

Federal Funds Watch

April 26, 2011

Legislative Budget Board



Spotlight: Highlights of Recent Federal Appropriations

On April 15, 2011, the President signed the Department of Defense and Full-Year Continuing Appropriations Act, 2011. The Act completes all legislative action on appropriations bills for FY 2011. The table on page 2 lists select programs with significant increases or decreases compared to the previous year's funding level. Because funding levels for several programs were not specified in the Act, federal agencies will need to determine funding levels by May 15, 2011. In addition to targeted amounts, most discretionary programs will receive an across-the-board reduction of 0.2%. A description follows of significant changes to federal funding levels to Texas.

EDUCATION

K-12. Congress did not provide funding for several U.S. Department of Education (USDE) programs including the **Even Start Program** and **Educational Technology State Grants**. The elimination of funding for these programs will result in a loss to Texas in FY 2011 of \$5.7 million for **Even Start** and \$24.1 million for **Educational Technology**. Additionally, funding for other programs has been reduced from FY 2010 levels resulting in a loss of federal funds to Texas, including the **English Language Acquisition Grants** (\$2.2 million) and **Grants for State Assessments** (\$1.3 million).

Higher Education. The Act includes \$734 million for the **Federal Supplemental Education Opportunity Grant program** for FY 2011, a \$20 million decrease from FY 2010. The total allocation to Texas institutions of higher education is an estimated \$42.2 million, a \$1.1 million or 2.6% decrease from FY 2010. The funds are awarded directly to the institutions. The maximum **Federal Pell Grant** remains at \$5,550 per student for FY 2011. The **Summer Pell Grant program** is eliminated but will be available for the 2010–11 academic year. According to USDE, Texas students received \$2.5 billion in **Federal Pell Grants** in FY 2010.

HEALTH AND HUMAN SERVICES

The **Child Care and Development Block Grant (CCDBG)** received funding of \$2.2 billion, a 4.7% increase of \$100 million from current spending levels. Although the Act includes level funding from FY 2010 (\$1.7 billion) for the **Social Services Block Grant program**, Texas' allocation is an estimated \$136.4 million, a \$2.5 million or 2% increase from FY 2010. The Texas allocation for FY 2011 is estimated based on 2009 population data.

The Act includes \$1.6 billion for the **Consolidated Community Health Centers** program; a decrease of \$603 million from FY 2010. Texas' allocation is an estimated \$118.7 million, a \$32.6 million or 27.5% decrease from FY 2010. The **Consolidated Health Centers** in Texas receive these federal funds directly. Congress decreased funding for the **Low-Income Home Energy Assistance Program (LIHEAP)** by 7.8%. This will result in a decrease to Texas of approximately \$34.4 million from FY 2010 funding levels. **LIHEAP funds** are available to states and other jurisdictions to assist eligible households in paying their cooling and heating costs. Congress appropriated \$299 million for the **Title X Family Planning program**, an \$18 million decrease from FY 2010. Texas' allocation is an estimated \$15.5 million, a \$1 million or 6% decrease from FY 2010. Funding for the **Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)** was decreased \$504.5 million, a 6.9% change from

previous funding levels. The impact to Texas is an estimated decrease of \$42 million.

The federal funding for **State Health Access Grants** was eliminated for FY 2011. Texas received \$8 million in FY 2010. Congress repealed the Patient Protection and Affordable Care Act provisions regarding Free Choice Vouchers for employers to pay into health insurance exchanges starting in January 2014.

TRANSPORTATION

Mandatory **Highway and Bridge Construction and Mass Transit Formula** transportation program funds for ongoing or obligated projects were not affected in the recent budget appropriations and are maintained at the FY 2010 level for FY 2011 at \$75.7 billion nationally. Texas will receive approximately the same amount of federal transportation funds under the new federal appropriation package. Texas received federal transportation apportionments of approximately \$3.2 billion in FY 2010. However, the bill rescinded unobligated construction funds in the federal **Highway Trust Fund** by \$2.5 billion. It is estimated by the Texas Department of Transportation (TxDOT) that this rescission will impact Texas by approximately \$200 million or 8% of the total amount rescinded nationally. Although the rescission has no immediate impact on state projects it does reduce the availability of future federal transportation funding. **High-Speed Intercity Passenger Rail (HSIPR)** funds were not provided for FY 2011 and \$400 million in FY 2010 funding will be rescinded. TxDOT applied in April 2011 for approximately \$18 million in **HSIPR** grant funds to study the potential for a high-speed rail corridor between Dallas and Houston. The Federal Railroad Administration has reported that current grant requests will not be impacted by the rescission. Congress appropriated \$528 million to the **Transportation Investment Generating Economic Recovery (TIGER II)** competitive grant program. TxDOT received approximately \$34 million in **TIGER II** grant funds for the Tower 55 railroad intersection project in FY 2010.

HOMELAND SECURITY

Several homeland security programs distributed to states were reduced by Congress. The **State Homeland Security Grant Program (SHSG)** was funded nationally in FY 2010 at \$890 million and reduced to \$578.4 million for FY 2011 (a 34.9% reduction). Texas' allocation for the **SHSG** Program is anticipated to be reduced from \$57.1 million in FY 2010 to an estimated \$37.2 million in FY 2011, a reduction of \$19.9 million. The **Citizen-Corps Program** was reduced by 23.2% for FY 2011, reducing Texas allocation from \$0.7 million in FY 2010 to \$0.5 million in FY 2011. The **Urban Area Security Initiative** was reduced from \$887 million nationally in FY 2010 to \$724 million in FY 2011 (an 18.4% reduction). Texas' allocation is estimated to be reduced from \$81 million to \$66 million in FY 2011. The **Real ID Program** was reduced by 10.2% from \$50 million nationally in FY 2010 to \$45 million in FY 2011. Texas allocation will be an estimated \$2.7 million in FY 2011.

OTHER

Housing. Congress decreased funding for the **Community Development Block Grant Program** by 16.4%. This will result in a decrease to Texas of approximately \$13 million from FY 2010 funding levels. The **CDBG** program provides funds to states to develop urban

communities for persons of low and moderate income by providing decent housing, suitable living environments, and expanding economic opportunities. In addition, funding for the **HOME program** was reduced by 12%. The funding reduction could decrease Texas' allocation by \$4.3 million from FY 2010 funding levels.

Natural Resources. Congress reduced **Clean Water and Drinking Water State Revolving Funds** by nearly \$1 billion. As a result, it is estimated Texas will receive \$68.2 million in **Clean Water State Revolving Funds** in FY 2011, more than a 25% reduction from FY 2010. It is estimated Texas will receive \$59.9 million in Drinking Water State Revolving Funds in FY 2011, a 30% decrease from FY 2010. The continuing resolution also reduced **State and Tribal Wildlife Grants** by more than 30%. It is estimated Texas will receive less than \$3 million for these grants in FY 2011. The U.S. Fish and Wildlife Service awarded \$3.7 million to the state in FY 2010.

Labor. Congress reduced total funding for employment and training for **Adults** and **Dislocated Workers** under the **Workforce Investment**

Act (WIA) by \$220.1 million in FY 2011, a 9.7% decline. Funding for Texas for FY 2011 is estimated at \$103 million, down from \$115.2 million in FY 2010. Congress also reduced funding for **WIA Youth** employment and training by \$98.2 million in FY 2011 or 10.6%. Texas' share is estimated to decline from \$57.4 million in FY 2010 to \$51.3 million in FY 2011. Federal funding for the **Senior Community Service Employment Program** was reduced from \$825.4 million in FY 2010 to \$449.2 million in FY 2011. Approximately \$225 million of the reduction was a result of the expiration of one-time funding. Excluding this, funding dropped about 25%. Texas' funding (excluding the one-time funds) is estimated to fall from \$6.6 million in FY 2010 to \$4.9 million in FY 2011. Note that funding for WIA and SCSEP is based on program years. In contrast, Congress added \$125 million for a new **Workforce Innovation Fund** to carry out innovative state projects that improve employment outcomes.

**ESTIMATED FEDERAL ALLOCATIONS TO TEXAS FOR SELECTED GRANT PROGRAMS
(IN MILLIONS)**

PROGRAMS	FY 2010	FY 2011	CHANGE FROM FY 2010
SELECTED EDUCATION			
Educational Technology State Grants	\$24.1	\$0.0	(\$24.1)
Career and Technical Education State Grants	92.7	92.5	(0.2)
Improving Teacher Quality	248.5	248.0	(0.5)
Special Education - Grants to States	975.6	973.7	(1.9)
Title I - Grants to Local Education Agencies	1,337.5	1,334.8	(2.7)
Total Selected Education	\$2,678.4	\$2,649.0	-\$29.4
SELECTED HEALTH AND HUMAN SERVICES			
Women, Infants & Children (WIC)	587.8	545.8	(42.0)
Substance Abuse Block Grant	136.4	136.2	(0.2)
HIV CARE Formula Grant	89.7	89.5	(0.2)
Refugee Assistance	37.3	37.2	(0.1)
Child Care Entitlement - Mandatory and Matching	216.5	219.5	3.0
Adoption Assistance	79.7	86.1	6.4
Child Care and Development Block Grant	227.4	239.2	11.8
Total Selected Health and Human Services	\$1,374.8	\$1,353.5	(\$21.3)
SELECTED HOMELAND SECURITY AND OTHER			
State Homeland Security Grant Program	\$57.1	\$37.2	(\$19.9)
Urban Area Security Initiative	81.0	66.0	(15.0)
Senior Community Service Employment Program	31.6	17.2	(14.4)
Workforce Investment Act - Adult and Dislocated Worker Programs ¹	115.2	103.0	(12.2)
Workforce Investment Act - Youth Programs ¹	57.4	51.3	(6.1)
Wildlife Restoration	19.3	15.2	(4.1)
REAL ID	3.0	2.7	(0.3)
Citizen Corps Program	0.7	0.5	(0.2)
Total Selected Homeland Security and Other	\$365.3	\$293.0	(\$72.3)

¹Funding reflect program years rather than fiscal years.

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

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