



# FEDERAL FUNDS WATCH: PRESIDENT'S BUDGET 2025

A FEDERAL FUNDS SPOTLIGHT FROM LEGISLATIVE BUDGET BOARD STAFF

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In March 2024, the U.S. President released his federal fiscal year 2025 budget. This budget is the first step toward enacting congressional appropriations to fund the federal government for fiscal year 2025. If a final budget is not passed by October 1, 2024, the first day of the federal fiscal year, the U.S. Congress must pass a continuing resolution to maintain funding until a final budget is passed.

The President's budget for federal fiscal year 2025 proposes an increase in overall funding for select discretionary grant programs by \$9.3 billion (3.0 percent) and an increase in funding for select mandatory programs by \$19.0 billion (3.0 percent) from fiscal year 2024 enacted levels. This amount would be a \$28.3 billion (3.0 percent) increase in overall funding. The following highlights describe new initiatives, program policy changes, and funding levels. **Figure 1** shows the estimated fiscal impact to Texas based on the proposed funding changes for selected grant programs.

## EDUCATION

**Elementary and Secondary Education.** The proposed budget would provide a \$556.0 million (1.0 percent) increase in total funding for select Department of Education programs from federal fiscal year 2024 levels. Due to the caps set as part of last year's debt ceiling agreement, two of the largest federal programs assisting education for kindergarten to grade 12 (**Title I Education for the Disadvantaged** and **Special Education Basic State Grants**) each received increases of approximately 1.0 percent from 2024 enacted levels. The budget also proposes increasing funding for **Head Start** by \$269.0 million (2.0 percent).

**Higher Education.** The proposal would increase funding for **Career and Technical Education – State Grants** by 2.0 percent nationally, providing an estimated \$2.9 million in additional funding to Texas from 2024 enacted levels.

The President's budget proposes to increase the discretionary maximum **Pell Grant** award by \$100 to expand the reach of the program to more than 7.0 million students. The budget would build on bipartisan efforts to increase the maximum Pell Grant award by \$900 for award year 2025–26.

The budget also includes a \$12.0 billion mandatory **Reducing the**

**Costs of College Fund** that would fund strategies to decrease college costs for students, including a new \$7.0 billion **Classroom to Career** program.

## HEALTH AND HUMAN SERVICES

The President's budget would decrease funding for the **Children's Health Insurance Program (CHIP)** by 8.0 percent, with funding for Texas estimated to decrease by \$530.9 million.

The budget proposes increasing funding for the **Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)** by 10.0 percent (\$700.0 million) to a total of \$7.7 billion. Texas would receive an estimated increase of \$52.1 million in WIC funding from 2024 levels, totaling \$578.8 million.

The proposed budget would maintain funding levels for the **Temporary Assistance for Needy Families (TANF)** and the **TANF Contingency Fund**. Texas' regular TANF block grant funding would remain at \$484.7 million.

Funding for the **Child Care and Development Fund** would decrease by \$225.0 million (3.0 percent) from 2024 levels, and Texas is estimated to receive \$918.2 million.

**Child Welfare.** The President's budget would promote evidence-based practices to limit the number of children entering foster care and would increase program funding by \$351.0 million (7.0 percent). The budget would increase support for kinship foster care placements, increasing **Promoting Safe and Stable Families** funding by \$304.0 million (76.0 percent). Texas would receive \$57.5 million, an increase of 52.7 percent from 2024 levels.

**Mental Health and Substance Abuse.** Texas is estimated to receive \$89.8 million in funding for **Mental Health Block Grants**, an increase of \$6.9 million (8.3 percent) from 2024 enacted levels. The proposed budget would maintain near-level funding for **State Opioid Response** and **Substance Abuse Prevention and Treatment Block Grant** at \$1.6 billion and \$2.0 billion, respectively. Texas would receive a total of \$218.2 million for both programs, a decrease of less than 1.0 percent from 2024 enacted levels.

**FIGURE 1**  
**ESTIMATED FEDERAL ALLOCATIONS TO TEXAS FOR SELECT GRANT PROGRAMS, FEDERAL FISCAL YEARS 2024 AND 2025**

(IN MILLIONS)

PROGRAMS	2024	PRESIDENT'S BUDGET 2025	CHANGE FROM 2024
<b>Select Education</b>			
Title 1 Education for the Disadvantaged	\$1,850.8	\$1,875.9	\$25.0
Head Start	\$820.6	\$840.1	\$19.5
Career and Technical Education – State Grants	\$128.6	\$131.5	\$2.9
Special Education Basic State Grants	\$1,218.4	\$1,266.9	\$48.5
<b>Total Select Education</b>	<b>\$4,018.4</b>	<b>\$4,114.4</b>	<b>\$95.9</b>
<b>Select Health and Human Services</b>			
Children’s Health Insurance Program (CHIP)	\$1,499.3	\$968.4	(\$530.9)
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	\$526.6	\$578.8	\$52.1
Temporary Assistance for Needy Families (TANF)	\$484.7	\$484.7	\$0.0
Child Care Development Fund	\$947.5	\$918.2	(\$29.2)
Promoting Safe and Stable Families	\$37.6	\$57.5	\$19.8
Mental Health Block Grant	\$82.9	\$89.8	\$6.9
State Opioid Response	\$54.3	\$55.2	\$0.8
Substance Abuse Prevention and Treatment Block Grant	\$164.5	\$163.0	(\$1.4)
<b>Total Select Health and Human Services</b>	<b>\$3,797.4</b>	<b>\$3,315.6</b>	<b>(\$481.8)</b>
<b>Select Other</b>			
Justice Assistance Grants	\$21.4	\$26.0	\$4.6
Low-Income Home Energy Assistance Program (LIHEAP)	\$196.3	\$200.5	\$4.3
Weatherization Assistance Program (WAP)	\$9.6	\$10.2	\$0.6
Unemployment Insurance State Administration	\$189.3	\$206.2	\$17.0
<b>Total Select Other</b>	<b>\$416.6</b>	<b>\$442.9</b>	<b>\$26.3</b>

NOTES: Texas grant amounts represent preliminary estimates. Totals may not sum due to rounding.  
 SOURCES: Legislative Budget Board; Federal Funds Information for States.

**TRANSPORTATION**

The President’s budget would provide a total of \$78.4 billion for highway, highway safety, and transit formula programs, supporting the amounts authorized in the Bipartisan Infrastructure Law. The budget also includes \$9.5 billion in advanced appropriations for bridge replacement and rehabilitation and electric vehicle charging infrastructure.

**OTHER**

**Criminal Justice.** The budget would increase national funding for the **Byrne Memorial Justice Assistance Grants** program by \$73.0 million to \$419.0 million. These grants fund evidence-based policing, prosecutorial decision making, the Preventing Violence Against Law Enforcement Officers, and Ensuring Officer Resilience and Survivability program.

**Housing.** The budget would increase **Low-Income Home Energy Assistance Program** funding by 2.0 percent from 2024 enacted

levels. Texas is expected to receive \$200.5 million in 2025.

The proposed budget would increase funding for the **Weatherization Assistance Program** by 5.0 percent nationally. Texas is expected to receive \$10.2 million in 2025.

**Labor.** The proposed budget would provide \$3.4 billion for the **Unemployment Insurance State Administration** program, a 9.0 percent increase from 2024 enacted levels. This program assists in implementing and overseeing unemployment insurance programs for eligible workers, including compensation for ex-service members, and disaster-related unemployment. The budget also increases overall funding for the **Department of Labor** by 4.0 percent from 2024 enacted levels. Texas is expected to receive an increase of \$16.9 million (8.9 percent) from 2024 enacted levels for this program.

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