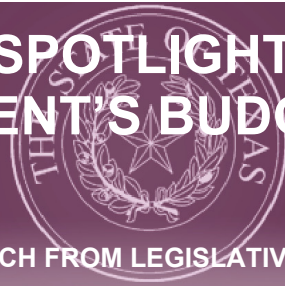


SPOTLIGHT: PRESIDENT'S BUDGET 2017



A FEDERAL FUNDS WATCH FROM LEGISLATIVE BUDGET BOARD STAFF

ID: 3108

MARCH 2016

The President's 2017 budget proposal was released February 9, 2017. Highlights follow on new initiatives, program policy changes, and funding levels. Figure 1 on page 2 shows the estimated fiscal impact to Texas of selected programs.

EDUCATION

Preschool. The President proposes **\$1.3 billion** for **Preschool for All**. The budget would provide \$350.0 million for **Preschool Development Grants** in fiscal year 2017, an increase of \$100.0 million from fiscal year 2016.

K-12. The budget reflects funding changes to education programs due to the Every Student Succeeds Act (ESSA), 2015. The new **Student Support and Academic Enrichment** program is funded at \$500.0 million for fiscal year 2017. Texas would receive \$45.3 million in fiscal year 2017. However, **School Improvement Grants** and **Mathematics and Science Partnerships** are not funded. Texas' combined loss for these two programs would be \$55.6 million in fiscal year 2017. The budget reduces funding for **21st Century Community Learning Centers** from \$1.2 billion in fiscal year 2016 to \$1.0 billion in fiscal year 2017. Texas would receive \$88.4 million, a 14.3 percent decrease. The budget increases funding for **English Language Acquisition Grants** from \$737.0 million in fiscal year 2016 to \$800.0 million in fiscal year 2017. Texas would receive \$116.8 million, an 8.1 percent increase. The budget also proposes \$1.0 billion for **RESPECT: Best Job in the World** to attract and retain teachers. An additional \$2.0 billion is included for **Computer Science for All**, to promote technology use.

Higher Education. The President proposes \$1.3 billion in fiscal year 2017 for **America's College Promise**, which would fund two years of community college for qualified students. The **College Opportunity and Graduation Bonus** would provide \$548.0 million to institutions of higher education that graduate many low-income to moderate-income students.

HEALTH AND HUMAN SERVICES

The President proposes covering 100.0 percent of costs to expand Medicaid eligibility to individuals with income less than 133.0 percent of the federal poverty line for the first three years. The budget would increase funding for the **Children's Health**

Insurance Program (CHIP). Funding for **CHIP** to Texas would increase from to an estimated \$1.6 billion in fiscal year 2017 (a 21.6 percent increase from fiscal year 2016). The President's budget also proposes to extend funding for **CHIP**, which ends September 30, 2017, through fiscal year 2019. The budget proposes a \$1.1 billion, two-year national initiative to address prescription opioid abuse and heroin use, primarily assisting states to expand access to medication-assisted treatment for opioid use disorders.

The President's budget proposes \$1.7 billion to fund the **Social Services Block Grant (SSBG)**, a 7.3 percent increase from fiscal year 2016. Texas would receive \$142.9 million in **SSBG** funds in fiscal year 2017 (an increase of \$9.7 million). The budget increases funding for the **Temporary Assistance for Needy Families (TANF)** program by \$750 million, or 4.5 percent. The proposal requires states to spend at least 55.0 percent of funding, including maintenance-of-effort funding, on core benefits services. **TANF** core benefit services include cash assistance, child care, and work activities. The budget also redirects the **TANF Contingency Fund** into certain programs and initiatives. The majority of the fund, \$473.0 million, would be repurposed for the **Pathways to Jobs Initiative**. The initiative would support state partnerships with employers to provide subsidized employment to low-income individuals. The **Child Care and Development Fund (CCDF)** would increase by \$3.8 billion from fiscal year 2016. Texas would receive an additional \$363.3 million in **CCDF** funds in fiscal year 2017.

TRANSPORTATION

The President's budget supports funding levels established by the Fixing America's Surface Transportation Act, 2015. The budget increases obligation authority for the **Federal-Aid Highways Program** from \$42.4 billion in fiscal year 2016 to \$43.3 billion in fiscal year 2017. Texas could obligate \$3.4 billion in fiscal year 2017, \$74.4 million more than in fiscal year 2016. The budget decreases funding for the **Airport Improvement Program** from \$3.4 billion in fiscal year 2016 to \$2.9 billion in fiscal year 2017. Texas' obligation authority would be \$195.8 million, \$32.4 million less than in fiscal year 2016. The program increases **Transit Formula Grants** from \$9.3 billion in fiscal

year 2016 to \$9.7 billion in fiscal year 2017. Texas could obligate \$518.2 million in fiscal year 2017, \$44.6 million more than fiscal year 2016. The President proposes approximately \$30.0 billion for a **21st Century Clean Transportation Plan**, including about \$10.0 billion for multimodal regional transportation; \$10.5 billion for transit; \$7.0 billion for rail; \$2.0 billion for freight; and \$1.3 billion for **Transportation Investment Generating Economic Recovery (TIGER) Grants**.

OTHER

Criminal Justice. The budget proposes to eliminate funding for the **State Criminal Alien Assistance Program (SCAAP)**. The fiscal year 2016 **SCAAP** award to the Texas Department of Criminal Justice is estimated to be \$8.9 million. Funding is increased for the **Byrne Memorial Justice Assistance Grants (JAG) program** to \$383.5 million (an increase of \$7.5 million). Texas received \$13.2 million in **JAG** funding for fiscal year 2015. The budget increases the **Body-Worn Camera Partnership Program** funding by \$7.5 million to \$30.0 million, to purchase body-worn cameras for law enforcement.

Homeland Security. The **State Homeland Security Grant Program** (including **Operation Stonegarden**) would be reduced by 51.5 percent to \$200.0 million. Texas' allocation for the program is an estimated \$21.5 million in fiscal year 2016. Texas is estimated to receive \$20.0 million in fiscal year 2016 for **Operation Stonegarden**. The **Urban Area Security Initiative** was reduced by 45.0 percent to \$330.0 million nationally. Texas' allocation is an estimated \$41.4 million in fiscal year 2016.

Housing. The President's fiscal year 2017 request increases **Weatherization Assistance Program** funding by 7.0 percent to \$230.0 million nationally. Texas would receive \$5.5 million in fiscal year 2017. The budget reduces the **Low-Income Home Energy Assistance Program** by \$0.4 billion to \$3.0 billion nationally. Texas would receive an estimated \$98.1 million in fiscal year 2017, excluding emergency contingency funds.

CONTACT

Maria Hernandez: FedFundsWatch@lbb.state.tx.us

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

FIGURE 1
ESTIMATED FEDERAL ALLOCATIONS TO TEXAS FOR SELECTED GRANT PROGRAMS, FEDERAL FISCAL YEARS 2015 TO 2017

(IN MILLIONS)

PROGRAMS	2015	2016	PRESIDENT'S BUDGET 2017	CHANGE FROM 2016
Selected Education				
Student Support and Academic Enrichment	\$0.0	\$0.0	\$45.3	\$45.3
Title I, Grants to Local Education Agencies	1,320.7	1,378.9	1,406.9	28.0
Special Education Grants for Infants, Children, and Families	40.3	42.5	45.2	2.7
Special Education Preschool Grants	20.8	22.0	24.4	2.4
Special Education Grants to States	984.8	1,029.1	1,029.0	(0.1)
Total Selected Education	\$2,366.6	\$2,472.5	\$2,550.8	\$78.3
Selected Health and Human Services				
Child Care Development Fund	\$474.9	\$508.0	\$871.3	\$363.3
Children's Health Insurance Program	1,068.7	1,345.1	1,636.3	291.2
Social Services Block Grant	131.1	133.2	141.5	8.3
Temporary Assistance to Needy Families	486.2	486.2	486.2	0.0
Total Selected Health and Human Services	\$2,160.9	\$2,472.5	\$3,132.9	\$660.4
Selected Other				
Vocational Rehabilitation	\$241.8	\$243.1	\$265.3	\$22.2
Hospital Preparedness Program	25.9	15.8	15.8	0.0
Public Health Emergency Preparedness Program	47.0	38.6	38.6	0.0
State Criminal Alien Assistance Program	7.9	8.9	0.0	(8.9)
Low-Income Home Energy Assistance Program	117.5	117.5	98.1	(19.4)
Total Selected Other	\$440.1	\$423.9	\$417.8	(\$6.1)

NOTES: Texas grant amounts represent preliminary estimates. Totals may not sum due to rounding. Allocations for the State Criminal Alien Assistance Program represent amounts received by the Texas Department of Criminal Justice, not all Texas entities. The Public Health Emergency Preparedness (PHEP) program and the Hospital Preparedness Program (HPP) totals for fiscal year 2015 include emergency funds to fight Ebola. Texas' fiscal year 2015 amounts include \$9.3 million for PHEP and \$10.0 million for HPP.

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