

SPOTLIGHT: PRESIDENT'S FISCAL YEAR 2014 BUDGET

A FEDERAL FUNDS WATCH FROM LEGISLATIVE BUDGET BOARD STAFF

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The President's 2014 budget proposal was released on April 10, 2013. The budget provides a 5 percent increase in funding to most discretionary programs to mitigate the Budget Control Act reductions in fiscal year 2013. Highlights follow on new initiatives, program eliminations and consolidations, and changes in funding levels. Fig. 1 shows the estimated impact to Texas of selected programs.

EDUCATION

The President's budget proposes new preschool and higher education programs, reorganizes and renames many grants, and returns many education grants funding to fiscal year 2012 (pre-sequester) levels. The President's fiscal year 2014 request for **21st Century Community Learning Centers** is \$1.3 billion, 14 percent above fiscal year 2013. Texas would receive an estimated \$113.5 million in fiscal year 2014. **School Improvement Grants (School Turnaround Grants)** would increase to \$659 million, 30 percent above fiscal year 2013. It is estimated Texas would receive \$61.4 million in fiscal year 2014. The budget eliminates funds for **Striving Readers**; Texas is estimated to be awarded \$58.2 million in fiscal year 2013.

The budget proposes \$1.3 billion nationally for **Preschool for All**, universal preschool for 4-year-olds in low-to-moderate income families, and \$750 million for **Preschool Development Grants**. It also requests \$1 billion for a **Race to the Top** higher education reform initiative and \$415 million for **science, technology, engineering, and mathematics (STEM) programs**.

HEALTH AND HUMAN SERVICES

The President's budget continues funding for the implementation of the **Affordable Care Act**, such as the development and operation of Health Insurance Marketplaces and expanding access to care through Health Centers. The budget also includes a number of changes that could affect the **Medicaid** program. For example, it proposes to limit federal Medicaid reimbursement for durable medical equipment to the Medicare level. State reductions to the Medicaid **Disproportionate Share Hospital program** would be delayed until fiscal year 2015.

The President's budget maintains level funding for the **Temporary Assistance for Needy Families (TANF) block grant** but provides \$319 million from the TANF Contingency

Fund to reinstate TANF supplemental funding. Prior to fiscal year 2011, Texas received \$52.7 million annually in supplemental funding. In each of fiscal years 2012 and 2013, Texas received \$43 million in TANF Contingency Funds. The President's budget provides an additional \$152 million or 16 percent above fiscal year 2013 funding levels for the **Refugee Assistance Program** (Texas' estimated allocation is \$27.1 million in fiscal year 2014). The President's budget also includes \$130 million for new initiatives aimed at expanding mental health treatment and prevention services.

The Special Supplemental Nutrition Program for **Women, Infants and Children (WIC)** would be funded nationally at \$7.1 billion, a 7 percent increase from fiscal year 2013 levels. Texas received \$519 million in WIC funds in fiscal year 2013.

The President's Budget proposed reforms to the **Child Care and Development Fund (CCDF)** include additional discretionary competitive grant funding. Total CCDF funding would increase by \$686 million, a 13 percent increase from fiscal year 2013. Texas received \$454 million in CCDF funding in fiscal year 2013.

TRANSPORTATION

The President's budget recommends a new \$40 billion **Fix It First** program for transportation infrastructure projects, of which \$25 billion of the investment funds would be apportioned to states for highway construction. Other provisions include a proposed **national infrastructure bank** to provide public and private financing for projects and a new bond program. The Airport Improvement Program national funding is reduced by \$450 million. Texas would receive \$46.7 million in fiscal year 2014 (a loss of \$7 million from fiscal year 2013).

OTHER

Criminal Justice. The budget eliminates funding for the **State Criminal Alien Assistance Program (SCAAP)**. Texas' most recent annual SCAAP award was \$10.7 million. **Violence Against Women Act (VAWA)** funding would increase by \$25 million, or 6 percent from the fiscal year 2013 levels. Texas received \$8 million in VAWA funding in fiscal year 2013. The budget request proposes combining the **Byrne Justice Assistance Grants (JAG)** and the **Juvenile Accountability Block Grant (JABG)** with competitive incentive bonus grants for states based on their use of

evidence-based practices with the formula funds. In fiscal year 2013, Texas received \$14 million in JAG funds and \$1 million in JABG funds.

Homeland Security. The President's Budget recommends the consolidation of the **State Homeland Security Grant Program**, the **Urban Area Security Initiative**, and **Operation Stonegarden** into a single National Preparedness Grant Program beginning in fiscal year 2014. Texas received an estimated \$71 million for these three homeland security grant programs in fiscal year 2013. The **National Bioterrorism Hospital Preparedness Program** grants, which provide funds to hospitals for potential terrorist threats, are reduced. Texas' allocation in the fiscal year 2014 President's Budget would be an estimated \$19 million, a decrease of \$7.4 million (28 percent) from fiscal year 2013.

Housing. The President's fiscal year 2014 request increases **Weatherization Assistance Program** funding to \$184 million nationally. Texas would receive an estimated \$3.8 million (a 157 percent increase from fiscal year 2013). The budget reduces the

Low-Income Home Energy Assistance Program (LIHEAP) to \$3 billion nationally, a 10 percent reduction compared to fiscal year 2013. Texas would receive an estimated \$103.8 million in fiscal year 2014, excluding emergency contingency funds.

Labor. The President's Budget would increase state funding for **Workforce Investment Act (WIA)** programs to improve and reform the programs (from \$2.5 billion in fiscal year 2013 to \$2.7 billion in fiscal year 2014). In fiscal year 2013, Texas received \$161.4 million in WIA funding.

Natural Resources. The request for the **Clean Water State Revolving Fund** is \$1.1 billion nationally, a 21 percent decrease below fiscal year 2013. It is estimated Texas would receive \$49 million.

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

FIG. 1
ESTIMATED FEDERAL ALLOCATIONS TO TEXAS FOR SELECTED GRANT PROGRAMS

PROGRAMS	FEDERAL FISCAL YEAR 2012	FEDERAL FISCAL YEAR 2013	PRESIDENT'S BUDGET FEDERAL FISCAL YEAR 2014	CHANGE FROM FEDERAL FISCAL YEAR 2013
SELECTED EDUCATION				
Title I, Education for Disadvantaged Children	\$1,386.3	\$1,307.8	\$1,386.8	\$79.0
Special Education Grants to States	980.7	931.6	980.7	49.1
21st Century Community Learning Centers	104.4	99.2	113.5	13.9
School Turnaround Grants (School Improvement Grants)	49.7	47.2	61.4	14.2
Effective Teachers and Leaders (Improving Teacher Quality)	200.2	190.2	149.6	-40.6
Total Selected Education	\$2,721.3	\$2,576.0	\$2,691.6	\$115.6
SELECTED HEALTH AND HUMAN SERVICES				
Temporary Assistance for Needy Families (TANF)	486.3	486.3	539.0	52.7
Child Care and Development Fund	460.7	453.8	505.4	51.6
Women, Infants and Children (WIC)	525.7	519.1	567.3	48.2
Substance Abuse Block Grant	135.0	128.2	135.9	7.7
Ryan White HIV/AIDS Grants	88.1	83.6	88.6	5.0
Total Selected Health and Human Services	\$1,695.7	\$1,671.0	\$1,836.2	\$165.2
SELECTED OTHER				
Workforce Investment Act - Youth, Adult, and Dislocated Workers	\$173.1	\$161.4	\$174.9	\$13.5
National Bioterrorism Hospital Preparedness Program	26.4	26.4	19.0	-7.4
State Criminal Alien Assistance Program (SCAAP) ¹	13.5	10.7	0.0	-10.7
Community Services Block Grant	32.4	30.8	17.3	-13.5
Total Selected Other	\$245.4	\$229.3	\$211.2	-\$18.1

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

¹ SCAAP awards reimburse previous fiscal year expenses. For the purpose of this table, fiscal year refers to the date of funds receipt rather than the award year.

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