

FEDERAL FUNDS WATCH: PRESIDENT'S BUDGET 2023

A FEDERAL FUNDS SPOTLIGHT FROM LEGISLATIVE BUDGET BOARD STAFF

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The U.S. President released his proposed 2023 budget March 28, 2022. This step is the first in a monthslong process, which results in enacted appropriations legislation effective October 1, at the start of a new federal fiscal year. If a final budget is not passed, the U.S. Congress must pass a continuing resolution at the end of the federal fiscal year and must continue to do so until a final budget is passed. The following highlights show new initiatives, program policy changes, and funding levels. The President's proposed budget for federal fiscal year 2023 (FFY 2023) increases appropriations by \$1.9 billion (3.0 percent) from FFY 2022 enacted levels. **Figure 1** shows the estimated fiscal impact to Texas of select programs.

EDUCATION

Education for Pre-Kindergarten to Grade 12. The proposed budget more than doubles the discretionary and mandatory funding of **Title I Grants to Local Education Agencies** compared to FFY 2021. The national appropriation for **Special Education – Basic State Grants** increases by 21.8 percent to \$16.3 billion, the largest proposed two-year increase in the program's history. Funding for **Head Start** increases by 10.6 percent nationally from enacted FFY 2022 levels but would remain less than FFY 2021 appropriations.

Higher Education. The budget decreases funding for the **Career and Technical Education – State Grants** by 1.8 percent nationally. Funding for Texas is expected to decrease by \$2.0 million from FFY federal fiscal year 2022 levels. The President's budget proposes doubling the maximum **Pell Grant** award for low-income and middle-income students by 2029. National funding for **Historically Black Colleges and Universities, Minority-Serving Institutions, Community Colleges, and Tribally Controlled Colleges and Universities** increases by \$752.0 million from the FFY 2021 budget.

HEALTH AND HUMAN SERVICES

The President's budget decreases funding for the **Children's Health Insurance Program (CHIP)** by 2.7 percent nationally. Funding to Texas for **CHIP** is expected to decrease by 9.4 percent to an estimated \$1.3 billion for FFY 2022. National funding for the **Special Supplemental Nutrition Program for Women, Infants, and Children** remains stable from FFY 2022 to FFY

2023 at \$6.0 billion. However, Texas' share decreases by \$2.4 million to \$376.8 million for FFY 2023.

The proposed budget did not change the national or state funding levels for the **Temporary Assistance for Needy Families (TANF)** program, with Texas' estimated appropriation remaining at \$484.7 million for FFY 2023. The estimated national funding for the **TANF Contingency Fund** also remained stable from FFY 2022. Both were reauthorized in the Continuing Appropriations Act of 2022 (P.L. 117-70). National funding for the **Child Care and Development Fund (CCDF)** is expected to increase by 22.7 percent from FFY 2022 levels. Texas is estimated to receive \$824.9 million from **CCDF** in FFY 2023.

Child Welfare. Foster Care funding would continue to encourage evidence-based practices that limit the number of children entering foster care. The President's budget increases state support for kinship foster care placements instead of group homes or institutions. Funding for **Promoting Safe and Stable Families** increased by 79.3 percent nationally. Texas is estimated to receive \$57.3 million, an increase of 64.0 percent from the FFY 2022 budget. The President's budget also proposes new guidance to expand legal access through the program for children and families in the child welfare system.

Mental Health and Substance Abuse. Texas is estimated to receive \$130.1 million in funding for **Mental Health Block Grants**, an increase of \$56.7 million, 77.2 percent, from FFY 2022 levels. The proposed budget increases funding for **State Opioid Response Grants** by 31.1 percent nationally to \$2.0 billion. Each state is eligible to receive \$4.0 million in addition to funding based on population. National funding for the **Substance Abuse and Prevention Block Grant** is estimated to receive an additional \$1.1 billion in FFY 2023. Texas is estimated to receive \$252.7 million, an increase of 69.9 percent.

**FIGURE 1
ESTIMATED FEDERAL ALLOCATIONS TO TEXAS FOR SELECT GRANT PROGRAMS, FEDERAL FISCAL YEARS 2022 TO 2023**

(IN MILLIONS)

PROGRAMS	2022	PRESIDENT'S BUDGET 2023	CHANGE FROM 2022
Select Education			
Head Start	\$739.0	\$754.8	\$15.8
Title I, Grants to Local Education Agencies	\$1,785.7	\$2,122.4	\$336.7
Career and Technical Education - State Grants	\$122.7	\$120.8	(\$2.0)
Special Education – Basic State Grant	\$1,144.3	\$1,453.6	\$309.3
Total Select Education	\$3,791.7	\$4,451.6	\$659.8
Select Health and Human Services			
Child Care Development Fund	\$673.1	\$824.9	\$151.8
Children's Health Insurance Program	\$1,437.0	\$1,302.6	(\$134.4)
Foster Care	\$228.7	\$247.3	\$18.6
State Opioid Response Grants	\$52.8	\$63.5	\$10.7
Total Select Health and Human Services	\$2,391.6	\$2,438.3	\$46.7
Select Other			
Weatherization Assistance Program	\$8.4	\$9.9	\$1.5
Low-Income Home Energy Assistance Program	\$177.9	\$180.2	\$2.3
Justice Assistance Formula Grants	\$23.6	\$21.9	(\$1.7)
Workforce Innovation and Opportunity Act (Dislocated Workers, Youth Activities, and Adult Employment and Training)	\$198.2	\$207.5	\$9.3
Total Select Other	\$408.1	\$419.5	\$11.4

NOTES: Texas grant amounts represent preliminary estimates. Totals may not sum due to rounding.
SOURCES: Legislative Budget Board; Federal Funds Information for States.

TRANSPORTATION

The proposed budget increases funding for the **Federal-aid Highway program** by \$19.8 billion from the FFY 2021 to \$68.9 billion. This amount includes funding for programs to rebuild bridges, increase the available number of public charging stations for electric vehicles, and develop climate change programs. Funding provides an additional \$4.0 billion in **National Infrastructure Investment** competitive grants to reduce traffic and commuting times through investment projects.

OTHER

Criminal Justice. Funding for the **Byrne Memorial Justice Assistance Grants program** decreases by \$26.4 million to \$355.5 million nationally. Purposes for this funding include the Preventing Violence Against Law Enforcement and Ensuring Office Resilience and Survivability program, initiatives to support evidence-based policing, and enhanced prosecutorial decision making.

Housing. The proposed budget increases **Low-Income Home Energy Assistance Program (LIHEAP)** funding to \$4.1 billion, with \$100.0 million allocated to the LIHEAP Advantage pilot program to electrify and decarbonize low-income homes.

The President’s budget increases funding for the **Weatherization Assistance Program (WAP)** by \$168.2 million nationally. WAP expires at the end of FFY 2023, and the President’s budget recommends that LIHEAP continues advancing the goals of both programs.

Labor. The budget would provide \$3.5 billion for **Workforce Innovation and Opportunity Act (WIOA)** programs to assist dislocated (unemployed) workers, youth activities, and adult employment and training. These programs equip workers with skills necessary for securing employment. The program also assists at-risk youth to gain educational and occupational skills, including youths in foster care or the justice system.

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The Federal Funds Analysis Team of the Legislative Budget Board conducts research on federal legislation and federal funding issues that impact the state budget.