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
- Cameron
- El Paso
- Hidalgo
- Hudspeth
- Jeff Davis
- Kinney
- La Salle
- Reeves
- Starr
- Webb
- Val Verde
- Zapata

**La Paz Border Region (32 counties)**
Same 14 counties plus:
- Brooks
- Crockett
- Culberson
- Dimmit
- Duval
- Edwards
- Frio
- Jim Hogg
- Kenedy
- Kenedy
- Kims
- La Salle
- McMullen
- Pecos
- Real
- Reeves
- Sutton
- Uvalde
- Willacy
- Zavala

**South Texas Border Region (43 counties)**
Same 32 counties plus:
- Atascosa
- Bandera
- Bexar
- Jim Wells
- Kerr
- Kimble
- Kleberg
- Live Oak
- Medina
- Nueces
- San Patricio
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)

Texas Actual Border (14 counties)
- $878.5 Million (19.98%)

La Paz Border Region (32 counties)
- $949.1 Million (21.59%)

South Texas Border Region (43 counties)
- $1,442.7 Million (32.82%)

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)

Texas Actual Border (14 counties)
- $252.0 Million (11.71%)

La Paz Border Region (32 counties)
- $305.3 Million (14.18%)

South Texas Border Region (43 counties)
- $496.4 Million (23.06%)

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)

Texas Actual Border (14 counties)
$103.9 Million (20.36%)

La Paz Border Region (32 counties)
$142.9 Million (22.32%)

South Texas Border Region (43 counties)
$216.8 Million (33.73%)

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)**

**Texas Actual Border (14 Counties)**
- $31.7 Million (9.81%)

**La Paz Border Region (32 Counties)**
- $35.1 Million (10.88%)

**South Texas Border Region (43 Counties)**
- $69.3 Million (21.46%)

**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 Fiscal Year 2003 Statewide Total = $449.5 Million (Federal)

Texas Actual Border (14 counties)
$72.3 Million (16.09%)

La Paz Border Region (32 counties)
$77.7 Million (17.28%)

South Texas Border Region (43 counties)
$121.1 Million (26.96%)

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)**

<table>
<thead>
<tr>
<th>Region</th>
<th>Total Expenditures</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Texas Actual Border (14 counties)</td>
<td>$99.0 Million</td>
<td>22.49%</td>
</tr>
<tr>
<td>La Paz Border Region (32 counties)</td>
<td>$104.3 Million</td>
<td>23.68%</td>
</tr>
<tr>
<td>South Texas Border Region (43 counties)</td>
<td>$148.6 Million</td>
<td>33.74%</td>
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</tbody>
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**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%)
11 – Permian Basin (17 counties) $7.9 million (1.92%)
12 – Concho Valley (13 counties) $2.8 Million (0.68%)
20 – Alamo (12 Counties) $37.0 Million (8.97%)
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)**

**Texas Actual Border (14 counties)**
- $2.7 Million (7.54%)

**La Paz Border Region (32 counties)**
- $58,370 (0.16%)

**South Texas Border Region (43 counties)**
- $2.9 Million (8.01%)

**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.