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PROPOSED BUDGET CUTS NOT ONLY HURT CDC AND PUBLIC HEALTH, THEY ALSO HARM STATE AND LOCAL ECONOMIES AND EMPLOYMENT

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Summary

The President's budget for Fiscal Year (FY) 2026 proposes large reductions in funding for the Centers for Disease Control and Prevention (CDC), including the elimination of funding for chronic disease prevention and global health and major reductions in funding for HIV/AIDS, environmental, occupational health, public health preparedness, birth defects and developmental disabilities. This report analyzes these budget proposals and the economic and employment impact for states. Key findings include:

- The U.S. Department of Health and Human Services (HHS) budget proposal for FY 2026 would cut CDC funding by $5 billion but transfer more than $1 billion from CDC to other HHS divisions, for a net reduction of $3.8 billion, or 42% less than CDC's operational budget for FY 2024. We compare to 2024 levels because the impact of reductions in staffing, grants and other activities in 2025 is still not clear, making it impossible to conduct a fair comparison to the current year.
- We estimate the proposed budget would cause public health grants to state and local governments and organizations to fall by $2.0 billion, compared to 2024. There would be an additional $1.8 billion reduction in other costs, such as those for federal staffing, contracts and other functions.
- We estimate the economic and employment repercussions of federal funding cuts using the IMPLAN economic modeling system. Overall, state economies would lose $5.4 billion in their gross domestic products (GDPs). The loss to state economies would be about 40% greater than the federal savings, as losses ripple through state and local economies.
- About 42,000 jobs would be lost nationwide in 2026 if the proposed CDC budget cut were to become law. About one-third would be indirect and induced losses in sectors outside of public health.
- State and local tax revenues would fall by more than $240 million because of the economic and employment losses across the nation.
- The greatest loss would occur in Georgia, where CDC is headquartered. Its GDP would be about $1.9 billion less as a result of the CDC budget cuts.
- Economic and employment losses are projected for every state. States losing over 1,000 jobs each include Georgia, California, Florida, Texas, Arizona, Illinois, New York and Pennsylvania.

Some of these losses already began in 2025 because of funding and staffing cuts that CDC adopted earlier this year, but the scope of those losses remains unclear because HHS has shared minimal public information about the scope of its cuts. We acknowledge uncertainty about our estimates because it is not clear how, given major changes in public health priorities, CDC (or other HHS operating and staff divisions) would utilize funds that are eventually made available for FY 2026.

While both the Senate and House Appropriations Committees have proposed versions of their FY 2026 appropriations for HHS, final reconciliation and passage have not yet occurred.[1] The Senate proposal reduces CDC funding slightly below prior levels, while the House version would cut CDC funding by almost one-fifth below the prior level. Both are less severe than the President's budget proposal. While neither version adopts the full reorganization of HHS as proposed in the President's Budget, final disposition remains up in the air. While this report analyzes the impact of the President's budget proposal, if final legislation reduces CDC's budget substantially below earlier levels, some economic and employment harm for states across the nation will result.

Introduction

As part of the President's budget proposal for Fiscal Year (FY) 2026, the U.S. Department of Health and Human Services (HHS) is proposing large cuts in funding for the nation's premier public health agency, the Centers for Disease Control and Prevention (CDC).[2] The budget proposal eliminates federal funding for some CDC programmatic areas, substantially reduces other areas and transfers some functions and funding from CDC to other HHS divisions, related to a major proposed reorganization of HHS. This report:

- Analyzes the President's FY 2026 budget proposal for CDC and estimates overall funding reductions and changes by programmatic area (or CDC center);
- Examines the potential implications for reductions in grants that support state and local public health efforts, as well as spending reductions for other functions like personnel and contracts; and
- Estimates how these reductions in federal funding could harm economies, employment and tax revenue in each of the 50 states and District of Columbia in 2026, based on estimates from IMPLAN, an economic modeling system.

These economic effects are separate from the public health impacts that might result from funding cutbacks, which could lead to increased morbidity or mortality in the U.S., such as:

- Reduction in readiness for infectious disease outbreaks like measles or influenza;
- Minimal efforts to prevent smoking, which could lead to higher rates of respiratory or cardiovascular disease;
- Not detecting cases of breast or cervical cancers early due to reductions in cancer screening;
- Reduced diabetes prevention, which could result in worse health and higher healthcare costs;
- Fewer systems and staff to monitor and protect the health of American workers; or
- Curtailing efforts to prevent HIV and AIDS.

The President's CDC Budget Proposal

The CDC budget proposal for FY 2026 continues many of the cutbacks that began in 2025, although Congress has not considered or advanced rescissions of FY 2025 funding. For example, one report found that 3,000 CDC staff have lost their jobs since January, including more than 1,050 scientists, physicians and public health specialists, although estimates have been difficult to verify because of the reluctance of HHS to share information.[3] Some CDC offices, like the Office of Smoking and Health, have already been disbanded.[4] An important pregnancy surveillance system, the Pregnancy Risk Assessment Monitoring System (PRAMS), has been suspended.[5]

Many CDC grants were delayed or proposed for elimination this year, creating funding shortfalls, layoffs and confusion among state and local health departments that rely on federal funding.[6] A recent analysis found that almost 700 CDC grants were cancelled in March, but a lawsuit filed by about two dozen state attorneys general or governors led to an injunction that restored many of the grants for the states that participated in the lawsuit.[7] It is not clear how much of the CDC funding that was supposed to be available and distributed in FY 2025 has not yet been allocated. If these funds are not allocated before September 30, they may be subject to a "pocket rescission" and could be cancelled after FY 2025 has ended.[8] In late August, the newly confirmed CDC director and key leaders exited the agency, adding to uncertainty about the agency's direction.[9]

The most detailed statement of Administration policy for CDC is its budget proposal for FY 2026. Table 1 summarizes key changes in funding between CDC's FY 2024 operational budget[10] and the proposed budget for FY 2026, including some proposed transfers of funding or functions from CDC to

Table 1. Proposed Changes in CDC's Budget for FY 2026.

Dollars in Millions		Proposed FY 2026 CDC Budget & Transfers to Other Agencies			Difference Between Proposed FY 26 & Operational FY 24	
CDC Center/Program	**FY 24 Operational Budget (1)**	**Proposed FY 26 CDC Budget**	**Proposed Transfers Other HHS Agencies**	**Total Proposed FY 26 HHS**	**Dollars**	**Percent**
Immunization & Respiratory Diseases	$919.3	$963.3	$0.0	$963.3	$44.0	4.8%
HIV/AIDS, Viral Hepatitis, STI & TB Prevention	$1,391.1	$300.0	$220.0	$520.0	-$871.1	-62.6%
Emerging & Zoonotic Infectious Diseases	$760.3	$870.5	$0.0	$870.5	$110.2	14.5%
Public Health Scientific Services	$754.5	$596.6	$175.3	$771.9	$17.4	2.3%
Public Health Preparedness & Response	$938.2	$489.0	$0.0	$489.0	-$449.2	-47.9%
Cross-Cutting Activities & Program Support	$663.6	$884.5	$0.0	$884.5	$221.0	33.3%
Building & Facilities	$40.0	$40.0	$0.0	$40.0	$0.0	0.0%
Chronic Disease Prevention & Health Promotion Birth Defects, Developmental Disabilities,	$1,433.9	$0.0	$0.0	$0.0	-$1,433.9	-100.0%
Disability & Health	$206.1	$0.0	$157.8	$157.8	-$48.3	-23.4%
Environmental Health	$242.9	$0.0	$8.6	$8.6	-$234.3	-96.5%
Injury Prevention & Control	$761.3	$0.0	$550.1	$550.1	-$211.2	-27.7%
Occupational Safety & Health	$362.8	$0.0	$73.2	$73.2	-$289.6	-79.8%
Global Health	$692.8	$0.0	$0.0	$0.0	-$692.8	-100.0%
TOTAL	**$9,126.6**	**$4,103.9**	**$1,185.0**	**$5,288.9**	**-$3,837.7**	**-42.1%**

(1) FY 2025 funding was under a Continuing Resolution; the FY 2024 Operational Budget shows funding available in FY 2025.

Bold italicized centers/programs are proposed to be eliminated from CDC.

other HHS divisions.[a] **Overall, the President's budget proposes a $5 billion cut in CDC's budget; $1.1 billion is proposed as transfers of some CDC functions to other HHS divisions, so the net budget reduction is $3.8 billion, 42% less than in 2024.** Funding for Global Health and Chronic Disease programs would be zeroed out. The elimination of Global Health parallels other Administration efforts to end foreign aid and the U.S. Agency for International Development.[11] Despite HHS Secretary Kennedy's goal of preventing and better managing chronic disease, the National Center for Chronic Disease Prevention and Health Promotion Center, which has supported cancer screening and smoking reduction, is to be eliminated.[12] (A portion of these functions might be maintained under the Cross-Cutting program account.) Programs related to HIV and AIDS prevention, environmental health and occupational health would lose most of their funding under the proposal. Funding related to public health preparedness, injury prevention and disability would lose about a quarter to half their funding. Modest increases are proposed in a few areas, but CDC's overall funding level is greatly reduced and more than $1 billion in funding would be shifted to other HHS divisions, which may have less expertise in those areas.

The proposed cuts further weaken the U.S. public health system, which was described as "chronically underfunded" even before the cuts.[13] CDC is a major source of funding for state and local health programs.[13] Historically, a major share of CDC funding has been distributed by CDC centers/programs as grants to state and local health departments and other organizations (e.g., universities, non-profit and other private organizations). FY 2023 data about CDC grants to state and local organizations

[a] Under other circumstances it could be reasonable to compare FY 2025 funding levels with the FY 2026 budget proposals, but this is not possible for two reasons: (1) There was no regular HHS appropriation for FY 2025; funding was based on a Continuing Resolution and was linked to CDC's operational budget for FY 2024 and (2) CDC funding and staffing cuts and delays in 2025, and the difficulty of getting information about them, have made it impossible to estimate actual FY 2025 outlays. Instead, we rely on a comparison to the FY 2024 CDC operational budget. To provide an "apples to apples" comparison of FY 2024 and proposed FY 2026 funding levels, we have not included temporary supplemental funds or mandatory funds not subject to the regular appropriations process.

are available from CDC's grant funding profile,[14] and have been further analyzed by KFF.[15] More recent data are not available. After excluding funding from special one-time supplemental and mandatory funding sources, CDC distributed $4.4 billion in state and local grants in FY 2023. Using assumptions described below, we estimate that $2.4 billion in grants might be distributed in FY 2026. **State and local organizations would receive an estimated $2.0 billion less in grants than in FY 2023, a 45% reduction (Appendix Table 1).** (These reductions are in nominal dollars. If we adjusted for inflation, the losses would be even larger, but appropriations funding is usually discussed using nominal dollars.)

To estimate the impact of the proposed CDC budget for FY 2026 on state and local grants, we used data from CDC's grant funding profiles (cited above) and assumed that potential grants in FY 2026 would be distributed similarly across the states, but reduced by the percentage reduction in grants by program area, as shown in Table 1.[b] Of course, we do not yet know what CDC's (or other HHS divisions') grant funding priorities would be in FY 2026, but this is a plausible estimate of the size of grants that each state would receive and relative loss of funds.

A substantial share of CDC funding is not distributed as state or local grants, but is used to support CDC personnel (i.e., salaries and benefits) and to pay for related goods or services, such as contracts, building and facilities, etc. CDC staff include scientists, physicians, nurses, public health experts, lab workers, epidemiologists and data scientists who detect and respond to disease outbreaks and public health emergencies; collect and analyze health and environmental data; conduct scientific research; and provide guidance, support, and public health information to communities and health professionals here and abroad. Though most CDC personnel are based in Atlanta, Georgia, many are stationed all across the country and abroad. CDC funding also supports contracts for the purchase and distribution of vaccines and other public health and prevention supplies, for data collection and analysis (e.g., surveys conducted by the National Center for Health Statistics or other CDC offices), and other critical public health functions. A small share of CDC funds also helps support broader HHS initiatives, such as the required Public Health Service Evaluation and Small Business Innovation Research. Less information is available about the distribution of these other funds. Since CDC is headquartered in Georgia, we allocated two-thirds of the funding to that state and allocated the rest across the nation, in proportion to their grant funding.

The Economic and Employment Impact of Reducing CDC's Budget

We analyzed the impact of the estimated loss of federal funding on state economies and employment using IMPLAN[16], a well-known regional economic modeling system that can estimate the repercussions of the loss of $3.8 billion in federal CDC funds in 2026 on state and local economies, which has been used in prior studies.[17] The methods are discussed in the appendix to this report. At the overall national level (for the 50 states and District of Columbia):

- The President's budget for CDC calls for a $3.8 billion reduction in federal funding, after accounting for the $1.1 billion in transfers of funds and functions away from CDC to other HHS divisions, particularly the proposed Administration for Healthy America.
- We estimate that this will lead to the loss of $5.4 billion in states' economies in 2026, as measured by their state gross domestic products (GDPs). That is, the loss to state economies will be about 40 percent higher than the federal budget savings. This is because of the "multiplier effect" of the loss of federal funds in reducing state and local economies.
- About 42,000 jobs would be lost nationwide. The majority of the jobs lost would be among staff of CDC, its grantees and contractors. But the IMPLAN analysis estimates that about one-third would

[b] For example, we estimated grants related to HIV, AIDS, STI, Hepatitis or TB prevention distributed to Arizona in FY 2026 would equal the grants received in Arizona for that programmatic area in FY 2023, adjusted by the 62.6% reduction in the proposed funding for that area, as seen in Table 1. Our estimates of FY 2026 grants were based on the sum of grants for each state and program area, computed in this fashion.

be in other sectors, such as retail businesses, real estate/construction and other firms because of the indirect and induced effects of the losses. For example, losses to CDC would ripple out to other businesses in the Atlanta, Georgia area, such as hotels, restaurants, suppliers and retail stores that would lose business if CDC, its staff or contractors lose funding. And in turn those losses would extend elsewhere to firms that supply those businesses as well.

- The economic and employment losses would trigger a loss of $243 million in state and local tax revenues. This will make it harder for state and local governments to balance their budgets or to provide state or local resources to replace lost CDC funding.

These reductions are compared to economic activity or employment that would occur if the budget cuts were not made and funding levels were comparable to CDC's 2024 operational budget. In reality, some of these losses have already occurred because of the staffing and funding cuts or delays that have already been taken in 2025, as described earlier. Because of the lack of information available about funding and staffing cuts that have already occurred or that might occur before the end of this fiscal year, we cannot estimate the impact in 2025.

These losses are conservative and are based entirely on economic costs caused by the reduction in federal revenue; they do not include other potential losses that might be due to the public health or related consequences of reduced CDC activities. Our estimates do not account for potentially higher medical or insurance expenditures or lost labor productivity if some diseases are not prevented due to the impairment of CDC.

It is possible that some federal funding losses might be replaced with additional state government funding. But since almost all state governments have balanced budget requirements, any additional state public health funding must come at the expense of other functions, such as other state health, welfare, education funding or somewhere else, which would contribute to economic losses in other parts of the states' economies. These losses are in addition to the projected $34 billion losses in state GDPs and $2.1 billion losses in state and local tax revenues that will occur because of the expiration of Affordable Care Act enhanced tax credits for health insurance after December 2025, further straining state and local fiscal conditions.[18] The $1 trillion reductions in funding for Medicaid and the Supplemental Nutrition Assistance Program (SNAP) contained in the One Big Beautiful Bill Act (Public Law 119-21) will also exacerbate the harm to state and local economics and tax revenues.[17]

Table 2 summarizes the state-specific losses attributable to the estimated reductions of CDC funding in 2026, including grants to state and local organizations.

- The largest loss would occur in Georgia, where CDC is headquartered. We estimate the state GDP would be about $1.9 billion lower than it would be without the cut. About 12,300 jobs would be lost. Some would be among CDC staff, but there would also be losses among staff employed at firms that support CDC or that provide goods and services used by CDC and other private employees. (Some of these losses may have already occurred due to CDC staffing cuts already taken this year.[2]) There are also losses due to reductions in public health grants allocated to Georgia organizations, including state and local health department or universities. State and local tax revenue would be about $81 million lower.

- Losses to state economies, employment and state/local tax revenues would occur in every other state in the nation. States that would lose more than 1,000 jobs each include California, Florida, Texas, Arizona, Illinois, New York and Pennsylvania. Our estimates indicate that every state would lose at least 160 jobs due to the CDC budget proposal.

- All states currently receive public health grants from CDC and are expected to lose a substantial share of those grant funds. States expected to lose more than $50 million in federal grants include: California, Georgia, New York, Texas, Florida, Illinois, Maryland, District of Columbia, Michigan, Pennsylvania and North Carolina.

Table 2 Estimates of CDC Funding and Grants Lost and State Gross Domestic Product (GDP), Jobs and State/Local Tax Revenues Lost, 2026 Compared to 2024, Ranked by Jobs Lost

	Est. CDC Funding Lost	Est. Federal CDC Grants Lost	Est. State GDP Lost	Est. Jobs Lost	Est. State / Local Taxes Lost
	(Mil $)	(Mil $)	(Mil $)		(Mil $)
US (Total)	**-$3,837.7**	**-$1,994.9**	**-$5,394.8**	**-41,966**	**-$242.9**
Georgia	-$1,369.0	-$134.3	-$1,900.7	-12,300	-$80.6
California	-$205.1	-$154.6	-$309.0	-2,023	-$18.3
Florida	-$110.3	-$83.1	-$166.8	-1,865	-$5.5
Texas	-$126.3	-$95.2	-$183.0	-1,370	-$5.1
Arizona	-$53.5	-$40.3	-$79.2	-1,361	-$3.0
Illinois	-$105.3	-$79.4	-$155.6	-1,239	-$8.1
New York	-$166.6	-$125.6	-$240.2	-1,237	-$16.1
Pennsylvania	-$69.4	-$52.3	-$104.9	-1,058	-$5.2
Michigan	-$80.7	-$60.8	-$113.6	-953	-$4.7
Maryland	-$83.0	-$62.6	-$115.1	-933	-$6.6
North Carolina	-$67.2	-$50.6	-$95.3	-854	-$4.0
Missouri	-$47.9	-$36.1	-$67.1	-772	-$2.7
Massachusetts	-$58.5	-$44.1	-$88.1	-709	-$4.2
New Jersey	-$55.0	-$41.5	-$87.4	-693	-$5.0
Ohio	-$56.8	-$42.8	-$83.4	-680	-$3.9
Minnesota	-$51.8	-$39.1	-$75.8	-659	-$4.2
Virginia	-$55.8	-$42.0	-$77.6	-657	-$3.7
Colorado	-$48.3	-$36.4	-$70.5	-651	-$3.2
Tennessee	-$47.9	-$36.1	-$71.3	-650	-$2.5
South Carolina	-$44.2	-$33.3	-$63.2	-609	-$3.1
Washington	-$57.4	-$43.2	-$82.3	-580	-$3.0
Alabama	-$43.1	-$32.5	-$62.1	-572	-$3.0
Indiana	-$37.5	-$28.2	-$52.0	-567	-$2.4
Oklahoma	-$31.5	-$23.8	-$41.7	-539	-$1.5
Wisconsin	-$42.3	-$31.9	-$60.3	-536	-$2.7
Louisiana	-$43.7	-$32.9	-$59.7	-508	-$2.6
Mississippi	-$33.8	-$25.5	-$44.3	-503	-$1.9
Kentucky	-$36.6	-$27.6	-$49.5	-405	-$2.4
Dist. Columbia	-$80.7	-$60.8	-$85.6	-401	-$3.3
New Mexico	-$31.0	-$23.4	-$41.1	-399	-$2.0
Oregon	-$41.2	-$31.0	-$57.0	-386	-$3.2
West Virginia	-$23.9	-$18.0	-$30.7	-360	-$1.3
Utah	-$31.6	-$23.8	-$45.1	-350	-$2.1
Connecticut	-$29.8	-$22.5	-$45.8	-344	-$2.6
Nevada	-$29.8	-$22.5	-$41.6	-341	-$1.3
Iowa	-$29.2	-$22.0	-$38.8	-339	-$1.6
Montana	-$22.2	-$16.8	-$30.1	-311	-$1.4
Kansas	-$24.7	-$18.6	-$33.2	-301	-$1.5
Maine	-$19.7	-$14.8	-$28.4	-300	-$1.5
Arkansas	-$26.9	-$20.3	-$35.8	-297	-$1.5
Rhode Island	-$24.5	-$18.5	-$33.9	-258	-$1.6
South Dakota	-$21.3	-$16.0	-$28.0	-255	-$0.6
Nebraska	-$21.2	-$16.0	-$28.9	-246	-$1.1
Vermont	-$19.8	-$14.9	-$27.6	-243	-$1.4
New Hampshire	-$20.1	-$15.1	-$29.1	-231	-$0.9
Alaska	-$35.0	-$26.4	-$33.0	-229	-$0.9
North Dakota	-$15.2	-$11.4	-$19.2	-209	-$0.4
Idaho	-$14.1	-$10.7	-$19.3	-180	-$0.9
Delaware	-$17.7	-$13.4	-$23.5	-175	-$0.9
Hawaii	-$16.6	-$12.5	-$23.3	-170	-$1.4
Wyoming	-$13.6	-$10.2	-$16.5	-160	-$0.5

Discussion and Conclusions

This analysis demonstrates that the President's FY 2026 budget proposal for CDC could dramatically change the face of public health at all levels of government and have a detrimental impact on the economies of states – well beyond any budgetary savings accruing to the federal government. Implementation of public health programs and policies occurs at the state and local level. CDC directly supports the state and local public health and prevention efforts through grant funding and other budget resources and provides leadership through the scientific expertise of CDC's staff. Reductions in CDC's budget and staffing will diminish the capacity of public health and prevention efforts across the country. The proposed $3.8 billion cut in net funding, representing 42% of current spending, will not be absorbed evenly across programs. Several core areas, particularly those related to chronic disease and health promotion and global health, would be eliminated, while most programs would face some reductions.

Congress has begun to consider the HHS budget proposals, although its deliberations are not yet concluded. The current appropriations bills from the Senate and House appear to make smaller budget reductions than those proposed by the President.[1] These ought to reduce the harm to state and local public health efforts and to state economies, compared to the President's budget proposal. But further cuts, in addition to those already made by HHS and CDC this year, would still have some harmful effects for state economies.

HHS Secretary Kennedy has stated that he believes CDC should return to its original mission focused on infectious diseases[19], but his proposed budget slashes funding related to HIV/AIDS and related sexually transmitted diseases and emerging and zoonotic diseases (those that can be passed between animals and humans, such as avian flu). The HHS budget proposal eliminates funds related to chronic disease prevention, such as smoking prevention and cancer screening, without replacing them. This is despite the fact that chronic diseases like heart disease, diabetes and cancer, are the leading cause of illness, death and disability in the U.S., according to CDC.[20] Eliminating CDC funding for these purposes will damage national efforts to prevent and control diseases, both communicable and chronic.

A major lesson of this report is that the policies and programs of CDC have repercussions that extend beyond the agency itself. While there has been substantial attention paid to changes in CDC staffing and leadership, the proposed budget reductions would harm public health and prevention activities across the United States, as well as cause serious harm to state economies and employment.

Methodology

Funding Losses. Our primary sources for information about the President's CDC budget proposal are the HHS FY 2026 budget submission to Congressional Appropriations Committees (May 2025[2]) and the CDC operational budget plan for FY 2024.[10] FY 2025 funding was provided under a Continuing Resolution linked to prior year (FY 2024) levels; however, since January, CDC has discharged thousands of staff and cancelled numerous grants and contracts, making it impossible to reliably estimate nationwide funding for 2025.

We compared FY 2024 and proposed FY 2026 funding levels, focusing on the CDC's major programmatic areas (or centers). To isolate discretionary funds, we excluded one-time supplemental funding (e.g., COVID-related funds) and mandatory funding (e.g., Vaccines for Children) that are not subject to appropriations. Some funding or functions in the HHS budget are proposed to be transferred to other HHS divisions, particularly the Administration for Health America; we count these funds as available in FY 2026. Table 1 presents estimated changes in funding by CDC programmatic area. Following standard appropriations comparisons, the data are

reported in nominal dollars, not adjusted for inflation. If adjusted, the apparent funding reductions would appear larger.

We estimate CDC funding in two components: (1) public health grants distributed by CDC to state and local organizations, and (2) other funds, which cover personnel costs (i.e., salary and benefits), contracts (including goods, such as vaccines or equipment, and services like data collection), building and facilities costs, and smaller expenses. A small portion of these funds are redirected to other HHS purposes, e.g., as "taps" for Public Health Evaluation or Small Business Innovation Research.

We analyzed grants using CDC's grant funding profiles for FY 2023[14], which have also been analyzed by KFF.[15] Grant data for FY 2024 are not available. Grants were grouped by the CDC center or programmatic area and by the state where the grantees were located to compute the value of grants in each state by center/program area.[c] IMPLAN requires allocation of funds into one of approximately 500 industrial sectors. The most frequent CDC grantees were state health departments, followed by universities. Although grantees often reallocate funds to subgrantees, we simplified our analysis by classifying all CDC grant funds as going to state health departments (category 522) because data on these subgrantees were unavailable. For Alaska and the District of Columbia, IMPLAN lacked data about state health departments, so we substituted values for the other professional and technical services category (450).

We estimated the "other funds" by subtracting grant funds from the FY 2024 operational budget by program area/center. Detailed breakdowns of these funds by personnel, contracts, or other purposes were not available. Knowing that CDC is headquartered in Atlanta, Georgia, we allocated two-thirds of the other funds to Georgia, with the remainder distributed to the other states proportionally based on their receipt of grant funds. Funds allocated to Georgia were categorized as used for non-military federal agencies (category 528), while those for other states were allocated to state health departments (category 522).

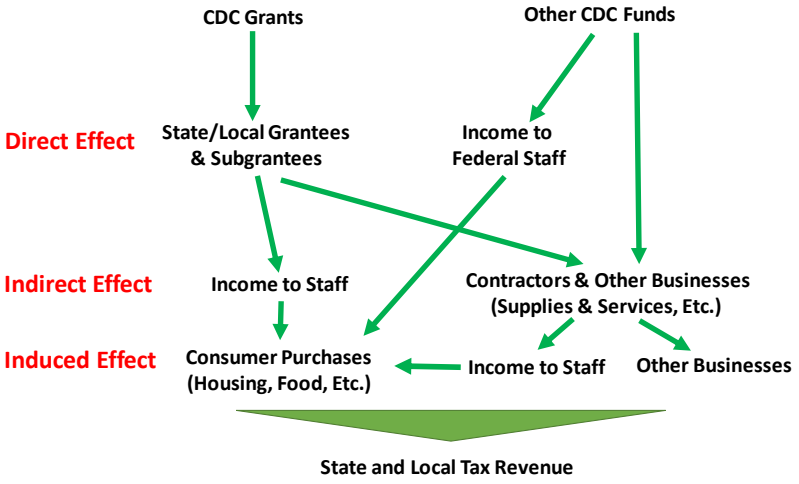
To estimate the changes in grants and other fund levels, we applied the proposed percent reductions by CDC program area/center (Table 1) to the FY 2023 funding levels by state. For example, if Arizona grantees received $13.1 million in Preparedness grants in 2023 and the national proposed reduction for FY 2026 for Preparedness funding was 47.9%, then the expected reduction in Preparedness grants for Arizona is $5.9 million in FY 2026 (47.9% of $13.1 million). We repeated this across all program grant areas to compute Arizona's total projected grant loss in 2026 ($40.3 million, Table 2). Adding the allocated loss of other CDC funds for Arizona ($13.2 million) yields a total loss of $53.5 million. These state-level funding losses were then input into the IMPLAN system.

IMPLAN and the Multiplier Effect. We produced our estimates of the economic, employment, and tax effects of reduced CDC funding with IMPLAN, a widely used input-output economic impact software system.[16] As illustrated in Figure 1, the underlying logic is that funding cutbacks have a "multiplier effect" that is felt initially in the public health sector but ripples out to other economic and employment sectors as well.

[c] Data about Global Health grants were not in the CDC data base; we assume they go outside the U.S. We excluded certain grants, such one-time supplemental grants (e.g., COVID-related grants), grants from mandatory funds and certain special purpose grants (e.g., grants from the Agency for Toxic Substances and Disease Registry, which are partly related to CDC as well as to the Environmental Protection Agency.)

Cuts in CDC funding led to reductions in grants allocated to state and local organizations, largely state health departments, and in funding for CDC personnel and for related contracts and other goods and services paid by CDC, such as vaccines purchased to be distributed nationwide, data collection and research and laboratory services and equipment. Grants received by state and local organizations ultimately support their staff or goods and services they buy from other businesses. Thus, there are *direct* economic losses by the organizations that receive funding from CDC, including CDC staff.

Fig. 1 How Reductions in CDC Funding Affect State Economies



Ultimately, reduced funding for state or local grantees or other contractors and businesses leads to reductions that they must make for staff compensation and/or goods and services that they purchase from other businesses or organizations further down the supply chain. This may ultimately include reduced payments for property purchases or rentals, equipment, telecommunications, etc. These are *indirect* losses.

In the end, reduced employee compensation leads to lower purchases of consumer goods, like food, mortgages, education, etc. These are *induced* losses. Finally, the combination of lower personal and business income leads to lower state and local tax revenues as well.

We focus on the effects of changes in federal funding because these are exogenous changes ("shocks") in the resources available to each state and its residents, caused solely by the change in federal policies. In some cases, the loss of federal funding might prompt state or local governments (or private non-profits) to compensate for the federal funding losses. But almost all states have balanced budget requirements, so funding more public health means less funding for another function, which also has economic effects. Because we focus solely on changes in federal funding due to the policy change, our impact estimates are conservative.

We used IMPLAN's Multi-Region Input Output (MRIO) methodology to account for *cross-state effects* of the policies (sometimes called "leakages"). For example, a person employed by a public health agency in Maryland may live and consume goods and services in Virginia, so losses that begin in one state may have repercussions in another state. Similarly, goods purchased in Georgia may have been produced in Ohio, so there can be repercussions down the supply chain.

Limitations. The results in this report are estimates which may be subject to error. The main problem is uncertainty about how CDC or other HHS divisions or agencies would use funding in the future: how much would go for grants vs. personnel or contracts or might not actually be spent at all if HHS decides to continue to cut funding or personnel below appropriated levels, as it has in 2025. Regardless, if CDC funding is substantially reduced prior year levels, repercussions will be felt in state and local economies across the nation in addition to the public health consequences.

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