

Federal Funds Watch

February 8, 2010

Legislative Budget Board



Spotlight: President's 2011 Budget

The President's 2011 budget proposal was released on February 1, 2010. A description follows of significant changes to the Texas budget if the President's 2011 budget were implemented, including a table listing estimated allocations to Texas. Unless noted, FY 2010 amounts do not include funding authorized by the American Recovery and Reinvestment Act (ARRA).

EDUCATION

Public Education. The President's budget provides level funding for many education programs in FY 2011, but also proposes the elimination of the following programs which will decrease federal funding to Texas: **Even Start** (-\$5.5 million), **Improving Teacher Quality State Grants** (-\$248 million), **Mathematics and Science Partnerships** (-\$14.9 million), **Education Technology State Grants** (-\$9 million), **21st Century Community Learning Centers** (-\$21.8 million), and **Tech Prep Education State Grants** (-\$8.4 million). Texas' allocation for the **Migrant Education Program** is estimated to be \$35.9 million, a 41% decrease of \$25.4 million from FY 2010.

FY 2011 funding for **Title I, School Improvement Grants** would increase by \$31.8 million for a total of \$83.1 million (62% increase over FY 2010). The **Rural and Low-Income Schools Program** allocation to Texas is estimated to be \$9.4 million, a \$3.1 million (49%) increase over FY 2010. The **Career and Technical Education State Grants** was increased by \$7.8 million for an estimated allocation to Texas of \$100.4 million.

The **Effective Teachers and Leaders Grant** replaces the **Improving Teacher Quality State Grant** in FY 2011. This new program would provide formula funding to increase effective teachers and principals by providing training and support programs. Texas' allocation would be an estimated \$166.3 million. The President's Budget also proposes the continuation of the **Race to the Top Program** (\$1.4 billion), which was originally funded through ARRA. The President is proposing to amend the ARRA provision to allow school districts to apply for the Race to the Top funding (current law makes funds available only to states).

Higher Education. The maximum Pell Grant award would increase to \$5,710 per student compared to \$5,550 per student in FY 2010. Texas would receive \$2.5 billion in funding for Pell Grants. The proposed Pell Grant funding would aid a projected 615,400 students in Texas. The provisions in the President's budget and pending legislation would increase the Pell Grant maximum annually at a rate equal to the consumer price index plus 1 percentage point, using the 2010-2011 maximum of \$5,550 as the base. The President's Budget also proposes making Pell Grant funding mandatory at the federal level beginning in FY 2010.

HEALTH AND HUMAN SERVICES

Health Coverage. The Administration proposes to continue the enhanced Federal Medical Assistance Percentage (FMAP) for **Medicaid** under ARRA for six months, through June 2011. Payments from states for **Medicare Prescription Drugs** for Medicaid participants would increase, as anticipated, by \$522 million nationwide. Texas' share is estimated to increase from \$348.5 million in FY 2010 to \$376.7 million in FY 2011. The President's budget adds \$939 million (7%) to **Children's Health Insurance Program (CHIP)** nationwide, to \$13.5 billion. Maximum funding to states in FY 2011 is based on state expenditures in FY 2010, state population growth, and changes in per capita health expenditures.

Temporary Assistance for Needy Families (TANF). Authorization of the **TANF block grant** expires September 30, 2010. The President's

budget extends TANF through FY 2011. It also includes additional funding for the supplemental population grants (of which Texas receives \$52.7 million) through FY 2011. The President's budget includes \$2.5 billion under a legislative proposal for an **Emergency Contingency Fund (ECF)** similar to the ECF under ARRA. The ECF would be expanded to allow 100% reimbursement (rather than 80%) for state expenditures for subsidized employment, and to include employment services.

Supplemental Nutrition Assistance Program (SNAP). The President's FY 2011 national funding level request for state administration of **SNAP** is \$3.4 billion, a 3% increase of \$1 billion over enacted FY 2010. Texas is estimated to receive \$180.7 million in FY 2010. The President's Budget includes a proposal to permanently exclude refundable tax credits from countable income and assets for 12 months following the month of receipt. Additionally, the budget proposes to raise the current **SNAP** asset limit to \$10,000 from \$2,000 per household (\$3,000 for households with a disabled or elderly family member). The President proposes to extend the ARRA provision in **SNAP** that temporarily eliminates the time limits for certain working-age, low-income adults without dependents for an additional FY.

The President's budget includes a legislative proposal to increase the asset limit for miscellaneous entitlement programs to \$10,000. This is likely to increase participation in Medicaid, SNAP, and TANF. Another proposal would exclude refundable tax credits from means-tested programs, which could increase caseloads in Texas.

Child Nutrition programs. The Budget includes \$10 billion over 10 years for a **Child Nutrition** reauthorization package aimed at ending childhood hunger, reducing childhood obesity and improving the diets of children, and raising program performance to better serve our children.

Healthy Food Financing Initiative. This initiative is designed to support local and regional efforts to increase access to healthy food, particularly for the development of grocery stores and other healthy food retailers in urban and rural food deserts and other low-income underserved areas. Through the initiative, funds will be made available from a number of loan, grant, promotion, and other programs to provide financial and technical assistance to support market planning and promotion efforts as well as infrastructure and operational improvements designed to stimulate consumer demand, enhance marketing, and increase availability of locally and regionally produced foods. The Administration proposes that \$400 million will go to the USDA, Treasury, and HHS to bring grocery stores and other healthy food retailers to underserved communities.

Child Care. The President's FY 2011 request for **Child Care and Development Block Grant** is \$2.9 billion, a 38% increase of \$800 million over the FY 2010 enacted level. FY 2011 allocation to Texas is estimated at \$313 million, (\$86 million over FY 2010). The Administration is requesting for the **Child Care Entitlement** a total of \$3.7 billion, a 27% increase of \$800 million over the FY 2010 enacted level. The FY 2011 allocation to Texas would be \$290 million, a 34% increase of \$73 million over FY 2010.

Child Support Enforcement. Under the President's budget, funding increases slightly (\$51 million) nationwide. However, legislative proposals would add \$670 million for improvements to state child support collections and to extend the ARRA provision that allows a federal match of incentive payments to states.

Child Welfare. The Administration proposes a continuation of the ARRA provision that provides a temporary 6.2 percentage point increase in the FMAP used to determine the federal match for

maintenance payments for foster care, adoption assistance and kinship guardianship through December 2010.

Family Caregiver Support Services. The FY 2011 national funding level for this program would be \$202 million, with an estimated Texas allocation of \$11.9 million for FY 2011, a 31% increase of \$2.8 million over the \$9.1 million in FY 2010 funding. The funds support a range of services available to family and informal caregivers assisting seniors at home. The support services may include counseling, respite care and training.

Low-Income Home Energy Assistance Program (LIHEAP). The President's budget includes an increase to LIHEAP, which provides funds to states and other jurisdictions to assist eligible households in paying their cooling and heating costs. Texas' allocation would be an estimated \$109.7 million, which would be a decrease of \$100.8 million (47.9%) from FY 2010.

LABOR

Workforce Investment Act (WIA). The President's budget proposal maintains the formula **Adult and Dislocated Workers** programs at the FY 2010 level. It adds \$107.6 million nationwide for competitive innovation grants for WIA Adult and WIA Dislocated Workers populations combined. The President's budget reduces the formula **WIA Youth** program by \$52.8 million. Texas' share is estimated to drop \$3.6 million (6%) to \$60.1 million in FY 2011. However, the FY 2011 funding request adds \$153.7 million nationwide for a competitive Youth Innovation Fund.

TRANSPORTATION

The President's FY 2011 budget recommends \$4 billion to implement the **National Infrastructure Innovation and Finance Fund** that will issue grants, loans, or a combination to support transportation projects that provide a significant economic benefit to the nation or a region. The budget proposal continues to fund the High-Speed Intercity Passenger Rail program in the amount of \$1.0 billion.

OTHER

Homeland Security. The Administration proposes eliminating federal funding for the **Metropolitan Medical Assistance Program, REAL ID, Interoperable Emergency Communications,** and the **Citizen Corps Program** (-\$147.8 million nationally) for FY2011. The **State Homeland Security Grant Program (SHSGP)** funding level requests reflects a 12% increase nationally. Texas' base funding for SHSGP would increase from \$57.1 million in FY 2010 to \$64.2 million in FY 2011. SHSGP funds could still be used for the any purpose allowable under the eliminated programs.

Housing. The President's budget would provide \$7.8 million to Texas for the **Weatherization Assistance Program (WAP)**, a 56% increase of \$3.5 million over FY 2010. Texas' allocation for the **HOME Investment State Grants**, which provides funds to states to increase the supply of affordable housing for low-income individuals, would be an estimated \$112.2 million (a 7% increase of \$8.3 million over FY 2010).

ESTIMATED FEDERAL ALLOCATIONS TO TEXAS FOR SELECTED GRANT PROGRAMS

(IN MILLIONS)				
PROGRAMS	FY 2009	FY 2010	PRESIDENT'S BUDGET FY 2011	CHANGE FROM FY 2010
SELECTED EDUCATION				
Effective Teachers and Leaders	\$0.0	\$0.0	\$166.3	\$166.3
Special Education - Grants to States	976.6	975.6	998.1	22.5
Title I - School Improvement Grants	52.0	51.3	83.1	31.8
Career and Technical Education State Grants	92.5	92.7	100.4	7.7
Rural and Low-Income Schools Program	6.2	6.3	9.4	3.1
Migrant Education	62.9	61.2	35.9	(25.3)
Total Selected Education	\$1,902.7	\$1,187.1	\$1,393.2	206.1
SELECTED HEALTH AND HUMAN SERVICES				
Child Care and Development Block Grant	227.3	227.4	313.4	86.0
Child Care Entitlement - Mandatory and Matching	214.3	216.5	289.7	73.2
Women, Infants & Children (WIC) ¹	624.2	649.8	681.0	31.2
Adoption Assistance ²	68.6	81.0	91.0	10.0
Family Care Support Services	9.1	9.1	11.9	2.8
Low-Income Home Energy Assistance Program ³	169.2	210.5	109.7	(100.8)
Total Selected Health and Human Services	\$1,312.7	\$1,394.3	\$1,496.7	\$102.4
SELECTED OTHER				
Unemployment - State Administration	125.8	144.7	159.1	14.4
State Homeland Security Grant Program	60.2	57.1	64.2	7.1
Wildlife Restoration	15.3	19.1	23.8	4.7
Weatherization Assistance Program	19.8	4.3	7.8	3.5
State Energy Program	1.3	1.3	2.2	0.9
Total Selected Other	\$222.4	\$226.5	\$257.1	\$30.6

NOTE: Texas grant amounts listed above represent preliminary estimates and FY 2010 amounts do not include ARRA funds unless noted. Numbers may not add due to rounding.

¹FY2009 figure includes money spent in ARRA contingency funds and unspent FY2008 funding reallocations as of August 2009.

²FY2011 amount include FFIS estimates of a two quarter extension of ARRA FMAPs as proposed in the President's budget.

³Total for FY2010 includes a second distribution due to severe weather conditions.

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

The Federal Funds Analysis Team of the Legislative Budget Board conducts research on federal legislation and federal funding issues which impact the state budget. Questions or comments may be directed to Maria Hernandez at (512) 463-1200 or email at Maria.Hernandez@lbb.state.tx.us.