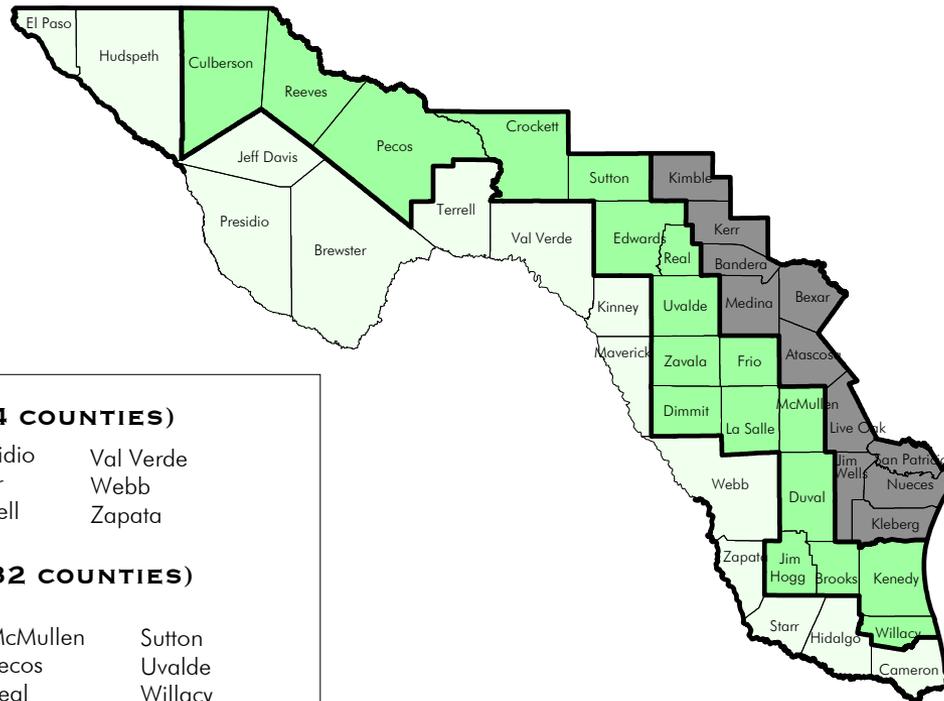
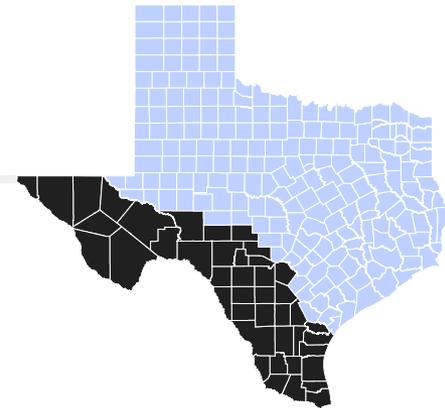




Distribution of Federal Funds to the Texas Border

Presented to the
House Committee on Border and International Affairs
March 5, 2003
Legislative Budget Board

Texas Border Definitions



TEXAS ACTUAL BORDER (14 COUNTIES)

Brewster	Hudspeth	Presidio	Val Verde
Cameron	Jeff Davis	Starr	Webb
El Paso	Kinney	Terrell	Zapata
Hidalgo	Maverick		

LA PAZ BORDER REGION (32 COUNTIES)

Same 14 counties plus:

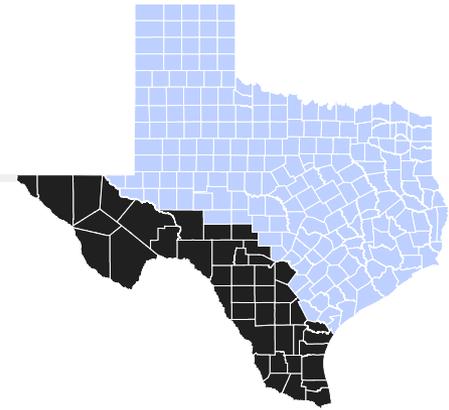
Brooks	Edwards	McMullen	Sutton
Crockett	Frio	Pecos	Uvalde
Culberson	Jim Hogg	Real	Willacy
Dimmit	Kenedy	Reeves	Zavala
Duval	La Salle		

SOUTH TEXAS BORDER REGION (43 COUNTIES)

Same 32 counties plus:

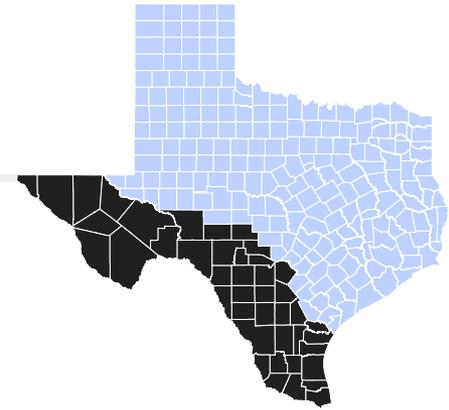
Atascosa	Jim Wells	Kleberg	Nueces
Bandera	Kerr	Live Oak	San Patricio
Bexar	Kimble	Medina	

Selected Federal Funding Streams



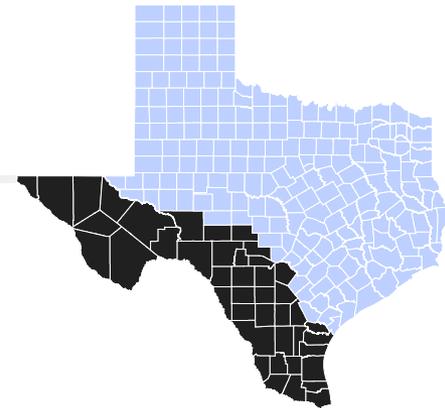
- Medicaid
- Transportation
- Title I: Grants to Local Education Agencies
- Special Education
- School Lunch and Breakfast
- Children's Health Insurance Program
- Women, Infants and Children's Nutrition Program
- Child Care
- Temporary Assistance for Needy Families (TANF)
- Food Stamps
- Homeland Security

Medicaid

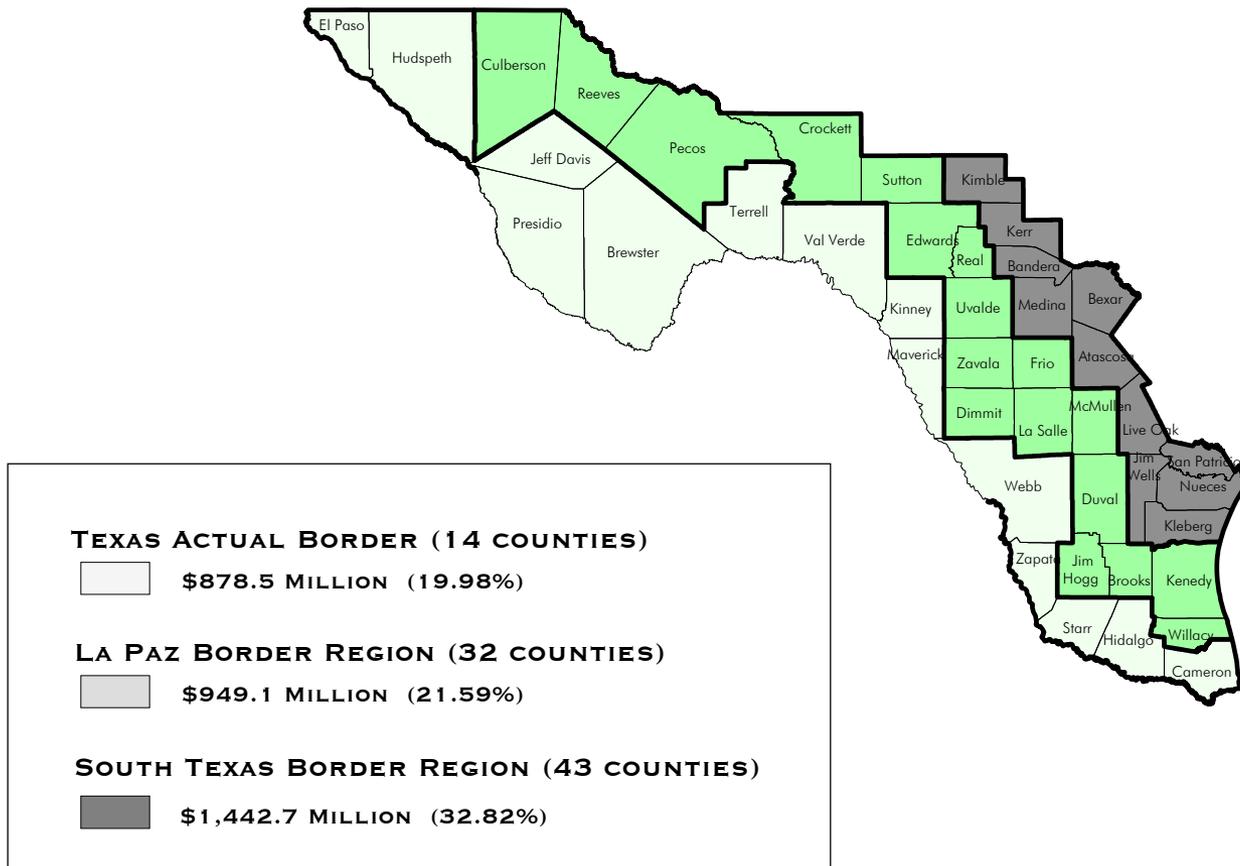


- Medicaid accounts for 44% (\$16.4 billion) of federal funds in the state budget for the 2002–03 biennium.
- All clients who meet income and resource criteria are entitled to receive medical assistance.
- Fiscal year 2003 costs are shared at a federal: state match ratio of 60% federal and 40% state.

Estimated Acute Care Medicaid Expenditures by Border Region

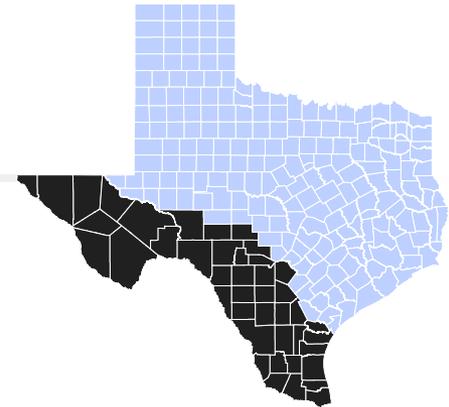


ESTIMATED FISCAL YEAR 2003 STATEWIDE TOTAL = \$4,396.2 MILLION (FEDERAL)



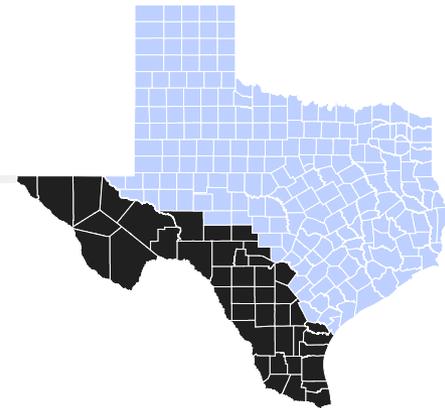
SOURCES: Legislative Budget Board; Health and Human Services Commission.

Transportation

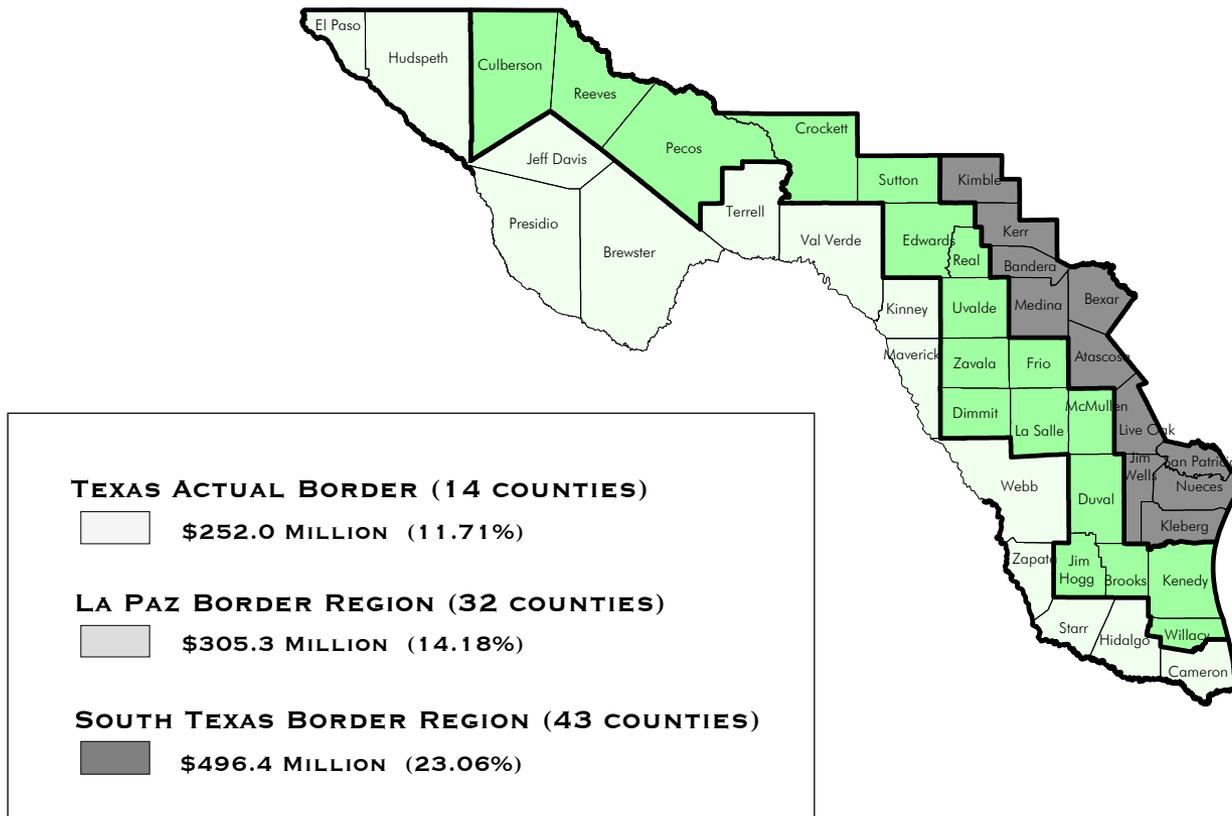


- 98% of the federal funds received in the State Highway Fund are reimbursements for highway planning and construction.
- Most funds are apportioned to states based on statutory formulas that consider factors such as the state's share of vehicle miles or lane miles.
- Reimbursement rates average 80%, but range from 50% to 100%, depending on the program.
- Funds are distributed according to priorities established by the Texas Transportation Commission.

Transportation Expenditures by Border Region

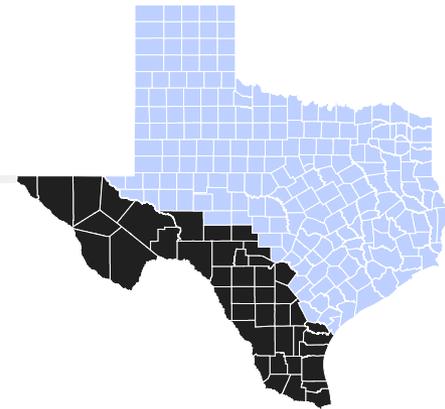


FISCAL YEAR 2002 STATEWIDE TOTAL = \$2,152.5 MILLION (FEDERAL)



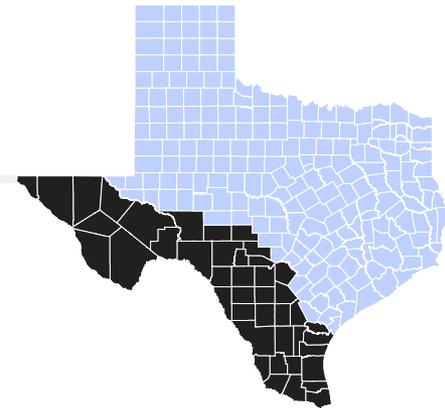
NOTE: Amounts do not include federal funds for public transportation, traffic safety, or aviation.
 SOURCES: Legislative Budget Board; Department of Transportation.

Title I: Grants to Local Educational Agencies

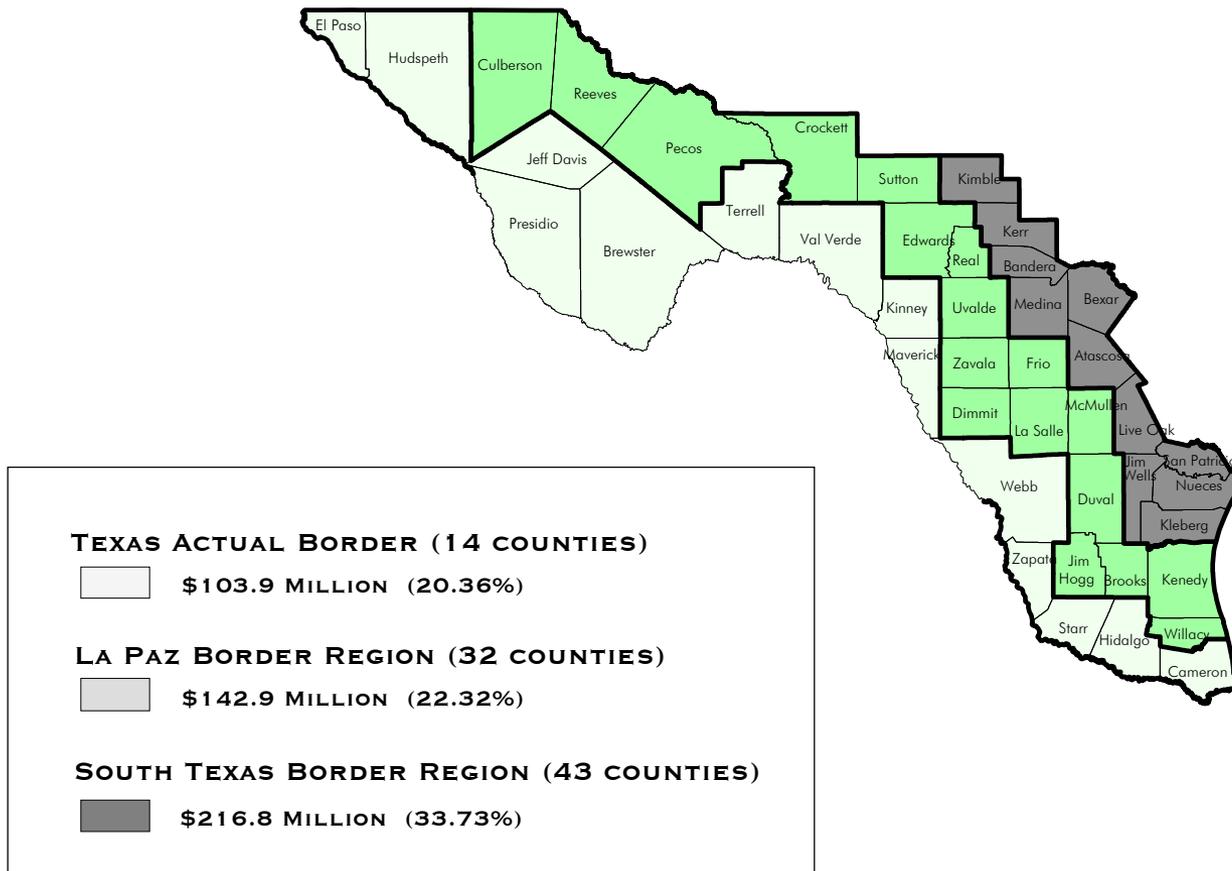


- Provides funds to improve the academic achievement of disadvantaged children.
- Children living in poverty and at risk of not meeting academic achievement are eligible for targeted educational support.
- School districts are allocated funds based on poverty data adjusted for the cost of education in each state.

Title I: Grants to LEAs Expenditures by Border Region

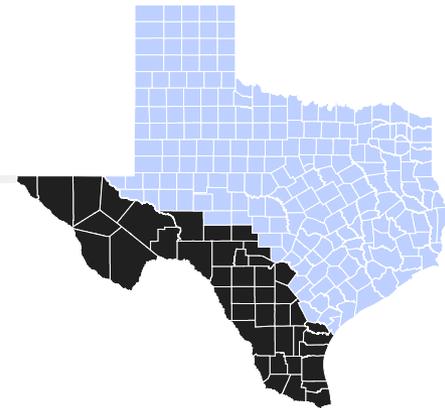


FISCAL YEAR 2001 STATEWIDE TOTAL = \$642.8 MILLION (FEDERAL)



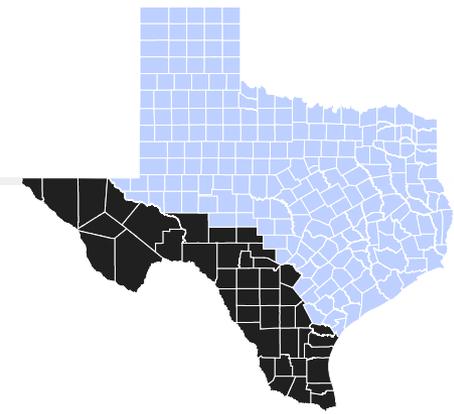
SOURCES: Legislative Budget Board; Texas Education Agency.

Special Education

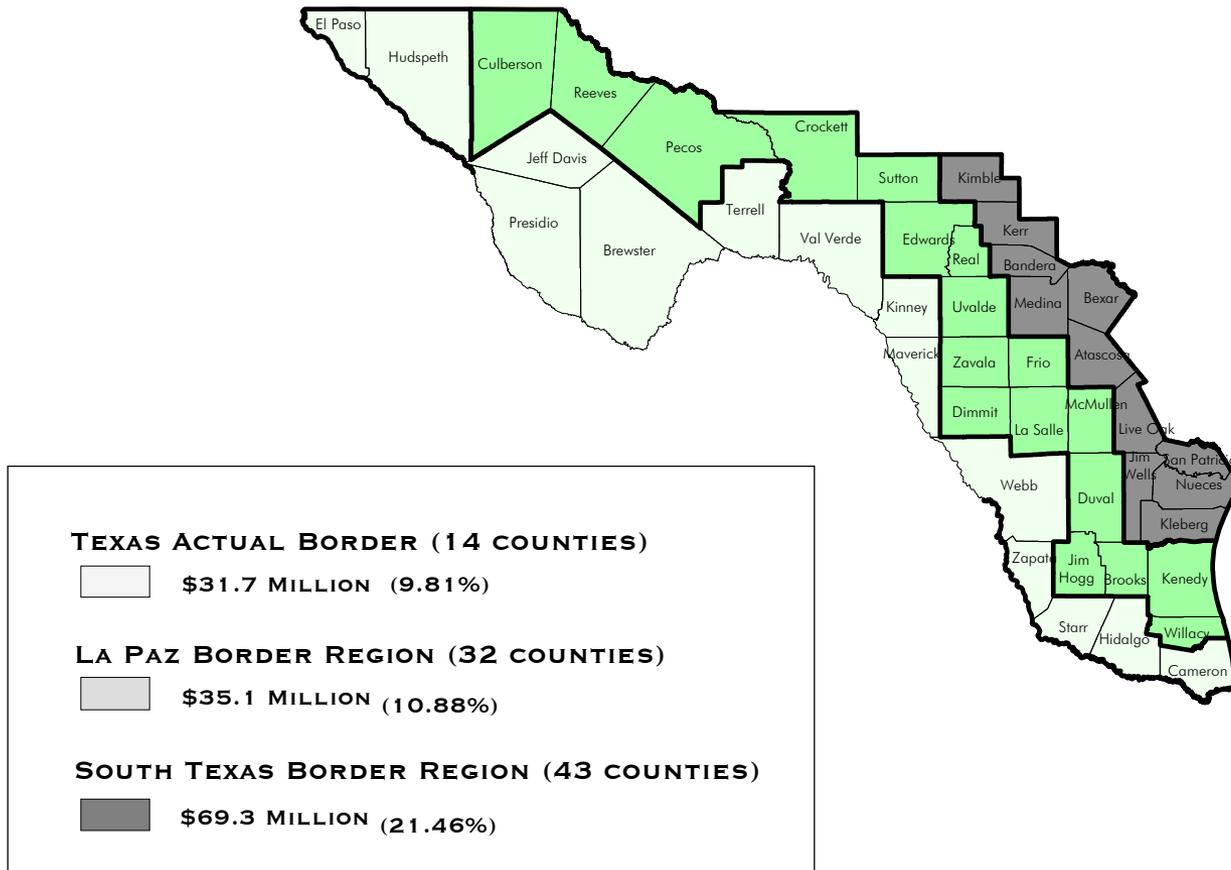


- Provides funds to school districts to assist them in meeting the excess costs of providing special education and related services to children with disabilities.
- Local school districts must ensure that all children with disabilities are provided a free appropriate public education.
- States receive a base allocation, and remaining funds are distributed on the number of school age children, and the number of children living in poverty.

Special Education Expenditures by Border Region

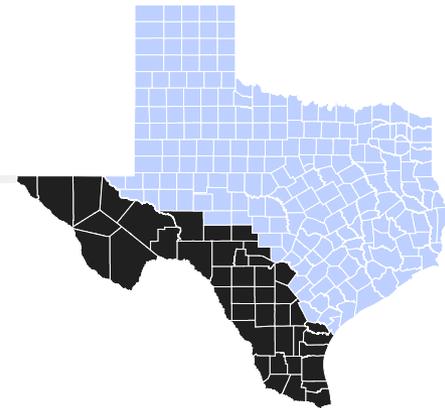


FISCAL YEAR 2001 STATEWIDE TOTAL = \$322.7 MILLION (FEDERAL)



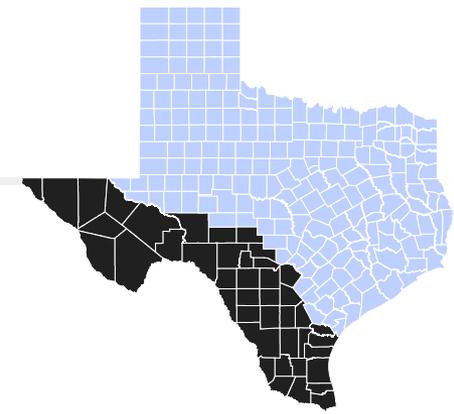
SOURCES: Legislative Budget Board; Texas Education Agency.

School Lunch and Breakfast

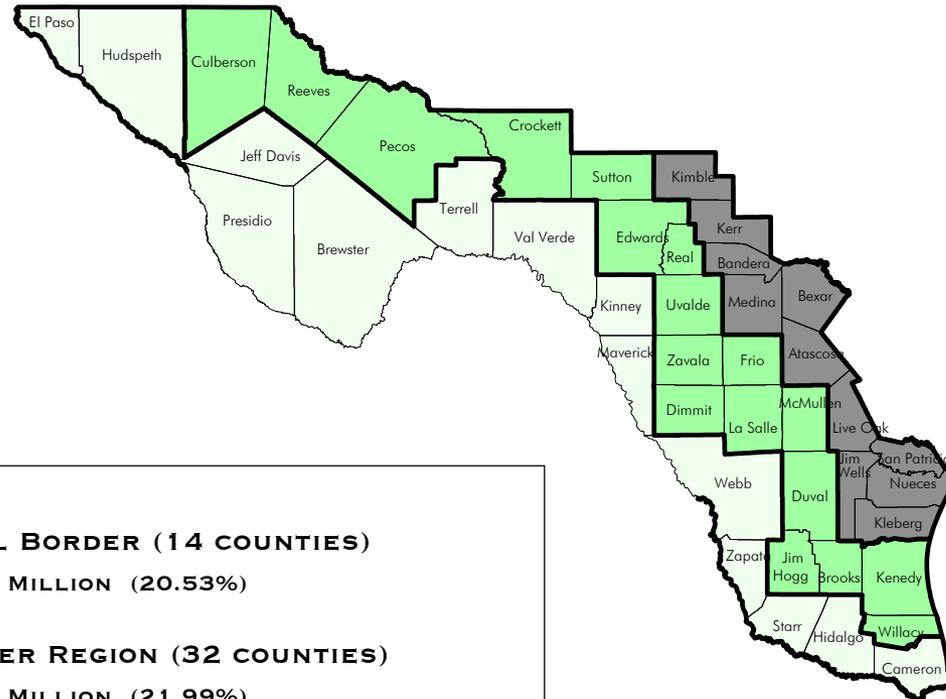


- Provides nutritionally balanced, free or reduced price breakfasts, lunches, and snacks to school-age children.
- Children from low-income families are eligible for free or reduced price meals.
- School districts receive cash subsidies for each meal served.

School Lunch and Breakfast Expenditures by Border Region



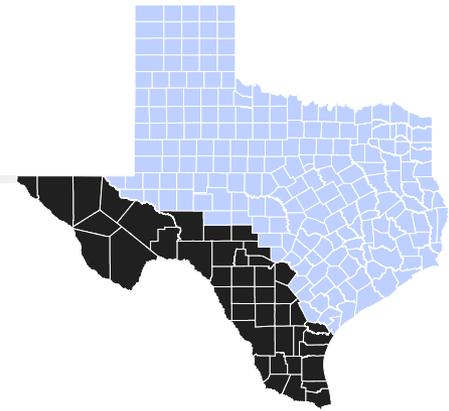
FISCAL YEAR 2002 STATEWIDE TOTAL = \$612.1 MILLION (FEDERAL)



TEXAS ACTUAL BORDER (14 COUNTIES)	
	\$125.7 MILLION (20.53%)
LA PAZ BORDER REGION (32 COUNTIES)	
	\$134.6 MILLION (21.99%)
SOUTH TEXAS BORDER REGION (43 COUNTIES)	
	\$202.7 MILLION (33.11%)

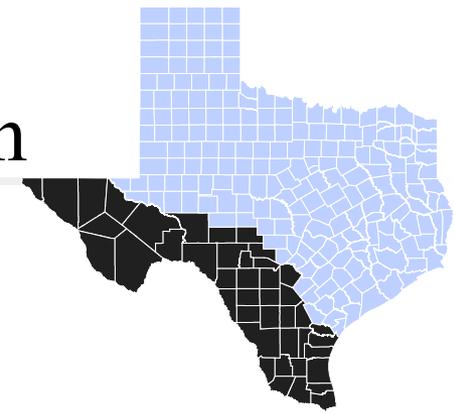
SOURCES: Legislative Budget Board; Texas Education Agency.

Children's Health Insurance Program (CHIP)

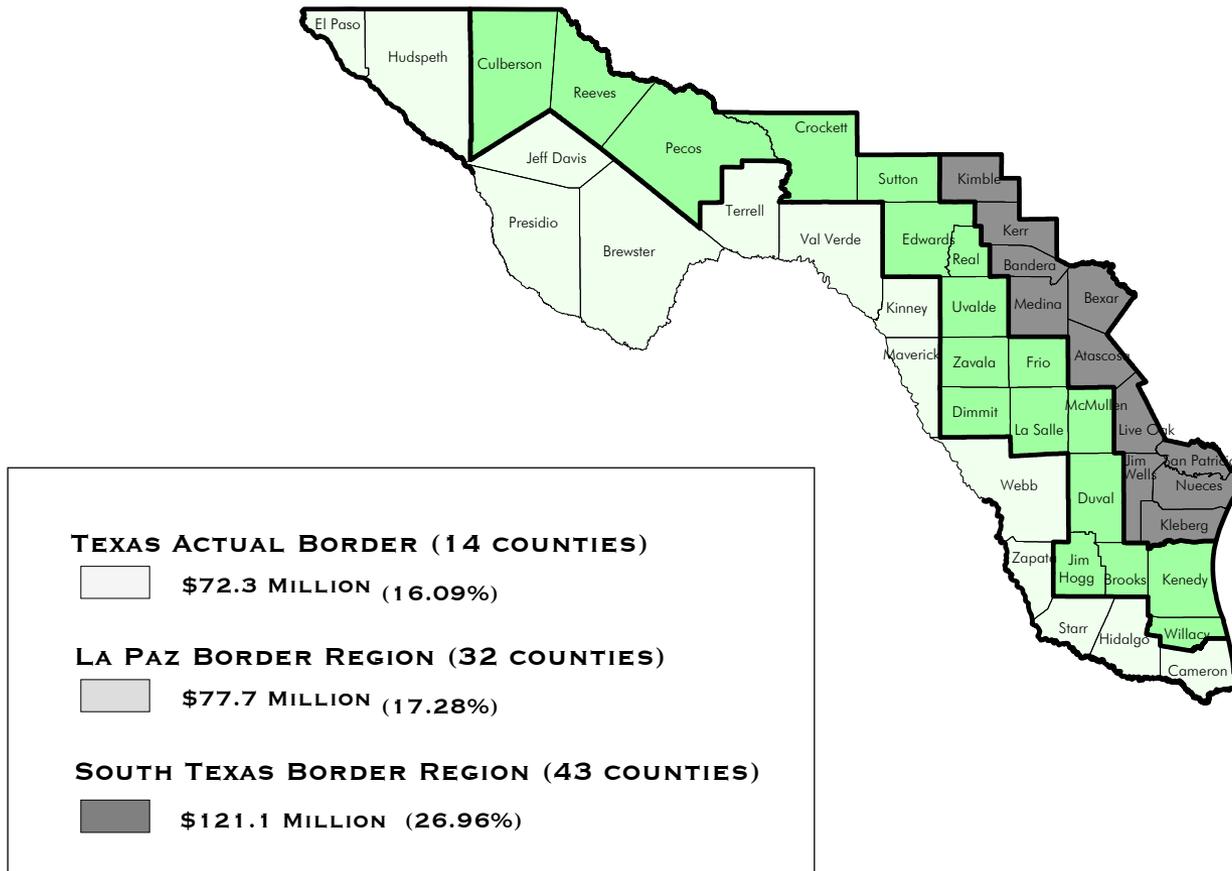


- Provides health insurance coverage for children from low income families who are not eligible for Medicaid.
- States' allocations are based on the number of low-income uninsured children and state cost factors.
- Fiscal year 2003 costs are shared at a federal: state match ratio of 72% federal and 28% state.

Estimated CHIP Expenditures by Border Region

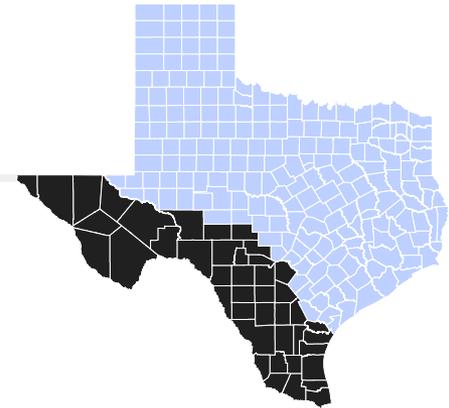


ESTIMATED FISCAL YEAR 2003 STATEWIDE TOTAL = \$449.5 MILLION (FEDERAL)



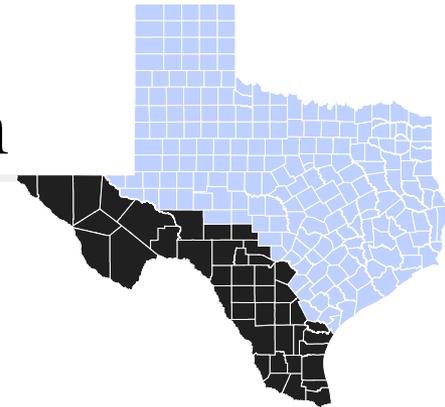
SOURCES: Legislative Budget Board; Health and Human Services Commission.

Women, Infants and Children (WIC) Nutrition Program

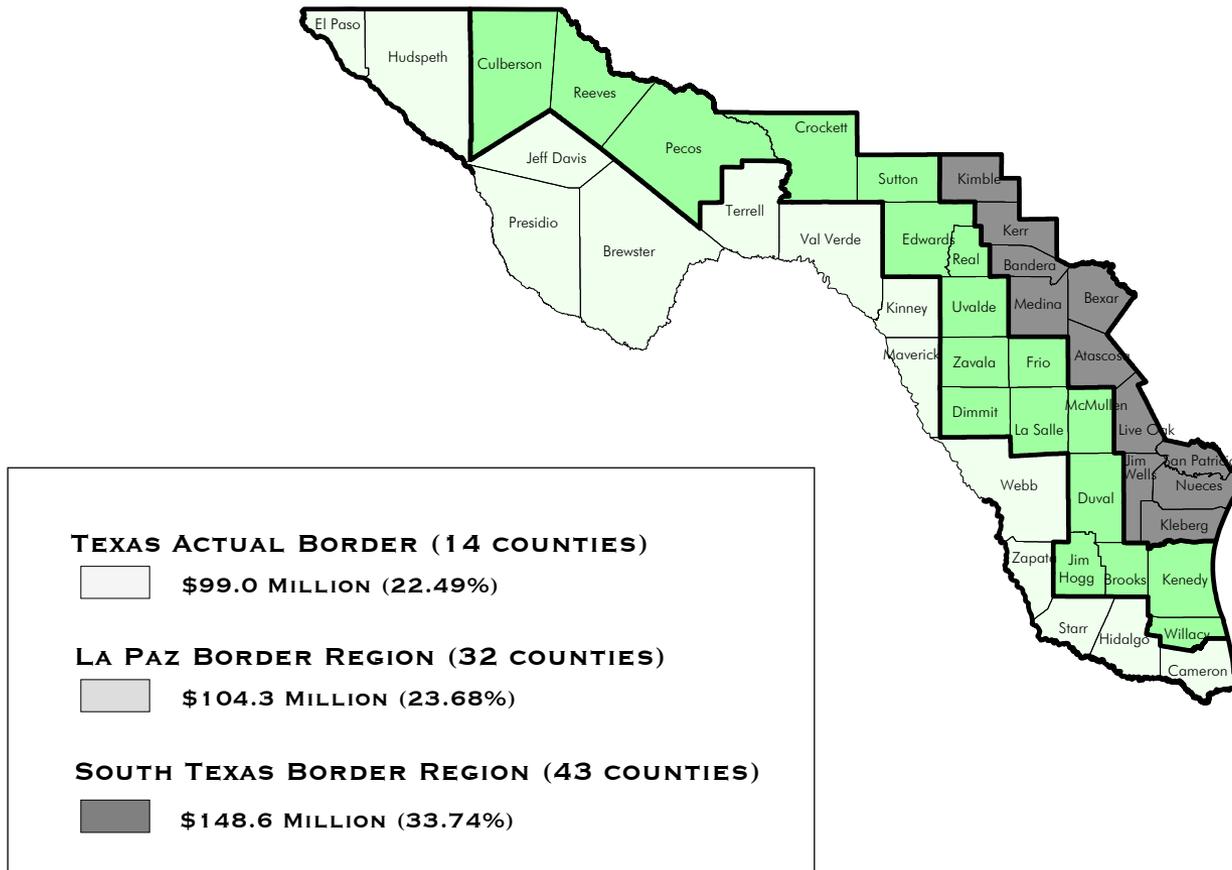


- Provides nutritious foods to low-income pregnant, breastfeeding or postpartum women and children to age five determined to be at nutritional risk.
- WIC benefits are 100% federally funded.
- State grants are based on each state's share of the population and inflation-adjusted prior year's funding.

WIC Expenditures by Border Region

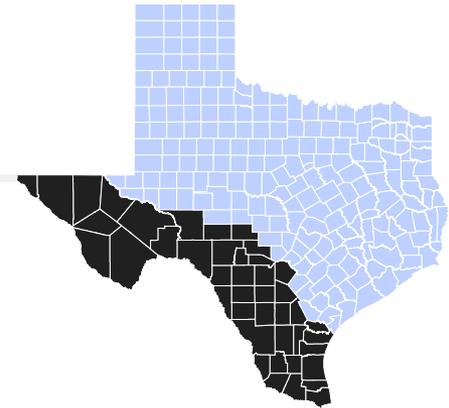


FISCAL YEAR 2002 STATEWIDE TOTAL = \$440.3 MILLION (FEDERAL)



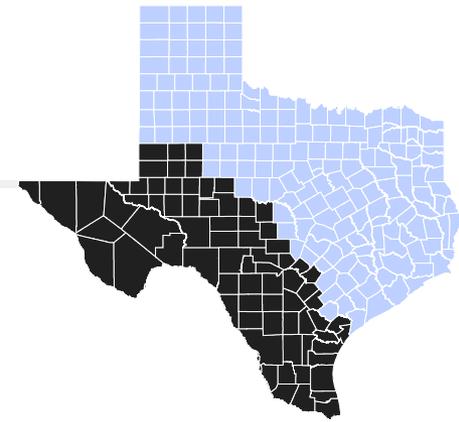
SOURCES: Legislative Budget Board; Department of Health.

Child Care

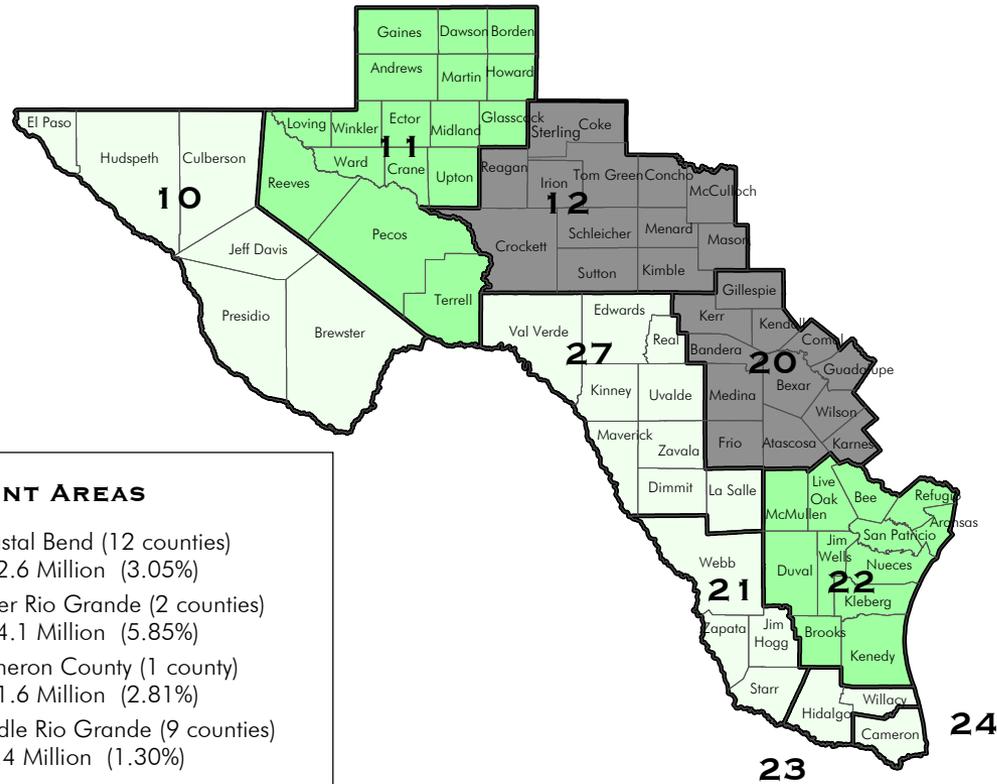


- In fiscal year 2002 Texas received \$380.9 million in federal child care funds in three areas.
- Mandatory: State allocations based on historical child care expenditures on welfare population.
- Matching: State allocations based on proportion of children under age 13.
- Discretionary: State allocations based on proportion of low-income children under age 13.

Child Care Allocations by LWDAs*



FISCAL YEAR 2003 STATEWIDE TOTAL = \$412.7 MILLION (FEDERAL AND STATE)



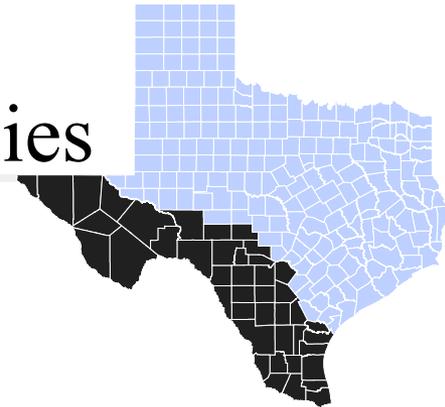
*LOCAL WORKFORCE DEVELOPMENT AREAS

10 – Upper Rio Grande (6 counties) \$21.6 Million (5.24%)	22 – Coastal Bend (12 counties) \$12.6 Million (3.05%)
11 – Permian Basin (17 counties) \$7.9 million (1.92%)	23 – Lower Rio Grande (2 counties) \$24.1 Million (5.85%)
12 – Concho Valley (13 counties) \$2.8 Million (0.68%)	24 – Cameron County (1 county) \$11.6 Million (2.81%)
20 – Alamo (12 Counties) \$37.0 Million (8.97%)	27 – Middle Rio Grande (9 counties) \$5.4 Million (1.30%)
21 – South Texas (4 counties) \$7.7 Million (1.86%)	Total Border = \$130.7 Million (31.67%)

NOTE: Allocations include state match and maintenance of effort funds.

SOURCES: Legislative Budget Board; Texas Workforce Commission.

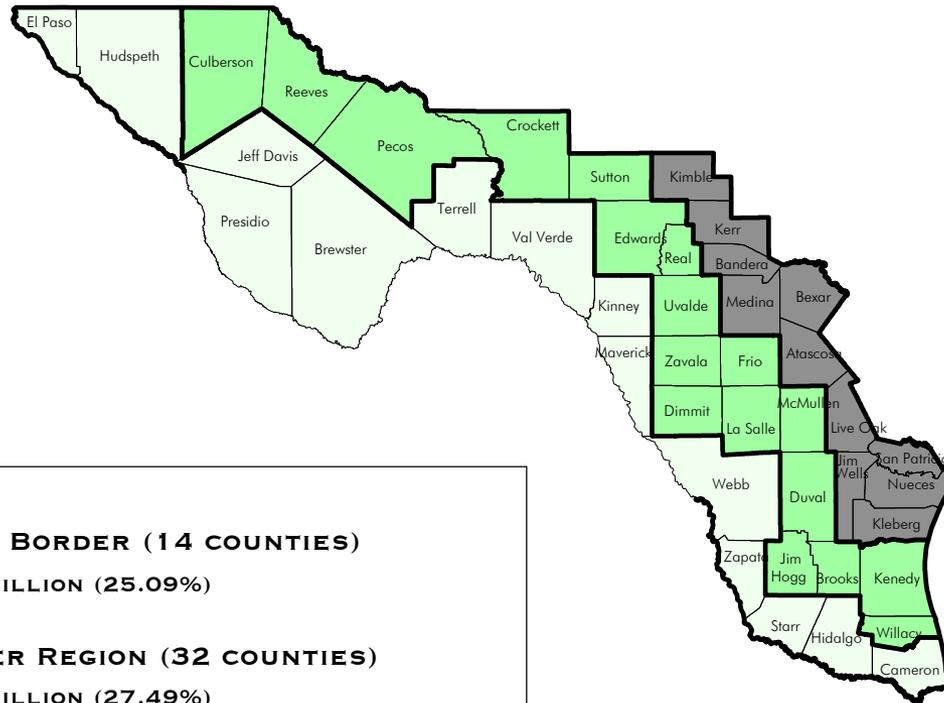
Temporary Assistance for Needy Families (TANF)



- In Texas, provides cash assistance to needy families, employment services, child protective services, at-risk prevention services, family planning, and other services.
- All clients who meet income and resource criteria receive cash assistance.
- The state's block grant is based on historical spending on consolidated programs.

TANF Cash Assistance Expenditures by Border Region

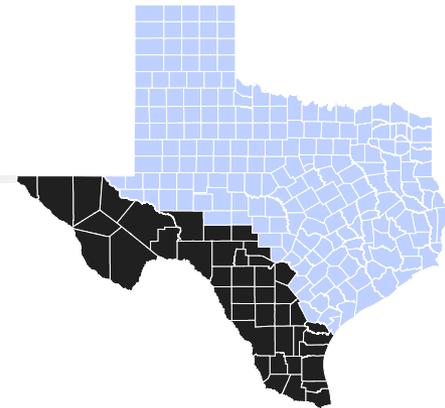
FISCAL YEAR 2001 STATEWIDE TOTAL = \$247.2 MILLION (FEDERAL AND STATE)



TEXAS ACTUAL BORDER (14 COUNTIES)	
□	\$62.0 MILLION (25.09%)
LA PAZ BORDER REGION (32 COUNTIES)	
□	\$67.9 MILLION (27.49%)
SOUTH TEXAS BORDER REGION (43 COUNTIES)	
□	\$97.6 MILLION (39.47%)

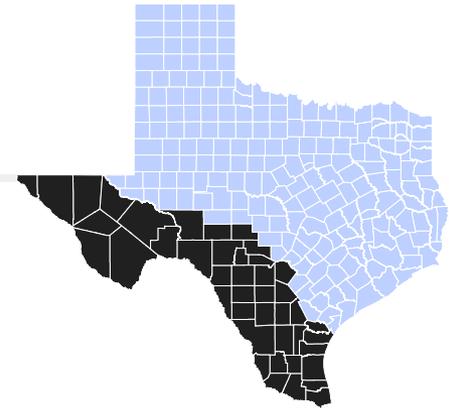
SOURCES: Legislative Budget Board; Department of Human Services.

Welfare Reauthorization



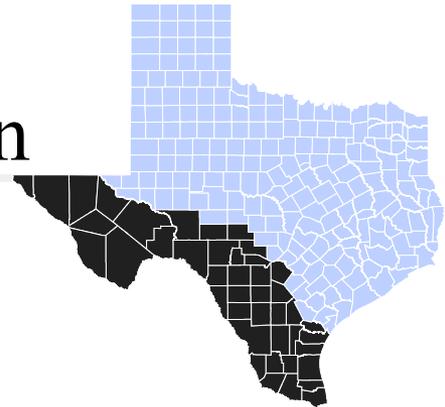
- TANF funding is extended through June 2002.
- Increased federal requirements related to the percent of families that must participate in work are anticipated.
- Most proposals retain level funding for TANF block grants. Federal child care funding may increase.
- See LBB's *Staff Performance Report* for a comprehensive discussion of reauthorization.

Food Stamps

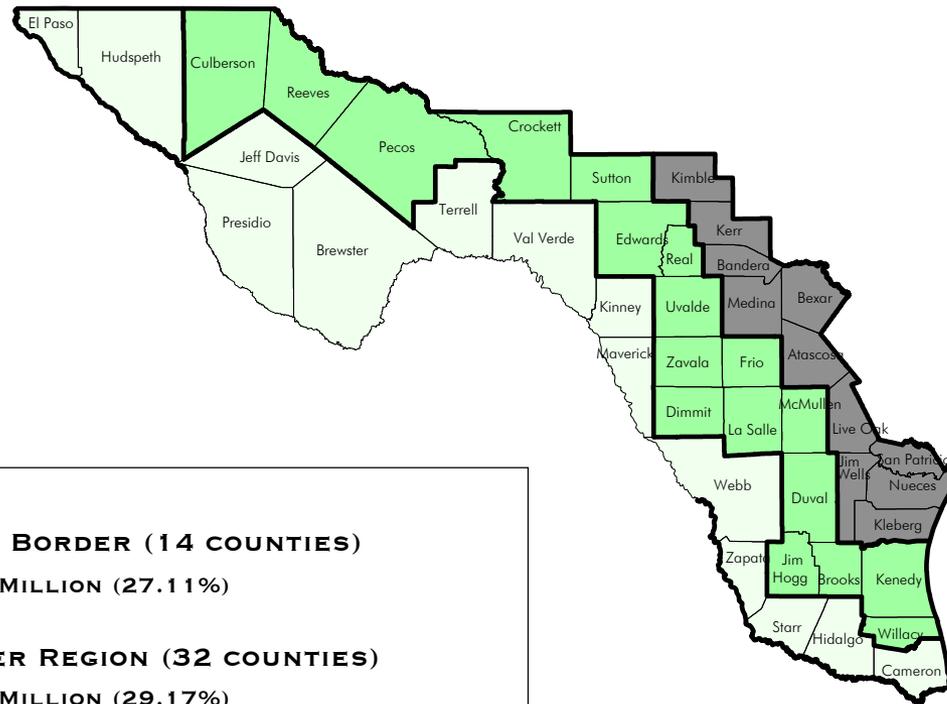


- Provides monthly benefits for food purchases.
- All clients who meet income and resource criteria are entitled to benefits.
- In fiscal year 2001, the value of food stamps distributed totaled \$1.2 billion.
- Food stamps are 100% federally financed (although administration is 50:50 state:federal).

Food Stamps Value by Border Region



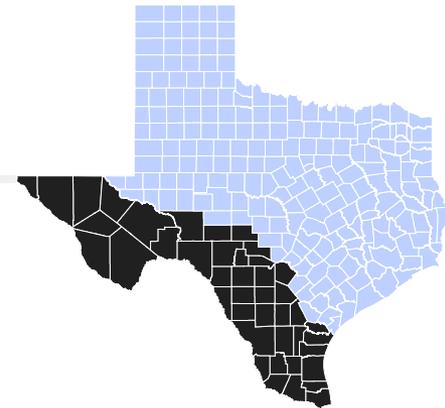
FISCAL YEAR 2001 STATEWIDE TOTAL = \$1,239.5 MILLION (FEDERAL)



TEXAS ACTUAL BORDER (14 COUNTIES)	
	\$336.1 MILLION (27.11%)
LA PAZ BORDER REGION (32 COUNTIES)	
	\$361.6 MILLION (29.17%)
SOUTH TEXAS BORDER REGION (43 COUNTIES)	
	\$516.5 MILLION (41.67%)

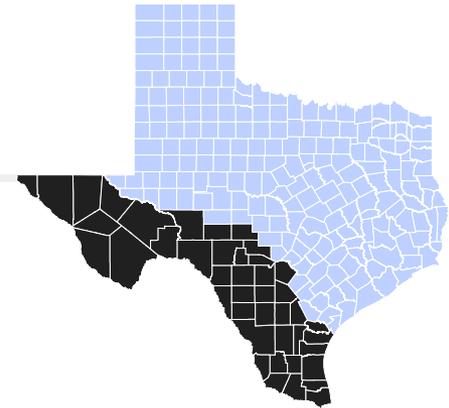
SOURCES: Legislative Budget Board; Department of Human Services.

Farm Security Act and Rural Investment Act of 2002



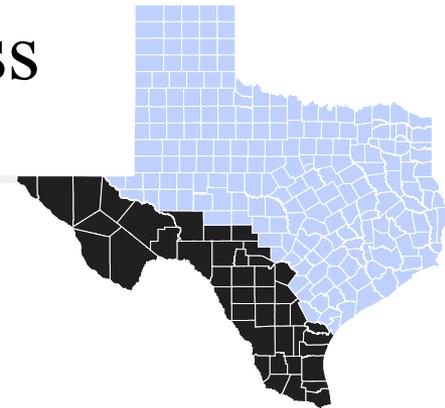
- Restored food stamp benefits to certain legal immigrants. The Congressional Budget Office estimated Texas legal immigrants may receive over \$300 million in benefits over 10 years.
- Replaced enhanced funding to states based on payment accuracy with new performance bonus system, resulting in potential \$30 million annual loss to Texas.
- See LBB's *Federal Funds Watch* (May 24, 2002) for additional information.

Homeland Security

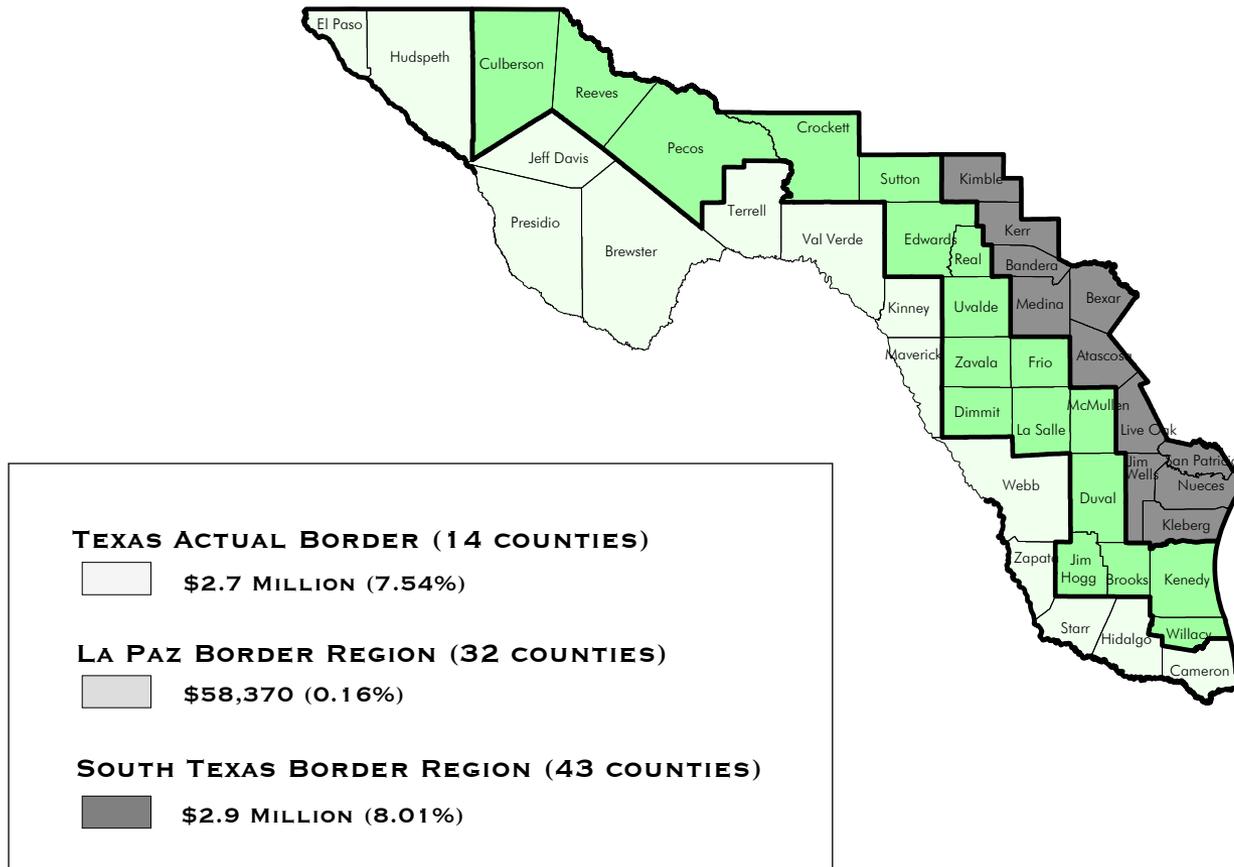


- Over the 2002–03 biennium, state agencies reported over \$85 million in direct funding, including:
 - \$52.9 million for public health preparedness;
 - \$11.8 million for emergency response and rescue training; and
 - \$8.3 million for hospital emergency preparedness.
- In addition, \$40 million was available for airport security and \$41 million for construction of border inspection facilities and other security improvements.

Public Health Emergency Preparedness Grant Allocations by Border Region

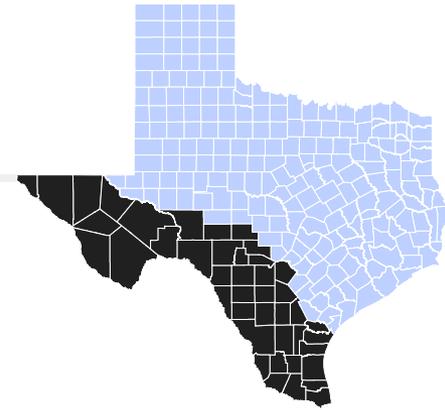


FISCAL YEARS 2002-03 STATEWIDE TOTAL = \$35.9 MILLION (FEDERAL)



SOURCES: Legislative Budget Board; Department of Health.

Prospective Funding for Homeland Security



The recently passed fiscal year 2003 appropriations bill includes the following provisions:

- First Responder Grants: \$3.5 billion (\$2.4 billion to state and local governments for equipment and training).
- Transportation Security: \$5.2 billion (\$374 million to airports for security systems).
- Bioterrorism Preparedness: \$940 million to states and local governments.