

# Select Federal Economic Stimulus Provisions Impacting Texas State Budget



Legislative Budget Board  
Updated March, 2009

**SELECT FEDERAL ECONOMIC STIMULUS PROVISIONS  
IMPACTING TEXAS STATE BUDGET**

**Total Estimated Allocations to Texas: \$ 15.3 billion**

**HEALTH AND HUMAN SERVICES**

**Total Estimated: \$4.5 billion**

**Medicaid**

The Medicaid program provides financial assistance to states for payments of medical assistance on behalf of cash assistance recipients, children, pregnant women, the elderly and disabled who meet income and resource requirements as well as other categorically eligible groups.

Hold harmless provisions are included, insuring that a state's Federal Medical Assistance Percentage (FMAP) will not be reduced below the fiscal year 2008 level.
Provides a base increase in each state's FMAP by 6.2 percentage points plus "unemployment" bonus points. <b>Texas would receive \$4.2 billion</b> over nine calendar quarters beginning October 1, 2008 through December 31, 2010. The distribution estimate to Texas includes an unemployment bonus for 7 quarters based on FY 2009 unemployment rates.
A state may not have Medicaid eligibility levels that are more restrictive than were in effect on July 1, 2008. A state must meet the prompt provider requirements for physicians, hospitals, and nursing homes (hospitals and nursing homes have a grace period until June 1, 2009).
Any amount of funds attributable to FMAP (directly or indirectly) may not be deposited into any reserve or rainy day fund.
Transitional Medical Assistance (TMA) is reauthorized through December 31, 2010. TMA provides 12 months of Medicaid to people who leave TANF due to employment.
Reauthorizes the Qualifying Individuals (QI) program through December 31, 2010. QI extends federal assistance with Medicare Part B premiums for Medicaid clients.

**Foster Care and Adoption Assistance**

Funding assists states in providing safe, appropriate, 24-hour substitute care for children who are under the jurisdiction of the administering state agency and need temporary placement and care outside their homes and assists states in finding adoptive homes for children with special needs.

Hold-harmless and across-the-board increases are included for FMAP. <b>TX \$53.1 million (included in the Medicaid total above)</b>
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**Center for Medicare and Medicaid Services (CMS) Final Regulations**

CMS published six rules that would negatively impact Medicaid providers. Congress passed a moratorium on these regulations that expires March 31, 2009.

The moratorium is extended to June 30, 2009 for final regulations published relating to school based administration and transportation, outpatient hospital facility services, case management services, and provider taxes.
Includes congressional language that urges CMS not to publish final rules relating to cost limits on certain providers, payments for graduate medical education, and rehabilitative services.

### Temporary Assistance for Needy Families (TANF)

TANF is a block grant program that provides assistance to families with needy children, including cash, job preparation services, and child protective services.

\$2.4 billion for a new temporary emergency contingency fund.
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Extends supplemental TANF grants through 2010. <b>TX \$52.7 million</b>
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Expands use of prior years' unexpended TANF block grants.
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### Food Stamps (now known as Supplemental Nutritional Assistance Program, SNAP)

SNAP is an entitlement program that provides funds to families to purchase food. Benefits are 100% federally funded.

Benefits increased by 13.6 percent, through September 30, 2009.
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\$290.5 million to states to administer these benefits. No match. <b>TX \$25.7 million</b>
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Temporarily relaxes the requirements for able-bodied adults without dependents if they continue with employment search.
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### Nutrition Program for Women, Infants, and Children (WIC)

WIC provides supplemental nutritious food and nutrition education to low-income pregnant, breast-feeding, or postpartum women and to young children, at 100 percent federal funding.

\$100 million nationally to improve information systems.
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+\$400 million nationally to be placed in reserve and allocated as the U.S. Secretary of Health and Human Services deems necessary for increased costs or participation.
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### Senior Nutrition Program

The Senior Nutrition Program provides funding to states through formula grants for meals, nutrition education, and other nutrition services to promote health and well-being of older individuals.

\$97 million to states. <b>TX \$7.9 million</b>
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15 percent state match required (local match can make up 75% of state match).
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### Temporary Emergency Food Assistance Program (TEFAP)

TEFAP provides funding to states through formula grants for funding to organizations that provide food assistance to the needy. States are required to pass-through at least 40% of the administrative funds to emergency feeding organizations.

\$150 million to states: \$100 million for the cost of commodities and \$50 million for administration. <b>TX \$8.2 million for food commodities, \$2.1 million for administration</b>
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### Vocational Rehabilitation Grants (VR)

VR funds assist persons with disabilities to become gainfully employed. A wide range of services is permitted, including counseling and vocational services.

\$500 million to allocated funds to states based on population, weighted by per capita income.
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<b>TX \$44.8 million</b>
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50 percent of the funds will be available in March/April, remaining funds will be available in September/October 2009.
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No match required.
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### **IDEA, Part C, Special Education Grants for Infants and Families**

Part C funds are provided to assist states in implementing statewide systems of coordinated, comprehensive, multidisciplinary interagency programs of early intervention services for infants and toddlers with disabilities and their families.

\$500 million for formula grants based on states share of children 0-2 years old to help states serve children with disabilities age 2 and younger. **TX \$39.4 million**

50 percent of the funds will be available in March/April, remaining funds will be available in September/October 2009. Available through September 30, 2010.

### **Independent Living Services (ILS)**

**ILS for Older Individuals Who are Blind:** \$34.3 million to fund services to individuals aged 55 or older who are blind whose severe visual impairments make competitive employment extremely difficult to obtain, but for whom independent living goals are feasible. **TX \$2.3 million**

**Independent Living State Grants:** \$18.2 million to states to provide, expand, and improve the provision of independent living services. **TX \$1.1 million**

Both programs have a 1:9 state match.

100 percent of funds will be available in March/April 2009.

### **Prevention and Wellness**

\$1.0 billion available to carry out evidence-based clinical prevention services and community-based prevention programs, for section 317 immunization program, and for activities to implement healthcare-associated infections reductions.

\$300 million for section 317 immunization program. **TX \$12.8 million**

\$650 million for evidence-based clinical prevention services and community-based prevention programs that target obesity, smoking and other health risks. \$50 million to implement healthcare-associated infections reduction activities. **TX allocations not available.**

### **Child Support Enforcement**

Funds are available to locate absent parents, establish paternity, obtain support orders, and enforce the support obligations owed by them.

\$1.0 billion to restore performance incentive matching funds through September 2010. **TX \$160.7 million**

## **STATE FISCAL STABILIZATION FUNDS**

**Total Estimated: \$4.0 billion**

\$48.6 billion (after federal set-asides) will be distributed to states based on the following: 61 percent is allocated on school aged population and 39 percent is based on total population. **TX \$4.0 billion**

### **Education**

81.8 percent (\$3.3 billion) of the funds must be used to support elementary, secondary, and higher education (including for the purpose modernization, renovation, and repair).

Requires that states maintain their support for both K-12 and higher education at fiscal year (FY) 2006 levels for each of the FYs 2009-11.

**Education (continued)**

Provide the amount of funds, through the State's K-16 funding formulas:

- To first restore, in each of the FYs 2009-2011\*, the level of State support for provided through K-12 formulas to the greater of the FY 2008 or FY 2009 level
- Then to provide, in each of FYs 2009-11, the amount of funds to higher education institutions that is needed to restore state support for such institutions (excluding tuition and fees) to the greater of the FY 2008 or FY 2009
- Any remaining funds must be distributed to school districts based on their Title I, Part A share of funds.

**Other Government Services**

18.2 percent (\$0.7 billion) of the funds may be used by the Governor for public safety and other government services (including education).

**EDUCATION**

**Total Estimated: \$2.3 billion**

**Title I, Grants to Local Educational Agencies**

Title I grants assist school districts in providing supplementary educational services for disadvantaged children to meet state academic content and student academic achievement standards.

\$13 billion for formula grants to states. **TX \$1.2 billion**

50 percent of the funds will be available in March/April 2009, remaining funds will be available in June/July 2009.

**Individuals with Disabilities Act (IDEA), Special Education Grants to States**

IDEA funds assist states in meeting the costs of providing special education and related services to children with disabilities.

\$12.2 billion for formula grants to states. **TX \$1.0 billion**

50 percent of the funds will be available in March/April 2009, remaining funds will be available in June/July 2009.

**Educational Technology State Grants**

Funds are designed to increase the use of technology in K-12 schools to improve student academic achievement.

\$650 million will be distributed based on Title I allocation. **TX \$59.4 million**

50 percent of the funds will be available in June/July 2009, remaining funds will be available in September/October 2009.

**National School Lunch Equipment**

Funds will be available to school districts to replace school nutrition program equipment.

\$100 million distributed to states based a states' share of the school nutrition administrative expense allocation. **TX \$11.5 million**

States will distribute the funds on a competitive basis to school food authorities based upon the need for equipment assistance in participating schools with priority given to school in which not less than 50 percent of the students are eligible for free or reduced price meals.

State agencies are encouraged by USDA to complete the entire award process, including

solicitation and designation of award, by June 8, 2009.

### **Education for Homeless Children and Youth**

Funds are used to ensure that all homeless children and youth have equal access to the same free, appropriate public education available to other children, including meals and transportation.

\$70 million in formula grants to states. **TX \$3.5 million**

100 percent of funds will be available in March/April 2009.

## **TRANSPORTATION**

**Total Estimated: \$2.7 billion**

### **Surface Transportation Program**

These programs provide funds for state, local and federal highway and bridge construction projects, a portion of the funds may also be used for the repair and upgrade of park roads and transportation enhancement projects, such as, rest areas and hike and bike trails.

**Highway and Bridge Construction** receives an allocation of \$27.5 billion nationally. **TX \$2.3 billion**

Funds will be made available to states 21 days after enactment of the bill. Of the total amount 50 percent of the funds will be distributed according to the apportionment formula approved under the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) and the remaining 50 percent shall be apportioned in the same ratio as the obligation limitation for 2008.

State and local entities must obligate 50 percent of the funds within 120 days of enactment and the other half within one year of enactment of the legislation. Priority must be given to projects that can be completed within three years and are located in economically distressed areas.

The U.S. Department of Transportation will redistribute a state's unobligated balances to other states that can obligate the funds in accordance with each obligation deadline noted above.

### **Transit Programs**

Support public transportation by issuing funding and grants to eligible urban and rural grant recipients for planning, vehicle purchases, facility construction, and other purposes.

**Urban and Rural Capital Transit** related grant programs receive \$6.8 billion nationally. **TX \$374.5 million.** Of this amount 80 percent of the funds shall be provided in keeping with the Federal Transit Administration's urbanized formula; 10 percent shall be provided according to the rural formula, and 10 percent shall be provided according to the growing states and high density formula. Out of the funds noted above, the Federal Transit Administration has allocated approximately \$324.5 million directly to local entities and \$50.0 million to the Texas Department of Transportation.

### **Discretionary Transportation Funds**

Additional funds to be distributed either competitively or at the discretion of the Federal Highway Administration and the Federal Transit Authority for national impact highway construction and related projects, airports, and passenger rail.

**Airport Improvement Program** is allocated \$1.3 billion in funds nationally for discretionary grants to repair and improve critical infrastructure at our nation's airports.

## Discretionary Transportation Funds (continued)

**Surface Transportation** supplemental discretionary funds totaling \$1.5 billion nationally are appropriated for projects across all surface transportation modes that will have a significant impact nationally or in a metropolitan area or a region. An equitable geographic distribution of funds nationally and an appropriate balance in addressing the needs of urban and rural communities is required.

**Intercity Passenger and High-Speed Rail** development is allocated \$8.0 billion nationally. The U.S. Secretary of Transportation will allocate these funds geographically throughout the United States in accordance with the Passenger Rail Investment and Improvement Act of 2008. No local match is required for these funds.

### LABOR

**Total Estimated: \$418.7 million**

#### Child Care and Development Block Grant (CCDBG)

CCDBG funds are used to assist low-income families pay for child care, and improve quality and availability of child care.

\$2.0 billion increase in the block grant, with stipulations that \$255.2 million be used for quality activities. Funds are available through September 30, 2010. **TX \$214.9 million**

#### Workforce Investment Act (WIA) – Adults

The WIA – Adult program provides information, advice, job search assistance, and training to job seekers.

\$500 million for supportive services and needs payments. Funds are available through June 30, 2010. **TX \$34.3 million**

#### WIA – Youth

The WIA – Youth program assists low-income youth to acquire educational and occupational skills, training, employment, and support to successfully transition to careers and productive adulthood.

\$1.2 billion for programs for youths. Increases the age of eligibility for services from 14-21 years old to 14-24 years old. Funds are available through June 30, 2010. **TX \$82.0 million**

#### WIA – Dislocated Workers

WIA – Dislocated Workers program provides activities that increase the employment, retention, earnings, and occupational skills of people who have lost their jobs or been otherwise dislocated from the workforce.

\$1.25 billion for program activities. Funds are available through June 30, 2010. **TX \$53.8 million**

#### WIA – Other

\$200 million for the dislocated workers assistance national reserve. Funds are available through June 30, 2010.

### **Senior Community Service Employment Program (SCSEP)**

SCSEP funds support employment for low-income individuals in public service jobs or community projects to increase their self-sufficiency.

\$120 million to states are allotted to current grantees in proportion to their 2008 allotment, and are available through June 30, 2010. **TX \$6.6 million**

### **Employment Services (ES)**

The ES program provides a variety of placement services, without charge, to job seekers and to employers seeking qualified individuals to fill job openings.

\$400 million for ES operations, with \$250 million to be used for Unemployment Insurance processing. Funds are available through June 30, 2010. **TX \$27.1 million**

### **Trade Adjustment Assistance (TAA)**

TAA provides services and benefits to workers who lose their job or whose hours of work and wages are reduced as a result of increased imports.

TAA is reauthorized through December 31, 2010 (was through December 31, 2007.)

## **CRIMINAL JUSTICE**

**Total Estimated: \$168.7 million**

### **Byrne Justice Assistance Grants (JAG)**

JAG grants help to support law enforcement efforts to fight crime. Funds can be used for equipment, operations, salary for overtime expenses of officers as well as support for other law enforcement personnel.

\$2.0 billion to states based on 2008 funding formulas. **TX \$147.5 million** Of that amount 40 percent or \$57.2 million is directly awarded to local entities, while the remaining 60 percent or \$90.3 million is designated for distribution by the state. Of that amount, the state has a variable pass-through requirement that must be awarded to local entities.

### **Crime Victims Assistance**

These funds aid states in supporting community-based organizations that provide direct services to victims and survivors of domestic violence, sexual assault, child abuse, drunk driving, homicide, and other crimes through services like crisis intervention, counseling, emergency shelters, and emergency transportation.

\$47.5 million to states in formula grants based on population. **TX \$2.1 million**

### **Crime Victims Compensation**

Crime Victims Compensation funds help pay for some of the expenses resulting from crimes involving violence or abuse. The funds may be used to reimburse victims for crime-related expenses attributable to a compensable crime such as medical expenses and lost wages resulting from a physical injury, expenses for mental health counseling and care, and funeral and burial expenses.

\$47.5 million to states in formula grants based on population. **TX \$7.8 million**

### **Violence Against Women**

Funds aid states in developing and strengthening law enforcement and prosecution strategies to combat violent crimes against women as well as victim services.

\$225 million in formula grants to states. **TX \$9.0 million**

Congress appropriated \$225 million for Violence Against Women Prevention and Prosecution Programs. Of that amount \$50 million shall be set aside for transitional housing assistance grants for victims of domestic violence.

States must allocate a minimum of 25 percent for prosecution and law enforcement, 30 percent for victim services, and a minimum of 5 percent to courts.

The state match is 25 percent, which may be in the form of in-kind service.

### **Internet Crimes Against Children (ICAC)**

The program funds federal, state, and local task force programs as part of a national effort to combat the threat of offenders who use the internet to sexually exploit children.

\$50 million for project grants through cooperative agreements to states. **TX \$2.3 million**

## **HOUSING AND INFRASTRUCTURE**

**Total Estimated: \$1.2 billion**

### **Community Development Block Grant (CDBG)**

The program provides grants to states for critical housing, services, and infrastructure needs such as streets, water and sewer facilities, neighborhood centers, recreation facilities, neighborhood centers, and other public works. Additionally, funds may also be used for rehabilitation of public and private buildings, relocation payments and assistance, economic development, and certain public services.

\$980 million in formula grants to states. **TX \$67.8 million.**

70 percent or \$48.3 million of funds allocated to the state are awarded to “entitlement” cities and counties, while the remaining 30 percent or \$19.5 million is for awards to “non-entitlement” communities.

At least 70 percent of these funds must be used for activities that benefit individuals whose income is at or below 80 percent of the Area Median Income.

### **Community Services Block Grant**

Formula grant funds are available to assist states and local communities through community action agencies or other neighborhood organizations, including those that serve seasonal or migrant farm workers.

\$1.0 billion increase for services provided during fiscal years 2009 and 2010. States can use one percent of these funds for benefits enrollment coordination activities. **TX \$48.2 million.**

### **Energy Efficiency and Conservation Block Grant (EECBG)**

Formula grant funds are available to assist states and local entities in implementing energy efficiency and conservation strategies that reduce fossil fuel emissions, improve energy efficiency in buildings and transportation and reduce total energy use.

\$3.2 billion nationally, of which \$2.8 billion will be distributed to states and local entities. **TX allocation is not available.**

**Energy Efficiency and Conservation Block Grant (EECBG) (continued)**

Out of the total, \$2.8 billion will be distributed by formula, which allocates 70% of funds to cities with populations of 50,000 or more and counties of 200,000 or more. States receive the remaining 30% of funds. The states must pass through at least 70% of their funds as sub-grants to local governments not eligible under the population formula. The remaining \$400.0 million will be distributed competitively.

**Weatherization Assistance Program**

These funds support the Texas' Weatherization Assistance Program at the Texas Department of Housing and Community Affairs to provide for energy-related improvements to homes and educate residents about energy conservation.

\$5.0 billion in formula grants to states. **TX \$327 million.**

Eligibility has increased to include individuals who are at or below 200 percent of federal poverty level.

The maximum amount allowable for weatherization has increased to maximum of \$6,500 per household.

**HOME Program**

The HOME program provides funds to increase the supply of affordable housing for low-income individuals. This includes rehabilitation and construction of affordable housing, tenant-based rental assistance, home buyers assistance for acquisition of existing housing and new housing construction.

\$2.25 billion allocated nationally. **TX \$148.4 million**

Funds shall be for capital investments in low-income housing tax credit projects and shall be awarded under the same guidelines as awards for low-income housing tax credits.

Housing agencies must commit no less than 75% of funds within one year of the date of enactment.

Project owners shall expend no less than 75% of the funds within two years of the date of enactment and no less than 100% of the funds within 3 years of the date of enactment.

**Homelessness Prevention Fund**

The fund provides financial assistance and services to prevent individuals and families who are on the verge of becoming homeless and helps those who are homeless to be quickly re-housed and stabilized.

\$1.5 billion allocated nationally. **TX \$104 million**

Of the amounts appropriated to the state, \$62.5 million is awarded directly to cities, while the remaining \$41.5 million is awarded by the state on a competitive basis.

**State Energy Program**

This program provides funds to address the state's energy priorities, which includes funding for emerging renewable energy and energy efficiency technologies. Such projects include residential, commercial, and governmental building energy efficiency retrofits. The Act requires the governor to provide the Secretary of Energy necessary assurances in order to receive these funds.

\$3.1 billion in formula grants for the program. **TX \$218.8 million**

### **State Energy Program (continued)**

In general, the state must implement policies ensuring that utility financial incentives are aligned with helping customers use energy more efficiently and provides the utility with timely cost-recovery and earnings opportunities. Under the Act, state and local entities must strengthen residential and commercial building codes so that they are equal to or greater than the International Energy Conservation Code or codes that achieve equivalent or greater savings. Each jurisdiction must develop a plan to achieve compliance within eight years of the date of enactment in at least 90% of new or renovated residential and commercial building space. The 20% state match requirement for the SEP is waived. The Act also waives the limitation on the percentage of funding used for the purchase and installation of energy efficiency equipment and materials.

States must give priority to:

- 1) Projects that include an expansion of existing energy efficiency programs, including building and industry retrofits funded by the state or through ratepayers.
- 2) The expansion of renewable energy projects and joint activities between states to advance more efficient and effective use of this funding to support energy efficiency priorities.

### **Clean Water State Revolving Fund**

The fund provides states grants to capitalize their revolving loan funds for wastewater infrastructure improvements by providing low-interest loans to political subdivisions for planning, design, and construction of wastewater treatment, recycling and reuse facilities as well as for storm water and nonpoint source pollution control projects.

**\$4.0 billion to states for project grants. TX \$180.9 million**

Each state must use no less than 50% of its allocation for debt forgiveness of principle, negative interest loans or grants or any combination of these. For the remainder of funds, priority must be given to projects on a State Priority List that are ready to proceed within 12 months of the date of enactment.

No state match will be required for this funding allocation.

### **Safe Drinking Water State Revolving Fund**

The fund provides states grants to capitalize their revolving loan funds for drinking water infrastructure improvements by providing low-interest loans to political subdivisions of the state, nonprofit water supply corporations, privately owned water systems, and state agencies.

**\$2.0 billion to states for project grants. TX \$160.7 million**

Each state must use no less than 50% of its allocation for debt forgiveness of principle, negative interest loans or grants or any combination of these. For the remainder of funds, priority must be given to projects on a State Priority List that are ready to proceed within 12 months of the date of enactment.

No state match will be required for this funding allocation.

### **Leaking Underground Storage Tank Trust Fund**

The fund provides formula grants to states for use where releases of petroleum products from underground storage tanks have occurred and financially responsible parties cannot be identified or have not satisfactorily responsive.

**\$200 million to states for project grants. TX allocation is not available.**

No state match will be required for this funding allocation.

## **HOMELAND SECURITY**

### **Infrastructure Protection Program**

Grants provide support for sustainable, risk-based efforts to enhance access control and credentialing, protect against improvised explosive devices and other nonconventional attacks, and conduct disaster-response scenarios.

### **Public Transportation Security Assistance and Railroad Security Assistance**

\$150 million in competitive grants to states. **TX allocation not available.**

### **Port Security Grant**

\$150 million in competitive grants to states. **TX allocation not available.**