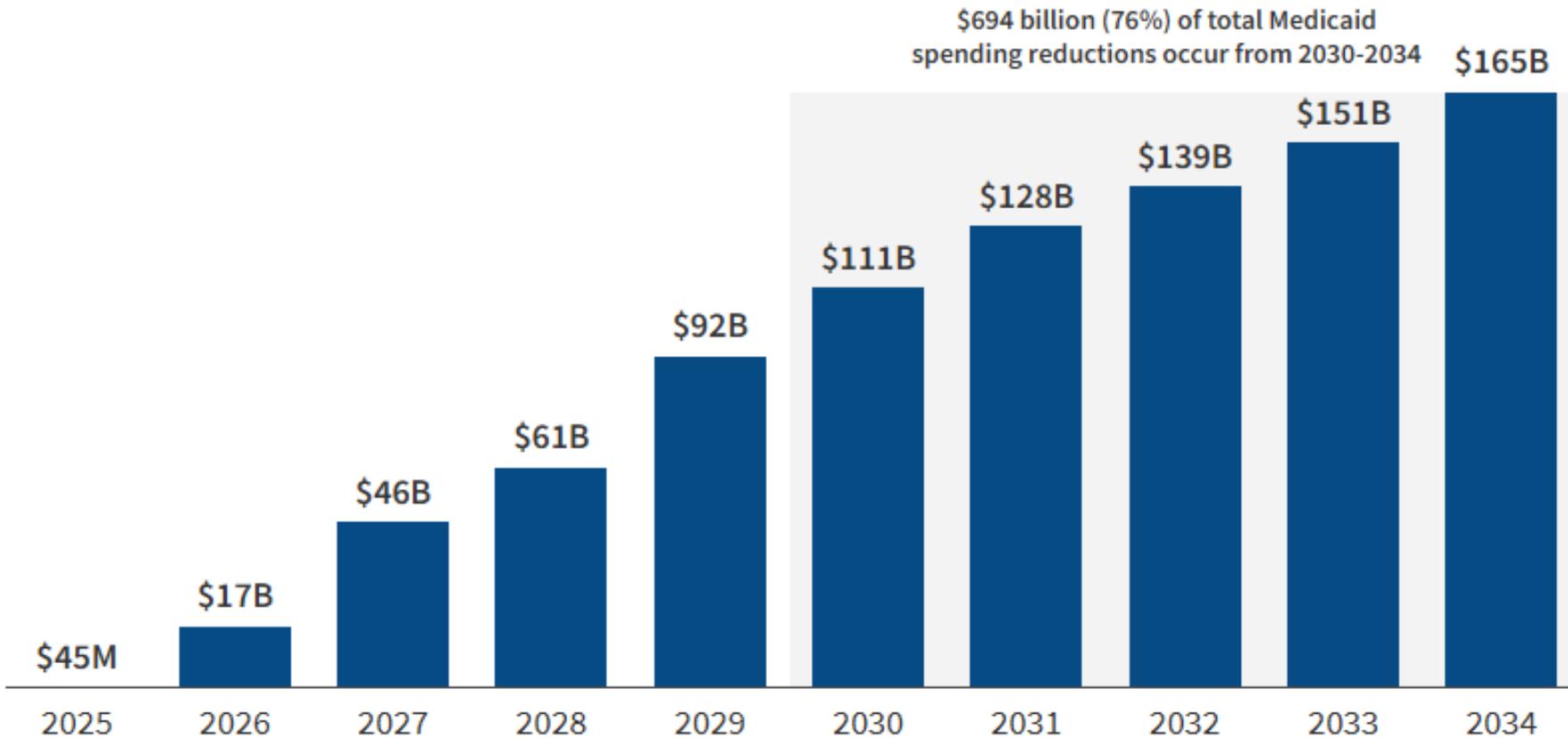


| KFF Data

Note: \$911 billion in federal Medicaid spending cuts over the 10-year period is allocated across states, including \$79B in estimated Medicaid spending interactions. See Methods in "Allocating CBO's Estimates of Federal Medicaid Spending Reductions Across the States: Enacted Reconciliation Package" for more details.

Source: [KFF analysis of CBO estimates of the enacted reconciliation package](#) • [Get the data](#) • [Download PNG](#)

Federal Medicaid Cuts in the Enacted Reconciliation Package, By Year



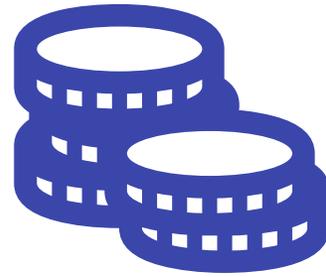
| KFF Data

Note: Estimated interaction effects are included each year. Over the 10-year period, the Medicaid spending reductions total \$911B, including \$79B in estimated Medicaid spending interactions. Without accounting for interactions, the total is \$990B. See Methods in "Allocating CBO's Estimates of Federal Medicaid Spending Reductions Across the States: Enacted Reconciliation Package" for more details.

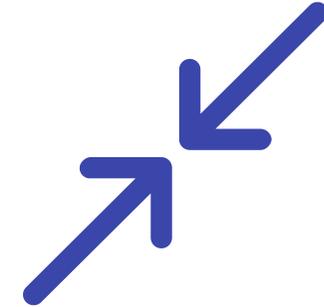
Source: [KFF analysis of CBO estimates of the enacted reconciliation package](#) • [Get the data](#) • [Download PNG](#)

KFF

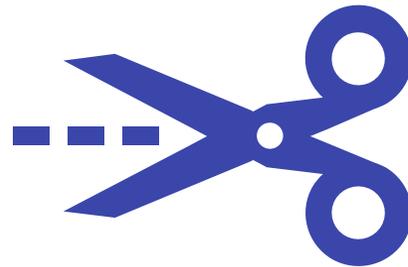
Options States Will Have to Balance Budgets In Response to Federal Actions



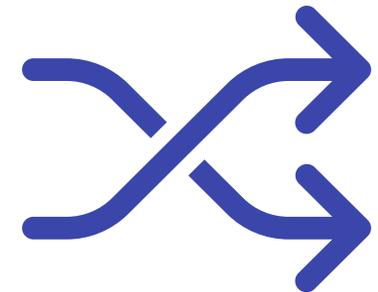
Raise revenue



Program reductions



Cuts in other areas



A mix of all three



OBBBA Impacts on States: Takeaways

Revenue impacts from OBBBA tax provisions will reduce growth, substantially in some states.

States are preparing but major expenditure impacts will occur in out years.

Impacts are not uniform across states, and state responses to the changes will also vary.

OBBBA changes will be part of state budgeting discussions and decisions for the coming decade.

States will see many changes in leadership before the OBBBA impacts are fully phased-in (in some cases, even before they begin).



**Thank
you**

80th NASBO
ANNIVERSARY

A close-up photograph of a person's hand holding a set of keys. The person's face is blurred in the background, looking down at the keys. The lighting is warm and soft, creating a sense of focus and hope. The keys are a mix of metal and plastic, attached to a silver ring.

Pathways for State Budget Advocacy

Case Studies from Michigan and Nevada

Pathways for **state** advocacy

Budget Process

- Originated with the state agency
- Goes to the governor's office for consideration in the Executive Budget
- Executive Budget is released to the legislator
 - Things can be removed
 - Things can be added
- Signed by governor

Legislation

- Originates with a sponsor/ relevant committee (housing, health, etc)
- Includes an ask to change something or create something new
- Must receive support in committee, plus each side of the legislature
- Signed by governor

For both processes:

- Find a champion who cares about the issues – one in each chamber (i.e. House/Assembly + Senate)
- Make the case and understand what messaging will make a difference.
- Don't give up.

What is a Supportive Service Transformation Fund

The SSTF acts as a funding bridge for non-Medicaid eligible expenses, particularly housing-related services.

Housing-related services:

- ❑ Housing transition services – housing assessment, housing application support, move-in expenses, etc
- ❑ Tenancy sustaining services – landlord support and mitigation, eviction risk mitigation, housing recertifications, etc

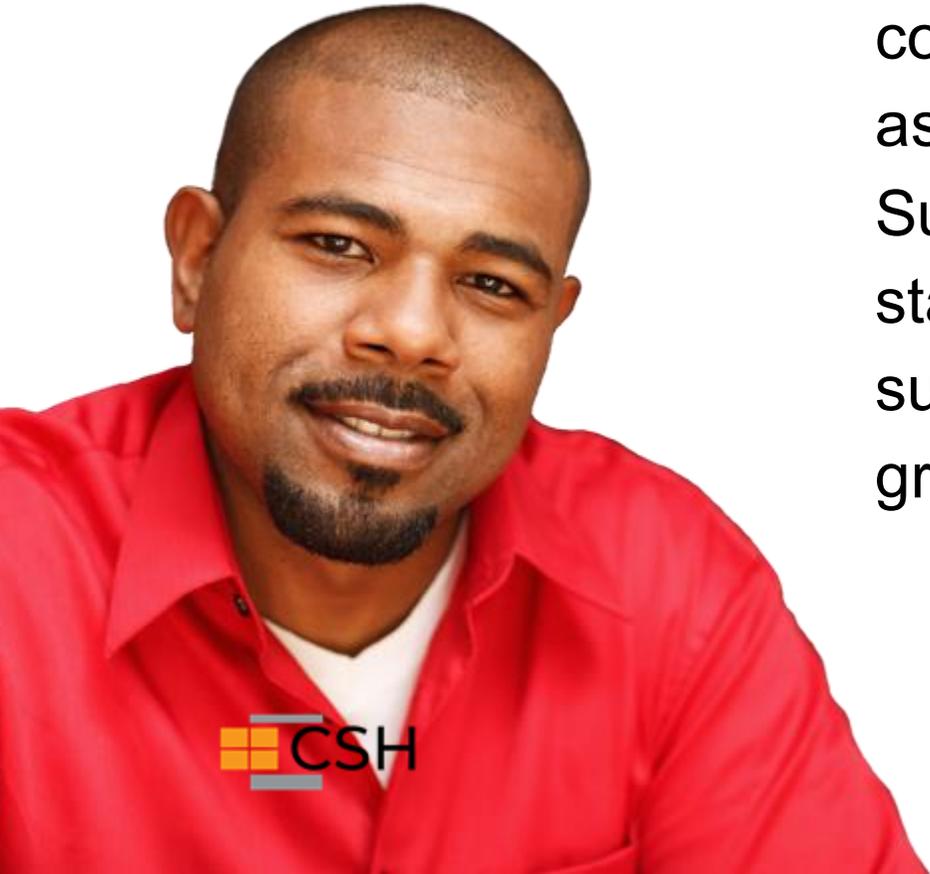


SSTF Key Components

- ❑ **Supportive Services Grants:** The grants program is the main feature of any SSTF. This program awards grants to service providers to increase the availability of non-Medicaid eligible services.
- ❑ **Capacity Building:** Resources are provided for technical assistance and capacity building funding, allowing service providers to develop and sustain high-quality service delivery systems and build administrative capacity to leverage and bill Medicaid.

SSTF Key Components

- ❑ **Evaluation:** A portion of the funds is allocated to conduct a state-wide supportive housing needs assessment and evaluate the outcomes of the Supportive Services Grant program. This helps the state assess current investments, understand the supportive housing and services gaps, and track the grant program's progress



Success with the SSTF Model

Nevada - Legislation

- 2024 - \$32 million via AB 310,
- 2025 - \$21 million via AB 366
 - Makes the fund permanent and required accountability from the Office of the Governor

Michigan – Budget Request

- 2022 - \$6 million appropriation for a pilot
- 2024 - \$20 million appropriation
- 2025 - \$5 million appropriation

Messaging That Works!

- Address what happens in the absence of the funding and the associated costs:

Example

Jurisdictions spend \$15,000 or more per person per year on public services like emergency shelters, public safety, emergency department visits, jail stays and more. These settings fail to provide the necessary long-term support and people continue to cycle through these institutions, often being discharged back to the streets. In contrast, supportive housing increases stability while also reducing spending on these services by up to \$6,875 per person per year.

Messaging That Works!

- Address what happens in the absence of the funding and the associated costs:

Example

It Costs the Same to Provide:



The illustration above compares the cost in NV for a person's average daily stays in the emergency room, to three months in jail which both equal the same cost to provide rental assistance and supportive services for one year in SH once its built.

Messaging That Works!

- Identify the current funding gap:

Example

To adequately serve all those in need of SH in Michigan, \$37 million is needed annually. While Medicaid should be a primary source of funding, it currently covers less than \$1 million of the total expenses for SH services annually, with an \$11 million comes from other federal, local, and private funding. As a result, there is a funding gap of \$25 million to serve an estimated 3,500 households

Questions



Recommended Actions

- Landscape mapping- who are your allies? What can you learn and what can you and your coalition team?
- Learn the details of YOUR state budget process
- Develop an advocacy agenda? Are you protecting something current? WHY? Are you advocating for something new? What are you asking for? Be as specific as possible in regard to impact and cost.



Session Evaluation

Up in ZOOM



Next Session

- Work Requirements
- February 26th, 1-2 pm ET
- Register at https://csh-org.zoom.us/webinar/register/WN_6lpgDuiEQyeHJw_I8Re3ZA
- Sign up at [Corporation for Supportive Housing - CSH Events - Housing Webinars and Trainings](#)



Thank you!

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Appendix: NASBO Resources & Data

E-Publications

Stay informed about state finance issues. Get NASBO information directly in your inbox—just [create](#) an account and subscribe today!



Each week, NASBO compiles the latest news from Washington, DC, in the Washington Report. Delivered by email every Tuesday, the report provides up-to-date information on important federal actions and current national fiscal issues that impact the states.



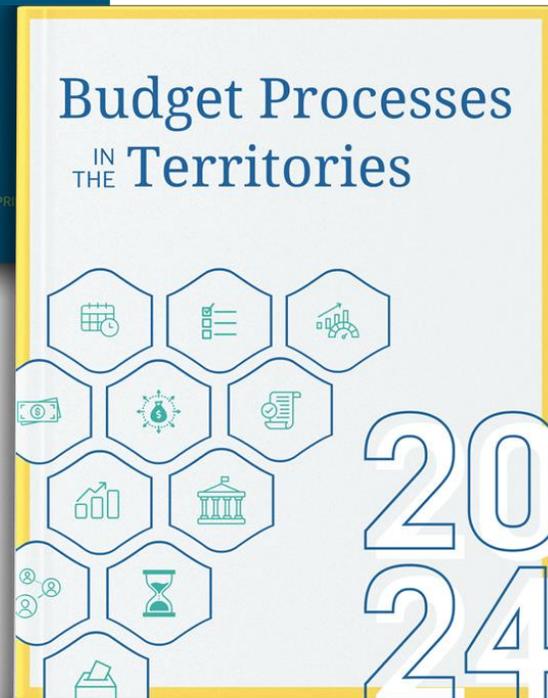
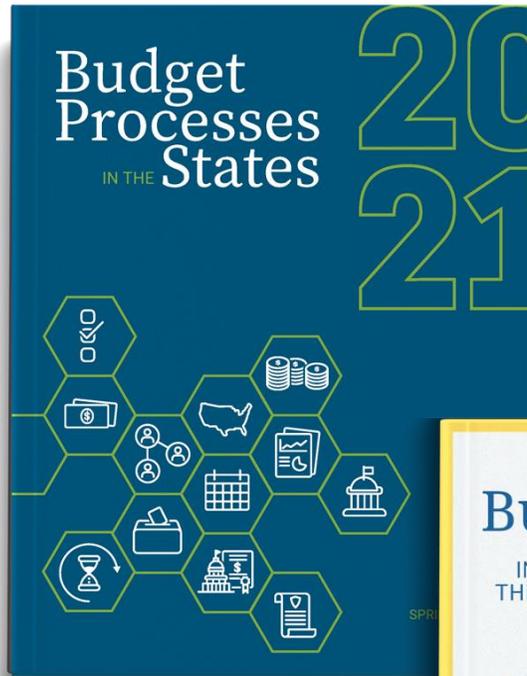
This monthly newsletter keeps you up to date on the latest NASBO developments. Stay informed about upcoming webinars and in-person meetings, newly published blogs, and our budget summary tracker. Get the latest updates on new state



The State Budget News is intended to provide an overview of state fiscal news. They are e-mailed every Thursday to subscribers.

NASBO E-Publications

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Budget Processes in the States and Territories

Since the first edition of Budget Processes in the States was published in 1975, the report has become a significant reference for state budget officers and others interested in the organization and operation of state government. In this report, NASBO compiles state-by-state comparative information on state budgeting practices, organized into six sections.

NASBO recently collected comparable information from budget offices in three U.S. territories



Fiscal Survey of States

Enacted Budgets for Fiscal 2026

Data from 50 states, U.S. territories
and the District of Columbia

Fall 2025

Fiscal Survey of States

With data gathered from all 50 state budget offices, multiple U.S. territories, and DC, this semi-annual report provides a narrative analysis of the fiscal condition of the states and data summaries of state general fund revenues, expenditures, and balances. The spring edition details governors' proposed budgets; the fall edition details enacted budgets.





2025 STATE EXPENDITURE REPORT

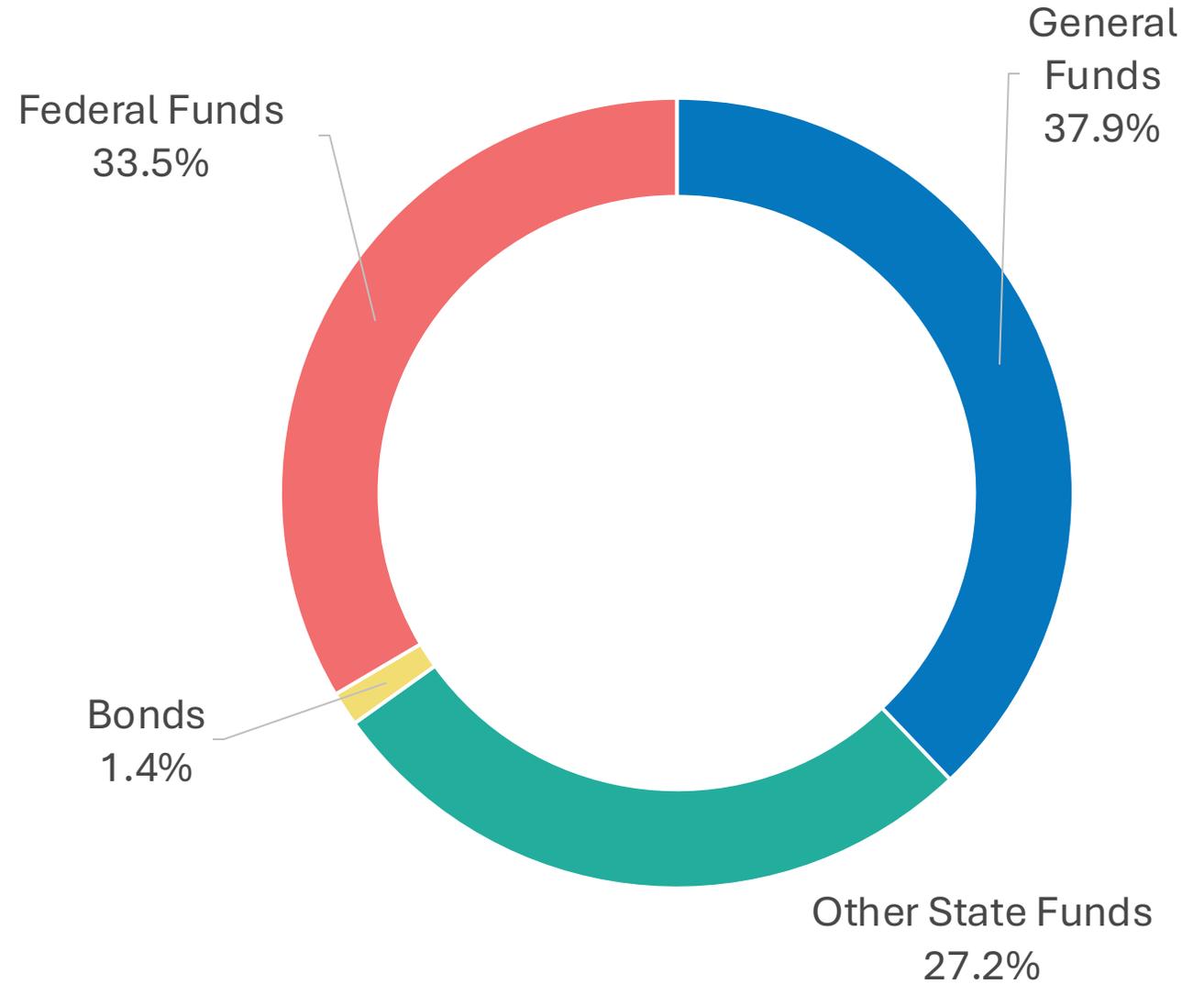
FISCAL YEARS 2023-2025

State Expenditure Report

The latest edition includes data from estimated fiscal 2025, actual fiscal 2024, and actual fiscal 2023. The annual report includes 50-state data broken down by fund source and program area, as well as data from three U.S. territories and the District of Columbia.

Total State Expenditures By Fund Source

Estimated FY2025



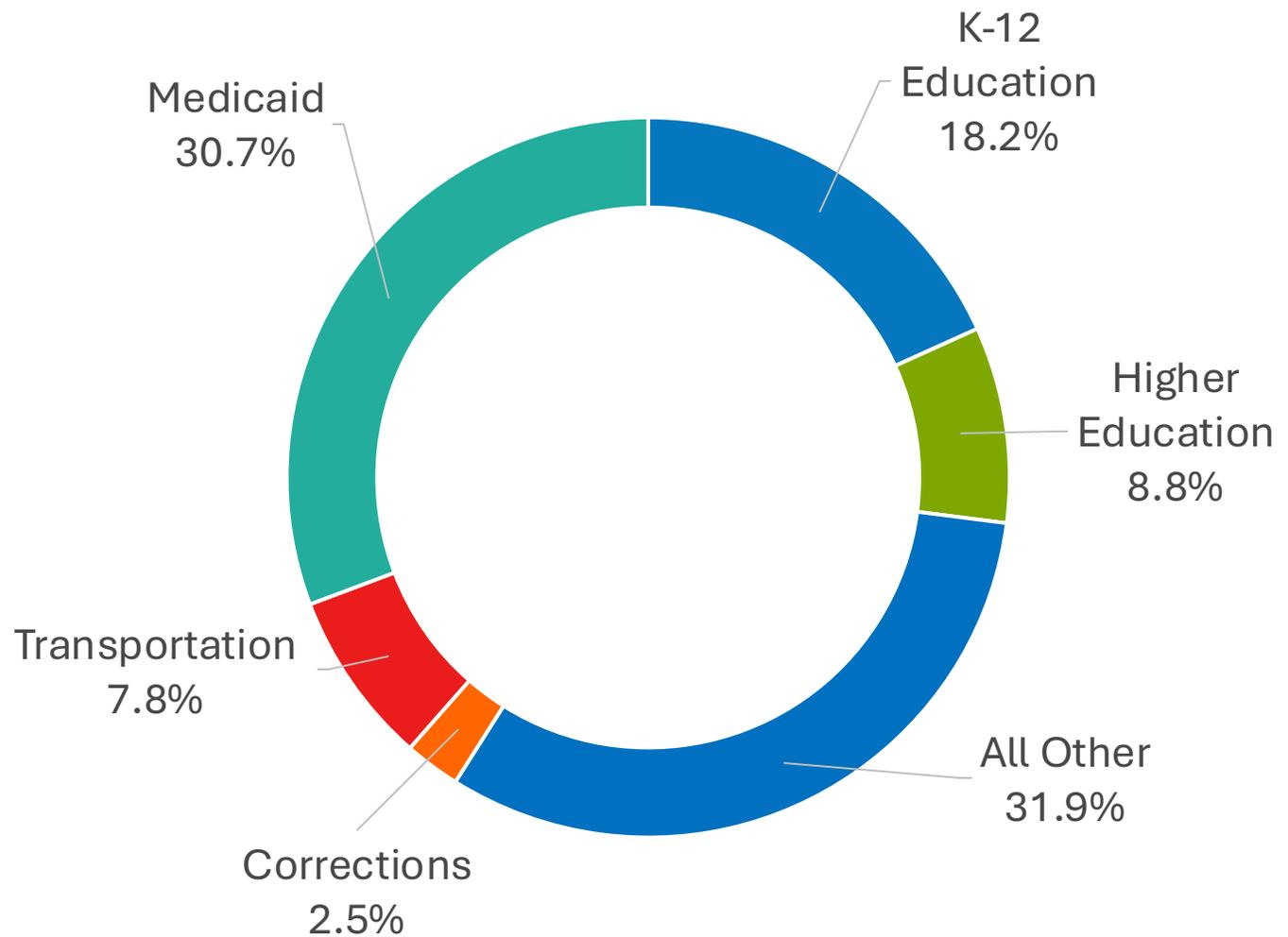
Source: NASBO State Expenditure Report



**\$3,212
Billion**

FY25

Total State Expenditures
By Function



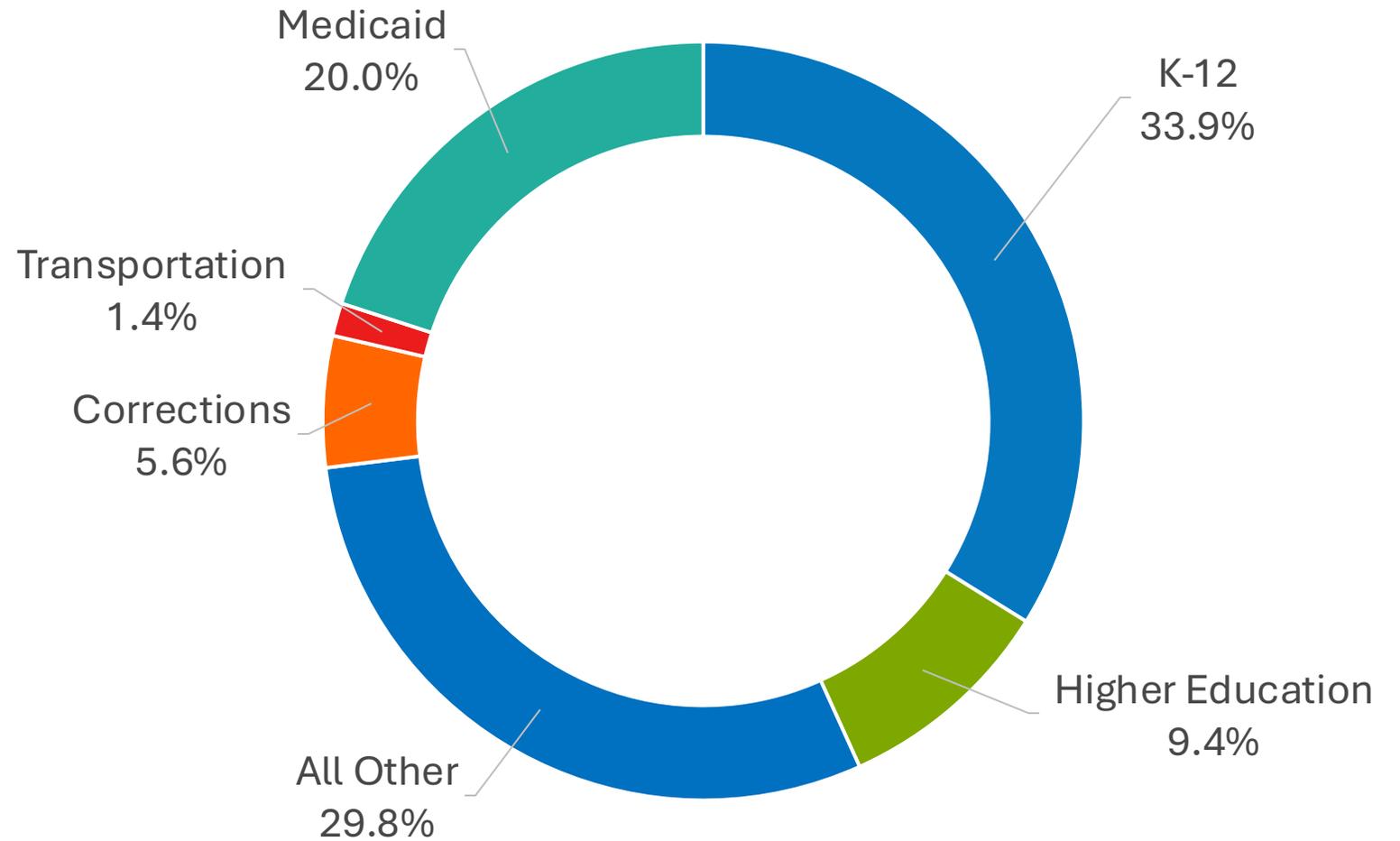
Source: NASBO State Expenditure Report



**\$1,216
Billion**

FY25

General Funds
Expenditures By Function

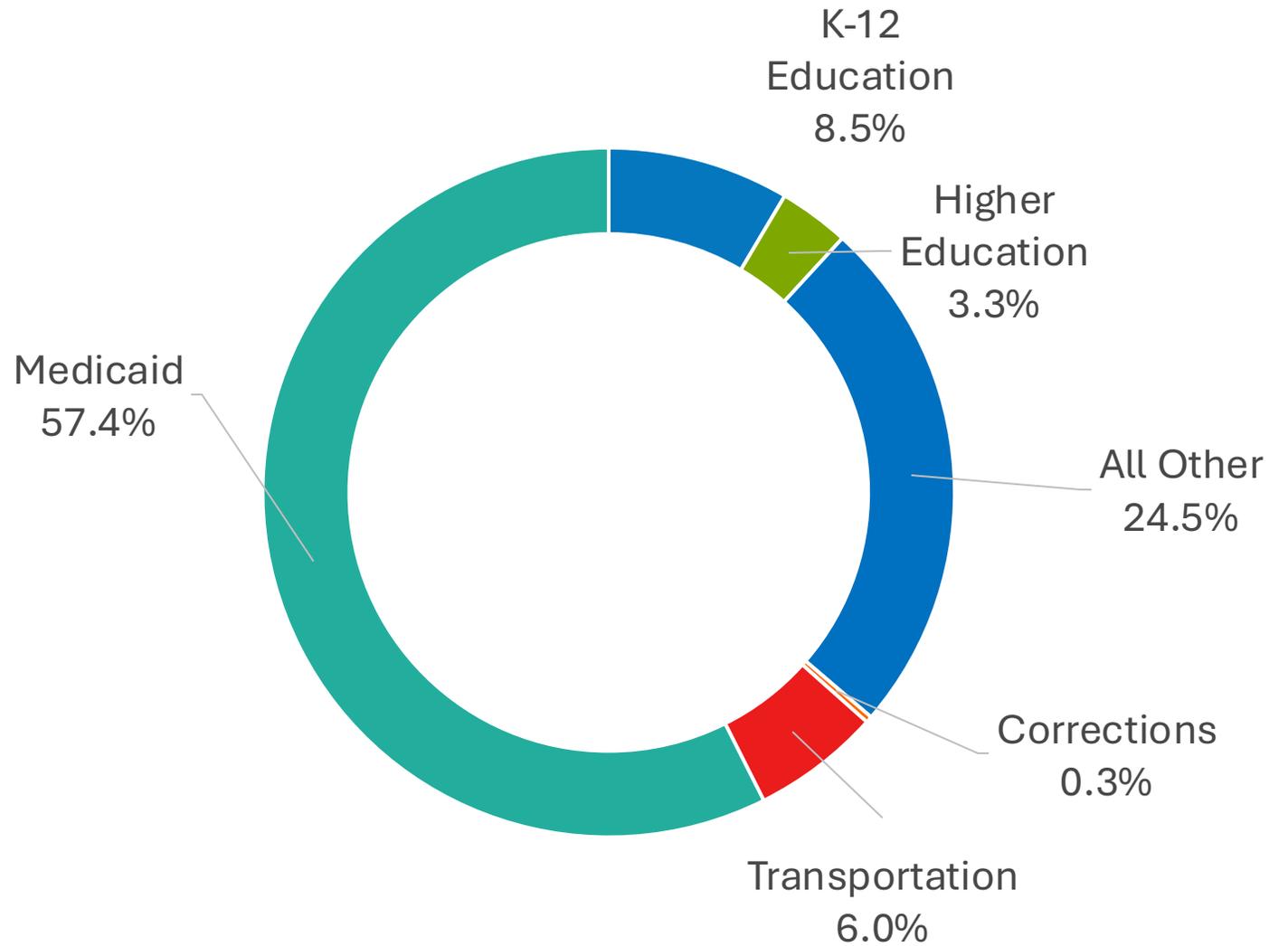


Source: NASBO State Expenditure Report

**\$1,077
Billion**

FY25

Federal Fund Expenditures
By Function



Source: NASBO State Expenditure Report