



# The Consequences of the Romney-Ryan Budget Plan on State and Local Budgets

## The Burden of Drastic Cutbacks in Federal Investments for States Will Cost the Middle Class Dearly

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### Introduction

Republican presidential and vice presidential contenders Mitt Romney and Paul Ryan promise enormous cuts in overall federal spending, totaling more than \$4 trillion over 10 years, if they win the election on November 6. At the same time, the former Massachusetts governor and Wisconsin congressman promise enormous amounts of new spending for the Pentagon—more money, in fact, than the Pentagon itself says it needs. Gov. Romney and Rep. Ryan also offer assurances that there will be no cuts to Medicare or Social Security for those over the age of 55—a promise at odds with their vow to repeal the Affordable Care Act, which improved Medicare benefits and lowered costs for current seniors.

Taken together, these promises necessarily mean that the entire bulk of the Romney-Ryan spending cuts will necessarily fall on the remaining 40 percent of the budget. And unfortunately for state and local budgets, nearly all of their federal funding can be found in that remaining 40 percent. This money supports local schools, law enforcement efforts, highway repairs, and job-training programs. It ensures children do not go hungry and helps provide health insurance to more than 38 million of America's children. All of those services and investments and many more would be slashed dramatically under the proposed budget policies of Gov. Romney and Rep. Ryan.

The simple math dictates that for the Romney-Ryan plan to achieve its spending goal, the two men if elected would need to cut nearly all federal grants to the states by a staggering 40 percent by 2016. And that is in addition to the nearly 30 percent cut to Medicaid that would result from their plan to transform Medicaid into a block grant. In fact, their budget plan would cost states approximately \$32 billion in federal investment

in 2013 alone, and more than \$2.6 trillion over the next 10 years. The Romney-Ryan agenda could mean devastating cuts to critical programs, including:

- **The Head Start program for pre-kindergarten children.** Head Start provides at-risk preschoolers with the education, health, nutrition, and family support services needed to help them succeed. Under their plan, in 2013 alone states would lose \$974 million from Head Start. More than 139,000 kids would be kicked off of Head Start.<sup>1</sup> Over the next 10 years, states would lose more than \$39 billion in Head Start funding.
- **Funding for highways and interstates.** Investing in our country's highways and infrastructure creates jobs—about 30,000 jobs for every \$1 billion of investment.<sup>2</sup> Under the Romney-Ryan plan, \$2.9 billion would be cut from federal funding for our country's highways in year one. Over the next 10 years, states would be on the hook for \$117.7 billion in lost federal investment in highway infrastructure.
- **School Lunch and School Breakfast.** In 2011 more than 31 million children depended on the School Lunch and School Breakfast program for free or reduced-price meals at school.<sup>3</sup> But the plan put forth by Gov. Romney and Rep. Ryan would cut \$96 billion from the program over the next 10 years. This would increase child hunger, inevitably leading to worse educational outcomes and higher long-term health costs.

The consequences of these kinds of cuts would be devastating. States and localities would be forced to face an unhappy choice—they could try to fill in the lost funding by increasing state and local taxes, or they could allow these programs, services, and investments to be curtailed dramatically. Either way, the middle class and those with low incomes will pick up the tab.

On the following pages, take a look at what the Romney-Ryan budget will mean for every state in the union.

**FIGURE 1**  
**The 2013 impact of the Romney-Ryan budget on states**

Cuts to federal grants to states for 2013, in millions

	Health care	Safety net	Education and job training	Transportation and economic development	Law enforcement and homeland security	Natural resources and environment	Other	Total
Alabama	51	162	124	96	21	13	31	499
Alaska	15	48	55	78	11	23	2	232
Arizona	75	193	167	105	36	17	3	597
Arkansas	35	95	78	57	14	10	3	293
California	399	1,765	899	524	212	62	15	3,875
Colorado	46	143	109	84	26	30	4	442
Connecticut	35	167	78	84	16	8	2	389
Delaware	9	33	21	156	9	4	2	234
District of Columbia	22	292	45	324	52	7	2	743
Florida	154	548	361	239	91	27	6	1,427
Georgia	87	358	227	161	46	18	8	904
Hawaii	16	56	34	24	13	6	3	153
Idaho	16	36	40	38	11	14	3	156
Illinois	114	523	322	186	71	32	8	1,256
Indiana	45	193	136	108	26	23	4	535
Iowa	29	92	73	77	16	12	3	302
Kansas	22	84	66	89	15	10	3	288
Kentucky	47	164	122	86	26	19	15	478
Louisiana	69	192	148	273	46	24	5	756
Maine	19	58	39	28	11	10	2	167
Maryland	62	252	123	83	37	14	3	575
Massachusetts	94	364	63	120	37	23	4	704
Michigan	92	401	287	136	42	32	6	997
Minnesota	40	203	118	100	24	20	5	510
Mississippi	51	119	107	152	15	12	12	468
Missouri	60	185	141	147	33	17	9	593
Montana	15	38	43	51	10	20	3	180
Nebraska	17	56	45	25	13	8	6	169
Nevada	16	70	51	51	19	10	4	221
New Hampshire	11	42	27	24	15	8	1	128
New Jersey	114	367	176	160	47	22	4	890
New Mexico	62	85	83	52	28	48	4	363
New York	261	1,268	503	517	146	39	8	2,742
North Carolina	106	286	216	76	32	20	5	743
North Dakota	8	27	33	43	10	10	3	135

	Health care	Safety net	Education and job training	Transportation and economic development	Law enforcement and homeland security	Natural resources and environment	Other	Total
Ohio	112	465	290	145	47	37	5	1,102
Oklahoma	43	151	103	95	29	16	8	445
Oregon	39	146	100	94	22	20	6	427
Pennsylvania	122	491	287	224	57	38	12	1,231
Rhode Island	14	61	32	27	12	6	1	154
South Carolina	46	130	108	65	20	11	5	384
South Dakota	9	34	19	51	9	8	2	132
Tennessee	62	197	141	98	26	11	74	609
Texas	248	769	646	365	140	46	13	2,228
Utah	24	66	55	59	13	25	4	245
Vermont	9	31	24	24	8	7	2	105
Virginia	61	213	156	144	51	23	4	651
Washington	49	254	154	136	40	23	6	662
West Virginia	25	77	54	55	13	23	3	250
Wisconsin	50	178	132	106	24	25	6	522
Wyoming	6	16	22	31	8	103	1	187

FIGURE 2

**A devastating impact for many critical public services and investments**

Cuts to selected specific federal grants to states for 2013, in millions

	Medicaid	Child nutrition	K-12 grants	Highways	Head Start	Federal Aviation Administration
Alabama	13	37	43	66	17	7
Alaska	3	6	25	34	5	21
Arizona	26	46	60	50	20	7
Arkansas	12	27	25	35	11	4
California	94	256	300	183	122	32
Colorado	9	22	29	41	25	11
Connecticut	13	15	22	57	9	3
Delaware	3	6	7	150	2	1
District of Columbia	5	5	7	15	7	2
Florida	43	122	117	123	40	19
Georgia	21	88	78	110	26	6
Hawaii	4	7	13	14	4	3
Idaho	4	10	10	28	5	2
Illinois	35	80	108	83	39	12
Indiana	16	43	40	70	14	6
Iowa	8	18	16	34	9	4
Kansas	6	20	19	39	8	5
Kentucky	16	33	40	48	18	4
Louisiana	20	45	54	59	22	9
Maine	6	7	11	15	5	3
Maryland	16	27	34	41	13	2
Massachusetts	27	32	1	60	18	8
Michigan	31	56	90	79	35	12
Minnesota	17	30	29	50	15	8
Mississippi	13	34	33	37	22	5
Missouri	22	39	41	92	20	10
Montana	3	6	14	33	5	4
Nebraska	4	13	13	13	7	3
Nevada	3	12	15	28	4	6
New Hampshire	3	4	7	16	3	2
New Jersey	23	42	48	60	18	12
New Mexico	10	21	32	30	10	3
New York	116	128	197	159	64	11
North Carolina	30	67	66	36	32	11
North Dakota	2	5	11	19	4	3

	Medicaid	Child nutrition	K-12 grants	Highways	Head Start	Federal Aviation Administration
Ohio	41	66	92	95	38	8
Oklahoma	12	34	32	63	16	5
Oregon	11	22	27	50	14	8
Pennsylvania	45	62	93	120	36	10
Rhode Island	4	6	10	17	4	2
South Carolina	15	35	34	44	12	4
South Dakota	2	6	5	21	6	3
Tennessee	23	44	46	64	19	10
Texas	70	245	246	157	76	24
Utah	5	17	13	24	7	3
Vermont	3	3	8	16	3	2
Virginia	15	31	42	83	16	6
Washington	16	34	42	47	21	10
West Virginia	8	13	17	39	8	3
Wisconsin	17	30	37	64	16	8
Wyoming	1	3	9	23	3	3

FIGURE 3

The 10-year impact of the Romney-Ryan budget on states

Cuts to federal grants to states for 2013-2022, in millions

	Health care	Safety net	Education and job training	Transportation and economic development	Law enforcement and homeland security	Natural resources and environment	Other	Total
Alabama	20,505	6,744	4,964	3,858	832	522	754	38,178
Alaska	4,411	1,975	2,190	3,150	428	916	72	13,141
Arizona	39,167	8,088	6,687	4,200	1,457	655	130	60,385
Arkansas	17,589	4,018	3,128	2,306	550	400	130	28,121
California	145,845	72,611	35,937	21,031	8,469	2,459	599	286,950
Colorado	14,365	5,857	4,343	3,363	1,046	1,167	169	30,310
Connecticut	19,305	6,807	3,128	3,358	626	306	68	33,598
Delaware	4,415	1,338	842	6,269	364	164	85	13,477
District of Columbia	8,121	11,739	1,793	12,992	2,076	263	73	37,056
Florida	65,698	22,813	14,437	9,605	3,636	1,063	254	117,506
Georgia	32,791	14,935	9,058	6,450	1,799	718	295	66,045
Hawaii	5,508	2,280	1,371	969	514	259	134	11,035
Idaho	6,149	1,509	1,604	1,510	430	521	105	11,829
Illinois	52,419	21,498	12,876	7,477	2,837	1,264	334	98,705
Indiana	24,552	8,049	5,441	4,338	1,051	894	147	44,471
Iowa	12,629	3,790	2,929	3,107	630	498	116	23,698
Kansas	9,458	3,484	2,636	3,553	611	391	136	20,271
Kentucky	24,623	6,777	4,849	3,442	1,036	732	396	41,855
Louisiana	30,961	7,979	5,882	10,952	1,831	944	195	58,745
Maine	9,470	2,369	1,569	1,129	455	382	85	15,459
Maryland	24,528	10,242	4,935	3,330	1,492	555	124	45,206
Massachusetts	40,574	14,743	2,485	4,795	1,469	915	148	65,129
Michigan	46,934	16,346	11,487	5,463	1,685	1,264	243	83,424
Minnesota	25,388	8,306	4,723	4,034	949	789	218	44,408
Mississippi	19,716	4,956	4,286	6,086	612	485	367	36,509
Missouri	32,793	7,654	5,642	5,919	1,338	687	371	54,403
Montana	4,294	1,544	1,713	2,052	381	786	137	10,906
Nebraska	6,680	2,317	1,788	1,023	516	329	229	12,883
Nevada	5,474	2,900	2,028	2,029	766	386	169	13,752
New Hampshire	4,483	1,720	1,062	945	620	339	40	9,210
New Jersey	35,368	14,937	7,051	6,417	1,890	888	141	66,691
New Mexico	16,259	3,530	3,313	2,075	1,143	1,911	146	28,378
New York	172,398	51,368	20,112	20,744	5,811	1,551	330	272,314
North Carolina	45,472	11,913	8,639	3,051	1,289	813	196	71,372
North Dakota	2,751	1,119	1,333	1,736	391	403	132	7,864

	Health care	Safety net	Education and job training	Transportation and economic development	Law enforcement and homeland security	Natural resources and environment	Other	Total
Ohio	61,154	19,127	11,592	5,828	1,893	1,460	218	101,271
Oklahoma	17,648	6,253	4,100	3,831	1,155	639	318	33,944
Oregon	16,349	6,013	4,003	3,771	876	791	237	32,039
Pennsylvania	67,290	20,145	11,470	9,008	2,261	1,489	472	112,135
Rhode Island	6,773	2,499	1,272	1,100	497	222	58	12,420
South Carolina	22,602	5,433	4,326	2,597	793	448	181	36,380
South Dakota	3,188	1,379	765	2,036	370	336	73	8,146
Tennessee	35,098	8,168	5,624	3,944	1,056	429	1,707	56,026
Texas	106,593	32,524	25,780	14,659	5,582	1,840	532	187,508
Utah	7,944	2,737	2,186	2,361	517	974	154	16,872
Vermont	4,812	1,273	943	972	303	274	70	8,647
Virginia	22,484	8,721	6,243	5,779	2,036	896	152	46,312
Washington	24,426	10,368	6,136	5,467	1,596	899	248	49,141
West Virginia	11,750	3,159	2,146	2,208	538	845	136	20,783
Wisconsin	25,447	7,317	5,266	4,261	978	1,010	246	44,524
Wyoming	1,920	664	886	1,238	329	4,059	42	9,137



FIGURE 4

**A devastating impact for many critical public services and investments**

Cuts to selected specific federal grants to states for 2013-2022, in millions

	Medicaid	Child nutrition	K-12 grants	Highways	Head Start	Federal Aviation Administration
Alabama	19,147	1,753	1,733	2,658	687	277
Alaska	3,935	281	1,014	1,370	194	848
Arizona	37,490	2,173	2,424	1,996	804	292
Arkansas	16,775	1,276	996	1,391	425	173
California	135,310	12,047	12,031	7,340	4,898	1,289
Colorado	13,015	1,044	1,153	1,628	1,013	439
Connecticut	18,460	718	874	2,296	343	114
Delaware	4,187	293	295	6,026	86	46
District of Columbia	7,446	229	270	600	276	79
Florida	61,666	5,730	4,694	4,948	1,611	775
Georgia	30,494	4,151	3,126	4,421	1,036	245
Hawaii	5,057	310	526	554	158	128
Idaho	5,739	469	407	1,116	205	78
Illinois	49,607	3,750	4,319	3,346	1,567	482
Indiana	23,511	2,026	1,594	2,814	579	256
Iowa	11,889	863	661	1,360	358	158
Kansas	8,909	944	767	1,552	340	215
Kentucky	23,547	1,576	1,596	1,937	711	170
Louisiana	29,291	2,097	2,167	2,354	893	367
Maine	9,021	331	446	594	192	115
Maryland	22,892	1,276	1,360	1,629	503	92
Massachusetts	38,195	1,495	52	2,426	737	301
Michigan	44,751	2,640	3,616	3,160	1,424	492
Minnesota	24,537	1,425	1,169	2,010	593	318
Mississippi	18,418	1,578	1,313	1,470	899	184
Missouri	31,418	1,821	1,635	3,675	794	412
Montana	3,834	286	553	1,340	217	161
Nebraska	6,241	618	541	509	282	110
Nevada	5,009	554	616	1,130	167	234
New Hampshire	4,177	204	294	629	111	61
New Jersey	32,330	1,980	1,915	2,425	724	474
New Mexico	14,574	978	1,298	1,187	391	119
New York	167,081	6,051	7,912	6,366	2,556	434
North Carolina	42,806	3,148	2,630	1,464	1,269	427
North Dakota	2,532	218	431	747	180	102

	Medicaid	Child nutrition	K-12 grants	Highways	Head Start	Federal Aviation Administration
Ohio	58,676	3,108	3,699	3,807	1,545	326
Oklahoma	16,560	1,584	1,272	2,546	652	182
Oregon	15,341	1,039	1,100	2,003	556	315
Pennsylvania	64,557	2,925	3,721	4,830	1,457	414
Rhode Island	6,407	264	387	684	171	80
South Carolina	21,465	1,669	1,384	1,774	474	178
South Dakota	2,922	283	221	848	238	126
Tennessee	33,723	2,077	1,828	2,575	753	394
Texas	100,485	11,540	9,869	6,282	3,050	970
Utah	7,285	783	527	964	284	134
Vermont	4,583	154	305	639	118	84
Virginia	20,846	1,447	1,665	3,327	661	226
Washington	23,151	1,605	1,667	1,896	835	383
West Virginia	11,124	602	688	1,558	335	108
Wisconsin	24,243	1,406	1,472	2,581	624	306
Wyoming	1,742	151	350	930	117	41,177

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## Methodology

In order to estimate the effect of the spending plans of Republican presidential and vice presidential contenders Mitt Romney and Paul Ryan on federal funding for states, we begin by estimating the percentage cut in overall spending that would be required given their stated spending proposals. For federal spending they propose to:

- Cap all federal spending at 20 percent of gross domestic product
- Increase defense spending to 4 percent of gross domestic product
- Make no cuts to Medicare or Social Security in the next 10 years
- Repeal the Affordable Care Act, including the Medicare savings, which would increase Medicare spending by more than \$700 billion
- Transform Medicaid into block grants to the states

In order to comply with the Romney-Ryan spending cap after accounting for the spending effects of the other policy proposals, the former Massachusetts governor and House Budget Committee chairman from Wisconsin would need to cut all other federal spending—that is spending aside from Social Security, Medicare, Medicaid, defense, and net interest—by about 11 percent in 2013, growing to 63 percent by 2022, for an annual average of 39 percent over the next 10 years. These calculations rely on the following assumptions:

- The Romney-Ryan plan would reduce federal spending to fully comply with their proposed spending cap by the end of 2016.
- From 2013 through 2015 their plan would reduce overall federal spending to levels consistent with the House Republican budget plan, authored by Rep. Ryan.
- The Romney-Ryan plan to turn Medicaid into a block grant will be roughly consistent with Rep. Ryan’s plan as detailed in his most recent budget plan. Furthermore, no additional cuts will be made to Medicaid beyond the effects of repealing the Affordable Care Act and turning the program into a block grant.
- The baseline, against which the percentage cuts are calculated, includes a permanent fix to the Medicare Sustainable Growth Rate formula, a repeal of the “sequester” automatic spending cuts, and the drawdown of U.S. military forces in overseas combat operations.

In order to estimate how these cuts would specifically impact states, we started with U.S. Census Bureau data on federal aid to states in fiscal year 2010—the most recent year for which data are available. We adjusted these data to account for the anomalous effects of temporary measures to boost the economy. Specifically, we removed extra funding for elementary and secondary education as well as extra highway funding. We then extrapolated fiscal year 2013 through 2022 funding by using the most recent Congressional

Budget Office baseline estimates. For mandatory grants we used CBO's spending growth projections specific to those particular programs. For discretionary grants we used the general growth projections for nondefense discretionary spending.

Since nearly all federal grants to states, with the notable exception of Medicaid, fall into the "other federal spending" category, we applied the annual percentage cut required to comply with the Romney-Ryan plan's proposed cap to the baseline projections of all non-Medicaid grants. But since their plan has a separate policy for Medicaid, we did not apply the "across-the-board" percentage cut to that program. Instead, for Medicaid, we applied the annual percentage cut that would occur under the "block grant" proposal from Rep. Ryan that is broadly similar to Gov. Romney's outlined proposal. This cut also includes the effect of repealing the Affordable Care Act.

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## Endnotes

- 1 Calculations based on National Education Association calculations from U.S. Department of Health and Human Services budget data based on an analysis from the Office of Management and Budget. "House FY 2013 Budget Resolution," available at [http://www.nea.org/assets/docs/Impact\\_of\\_Ryan\\_Budget\\_on\\_Head\\_Start\\_by\\_State.pdf](http://www.nea.org/assets/docs/Impact_of_Ryan_Budget_on_Head_Start_by_State.pdf) (last accessed September 2012).
- 2 Kristina Costa and Adam Hersh, "Infrastructure Spending Builds American Jobs" (Washington: Center for American Progress, 2011).
- 3 "National School Lunch Program," available at <http://www.fns.usda.gov/cnd/lunch/AboutLunch/NSLPFactSheet.pdf> (last accessed September 2012).