

Federal Funds Watch

January 31, 2012

Legislative Budget Board



Spotlight: Highlights of Recent Congressional Actions

The President signed two bills, the Consolidated Appropriations Act and Disaster Relief Appropriations Act, on December 23, 2011. Along with a previously signed appropriations bill for the Agriculture, Commerce, State, Justice, and Transportation, Housing and Urban Development departments, these two Acts complete legislative action on FY 2012 appropriations. The figure on page 2 lists programs with significant increases or decreases compared to the previous year's funding level. A description follows of significant changes to the Texas budget due to Congressional actions at the end of the 112th First Session.

EDUCATION

K-12. Congress provided near-level or slightly above-level funding for many U.S. Department of Education (USDE) programs. Congress appropriated \$14.5 billion nationally to **Title I – Grants to Local Education Agencies**, an increase of less than 1% from FY 2011. Texas' allocation is estimated at \$1.35 billion, a \$5 million increase. The **Special Education – Basic State Grant** received less than a 1% increase over FY 2011. It is estimated Texas will receive \$981.7 million in FY 2012, an \$8.1 million increase.

Higher Education. Congress sustained the **Federal Pell Grant** level of funding at \$5,550 per student for FY 2012. However, several changes to the **Pell Grant program** include limiting the number of grants a student can receive to a maximum of 6 years or 12 semesters. Also, Congress required that the students complete a high school diploma, GED or homeschooling program to be eligible to receive a grant. Income eligibility was reduced from \$30,000 to \$23,000 for students to automatically qualify for the maximum award. According to the USDE, Texas students received an estimated \$2.5 billion in **Federal Pell Grants** in FY 2011.

HEALTH AND HUMAN SERVICES

Authorization of the **Temporary Assistance for Needy Families (TANF)** block grant was extended to February 29, 2012 at the prorated FY 2011 level. Supplemental population grants, of which Texas typically receives \$52.7 million, were not funded. The figure shows full-year funding. The **Title IV-B(2) Promoting Safe and Stable Families program** received \$423.1 million for FY 2012, a decrease of 4.5% or \$20.1 million from FY 2011 levels. Texas' allocation is anticipated to be reduced 5.5% from \$37.3 million in FY 2011 to an estimated \$35.3 million in FY 2012.

Immunization Grants were funded nationally at \$426 million in FY 2011 and reduced to \$369 million for FY 2012 (a 13.5% reduction). Texas' allocation for **Immunization Grants** is anticipated to be reduced from \$20.0 million in FY 2011 to an estimated \$17.3 million in FY 2012, a reduction of \$2.7 million. **Block Grants for Community Mental Health Services** were funded nationally at \$420 million in FY 2011 and increased to \$460 million for FY 2012 (a 9.6% increase). Texas' allocation in Block Grants for Community Mental Health Services funding is estimated to be \$35.5 million (an increase of \$3.2 million from FY 2011 funding level of \$32.4 million). **Refugee Assistance Grants** were funded nationally at \$729 million in FY 2011 and increased to \$768 million for FY 2012 (a 5.3% increase). Texas' allocation in Refugee Assistance Grants is estimated to be \$38.4 million in FY 2012 increased from \$36.5 million in FY 2011 or \$1.9 million.

Congress decreased state block grants for the Low-Income Home Energy Assistance Program (**LIHEAP**) by 26% nationally. **LIHEAP** funds are available to states and other jurisdictions to assist eligible households in paying heating and cooling costs. At present, it is estimated Texas will receive \$129.8 million in FY 2012, 30% less than it did in FY 2011. This amount, however, does not take into account contingency funds which the state could receive in FY 2012.

TRANSPORTATION

Congress reduced appropriations for **Highway Planning and Construction** transportation programs by 5% in FY 2012 to \$39.1 billion nationally, a decrease of \$1.9 billion from FY 2011. Texas received \$3.1 billion in FY 2011 and will receive approximately \$2.9 billion in FY 2012.

HOMELAND SECURITY

The **State and Local Homeland Security Program** was funded nationally in FY 2011 at \$2.2 billion and reduced to \$1.3 billion for FY 2012 (a 39% reduction). Out of the FY 2012 appropriation amount for **State and Local Homeland Security programs** only two programs received direct appropriations including **Operation Stonegarden**. **Operation Stonegarden** was funded nationally in FY 2011 at \$54.9 million and is reduced to \$50.0 million for FY 2012 (a 9.8% percent reduction). Texas received \$17.8 million for **Operation Stonegarden** in FY 2011 to fund land border jurisdiction's efforts to improve border security. Another eleven **State and Local Homeland Security programs** will share the remaining \$1.7 billion of the FY 2012 Homeland Security appropriation nationally. State allocations will be determined by the U.S. Department of Homeland Security according to threat, vulnerability and consequence criteria for all programs, including **Operation Stonegarden**. Therefore it is not possible to estimate how much funding Texas will receive for these programs in FY 2012. Of the eleven programs, Texas received \$37.2 million in FY 2011 for the **State Homeland Security Grant Program**; \$66.0 million for the **Urban Area Security Initiative**; \$0.5 million for the **Citizen Corps Program**; and \$2.7 million for the **REAL ID Program**.

OTHER

Housing. Congress decreased funding for the **Community Development Block Grant program (CDBG)** by 12%. This will result in a decrease to Texas of \$7.8 million from FY 2011 funding levels. The **CDBG program** provides funds to states to develop urban communities for low-to-moderate income individuals by providing housing, suitable living environments, and expanding economic opportunities. In addition, funding for the **HOME Program** was reduced by 38%. It is estimated this funding reduction will reduce Texas' allocation by \$14.9 million from FY 2011 levels (Texas received \$39.2 million in FY 2011). Congress reduced funding for the **Weatherization Assistance Program** by 61% compared to FY 2011. In addition, it allowed the Secretary of Energy to waive allocation formulas to distribute FY 2012 funds to states that have spent all prior year and emergency funding. Accordingly, Texas' FY 2012 allocation cannot be determined at this time.

Justice. It is estimated Texas will receive \$15.7 million in **Byrne Justice Assistance Grants** in FY 2012, a 14% reduction from FY 2011. Likewise, it is estimated Texas will receive \$1.7 million in **Juvenile**

Accountability Block Grants in FY 2012, a 35% reduction from FY 2011. Congress also reduced the **State Criminal Alien Assistance Program**, which funds state and local governments' inmate costs, by 12%. Texas may receive approximately \$12 million in FY 2012.

Natural Disasters. Congress increased funding for the **Disaster Relief Fund** from \$2.6 billion in FY 2011 to \$7.1 billion in FY 2012, a 168% increase. The increased appropriation will help the Federal Emergency

Management Agency (FEMA) meet state and local governments' needs for assistance in recovering from natural disasters.

ESTIMATED FEDERAL ALLOCATIONS TO TEXAS FOR SELECTED GRANT PROGRAMS

(IN MILLIONS)

PROGRAMS	FY 2011	FY 2012	CHANGE FROM FY 2011
SELECTED EDUCATION			
Special Education - Grants to States	\$973.6	\$981.7	\$8.1
Title I - Grants to Local Education Agencies	1,349.2	1,354.2	5.0
Vocational Education State Grants	\$89.8	\$89.8	(0.0)
Improving Teacher Quality	201.2	201.1	(0.1)
Total Selected Education	\$2,613.8	\$2,626.8	\$13.0
SELECTED HEALTH AND HUMAN SERVICES			
National School Lunch Program	\$1,231.5	\$1,326.2	\$94.7
Block Grants for Community Mental Health Services ^{1,2}	32.4	35.5	3.1
Refugee Assistance ^{1,2}	36.5	38.4	1.9
Social Services Block Grant	136.5	137.7	1.2
Commodity Supplemental Food Program	4.0	3.7	(0.3)
Title IV-B(2) Promoting Safe and Stable Families	37.3	35.3	(2.0)
Immunization Grants ^{1,2}	20.0	17.3	(2.7)
Temporary Assistance for Needy Families	521.1	486.3	(34.9)
Low-Income Home Energy Assistance Program ³	184.2	129.8	(54.4)
Total Selected Health and Human Services	\$2,515.0	\$2,488.4	(\$26.6)
SELECTED OTHER			
Juvenile Accountability Block Grants	\$2.6	\$1.7	(\$0.9)
State Criminal Alien Assistance Program	13.5	11.8	(1.7)
Byrne Justice Assistance Grants	18.2	15.7	(2.5)
Workforce Investment Act - Dislocated Worker Programs ^{2,4}	62.0	58.6	(3.4)
Bridge Replacement and Rehabilitation	141.9	134.8	(7.1)
Community Development Block Grant	66.6	58.9	(7.7)
HOME Program	39.2	24.3	(14.9)
Interstate Maintenance	432.6	410.9	(21.7)
National Highway System	545.5	518.1	(27.3)
Surface Transportation Program	579.1	550.0	(29.0)
Highways - Equity Bonus	1,256.6	1,193.5	(63.1)
Total Selected Other	\$3,157.8	\$2,978.3	(\$179.5)

NOTE: Texas grant amounts listed above represent preliminary estimates. Numbers may not add due to rounding.

¹Funding levels do not reflect funds appropriated under the Patient Protection and Affordable Care Act.

²Funding levels reflect the 0.189% rescission for Labor, Health and Human Services, and Education discretionary programs.

³FY 2011 amounts included contingency funds; the FY 2012 amount does not.

⁴Funding levels reflect program years rather than fiscal years.

SOURCES: Legislative Budget Board, Federal Funds Information for States (FFIS), U.S. Department of Education, and U.S. Department of Health and Human Services.

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 Gerry Dube at (512) 463-1200 or email at gerry.dube@lbb.state.tx.us.