

Federal Funds Information for States

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Budget Brief 25-20, November 13, 2025

Continuing Resolution Ends Longest-Ever Government Shutdown

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Summary

A <u>continuing resolution (CR)</u> has put an end to the longest-ever government shutdown, which has been in effect since the beginning of the fiscal year (FY) on October 1. The CR was signed into law last night. It extends FY 2025 funding levels until January 30, 2026, includes selected program extensions, and addresses other matters.

The package also includes three full-year FY 2026 appropriations bills: Agriculture (which funds the Supplemental Nutrition Assistance Program [SNAP]), Legislative Branch, and Military Construction-Veterans Affairs.

This brief describes the CR, its program extensions, and other matters that affect states. <u>Table 1</u> at the end of the brief lists funding for selected grant programs under the CR or—in the case of Agriculture programs—enacted appropriations.

A summary of the Agriculture appropriations bill will be released as a stand-alone brief.

General Provisions

Below is a description of the CR's key provisions:

- The CR funds programs through January 30. The FY 2026 annualized funding for most discretionary
 programs is the FY 2025 enacted amount. Once a full-year bill is enacted, its funding amounts will
 replace those in the CR.
 - Mandatory programs with budget authority provided in appropriations bills—such as **Medicaid** and **Title IV-E Foster Care and Adoption Assistance**—may operate at FY 2026 current-law levels. The CR allows certain mandatory benefits to be paid for up to 30 days after the CR's expiration.
- The bill includes standard CR language. For example, it provides the most limited funding needed to continue projects and services. This provision can be problematic for programs with high rates of operation or complete distribution of funds early in the fiscal year.
- The CR reimburses states for costs incurred during the shutdown. States (or other grantees) will be reimbursed for expenses, including staff costs, which would have been paid by the federal government had appropriations been available.

- It requires that federal employees laid off during the shutdown be rehired and provided backpay. It also provides funds to pay federal employees who were furloughed or required to continue working because they perform tasks that are deemed essential.
- It extends the National Flood Insurance Program through January 30, 2026.
- It prevents statutory Pay-As-You-Go (PAYGO) from taking effect. PAYGO requires automatic cuts to mandatory spending if Congress enacts new tax and/or direct spending legislation that increases the federal budget deficit. FFIS published two recent reports—<u>Budget Brief 25-13</u> and <u>Budget Brief 25-17</u>—that highlight potential cuts to mandatory programs in FY 2026 due to the 2025 Reconciliation Law (P.L. 119-21), which substantially increased annual deficits. The CR includes a provision to prevent these automatic cuts from taking place in FY 2026.

Agency-Specific Provisions

In addition to its general provisions, the CR includes some agency-specific provisions and program extensions. Provisions of interest to state officials are summarized below.

Agriculture

The bill extends programs authorized by the 2018 Farm Bill until at least September 30, 2026.

It provides flexibility for the Forest Service and the Department of the Interior (DOI) to spend funds from the **Wildland Fire Management** account at the rate necessary to maintain wildfire suppression activities.

District of Columbia Local Funds

The bill permits the District of Columbia to spend local funds in accordance with the Fiscal Year 2026 Local Budget Act of 2025.

Environmental Protection Agency

The CR repurposes \$54 million in previously appropriated disaster relief money for **Drinking Water State Revolving Fund (DWSRF)** capitalization grants to cover public water system operational costs in areas that received an emergency declaration in August 2022.

Health and Human Services

The CR extends **Temporary Assistance for Needy Families (TANF)** and related programs through January 30. Division E extends funding for several health and human services programs that have been operating under short-term extensions (most recently through FY 2025). These programs receive funding in their authorizing legislation instead of the annual appropriations process. As such, they require a current authorization for funding to continue. The table below provides details.

Funding Extensions for Health and Human Services Programs							
(\$ in millions)							
New Fur							
FY 2025	(Through January 30)						
\$75	Pro rata basis						
75	Pro rata basis						
3,905	1,424						
317	115						
164	58						
15	5						
5	1.7						
15	5						
15	5						
6	Pro rata basis						
	\$75 75 3,905 317 164 15 5						

^{1/} Funding is subject to mandatory sequestration under the Budget Control Act (BCA). However, sequestration does not apply in FY 2025 and FY 2026 due to the timing of reauthorization.

The CR also delays **Medicaid Disproportionate Share Hospital (DSH)** cuts through January 30 and appropriates \$17.7 million for **Tennessee's** DSH program for October 1, 2025, through January 30, 2026. It extends certain pandemic preparedness authorities through January 30, including the ability of states and territories to request reassignment of federally funded personnel to support public health emergency response.

The CR provides HHS with the authority to reestablish the Head Start program in the Marshall Islands and Micronesia.

Homeland Security/FEMA

The CR:

- Allows the Federal Emergency Management Agency (FEMA) to spend money from the Disaster Relief Fund (DRF) as needed to respond to disasters
- Extends the authorization to administer and the requirements under the State and Local Cybersecurity Grant Program through January 30, 2026

Housing

The bill allows the Department of Housing and Urban Development (HUD) to repurpose carryover funds from prior fiscal years from the Housing Choice Voucher Program to fund rental assistance for families.

Transportation

The CR allows the Federal Aviation Administration (FAA) to apportion funds for the Essential Air Service program at the rate necessary to maintain operations.

Veterans Affairs

Division G of the legislation extends a wide range of policies and provisions affecting the Department of Veterans Affairs. These include veteran health care, benefits, homelessness, and other departmental matters.

Next Steps

This legislative package ends the government shutdown and resolves SNAP funding for the remainder of the fiscal year. There are still nine appropriation bills to complete before the CR expires at the end of January. Failing that, another shutdown or another CR could be in the offing.

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Current FY 2026 Funding for Selected Grant Programs

(\$ in millions)

				FY 2026
Discretionary	ALN	FY 2024	FY 2025	CR or Enacted 11/
Department of Agriculture (USDA)		\$7,510	\$8,113	\$8,751
Commodity Assistance Program (CAP) 11/	10.565	480	516	551
Women, Infants & Children (WIC) 11/	10.557	7,030	7,597	8,200
Department of Commerce (DOC)		400	400	400
Economic Development Administration (EDA) Assistance	11.300+	400	400	400
Department of Education (ED)		44,965	44,965	44,965
Title I: Education for the Disadvantaged	84.010+	18,407	18,407	18,407
Comprehensive Literacy Development Grants	84.371	194	194	194
English Language Acquisition	84.365	890	890	890
Supporting Effective Instruction	84.367	2,190	2,190	2,190
Teacher and School Leader Incentive Grants	84.374	60	60	60
Impact Aid	84.041	1,625	1,625	1,625
21st Century Community Learning Centers	84.287	1,330	1,330	1,330
State Assessments	84.369	380	380	380
Student Support and Academic Enrichment Grants	84.424	1,380	1,380	1,380
Special Education State Grants (Part B-611)	84.027	14,214	14,214	14,214
Career and Technical Education State Grants	84.048	1,440	1,440	1,440
Adult Basic and Literacy Education State Grants	84.002	715	715	715
Federal Supplemental Ed. Opportunity Grants	84.007 84.033	910 1,230	910 1,230	910 1,230
Work Study	64.053	,	,	
Department of Health and Human Services (HHS)	00.050	50,574	50,102	49,789
Substance Use Prevention, Treatment, and Recovery Services Block Grant	93.959	2,008	2,008	2,008
Mental Health Block Grant 4/ State Opioid Response Grants	93.958	1,070	1,070	1,008
Maternal & Child Health Block Grant	93.788 93.994	1,575	1,575 814	1,575
Community Health Centers 4/	93.224	814 6,485	5,762	814 5,762
Preventive Health Block Grant	93.758	160	160	160
Family Planning	93.217	286	286	286
Ryan White AIDS Grants	93.914, 93.917+	2,571	2,571	2,571
Hospital Preparedness Program (HPP)	93.074	305	305	305
Public Health Emergency Preparedness (PHEP)	93.074	735	735	735
Head Start	93.600	12,272	12,272	12,272
Preschool Development Grants	93.434	315	315	315
Child Welfare Services	93.645	269	269	269
Community Services Block Grant	93.569	770	770	770
Child Care & Development Block Grant 12/	93.575	8,746	8,996	8,746
Low Income Home Energy Assistance 13/	93.568	4,125	4,125	4,125
Refugee Assistance	93.584	6,327	6,327	6,327
Aging Grants to States	93.044, 93.045+	1,741	1,741	1,741
Department of Housing and Urban Development (HUD)		67,435	72,036	72,036
Community Development Block Grant - Entitlement (CDBG) 7/ 12/	14.218	2,312	2,312	2,312
CDBG - Nonentitlement 7/ 12/	14.228	988	988	988
Homeless Assistance Grants	14.231	4,051	4,051	4,051
HOME Program	14.239	1,250	1,250	1,250
Public Housing Fund	14.850, 14.872	8,811	8,811	8,811
Tenant-Based Rental Assistance (Section 8)	14.871	32,387	36,041	36,041
Project-Based Rental Assistance (Section 8)	14.856	16,010	16,890	16,890
Housing for the Elderly	14.157	913	931	931
Housing for Persons with AIDS	14.241	505	505	505
Housing for Persons with Disabilities	14.181	208	257	257
Department of Energy and EPA	04.043	6,584	8,403	8,403
DOE Weatherization Assistance Program 8/	81.042 81.041	366 66	366 66	366 66
DOE State Energy Program 8/ EPA Clean Water State Revolving Fund 9/ 12/ 13/	66.458	3,254	4,242	4,242
EPA Drinking Water State Revolving Fund 9/ 12/ 13/	66.468	3,254 2,897	4,242 3,729	3,729
	55.400			•
Department of Justice (DOJ) Violence Against Women Act (VAWA) STOP Grants	16.588	1,056 255	1,106 255	1,106 255
COPS hiring grants	16.710	255 157	255 157	255 157
* * * * * * * * * * * * * * * * * * *	16.606	234		234
			2.34	234
State Criminal Alien Assistance Program (SCAAP) Byrne Justice Assistance Grants (JAG) - formula grants 10/	16.738	346		396

continued

Table 1, continued

Current FY 2026 Funding for Selected Grant Programs

(\$ in millions)

				FY 2026
Discretionary	CFDA	FY 2024	FY 2025	CR or Enacted 11/
Department of Homeland Security (DHS)		\$1,377	\$1,377	\$1,377
State Homeland Security Grant Program (SHSGP) 3/	97.067	387	387	387
Urban Area Security Initiative (UASI) 3/	97.067	554	554	554
Emergency Food and Shelter 3/	97.024	117	117	117
Emergency Management Performance Grants	97.042	320	320	320
Department of Labor (DOL)		6,746	6,752	6,752
Dislocated Worker Assistance 5/	17.278	1,096	1,096	1,096
Adult Training 5/	17.258	886	886	886
Youth Training 5/	17.259	948	948	948
Employment Service State Administration 5/	17.207	675	675	675
Unemployment Insurance State Administration	17.225	3,142	3,148	3,148
Department of Transportation (DOT)		95,353	97,529	97,529
Airport Improvement Program (AIP) 2/	20.106	3,400	4,050	4,050
Highway Obligation Limitation 2/	20.205+	60,096	61,314	61,314
Highway Funding Exempt from Obligation Limitation 1/2/12/13/	20.205+	10,492	10,492	10,492
Highway Traffic Safety Grants 2/ 13/	20.600+	875	893	893
Transit and Bus Grants 2/ 13/	20.500+	16,686	16,975	16,975
Capital Investment Grants 13/	20.500	3,805	3,805	3,805
Subtotal: Discretionary		\$282,000	\$290,782	\$291,108

				FY 2026
Mandatory	CFDA	FY 2024	FY 2025	CR or Enacted 11/
Child Nutrition 1/11/	10.555+	33,271	31,777	37,846
Supplemental Nutrition Assistance - State Administration 11/	10.561	5,874	6,041	6,253
Social Services Block Grant (SSBG) 1/	93.667	1,603	1,603	1,603
Child Care Entitlements to States	93.596	3,550	3,550	3,550
Temporary Assistance to Needy Families (TANF)	93.558	16,512	16,512	16,514
TANF Contingency Fund	93.558	608	608	608
Child Support Enforcement	93.563	5,066	5,629	5,883
Foster Care	93.658	5,316	5,383	5,517
Adoption Assistance	93.659	3,999	4,142	4,397
Independent Living 6/	93.599, 93.674	187	187	187
Promoting Safe and Stable Families (PSSF) 1/6/	93.556	398	398	469
Children's Health Insurance Program (CHIP) State Allotments	93.767	20,394	21,017	22,100
Medicaid Vendor Payments	93.778	654,144	676,113	734,397
Medicaid Administration	93.778	28,183	29,730	28,543
Vaccines for Children	93.268	7,239	7,757	7,930
Payments from states for Medicare prescription drugs	N/A	-17,758	-18,236	-18,931
Vocational Rehabilitation State Grants 1/	84.126	3,725	4,140	4,247
Subtotal: Mandatory		\$772,311	\$796,351	\$861,113

Footnotes:

Total: Selected Grants-In-Aid

1/ Under the Budget Control Act and subsequent legislation, mandatory programs subject to sequestration receive an automatic adjustment of -5.7% each year. The cuts apply to Special Milk (Child Nutrition), PSSF, SSBG, Vocational Rehabilitation, and a portion of highway funding exempt from obligation limitation. The figures shown are post-sequestration.

2/ DOT: Amounts for AIP, Highway Funding Exempt from Obligation Limitation, and Transit and Bus Grants include general fund appropriations and exclude earmarks (there are no earmarks for FY 2025 or the FY 2026 CR). AIP funding excludes IIJA appropriations for Airport Infrastructure Grants and the Airport Terminal Program, which are distinct from AIP.

\$1.054.310

\$1.087.133

\$1,152,221

- 3/ DHS: SHSGP and UASI are net of set-asides, but SHSGP amount includes the tribal portion. Emergency Food and Shelter Program (EFSP) amounts exclude humanitarian assistance funding.
- 4/ HHS discretionary: Community Health Centers includes both mandatory and discretionary funds; the CR provides FY 2026 mandatory funds through January 30, 2026. FY 2024 and FY 2025 Mental Health Block Grant amounts include appropriations in the Bipartisan Safer Communities Act (BSCA).
- 5/ DOL: Amounts reflect program years. Unemployment Insurance amount includes Reemployment Services and Integrity funding, but excludes additional funds for states if average weekly insured unemployed (AWIU) exceeds specified threshold.
- 6/ HHS mandatory: PSSF and Independent Living amounts include mandatory and discretionary funds. The CR extends TANF funding through January 30, 2026
- 7/ **HUD**: CDBG amounts exclude earmarks.
- 8/ DOE: Amounts for Weatherization include set-asides. The IIJA provided a one-time appropriation of \$3.5 billion for Weatherization and \$500 million for the State Energy Program (SEP); these amounts are not reflected in the table.
- 9/ EPA: Amounts exclude earmarks (there are no earmarks for FY 2025 or the FY 2026 CR). IIJA amounts for the revolving loan funds exclude appropriations that target emerging contaminants, and the DWSRF amount excludes targeted funding for replacing lead service lines.
- 10/ DOJ: In addition to amounts shown, the BSCA appropriated \$150 million annually (FYs 2022-2026) that is being used for the Byrne State Crisis Intervention Program.
- 11/ CR and Final Funding: The CR provides funding through January 30, 2026. For the USDA programs listed (CAP, WIC, Child Nutrition, and SNAP administration), the FY 2026 funding listed is the full-year amount provided in a final appropriations bill.
- 12/ Amounts exclude disaster relief funding.
- 13/ Amounts include advance appropriations in the IIJA.

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