

Federal Funds Watch

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Legislative Budget Board



Spotlight: Fiscal Year 2005 President's Budget

The President's budget for fiscal year 2005, which sets the Administration's priorities, was released on February 2, 2004. The budget provides increases in education, level funding for most health and human services, and decreases in criminal justice and homeland security. Highlights follow.

HEALTH AND HUMAN SERVICES

MEDICAID. At states' option, the President's budget would combine Medicaid and the Children's Health Insurance Program into one funding stream. The President's budget would also place new restrictions on states' ability to finance their Medicaid programs through use of intergovernmental transfers for state match and upper payment limits for provider reimbursement. The federal matching share on Medicaid expenditures related to new claims processing and information retrieval systems would be reduced from 90 percent to 75 percent. States would have an option of allowing individuals who self-direct their community-based services to accumulate savings. The savings would not be counted as income for purposes of Medicaid eligibility determinations.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF).

The existing High Performance Bonus, designed to award states with the best records of moving welfare clients into jobs, would be replaced by a Supporting Healthy Marriages Initiative (requiring a 50 percent state match). The current bonus for states with the best records of reducing out-of-wedlock births would be replaced by a fund to conduct research and demonstration projects to support families and healthy marriages. Texas has received \$92.4 million in bonuses for these programs since fiscal year 2000.

ACCESS TO RECOVERY. The President's budget would provide \$200 million for vouchers to individuals for substance abuse treatment.

HEALTHY BEHAVIORS. The President's budget would include \$125 million to fund state and local partnerships to encourage healthy behaviors in targeted populations.

PROMOTING SAFE AND STABLE FAMILIES. Funding for this program nationally would

increase 25 percent over the fiscal year 2004 level, a \$7.9 million increase to Texas.

FOSTER CARE. States would have the option of an alternative financing method that would emphasize prevention and family support. Funding could be provided through flexible grants, rather than matching payments as an entitlement program.

EDUCATION

HEAD START. The President's budget would increase Head Start funding nationally to \$6.9 billion (\$169.0 million over the fiscal year 2004 level). To improve coordination of school readiness programs for children from low-income families, the President proposes to award \$45.0 million of the increase to nine states. Head Start funds are awarded to local grantees (an estimated \$473.2 million to Texas in fiscal year 2004).

NO CHILD LEFT BEHIND ACT. Funding for Title I Grants to Local Educational Agencies would increase nationally by 8 percent, or \$1.0 billion. Texas would gain an additional \$105.3 million in fiscal year 2005 to assist economically disadvantaged children reach academic achievement standards. The Comprehensive School Reform Program would not be funded under the President's fiscal year 2005 budget (a loss of \$19.5 million for Texas). The President is proposing the elimination of the Even Start Program. In fiscal year 2004, Texas received \$19.9 million through this program, for local family literacy projects that integrate early childhood education, adult literacy, and parenting education.

INDIVIDUALS WITH DISABILITIES EDUCATION ACT (IDEA). IDEA funds to Texas for school-age children would receive a significant increase. A 10 percent increase (\$95.4 million) to Special Education - Grants to States is proposed for Texas. Special Education - Grants for Infants,

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

Questions or comments may be directed to Maria Hernandez at (512) 463-1200 or email at Maria.Hernandez@lbb.state.tx.us

Toddlers and Families would receive a slight increase (a gain for Texas of \$1.9 million).

VOCATIONAL EDUCATION. The President's budget replaces Vocational Education State Grants and Tech-Prep Grants with Secondary and Technical Education State Grants, at a reduced funding level (a loss of \$23.3 million to Texas). States would replace the current formula distribution with competitive grants to partnerships between school districts, community technical colleges, and institutions of higher education.

OTHER

HOMELAND SECURITY. The Homeland Security Grant Program provides training and equipment for emergency first responders. Under the President's budget, Texas would receive \$66.1 million, a \$48.8 million reduction from fiscal year 2004 (although increased assistance to high-threat urban areas is proposed). Funding to Texas for Public Health Preparedness and Response Grants would drop to \$41.7 million, a \$6.9 million reduction from fiscal year 2004. Also, the Hospital Bioterrorism Preparedness Grant to Texas would decrease to \$30.6 million, a \$2.7 million loss.

CRIMINAL JUSTICE. The President would eliminate funding for the State Criminal Alien Assistance Program (SCAAP), which partially reimburses states for the incarceration costs of convicted undocumented persons. SCAAP funding has already declined from \$31.3 million in fiscal year 2002 to \$17.5 million in fiscal year 2004. Funding would also be eliminated for the Juvenile Accountability Incentive Block Grant. Texas received an estimated \$3.7 million for this program in fiscal year 2004 (down from \$11.9 million in fiscal year 2003). The Edward Byrne Memorial Grant, Local Law Enforcement Grant, and the COPS Hiring Grant would be combined into a new funding stream, the Justice Assistance Grant. Total funding nationally would be reduced by more than 40 percent. In fiscal year 2003, the state received \$32.1 million in funding for the Edward Byrne Memorial Grant alone.

LABOR. Adult Employment and Training, Dislocated Workers, and Employment Services grants would be consolidated. Total funding would be reduced by 4 percent nationally. Texas received \$218.9 million in combined funding for these programs in fiscal year 2004. State formula grants for serving youth would be reduced 25 percent nationally. In fiscal year 2004 Texas received \$83.0 million.

COMMUNITY SERVICES BLOCK GRANT (CSBG). Under the President's budget, funding for the CSBG program would be reduced by 23 percent. Texas would lose an estimated \$7.1 million in fiscal year 2005. States use CSBG funds to support a variety of programs that target the causes of poverty in communities.

ESTIMATED FEDERAL ALLOCATIONS TO TEXAS FOR SELECTED GRANT PROGRAMS

PROGRAMS	FEDERAL FISCAL YEAR			
	2003	2004	PRESIDENT'S BUDGET 2005	CHANGE FROM 2004
SELECTED EDUCATION				
Title I - Grants to Local Educational Agencies	\$1,015.1	\$1,103.5	\$1,208.8	\$105.3
Special Education - Grants to States	723.2	834.5	929.9	95.4
Reading First State Grants	93.1	98.9	107.5	8.6
Language Acquisition State Grants	65.6	74.8	80.2	5.4
21 st Century Community Learning Centers	45.6	85.0	87.3	2.3
Special Education - Infants, Toddlers and Families	34.8	36.6	38.5	1.9
Improving Teacher Quality State Grants	236.8	241.8	241.8	0.0
Leveraging Educational Assistance Partnership	3.6	3.6	0.0	(3.6)
Comprehensive School Reform	18.7	19.5	0.0	(19.5)
Even Start Literacy Program	19.4	19.9	0.0	(19.9)
Secondary and Technical Education State Grants ¹	102.9	102.9	79.6	(23.3)
TOTAL, SELECTED EDUCATION	\$2,358.8	\$2,621.0	\$2,773.6	\$152.6
SELECTED HEALTH AND HUMAN SERVICES				
WIC Nutrition Program	\$426.8	\$429.8	\$448.4	\$18.6
Vocational Rehabilitation State Grants	183.2	188.0	197.9	9.9
Promoting Safe and Stable Families	31.8	31.8	39.7	7.9
Substance Abuse Prevention and Treatment	133.3	135.2	139.3	4.1
Head Start	464.9	473.8	477.2	3.4
Abstinence Education	4.9	6.0	12.0	6.0
Child Care and Development Block Grant	201.0	206.7	207.9	1.2
Social Services Block Grant	126.6	127.7	127.7	0.0
TOTAL, SELECTED HEALTH AND HUMAN SERVICES	\$1,567.6	\$1,589.9	\$1,638.1	\$48.2
OTHER				
Election Reform Requirements Payments	\$57.7	\$103.6	\$2.8	(\$100.8)
Homeland Security Grants	107.7	114.9	66.1	(48.8)
State Criminal Alien Assistance Program	14.6	17.5	0	(17.5)
Community Services Block Grant	30.9	30.8	23.7	(7.1)
Public Health Preparedness and Response	48.3	48.6	41.7	(6.9)
Hospital Bioterrorism Preparedness ²	35.1	33.3	30.6	(2.7)
Juvenile Accountability Incentive Block Grant	11.9	3.7	0	(3.7)
TOTAL, OTHER	\$306.2	\$352.4	\$164.9	(\$187.5)

¹Includes fiscal year 2003 and fiscal year 2004 amounts for Vocational Education State Grants and Tech-Prep Grants.

²Fiscal year 2003 includes a one-time additional grant award of \$1.8 million.

NOTE: Texas grant amounts listed above represent preliminary estimates and include the fiscal year 2004 0.59 percent across-the-board reduction. Numbers may not add due to rounding.

SOURCES: Federal Funds Information for States, U.S. Department of Education, and Legislative Budget Board.