

## **SAM - BUDGETING**

### **FISCAL IMPACT ON FEDERAL FUNDING OF STATE PROGRAMS**

**6613**

(Revised and renumbered from 6640 on 3/2009)

#### **Increase in Federal Funding**

Federal funding of state programs could increase as the result of state regulations if the state acts to exercise authority granted by the federal government. Most likely, this would involve programs which have established sharing ratios and the state acts to increase the size of either the client group or the payments themselves. In this context, it is important to distinguish between regulations which implement federal mandates and those which are issued under authority granted by the federal government.

It must be noted that recent court cases have held that the threatened loss of federal funds is not equivalent to a federal mandate.

Rather than sampling any affected state and/or local entities, it would be appropriate and acceptable for the issuing state agency to either calculate the increased federal fund (based on an established sharing ratio) or to contact the federal agencies involved for their estimates of any fiscal impact.

#### **Reductions in Federal Funds**

As with increased federal funds decreases would most likely result for programs involving sharing ratios. The same methodology suggested for estimating federal fund increases may be used for federal fund reductions.