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## **Finishing Fiscal Year 2011 and Planning for Fiscal Year 2012:**

### **The Continuing Resolution and the President's Proposed Fiscal Year 2012 Budget**

The release of the President's fiscal year (FY) 2012 budget corresponds directly with the introduction of a Continuing Resolution (CR) to fund the federal government through FY 2011 after the existing CR expires on March 4, 2011. Both proposals place a renewed premium on reducing the federal deficit through cuts to discretionary programs. Consequently, many of the reductions in both the CR and the President's Budget would affect state-federal programs. This memorandum details several of the provisions in the CR and the President's budget that may be of particular interest to states.

#### **Overview**

##### ***Proposed CR***

The federal government is currently operating under a continuing resolution that is set to expire March 4, 2011. The House of Representatives recently announced its intention to reduce spending for the remainder of the year to a level \$100 billion below the President's FY 2011 budget request. Of the \$100 billion, \$81 billion stems from reductions to non-security programs while homeland security and defense programs are cut by \$19 billion.

Several state-federal programs are reduced or unfunded by the proposed CR. Some state-federal programs targeted for zero funding include: Striving readers; Even Start; Early Learning Challenge Fund; Current School improvement Programs; Effective Teaching—Literacy; Mathematics and Science Partnerships; Educational Technology State Grants; Federal Supplemental Education Opportunity Grants; Family Planning; Weatherization Assistance Program; State Energy Program; Dislocated Worker Assistance; Adult training; Youth Training; and Capital Assistance for High Speed Rail Corridors.

##### ***President's FY 2012 Budget***

The budget proposes spending \$3.7 trillion in FY 2012 with \$1.1 trillion coming through deficit spending. Overall, the budget projects reducing projected deficits by \$1.1 trillion over ten years through spending cuts and tax changes. Deficits are projected to fall from a high of 10.9 percent of GDP in 2011, to 3.0 percent of GDP in 2017. The nation's debt is expected to climb an additional \$7.2 trillion over the next ten years.

Restraints are placed on discretionary spending by freezing total, non-security related programs for the next five years, freezing federal civilian worker pay for two years and consolidating or eliminating non-performing programs. For example, like last year, the Department of Education plans to consolidate 38 existing programs into 11 programs. Cuts are also made to long-standing programs like the Community Development Block Grant, which is reduced 7.5 percent, and by cutting the Community Services Block Grant in half and changing it from a formula-based program to a competitive grant program. Other cuts include reductions to the Low Income Home Energy Assistance Program (LIHEAP), reductions in the Department of Agriculture's single family housing direct loan program and cutting \$950 million from the Environmental Protection Agency's water infrastructure State Revolving Loan Funds. All together the Administration's budget outlines more than 200 terminations, reductions and savings totaling \$30 billion in savings in FY 2012.

Major new spending proposals generally fall under the banner of restoring the economy and investing in jobs. Research and Development would receive more than \$148 billion overall including funds for biomedical research at the National Institutes of Health, funding for nanotechnology and bio-manufacturing and up to \$2 billion for renewable and energy efficiency projects. Infrastructure remains a primary focus with the budget calling for a \$556 billion, six-year surface reauthorization package that includes \$50 billion in up-front investment for roads, rails and runways, and \$53 billion for high-speed rail and other passenger rail programs. In education, the budget sustains the \$5,550 maximum Pell Grant award while paying for the cost of unanticipated growth by suspending the year-round Pell Grant and eliminating the in-school loan subsidy.

The budget also looks to address long-term liabilities by reforming the Pension Benefit Guaranty Corporation, altering the Unemployment Insurance program to suspend State interest payments for two years and increasing the maximum wages subject to unemployment taxes to \$15,000, and reducing the role of Fannie Mae and Freddie Mac in the housing finance system.

**Revenues**

To boost revenues the budget calls for new fees on large financial institutions and the expiration of certain tax cuts for households earning over \$250,000. Specifically, the President wants financial firms with over \$50 billion in assets to pay a fee to help offset the cost of the TARP program. The fee would be based on the size and debt exposure of the institution. Additional revenues would come from allowing tax cuts enacted by President Bush to expire, eliminating tax preferences for oil, gas and coal companies; and limiting the ability of top tax-bracket individuals to itemize deductions and improving tax collections.

**Government Reform**

The budget includes calls for several reforms in the way the federal government does business. First, the government plans to continue efforts to reduce improper payments in conjunction with state and local governments. It is also moving to get rid of excess property; reducing agency overhead from expenses such as travel, printing, supplies and advisory contracts by \$2 billion, and expanding the Administration’s competitive grant program known as Race to the Top to areas such as lifelong learning, transportation, workforce training, commercial building efficiency and electric vehicle deployment.

**Spending by Department:**

FY2012 discretionary budget authority: (FY 2012 discretionary budget authority in billions; percent change from estimated FY 2011)

- Agriculture:.....\$23.9 down 7 percent
- Commerce: .....\$8.8 down 3 percent
- Corps of Engineers.....\$4.6 down 5 percent
- Defense: .....\$553 up 1 percent
- Education: .....\$77.4 up 6 percent
- Energy:.....\$29.5 up 4 percent
- Environmental Protection Agency: .....\$8.9 down 10 percent
- Health and Human Services: .....\$79.9 down 2 percent
- Homeland Security: .....\$43.2 down 1 percent
- Housing and Urban Development: .....\$41.7 up less than 1 percent
- Interior: .....\$12 down less than 1 percent
- Justice: .....\$20.9 down 13 percent
- Labor: .....\$12.8 down 8 percent
- Transportation: .....\$122 up 79 percent (\*Total budget resources)
- Veterans Affairs: .....\$58.7 up 3 percent

## **AGRICULTURE**

The proposed FY 2012 budget for the U.S. Department of Agriculture (USDA) includes \$24 billion for discretionary programs, along with \$121 billion in funding for mandatory programs. The following details funding for FY 2010 enacted levels, current CR levels, and proposed funding in the House CR and the President's FY 2012 budget request.

- **Commodity Credit Corporation.** FY10 Enacted: \$10 billion; Current CR: \$11.1 billion; Proposed CR: n/a; FY12 Budget Request: \$8.4 billion
- **Conservation Reserve Program.** FY10 Enacted: \$1.8 billion; Current CR: \$2 billion; Proposed CR: n/a; FY12 Budget Request: \$2.1 billion
- **Conservation Stewardship Program.** FY10 Enacted: \$390 million; Current CR: \$601 million; Proposed CR: n/a; FY12 Budget Request: \$788 million
- **Environmental Quality Incentives Program.** FY10 Enacted: \$1.2 billion; Current CR: \$1.2 billion; Proposed CR: n/a; FY12 Budget Request: \$1.4 billion
- **Secure Rural Schools.** The FY 2012 budget proposes a five-year reauthorization of the Secure Rural Schools program, which authorizes payments to communities to benefit public schools and roads and funds projects that enhance forest ecosystems and fire prevention and county fire planning activities. FY12 Budget Request: \$328 million
- **State and Private Forestry Programs.** FY10 Enacted: \$308 million; Current CR: \$308 million; Proposed CR: \$233 million; FY12 Budget Request: \$341 million
- **Rural Energy for America Program (discretionary funds).** FY10 Enacted: \$40 million; Current CR: \$40 million; Proposed CR: \$25 million; FY12 Budget Request: \$37 million
- **Wildfires - Hazardous Fuels Reduction.** FY10 Enacted: \$340 million; Current CR: \$340 million; Proposed CR: n/a; FY12 Budget Request: \$254 million
- **Wildfires - FLAME Fund.** FY10 Enacted: \$413 million; Current CR: \$413 million; Proposed CR: \$250 million of unobligated balances rescinded; FY12 Budget Request: \$316 million

The budget also proposes implementing a \$250,000 payment limit to farmers and reducing direct payments to farmers with annual sales revenue below \$500,000, a \$250,000 reduction from current limits.

### **Child Nutrition**

The U.S. Department of Agriculture is currently in the process of implementing the recently enacted Healthy, Hunger-Free Kids Act of 2010, which reauthorized child nutrition programs for five years. In their FY 2012 budget, USDA includes funding for certain programs authorized under the new law including \$10 million for new School Breakfast Expansion Grants as well as \$25 million for State Childhood Hunger Challenge Grants, which would be competitively awarded to governors to carry out comprehensive and innovative strategies to end childhood hunger.

In addition to the programs authorized under the new act, the budget provides \$18.959 billion for existing child nutrition programs, an increase of \$1.49 billion over the current CR and \$2.07 billion over FY 2010 enacted levels. The additional funds are meant to support anticipated growth in participation and the

number of meals served; including a projected 32.5 million children participating daily in the National School Lunch Program and 9.9 million children participating daily in the School Breakfast Program.

## **COMMERCE**

Overall, the Administration's FY 2012 budget request proposes to decrease the Commerce Department's discretionary spending by \$5.1 billion from the FY10 enacted level.

***Economic Development.*** The Economic Development Administration (EDA) works with states, local governments, other federal agencies regional economic development districts, and non-profit organizations to attract investment and create jobs through grants under the Economic Development Assistance Programs (EDAP). The Administration requests \$284 million for EDAP in FY12, which is \$29 million more than the current CR. However, the proposed CR would cut \$71 million from EDAP.

***Competitiveness.*** The total FY12 request for the National Institute of Standards and Technology (NIST) is \$764 million, which includes \$84 million for research facilities construction, is a \$100 million increase from FY10 enacted. The proposed FY12 budget also requests \$142 million for the Manufacturing Extension Partnership (MEP) program, which is \$17 million higher than FY10 enacted and \$18 million above the current CR, and \$79 million for the Technology Innovation Program (TIP), a \$2 million increase from FY10 enacted and a \$25 million decrease from the current CR. The proposed CR would cut \$40 million from TIP, \$115 million from NIST scientific and technical research services, and \$89 million from NIST construction.

***Trade and Export Promotion.*** The Administration's FY12 proposal includes \$517 million for the International Trade Administration, which is a \$70 million increase over FY10 enacted and \$64 million above the current CR. This request includes funds to support the Administration's National Export Initiative. The proposed CR would cut \$92.7 million from the International Trade Administration.

***National Oceanographic and Atmospheric Administration.*** The FY12 budget recommends \$3.4 billion for NOAA, approximately level funded from FY 2010 appropriations and the FY2011 CR. The budget advances the President's National Ocean Policy with funding for marine spatial planning and for competitive grants for regional ocean partnerships.

***Telecommunications.*** The Administration requests \$55.8 million in FY12 for the National Telecommunications and Information Administration (NTIA), which includes \$32 million for continued oversight of ARRA broadband grants. This is \$35.8 million above the FY10 enacted level and \$12.8 above the current CR. The Administration's FY12 proposal outlines a policy agenda for the NTIA that focuses on spectrum reform and the creation of a public safety broadband network. There are no cuts for the NTIA in the proposed CR.

***Trade Adjustment Assistance for Firms.*** The Administration proposes eliminating the Trade Adjustment Assistance for Firms program, which provides financial assistance to manufacturers affected by import competition. The program received \$17 million in FY10 enacted and \$16 million under the current CR. There are no cuts for the TAA for Firm program in the proposed CR.

***New Initiative - Wireless Innovation and Infrastructure Initiative (WI3).*** The Administration proposes to reallocate 500 megahertz of federal agency and commercial spectrum over 10 years to expand wireless coverage and to create a new Wireless Innovation (WIN) Fund to support research and development of wireless technologies. As part of this multi-agency initiative, the EDA will set aside \$100 million from existing funds over the next five years to provide grants from the WIN Fund for the development of regional clusters of wireless innovation. In addition, the FY12 budget request proposes that the Federal

Communications Commission (FCC) use spectrum auctions to fund federal Universal Service Fund (USF) reform (\$5 billion) and to expand 4G wireless coverage in rural areas (\$5 billion).

## **CORPS OF ENGINEERS**

The budget proposes to reduce funding for the Corps construction budget from \$2.031 billion to \$1.480 billion. The proposed CR would cut the construction budget to \$1.690 billion. The budget also proposes to decrease funding for the Corps operations and maintenance budget from \$2.4 billion to \$2.314 billion while the proposed CR would reduce it to \$2.361 billion. Finally, the budget would increase funding for the Corps regulatory program from \$190 million to \$196 million while cutting funding for the Formerly Utilized Sites Remedial Action (FUDS) program from \$134 million to \$109 million. The proposed CR would reduce funding to FUDS to \$130 million. The proposed CR would also rescind \$10 million from the Corps.

## **EDUCATION**

The proposed discretionary budget for the U.S. Department of Education is \$48.8 billion (excluding Pell Grants), an increase of \$2.2 billion over FY 2010 and \$2.0 billion over the current CR. The total budget request is \$77.4 billion. The budget calls for the consolidation of 38 K-12 programs into 11 new programs and the elimination of 13 other discretionary programs for a savings of \$147 million. The House proposed CR for Labor-HHS-Education eliminates more than 70 programs, overlapping with a number of programs slated for elimination or consolidation in the President's proposed budget, including the Leveraging Educational Assistance Partnerships, Byrd Honors Scholarships, Loan Repayment for Civil Legal Assistance Attorneys, Underground Railroad Program, B.J. Stupak Olympic Scholarships, the Elementary and Secondary School Counseling Program, Even Start, Smaller Learning Communities, School Leadership, and Carol M. White Physical Education, Striving Readers, and many others.

### ***K-12 Education***

The FY 2012 U.S. Department of Education elementary and secondary education program budget request reflects the Administration's plans for a comprehensive reauthorization of the Elementary and Secondary Education Act (ESEA). The budget consolidates and renames a number of existing education programs into new programs that reflect broad education priorities supported by the Administration. The four key priorities are (1) encouraging states to adopt standards that are college and career ready and developing assessments aligned to these standards; (2) putting great teachers and school leaders in every school; (3) recognizing and rewarding student growth and school progress; and (4) turning around the lowest-performing schools. Select initiatives are highlighted below:

- ***Elementary and Secondary Education Act Proposals.***
  - College and Career Ready Students (currently Title I Grants to LEAs) - \$14.792 billion, which is an increase of \$300 million from FY 2010 as well as the current CR. This additional funding would go towards a new "Title I Rewards Program" that would reward high-poverty schools that make significant progress in improving student outcomes and closing achievement gaps. The reauthorized Title I program would ask states to adopt statewide standards that build toward College and Career Readiness (CCR) and adopt assessments that align to the CCR standards and data systems that track each student's progress. States would also be asked to adopt new accountability measures to ensure great teachers and leaders in every school. The proposed CCR goal would replace the current "Adequate Yearly Progress" accountability framework with a broader picture of school performance including student growth and school progress. Performance objectives would be aligned with the goal of ensuring that all students graduate high school college and career ready by 2020. The House proposed CR would reduce spending on Title I by \$693.5 million compared to FY10.

- School Turnaround Grants (currently School Improvement Grants) - \$600 million which is an increase of \$54.4 million from FY 2010 and the current CR. Under this program, states would be required to implement one of four “turnaround” models in their lowest-performing 5% of schools.
- Assessing Achievement (currently State Assessments) - \$420 million in competitive and formula grants to help states develop or implement assessments aligned to CCR standards. Proposed funding represents an increase of \$9.3 million over the current program.
- ***Race to the Top.*** \$900 million to support and permanently authorize a “new” Race to the Top program. RTT would be authorized through ESEA and expanded to allow states *and* districts to compete for funds.
- ***Investing in Innovation (i3) program.*** \$300 million to support another round of i3 competitive grants. The program would be authorized through ESEA and focus on scaling up reforms that have demonstrated promise and would include a competitive priority for initiatives that promote Science, Technology, Engineering, and Mathematics (STEM). The competition would also ensure rural schools can successfully compete for funds and incorporate a “Pay for Success” authority that would reward schools able to increase achievement while reducing costs.
- ***Excellent Instructional Teams Initiative (9 programs consolidated into 3 components).***
  - Effective Teachers and Leaders State Grants – \$2.5 billion in formula grants to states to recruit, develop, retain, and reward effective teachers and principals who meet local needs. Key activities include design and implementation of a teacher evaluation aligned with professional development, and improving the equitable distribution of effective teachers and school leaders. This new program would consolidate two existing programs: Teacher Quality State Grants and Ready to Teach. Proposed funding represents a decrease of \$448 million from the antecedent programs.
  - Teacher and Leader Innovation Fund – \$500 million in competitive grants for states and school for “ambitious” reforms for teachers and school leaders to work in the most challenging schools, including innovative compensation systems. This new program would consolidate two existing programs: Teacher Incentive Fund and Advanced Credentialing. Proposed funding represents an increase of \$89 million from the antecedent programs.
  - Teacher and Leader Pathways – \$250 million in competitive grants to support traditional and alternative pathways to education, with an emphasis on high-need (including rural) schools, subject areas, and fields. The program also includes an \$80 million set-aside to help prepare 10,000 STEM teachers over the next two years. This new program would consolidate five existing programs: Transition to Teaching; Teacher Quality Partnership; Teachers for a Competitive Tomorrow; Teach for America; and School Leadership. Proposed funding represents an increase of \$114 million from the antecedent programs.
- ***Effective Teaching and Learning for a Complete Education (15 programs consolidated into 3 components).***
  - Effective Teaching and Learning Literacy – \$383.3 million in competitive grants to state education agencies to support comprehensive state and local literacy instruction. This new program would consolidate six existing programs: Even Start; Literacy through School Libraries; National Writing Project; Reading is Fundamental; Ready-to-Learn Television; and Striving Readers. Proposed funding represents a decrease of \$30 million from the antecedent programs.

- Effective Teaching and Learning: Science, Technology, Engineering, and Mathematics – \$300 million in competitive grants. This new program would replace the Mathematics and Science Partnerships program. Proposed funding represents an increase of \$120 million over the current program.
  - Effective Teaching and Learning for a Well-Rounded Education – \$246.1 million in competitive grants. This new program would consolidate seven existing programs: Excellence in Economic Education; Teaching American History; Arts in Education; Foreign Language Assistance; Academics for American History and Civics; Close-Up Fellowships; and Civic Education. Proposed funding represents an increase of \$20 million from the antecedent programs.
  - Educational Technology State Grants – The Administration’s ESEA reauthorization proposal would consolidate this program into the Effective Teaching and Learning for a Complete Education authority. Each of the three programs under this new authority would include a focus on integrating technology into instruction and using technology to drive improvements in teaching and learning. Funding for this program in FY 2010 and the current CR is \$100 million.
- ***College Pathways and Accelerated Learning.*** \$86 million for a new program that focuses on supporting college-level and accelerated courses in high-poverty schools by consolidating three existing programs: High School Graduation Initiative; Advanced Placement; Javits Gifted and Talented. Proposed funding represents a decrease of \$17.3 million from the antecedent programs.
  - ***Successful, Safe and Healthy Students.*** \$365 million for a new program that would consolidate six existing programs: Safe and Drug Free Schools National Program Activities; Elementary and Secondary School Counseling; Physical Education; Foundations for Learning; Mental Health Integration in Schools; and Alcohol Abuse Reduction. Proposed funding represents level funding from the antecedent programs.
  - ***Expanding Educational Options.*** \$372 million for a new competitive grant program that would include three separate authorizations for 1) Supporting Effective Charter School grants; 2) Promoting Public School Choice grants; and 3) the Magnet Schools Assistance Program. The new program would consolidate five existing programs: Charter School Grants; Credit Enhancement for Charter School Facilities; Voluntary Public School Choice; Parental Assistance Information Centers; and Smaller Learning Communities. Proposed funding represents a decrease of \$37 million from the antecedent programs.
  - ***English Learner Education Program.*** \$750 million to help states and schools education the growing population of English learners. Proposed funding represents level funding compared to FY 2010 and the current CR.
  - ***Presidential Teaching Fellows Program (new).*** \$185 million in mandatory funding for a new formula grant program to states to provide scholarships of up to \$10,000 to individuals that attend a high-performing teacher preparation program and commit to teach for at least three years in a high-need school. Eligible states must measure teacher preparation program effectiveness, hold programs accountable, and upgrade licensure and certification standards.

### ***Impact Aid***

The budget proposes level funding for Impact Aid programs compared to FY 2010 and the current CR at \$1.276 billion, including \$1.138 billion for basic support payments. The \$17.2 billion program for school construction would be converted to completely competitive grants.

### ***Special Education***

The budget includes \$11.7 billion for the Individuals with Disabilities Education Act (IDEA) Part B state grants, an increase of \$200 million over FY 2010 and the current CR. At this level, the federal contribution toward meeting the cost of special education will remain at about 17 percent of the national average per pupil expenditure (APPE), and provide an estimated average of \$1,765 per student for about \$6.6 million children ages 3 through 21. Funding for the Preschool Grant program is level funded at \$347.1, while the Infants and Families would be increased by \$50 million, to \$489.4 million, or 11 percent over the FY 2010 and the current CR. In addition, a new \$30 million multi-agency pilot would be initiated to improve outcomes for children receiving Supplemental Security Income (SSI). The House proposed CR would reduce IDEA Part B grants to states by \$557.7 million compared to FY10.

### ***Other K-12***

The budget proposes an expansion from \$10 million to \$150 million for the Promise Neighborhood competitive grant program for nonprofits, community-based organizations to address the needs of children in poverty, age birth to college.

### ***Vocational Rehabilitation and Workforce Programs***

As part of the upcoming Workforce Investment Act (WIA) reauthorization, the Administration's FY 2012 request would consolidate nine programs authorized under the Rehabilitation Act into 3 programs. The Vocational Rehabilitation (VR) State Grants program would receive \$3.141 billion, an increase of \$56 million over FY 2010 and the current CR. Programs consolidated into VR State Grants include: Supported Employment State Grants; Projects with Industry; Migrant and Seasonal Farmworkers; VR Training (in-service only). In addition, the budget proposes \$30 million for a Workforce Innovation Fund for the Departments of Education and Labor to improve the effectiveness of the WIA programs. (See Workforce Innovation Fund under Department of Labor in this memo for more information.)

The budget provides \$103.7 million for new grants for Independent Living program that would replace the Independent Living State Grants and Centers for Independent Living programs, and would provide formula grants to states to support the provision of independent living services through centers for independent living. The request represents level funding compared to FY 2010 and the current CR for the programs being consolidated.

### ***Career & Technical Education:***

The budget proposes consolidating the Tech Prep Education State Grants program, currently funded at \$102.9 million, into the larger Career and Technical Education (CTE) State Grants program. During the 2009-2010 school year, 26 states chose to exercise the option to consolidate Tech Prep funds with CTE State Grants. The budget proposes funding for CTE of \$1 billion in FY 2012, a decrease of \$264 million compared to the two combined programs in FY 2010 and the current CR. The budget also proposes \$635 million for Adult Basic and Literacy Education State Grants for FY 2012, an increase of 6.8 million over FY 2010 and, the current CR. Perkins is scheduled for congressional reauthorization in 2013. The House proposed CR eliminates the Tech Prep program.

### ***Research & System Building***

The budget also proposes increasing funding for the Institute of Education Sciences by \$101.5 million over FY 2010 and the current CR to \$760.5 million. Included in this amount is an increase of \$41.7 million, or 72 percent, to \$100 million for Statewide Data Systems grants to help states improve the availability and use of data on student, teacher performance, and college and career-readiness through the development longitudinal "P-16" data systems. The House proposed CR would reduce Statewide Data System grants by \$58.3 million from the FY10 levels.

### ***Higher Education***

The 2012 request for higher education programs reflects the Administration's goal to be "First in the World" in college completion by 2020. Select new or amended programs are highlighted below:

- First in the World Competition (new) – \$150 million in a new initiative to increase college access and completion and improve educational productivity. Utilizing the i3 framework, the new program consolidates the Fund for Improvement of Postsecondary Education, the Demonstration Projects to Support Postsecondary Faculty, Staff, and Administrations in Educating Students with Disabilities, and Transition Programs for Students with Intellectual Disabilities into Higher Education. In 2010, Congress earmarked \$102 million of the total \$159 million available to FIPSE.
- College Completion Incentive Grants (new) – \$50 million in mandatory funding in FY 2012 and rising to \$300 million in 2013 to establish a new College Completion Incentive Grants program that would encourage colleges to help students enroll in school and finish their studies with a degree or certificate and reward institutions that produce successful outcomes. Funds would be awarded to states and passed through to schools. Participation by public institutions would be mandatory.
- College Pathways and Accelerated Learning (new) – \$86 million for a new program to increase graduation rates and preparation for college matriculation by providing middle and high school students with opportunities for dual enrollment, early college high schools, AP, and IB. New authority would be authorized through ESEA reauthorization.
- Pell Grants – The budget proposes maintaining the total maximum award at \$5,500 and projects that total spending for both discretionary and mandatory Pell Grants will total \$41.156 billion in FY 2012, almost double the FY 2010 levels of \$22.795 billion. To rein in spending on Pell grants, the budget forwards a Pell Grant Protection Act to end the availability of a second Pell grant in the same award year (also known as "year-round Pell"); proposes to eliminate the in-school interest subsidy for graduate, medical, and professional student loans; and improve program integrity, including enhanced utilization of IRS information. First enacted in 2009, the year-round Pell was originally estimated to cost less than \$300 per year. The actual estimated cost in 2012 was almost \$8 billion. The proposed CR would set the maximum Pell award at \$4,705 (\$4,015 discretionary + \$690 mandatory) for award year 2011-2012 – returning the maximum award to approximately 2008 levels.
- Adult Basic and Literacy Education State Grants – The budget requests \$635 million for Title II under the Workforce Investment Act, an increase of \$6.8 million over the 2011 CR level, to help adults without a high school diploma or equivalent to become literate and obtain the knowledge and skills necessary for postsecondary education, employment, and self-sufficiency. Of this amount 8 percent would be used for a new Workforce Innovation Fund (WIF), to improve Workforce Investment Act programs by testing and validating innovative approaches to service delivery. See "New Programs under Labor for additional details.
- Academic Competitiveness Grants/SMART Grants –The ACG/SMART program sunsets at the end of academic year 2010-2011 and no new appropriations are provided or requested for fiscal year 2012.
- Leveraging Educational Assistance Partnership Grants (LEAP) – The budget eliminates the LEAP program and zero's out the \$64 million in state matching grants authorized under the 2012 budget. The administration states that this program accomplished the objective of stimulating States to establish need-based postsecondary student grant programs, and that federal incentives are no longer required. As evidence, between 1992-2008, average state grant aid increased by 167 percent. Additionally, in 2009-2010, states provided nearly \$1 billion for need-based aid.

### ***Early Childhood Education***

The Department proposes to create a new Early Learning Challenge Fund that would provide competitive grants to States to improve the quality of early learning programs. Funding is proposed at \$350 million for FY 2012. The program would co-administered by the U.S. Department of Education and the U.S. Department of Health and Human Services.

### ***Department Administration***

The budget proposes a \$260 million increase in the discretionary spending to pay Department of Education salaries and expenses, including the addition of 70 full-time staff compared to the current CR FTE and 382 compared to FY 2010 FTE.

### ***U.S. Department of Defense School Construction***

The Department of Defense FY 2012 budget calls for \$550 million to replace and modernize 15 schools located on U.S. military installations. The proposed CR would provide an additional \$250 million for the DoD Office of Economic Adjustment for grants to construct, renovate, repair, or expand elementary and secondary public schools on military installations in order to address capacity or facility condition deficiencies.

## **ENERGY**

The overall budget request for the Department of Energy (DOE) is \$29.5 billion. The FY10 enacted level was \$26.5 billion and the current CR provides \$28.353 billion. The proposed CR includes several rescissions including \$11.2 million from the Energy Efficiency and Renewable Energy Office; \$6.3 million from the Nuclear Energy Program; \$2.4 million from the Electricity Delivery and Energy Reliability Office; \$18 million from the Clean Coal Technology program and \$7.2 million from DOE's Science Program (for a full list, see legislative text).

### ***Energy Efficiency and Renewable Energy***

The Office of Energy Efficiency and Renewable Energy was funded at \$2.2 billion in the FY10 enacted budget; \$2.4 billion through the current CR; and would be funded at \$1.47 billion in the proposed CR and \$3.2 billion in the FY12 budget request.

States administer both the Weatherization Assistance Program (WAP) and the State Energy Program (SEP). WAP funds energy efficiency improvements for low-income homeowners and SEP funds energy efficiency improvements to other entities and renewable energy investments.

- ***Weatherization Assistance Program.*** FY10 enacted: \$210 million; Current CR: \$210 million; Proposed CR: \$0; FY12 Budget Request: \$320 million
- ***State Energy Program.*** FY10 enacted: \$50 million; Current CR: \$50 million; Proposed CR: \$0; FY12 Budget Request: \$63.8 million
- ***Solar Energy.*** FY10 enacted: \$254 million; Current CR: \$293 million; Proposed CR: n/a; FY12 Budget Request: \$457 million
- ***Biomass and Biorefinery systems R&D.*** FY10 enacted: \$303 million; Current CR: \$218 million; FY12 Budget Request: \$341 million
- ***Wind Energy.*** FY10 enacted: \$83 million; Current CR: \$118 million; Proposed CR: n/a; FY12 Budget Request: \$127 million

- **Vehicle Technologies.** FY10 enacted level \$306 million, the current CR is \$311 million, the budget request is \$588 million. The proposed CR does not provide a specific funding level for Vehicle Technologies but does provide \$10 million for the Advanced Technology Vehicles Manufacturing Loan Program. The President's budget provides \$6 million for the loan program. It received \$32 million in FY10 and \$20 million in the current CR. The loans are for automobile and automobile part manufacturers to re-equip, expand or establish manufacturing facilities to provide advanced vehicle technologies.

The budget request also includes \$100 million in loan guarantee authority for a new program, the Better Buildings Initiative, a pilot program to provide energy efficiency retrofits to university, hospital and school buildings.

### ***Electricity Delivery and Energy Reliability***

This DOE office oversees funding for smart grid and electricity reliability. The FY10 enacted level is \$172 million; the current CR is at \$172 million; the proposed CR includes \$139 million; and the FY12 budget request proposes \$237 million.

### ***Fossil Fuels and Nuclear***

- **Nuclear** - The nuclear program will continue to invest in 'next-generation' nuclear including light water reactor sustainability and small modular reactors. FY10 enacted: \$787 million; Current CR: \$787 million; Proposed CR: \$661 million; FY12 Budget Request: \$754 million
- **Fossil Fuels** - Research and Development budget is focused primarily on the capture and storage of carbon dioxide from coal-powered electricity generators. FY10 enacted: \$659 million; Current CR: \$672 million; Proposed CR: \$586 million; FY12 Budget Request: \$453 million

## **ENVIRONMENTAL PROTECTION AGENCY**

The Administration has proposed a budget of \$9 billion for the U.S. Environmental Protection Agency (EPA), a reduction from the \$10.3 billion in the FY10 enacted budget. The proposed CR would provide \$7.3 billion and the current CR provides \$10.2 billion.

The proposed CR would prohibit any EPA funds from being used to enforce or promulgate any regulations or order, taking action relating to, or denying approval of state implementation plans or permits because of GHG emissions due to concerns about climate change; and from being used to implement, administer or enforce a change to a rule or guidance document pertaining to the definition of waters of the U.S. under the Clean Water Act. Further, it would prohibit Department of Interior funds from being used to implement the Secretarial Order number 3310 regarding Protecting Wilderness Characteristics on Lands Managed by the BLM. Finally, proposed CR would rescind \$300 million from unobligated EPA balances.

### ***State programs.***

- **Clean Water State Revolving Loan Fund (CWSRF)** - FY10 enacted: \$2.1 billion; Current CR: \$2.1 billion; Proposed CR: \$690 million; FY12 Budget Request: \$1.55 billion
- **Drinking Water State Revolving Loan Fund (DWSRF)** - FY10 enacted: \$1.387 billion; Current CR: \$1.387 billion; Proposed CR: \$830 million; FY12 Budget Request: \$990 million

The proposed budget would require that at least 20 percent of the funds made available through the CWSRF and 10 percent of the DWSRF shall be used for projects to address green infrastructure, water or energy efficiency projects or other environmentally innovative projects. It also proposes that 1.5 percent

of each fund be set-aside for American Samoa, Guam, the Commonwealth of the Northern Marianas and the Virgin Islands. Further, it provides that of the funds made available to the CWSRF above \$1 billion, 30 percent shall be used by the states to provide additional subsidization for disadvantaged communities. This authority is already provided to the DWSRF in the Safe Drinking Water Act.

- **Brownfields.** FY10 enacted: \$100 million; Current CR: \$100 million; Proposed CR: \$50 million; FY12 Budget Request: \$99 million
- **Diesel Emissions Reduction Act.** A grant program to reduce harmful air emissions from existing diesel engines through engine retrofits, rebuilds and replacements; switching to cleaner fuels; idling reduction strategies; and other clean diesel strategies. FY 10 enacted: \$60 million; Current CR: \$60 million; Proposed CR: \$50 million; FY12 Budget Request: \$0
- **Public Water System Supervision Grants.** States use these grants to implement their drinking water programs including inspections and enforcement. FY10 enacted: \$105 million; Current CR: \$105 million; Proposed CR: n/a; FY12 Budget Request: \$109 million
- **Section 105 Clean Air Act Grants.** Used by states to administer their air programs. The proposed increase in funding will help steps implement the new GHG permitting requirements as well as several new and updated clean air standards. FY10 enacted: \$226 million; Current CR: \$226 million; Proposed CR: n/a; FY12 Budget Request: \$305.5 million
- **Section 319 Nonpoint Source Pollution Grants.** Used by states to implement their nonpoint source pollution plans. Nonpoint source pollution is pollution from diffuse sources. FY10 enacted: \$200.8 million; Current CR: \$200.8 million; Proposed CR: n/a; FY12 Budget Request: \$164 million
- **Section 106 Clean Water Act Grants.** Provides states with funds to administer their Clean Water programs, including permitting regulated entities. FY10 enacted: \$229 million; Current CR: \$229 million; Proposed CR: n/a; FY12 Budget Request: \$250 million, of which \$18 million will be used for Total Maximum Daily Loads, nutrients and wet weather.

**Environmental Program and Management.** In the President's budget, the Climate Protection Program would receive a cut of \$1.6 million from FY10 enacted level. Most geographic water quality programs would also see their funding levels decrease except the Chesapeake Bay. The Leaking Underground Storage Tank program would receive \$112 million in the President's budget which is a \$1 million cut from both the FY10 enacted level and the current CR level of \$113 million.

#### **FEDERAL COMMUNICATIONS COMMISSION**

The Administration requests \$354.2 million in FY12 budget authority for the FCC, a \$18.4 million increase from FY10 enacted. The Administration's budget proposal outlines a policy agenda for the FCC that includes: (1) reforming of the federal Universal Service Fund (USF); (2) permanently extending authority to auction spectrum licenses, which expires on September 30, 2012; and (3) providing new authority to set user fees on un-auctioned spectrum licenses.

## HEALTH AND HUMAN SERVICES

The President's FY 2012 budget proposal makes a number of changes to the baseline for the Department of Health and Human Services (HHS) and for many state-federal programs that are of interest to governors.

### Centers for Medicare and Medicaid Services (CMS).

#### *Medicaid.*

- **Provider Taxes.** The budget endorses a recommendation by the National Commission on Fiscal Responsibility to limit state financing practices that include provider taxes. The Commission's proposal would phase down the Medicaid provider tax threshold over three years, starting in 2015, to 3.5 percent in 2017 and beyond.
- **Prescription Drug Issues.** The budget proposes requiring state Medicaid agencies to track and monitor prescription drug billing, prescribing, and utilization patterns that could be indicative of abuse. These types of monitoring programs currently are optional. The budget also proposes a number of ideas to reduce Medicaid expenditures on prescription drugs. These include having CMS conduct regular audits and surveys of Medicaid drug rebate agreements to ensure the Medicaid program is receiving proper prices and rebate amounts; and increasing the statutory civil monetary penalties on manufacturers that knowingly report false information under their drug rebate agreements for calculation of Medicaid rebates.

#### *Other health care programs.*

- **Preventive Health and Health Services Block Grant.** The budget proposes to eliminate the entire \$102 million block grant.
- **Graduate Medical Education.** The budget eliminates funding of the Children's Hospital Graduate Medical Education Program and proposes to redirect the entire \$318 million in funding towards competitive health workforce grant programs to train more primary care providers.
- **State Health Access Program.** The budget eliminates the entire \$74 million budget for this program.

#### *Administration on Children and Families.*

- **Child Care.** The budget includes a \$800 million increase in the Child Care and Development Block Grant, from \$2.117 billion in both FY 2010 and the CR to \$2.917 billion in FY 2012.
- **Low Income Home Energy Assistance Program.** The budget reduces funding for the LIHEAP from \$5.1 billion in both FY 2010 and in the CR, to \$2.57 billion in FY 2012. This amount includes \$1.98 billion in base year funding and \$590 million in contingency funds.
- **Community Services Block Grant.** The budget reduces funding for CSBG from \$700 million in FY 2010 and the CR to \$350 million in FY 2012.
- **Temporary Assistance for Needy Families.** The budget proposes a simple one year extension of the TANF program.
- **Child Welfare.** The President's budget includes an additional \$250 million in mandatory foster care funds in FY 2012 to provide incentives to states to align performance with improved outcomes for children in foster care and those who are receiving in-home services from the child welfare system in order to prevent entry or re-entry into foster care.

- ***Child Support and Fatherhood.*** The budget includes \$305 million in FY 2012 aimed at encouraging the pass through of all current monthly child support collections to TANF families. The budget request includes additional funding for short term incentive payments to states for two years and for other improvements to support program efforts.

## **HOMELAND SECURITY**

The President's FY 2011 budget for the Department of Homeland Security (DHS) requests \$43.2 billion, an increase of \$309 million or 0.7 percent from the FY 2010 enacted level.

### ***State and Local Programs***

The budget requests \$3.8 billion for Federal Emergency Management Agency (FEMA) programs that support state and local first responder activities. The budget proposes to consolidate grant programs into three stakeholder categories and eliminate several programs.

- ***State Homeland Security Grant Program (SHSGP).*** \$1 billion is proposed for SHSGP, \$50 million of which is slated for use in Operation Stonegarden to support security along the Southwest Border. Formerly funded grant programs such as Interoperable Emergency Communications Grants, Driver's License Security Grants (REAL ID), and the Metropolitan Medical Response System (MMRS) would become allowable expenses under SHSGP. The consolidation of these grant programs under SHSGP represents a \$235 million decrease over the FY 2010 enacted funding level. The current CR funds this program at \$890 million, while the proposed CR would fund it at \$780 million, a difference of \$110 million.
- ***Urban Area Security Initiative (UASI).*** \$920 million for high-risk metropolitan areas to assist in building enhanced and sustainable capabilities to prevent, protect and recover from terrorist attacks. Final allocations are determined by the Secretary based on risk and effectiveness. This is a slight increase over the FY 2010 enacted level of \$887 million. The proposed CR would reduce this program to \$800 million
- ***Emergency Management Performance Grant Program (EMPG).*** \$350 million to support efforts to achieve target levels of capability in catastrophic planning and emergency management. This is a \$10 million increase over the FY 2010 enacted level. The current CR funds EMPG at \$340 million. The proposed CR would reduce this by \$40 million to \$300 million.
- ***Firefighter Assistance Grants.*** \$650 million for Firefighter Assistance Grants, which is a consolidation of the Staffing Adequate Fire and Emergency Response (SAFER) grant program to hire and retain firefighters; the Assistance to Firefighters Grant (AFG) program to support training and equipment purchases, as well as fire prevention and safety programs. In FY 2010, SAFER received \$420 million and AFG received \$390 million in regular appropriations for a combined appropriate of \$810 million.
- ***Transportation Security.*** \$600 million for Transportation and Infrastructure Protection Programs, which includes all rail, bus and port security under one program. This is equal to the FY 2010 enacted levels.
- ***Buffer Zone Protection Program.*** \$50 million to increase the preparedness capabilities of jurisdictions responsible for security surrounding high priority critical infrastructure and key resource assets.

- ***Citizen Corps Grant Program.*** \$13 million for grants to communities for preparation to respond to the threats of terrorism, crime, public health issues, and natural disasters. The proposed CR would fund this grant program at \$10 million.
- ***Predisaster Mitigation Grants.*** \$85 million to support the implementation of mitigation strategies. The enacted FY 2010 level for mitigation grants was \$58 million. The proposed CR calls for a reduction of PDM grants to \$18.1 million.

## **HOUSING AND URBAN DEVELOPMENT**

The Administration's FY12 budget request proposes \$47.8 billion for housing programs, a (30 million or 2 percent increase from FY10 enacted.

***Community Development Fund.*** The FY12 budget request proposes:

- ***Community Development Block Grant (CDBG).*** The Administration's proposed FY12 budget requests \$3.7 billion for CDBG, a 7.5 percent decrease (\$299 million) from FY10 enacted and the current CR. CDBG received an additional \$1 billion under ARRA. The Administration also proposes to terminate the Brownfields Economic Development Initiative (BEDI) and the Rural Housing and Economic Development program. The proposed CR would cut about \$2.9 billion from the Community Development Fund, which includes CDBG.
- ***Sustainable Communities Initiative.*** The FY12 budget recommends \$150 million as HUD's share of this interdepartmental initiative to stimulate regional planning for land use, transportation, and housing. The budget request proposes funding this initiative as an independent account and proposes establishing the Office of Sustainable Housing and Communities to administer the program. The proposed CR would rescind \$130 million from the Sustainable Communities initiative from the FY10 enacted budget.

***Housing Choice Vouchers.*** The Administration requests \$19.2 billion for Tenant-Based Rental Assistance ("Housing Choice Voucher") contract renewals, up from \$1.1 billion for FY10 enacted and \$1 billion more than the current CR. The proposed CR would cut \$1.47 billion from the Housing Choice Voucher program. The Administration requests \$9.4 billion for Project-based Rental Assistance, an increase of \$871 million from FY2010 enacted and about \$900 million more than the current CR. The proposed CR would cut about \$109 million from the current CR.

***HOME.*** The HOME Investment Partnerships Program provides formula grant assistance to states and local governments to increase homeownership and expand affordable housing supplies. The FY12 budget request proposes \$1.65 billion in budget authority for HOME, which is \$150 million less than FY2010 enacted. There are no cuts for the HOME Investment Partnerships Program in the proposed CR.

***Choice Neighborhoods Initiative.*** First proposed in the Administration's FY09 budget proposal, this Initiative would replace the HOPE VI program for demolition and renewal of severely distressed public housing. The proposed budget recommends \$250 million for competitive grants to public housing authorities, local governments, and non- and for-profit developers to transform public and HUD-assisted housing in neighborhoods of extreme poverty by linking housing needs with social services, jobs, transportation, schools, and other public assets. The current CR provided \$65 million for this initiative. The proposed CR would not fund the Choice Neighborhoods program.

**Housing Trust Fund.** Like its FY10 and FY11 proposals, the Administration's FY12 request seeks \$1 billion to capitalize a Housing Trust Fund, authorized under the Housing and Economic Recovery Act of 2008 (P.L. 110-289), to fund formula grants to States or State-designated entities to increase and preserve the supply of rental housing and homeownership opportunities for extremely low-income and very low-income families.

**Housing Counseling.** The Administration's FY12 budget proposal seeks \$88 million for housing counseling, equal to FY2010 enacted and the current CR. The proposed CR would rescind this amount.

**New Initiative - Growth Zones.** The Administration's FY12 budget proposes a multi-department initiative to reinvent the Enterprise Zone program into the Growth Zone initiative. HUD will partner with the Department of Commerce's Economic Development Administration to help establish a "race-to-the-top" national competition to select 20 regional "Growth Zones" for planning and seed capital grants, technical assistance, regulatory flexibility, and tax incentives. The FY12 budget requests \$40 million for EDA for the grants.

## **INTERIOR**

The proposed FY 2012 discretionary budget for the U.S. Department of Interior (DOI) is \$12.2 billion, which is equal to FY 2010 appropriations and the funding level in the current continuing resolution.

**Renewable Energy.** FY 2010 Enacted: \$59 billion; Current CR Enacted: \$59 billion; FY 2012 Budget Request: \$72 billion. The funding covers renewable energy programs in the Bureau of Land Management; Bureau of Ocean Energy Management, Regulation and Enforcement; US Geological Survey; Fish & Wildlife Service, and Bureau of Indian Affairs.

**Wildland Fire Management.** FY 2010 Enacted: \$797 million; Current CR Enacted: \$795 million; Proposed CR: \$769 million; FY 2012 Budget Request: \$730 million

**FLAME Suppression Reserve Account.** FY 2010 Enacted: \$61 million; Current CR Enacted: \$61 million; FY 2012 Budget Request: \$92 million. The Federal Land Assistance, management, and Enhancement Act (FLAME) helps the USDA Forest Service and Department of Interior properly fund wildfire suppression and prevention by establishing separate accounting mechanisms apart from regular agency costs.

**Land and Water Conservation Fund.** FY 2010 Enacted: \$339 million; Current CR Enacted: \$339 million; FY 2012 Budget Request: \$675 million. \$200 million will go towards the state grants program, with a 40% equal allocation to states and the remainder going into a competitive grant program for urban parks and community greenspaces, blueways, and landscape level conservation projects.

**Cooperative Endangered Species Conservation Fund.** FY 2010 Enacted: \$85 million; Current CR Enacted: \$85 million; Proposed CR: \$2.5 million; FY 2012 Budget Request: \$100 million (taken from LWCF funding). The fund provides grants to states for activities that conserve endangered and threatened species, and for land acquisition in support of Habitat Conservation Plans and species recovery efforts in partnership with local governments and other interested parties.

**State and Tribal Wildlife Grants.** FY 2010 Enacted: \$90 million; Current CR Enacted: \$90 million; Proposed CR: \$0; FY 2012 Budget Request: \$95 million. The 2012 request also proposes to increase the amount directed to states through competitive allocation to \$20 million.

***Ocean Energy Management.*** FY 2010 Enacted: \$237 million; Current CR Enacted: \$217 million; Proposed CR: \$240 million; FY 2012 Budget Request: \$343 million. This includes \$225 million in rental receipts and offshore inspection fees.

***Abandoned Mine Reclamation.*** The 2012 budget proposal funds state and tribal coal regulatory grants at \$60.3 million, a decrease of \$11.0 million below FY 2010 enacted and current CR. To recover these program reductions, Interior encourages states increase user fees charged to the coal industry. For discretionary Abandoned Mine Programs, the budget proposes \$27.4 million in FY 2012, a decrease of \$8.1 million from FY 2010 enacted and current CR. This reduction reflects Interior's proposal to eliminate grants to states for emergency reclamations and reduces funds for the federally managed emergency program. Additionally, the budget proposes significant changes to the Abandoned Mine Land Program. First, the budget proposes to terminate the unrestricted payments to States and Tribes that have been certified for completing their coal reclamation work. Interior projects savings in FY 2012 of 184.2 million and \$1.2 billion over 10 years by stopping these payments. Second, the budget proposes to reform the distribution process for the remaining funding by competitively allocating available resources via a new Abandoned Mine Lands Advisory Council to the highest priority coal abandoned mine lands sites, as opposed to the current coal production-based formulas. And third, to address abandoned hardrock mines, Interior will propose legislation to create a parallel Abandoned Mine Lands program for abandoned hardrock sites.

## **JUSTICE**

The President's budget for FY 2012 proposes \$28.2 billion, a 2 percent increase from FY 2010, for the Department of Justice. The following are some of the major programs and initiatives:

- ***Byrne Justice Assistance Grants (Byrne JAG).*** \$519 million to support state and local law enforcement intelligence capabilities, including antiterrorism training and training to ensure the protection of civil rights, civil liberties and privacy. Of this total, \$ 30 million is carved out to provide for bulletproof vests and \$2 million for the State and Local Anti-Terrorism Training Program, leave \$487 million for grants. Byrne JAG received \$510 million in FY 2010 appropriations.
- ***Byrne Competitive Grants.*** \$25 million, a decrease of \$15 million from the FY 2010 enacted level.
- ***COPS .*** \$669.5 million in COPS programs, including \$600 million to support hiring additional law enforcement officers. COPS received \$792 million in FY 2010. The proposed CR calls for a reduction of this program to a total of \$290.5 million, including all transferring of funds.
- ***State Criminal Alien Assistance Program (SCAAP).*** \$136 million to reimburse state and localities for the costs of incarcerating criminal illegal aliens. In FY 2010, SCAAP received \$330 million.
- ***Second Chance Act programs.*** \$100 million to support adult and juvenile offender reentry demonstration projects and research, including \$7 million for the Smart Probation Program to help states, localities and tribes improve collaboration among law enforcement, corrections and social services agencies.
- ***Adam Walsh Act.*** \$30 million to help state, local and tribal governments develop and enhance sex offender registration and notification systems.

- ***Violence Against Women Act.*** \$429 million in grants to prevent and respond to violence against women and related victims, including \$182 million for the STOP formula grant program. The FY 2010 level was \$419 million.
- ***Juvenile Justice.*** \$280 million to support state and local efforts to develop and implement prevention and intervention strategies designed to reduce juvenile delinquency and crime. The 2010 enacted levels for these programs was \$424 million. The Administration proposes \$120 million for a new initiative called the Juvenile Justice System Incentive Grants to consolidate funding targeting juvenile justice improvements into a competitive program that rewards or incentivizes states for progress against key indicators for the juvenile justice system. The proposed CR calls for a reduction of these programs to \$232.5 million

## **LABOR**

### **Workforce Employment and Training**

***Employment Service.*** The President’s budget proposes \$703.5 million, or flat funding, for Employment Service Grants to States under the Wagner-Peyser Act. The program provides a nationwide system of public employment services made available through One-Stop Career Centers. As described below under “New Programs”, the proposal asks for an additional \$61.2 million for a new Workforce Innovation Fund. The proposed budget includes level funding of \$63.7 million for Workforce Information-Electronic Tools-System Building.

***Reintegration of Ex-Offenders.*** The budget proposes \$90 million in FY 2012 for employment programs for ex-offenders, an \$18.5 million decrease from the FY 2010 enacted level. The amount of change is moved to fund a Transitional Jobs initiative in the Pilots, Demonstrations and Research Account to support activities authorized under the Second Chance Act to help individuals exiting prison make a successful transition to community life and long-term employment through mentoring, job training, and other services. The Department of Labor will coordinate closely with the Department of Justice in carrying out this program.

***Trade Adjustment Assistance for Workers.*** The budget proposes legislation to continue the expansions to the Trade Adjustment Assistance (TAA) for Workers program that were enacted in 2009. The request under current law reflecting the expiration of the 2009 expansions is \$1.1 billion, and the Department is requesting an additional \$571 million to extend the program expansions, for a total of \$1.67 billion. The request takes into account the significant increase in program applications and certifications due to the recession.

***Unemployment Insurance Administration.*** The budget request for grants to states for the administration of the unemployment insurance program is \$3.196 billion, an increase of \$19.9 million over the FY 2010 appropriation; a recognition of the increased demand for UI benefits for jobless workers in the current economy. The request includes an increase of \$24.7 million in competitive grants to states to increase their capacity to address employee misclassification within the Federal/state administered UI program and pilot a high performance award program to incent states to improve misclassification efforts. The administration also proposes a \$10 million increase in funding over the \$50 million enacted in FY 2010 for Reemployment and Eligibility Assessments (REA) - in-person interviews with UI claimants to determine continued eligibility for benefits and the need for reemployment assistance. The funding will support continuation and expansion of the REA initiative in approximately 40 states.

## **Workforce Investment Act – Title I Programs**

**Adults.** The budget proposes \$791.7 million in formula grants to states for the WIA Adult program for employment and training services for low income adults, approximately \$69 million less than the FY 2010 appropriation level. An additional \$68.8 million in Adult funding is proposed for competitive grants in a new Workforce Innovation Fund described below under “New Programs”.

**Dislocated Workers.** The budget proposes \$1.081 billion for state formula grants for the WIA Dislocated Worker Program to provide employment and training services for workers who are without jobs, a decrease of \$103 million from the FY 2010 appropriation level. As described below under “New Programs”, the proposal requests an additional \$94 million in DWP funding for a new Workforce Innovation Fund. The House proposed CR rescinds unobligated dislocated worker funds by \$65 million.

**Youth.** The budget requests \$850 million for state formula grants for WIA Youth Employment and Training activities, a decrease of approximately \$74 million from FY 2010. As described below under “New Programs”, the proposal requests an additional \$73.9 million in Youth funding for a new Workforce Innovation Fund.

The House proposed CR reduces training and employment services grants to states in the total amount of \$1.397 billion.

**Jobs for Veterans State Grant Program.** Through formula grants to states, the JVSG grants fund two distinct programs, the Disabled Veterans’ Outreach Program (DVOP) which provides intensive employment assistance to eligible Veterans and the Local Veterans’ Employment Representative (LVER) Program which provides outreach and advocacy with employers to increase employment opportunities for Veterans, particularly disabled Veterans, and to generally assist Veterans to gain and retain employment. The administration proposal of \$166 million level funds the program.

**National Emergency Grant (NEG).** The FY 2012 budget calls for flat-funding of \$229 million for the Dislocated Worker National Reserve Account which funds NEG discretionary spending used to temporarily expand service capacity at the state and local levels for dislocated workers. The House proposed CR rescinds \$100 million in unobligated funding from the program.

**Workforce Data Quality Initiative.** The Administration requests \$13.75 million for competitive grants to states and consortiums of states to continue support for the development of longitudinal data systems that integrate education and workforce data. The FY 2010 budget funded the program at \$12.5 million and the House proposed CR eliminates the program.

**Green Jobs Innovation Fund.** The administration request would continue initial investments made in the Recovery Act to ensure that workers are equipped to participate in high growth and emerging industry sectors, including green industries and clean energy. Through competitive grant opportunities, the \$60 million fund would help workers receive job training in green industry sectors and occupations, and access green career pathways. The FY 2010 budget funded the program at \$40 million, and the proposed House CR eliminates the program.

## **New Programs**

**Workforce Innovation Fund (WIF).** The President’s proposed budget would establish a new \$379 million Workforce Innovation Fund for a competitive grants program to improve cross-program collaboration and implement systemic reforms to improve workforce education and employment opportunities. The WIF is funded by repurposing 8 percent of state formula grants and 7.5 percent of the

Governor's Reserve Funds (15 percent of total state formula funds for statewide activities) under Title I of the Workforce Investment Act (WIA) for Adults, Dislocated Workers and Youth. Funding from the State Employment Service Operations – Wagner Peyser grants, 8 percent of requested WIA Title II, Adult Basic and Literacy Education State Grant funds and funding from the Rehabilitation Services and Disability Research account also contribute to the WIF. The new program would be co-administered by the Departments of Labor and Education.

### ***State Unemployment Insurance Trust Funds (UTF)***

***Solvency.*** The budget proposes to improve the solvency of state UTF accounts by providing temporary relief to employers in states with outstanding loans through a two year suspension of state interest accrual and debt payments on their loans. This would be accomplished by increasing the federal wage base from \$7,000 to \$15,000 in 2014 (last increased in 1983), indexing the minimum taxable wage base and by delaying the application of the Federal Unemployment Tax Act (FUTA) credit reduction schedule in states with outstanding loans. The FUTA tax rate would be lowered when the higher federal wage base goes into effect to make the proposal revenue neutral that year.

***Short-Time Compensation (STC).*** The Administration proposes \$36 million in temporary federal financing of STC benefits for those states that have an STC law that meets certain guidelines. It will also create a temporary federal program that will be available in other states and provide implementation funds for states to operate the program and conduct outreach to employers to expand use of STC. The STC program, also known as work sharing, promotes job retention and prevents workers from being laid off. Work sharing is a voluntary employer program designed to help employers maintain their staff by reducing the weekly hours of their employees, instead of temporarily laying off workers, when the employer is faced with a temporary slowdown in business. Workers with reduced hours under an approved STC plan receive partial unemployment insurance compensation to supplement the reduced paycheck.

***Financial Integrity.*** The budget includes a legislative proposal to address the financial integrity of the UI system and encourage early reemployment of UI beneficiaries by helping states recover benefit overpayments and deter tax evasion schemes by allowing them to use a portion of recovered funds to expand enforcement efforts in these areas, including identification of misclassified employees. In addition, the budget would require states to impose a monetary penalty on UI benefits fraud, which would be used to reduce overpayments, and to prohibit the non-charging of benefits to employers' UI accounts if they are found to be at fault when their actions lead to overpayments. The proposal would also improve the utility and accuracy of hiring data in the National Directory of New Hires by requiring employers to report rehires of employees who have been laid off.

***Pension Benefit Guaranty Corporation.*** The budget proposes to give the Pension Benefit Guaranty Corporation (PBGC) Board the authority to adjust its premiums and directs the Board to fully fund their liabilities, and to do so, by engaging in a two year study and public comments period. Estimated savings is \$16 billion over the next decade.

***Automatic Workplace Pensions.*** The budget proposes a system of automatic workplace pensions for workers who lack a pension. Under the proposal, employers who do not currently offer a retirement plan will be required to enroll their employees in a direct-deposit IRA account that is compatible with existing direct-deposit payroll systems. Currently, 78 million workers – roughly half of the workforce – lack employer-based retirement plans.

## **Bureau of Labor Statistics**

***Current Employment Statistics.*** The BLS currently provides approximately \$19 million annually to State Labor Market Information departments for the Current Employment Statistics (CES) program. The CES program collects and disseminates information on employment, hours and earnings. In 2012, the BLS plans to restructure the way in which the (CES) program produces state and metropolitan area estimates and centralize the CES program under the BLS. The restructure reduces state funding to \$7 million.

## **SMALL BUSINESS ADMINISTRATION**

The Administration's FY12 budget request totals \$985 million for the Small Business Administration (SBA), which represents a 45 percent decrease from the FY10 enacted levels that included \$962 million in supplemental appropriations.

***Access to Credit.*** The Administration requests \$363 million in new budget authority for the SBA's portfolio of business loan programs. The FY12 budget proposal includes \$212 million in credit subsidies to support \$16.5 billion in Section 7(a) and 504 loan guarantees for small businesses and \$3.8 million in credit subsidy for the microloan program. The FY12 budget proposes \$3 billion for Small Business Investment Company (SBIC) debt, which provides credit to support venture capital investments. (p. 1165)

The FY12 budget request proposes \$1.1 billion in budget authority for SBA disaster assistance loans, which is \$628 million more than FY10 enacted but equal to the current CR level. This request includes \$167 million for disaster loan administration, which is \$91 million more than FY10 enacted and \$90 million more than the current CR. The proposed CR would decrease SBA disaster loan funds by \$124.7 million.

## **TRANSPORTATION**

***Budget Treatment of Surface Transportation Funding.*** The Administration's FY12 budget proposal would replace the current hybrid scorekeeping treatment of surface transportation programs because Highway Trust Fund revenue collections no longer support annual spending outlays. The proposed new system would reclassify as "mandatory" both surface transportation contract authority and outlays, subject to PAYGO rules and spending limits set to actual revenue collected into the trust fund.

The FY12 proposal requests \$122 billion in total discretionary resources, which is 61 percent above the 2010 enacted level (\$76 billion).

***Highway Trust Fund Expanded.*** The Administration's FY12 proposal renames the Highway Trust Fund (HTF) the "Transportation Trust Fund" (TTF) and expands the accounts beyond highways and transit to include passenger rail and infrastructure bank funding. The proposal would also incorporate about \$7 billion in discretionary grant programs into the TTF: Amtrak; High-Speed Rail; highway safety operations and research; Federal Transit Administration administrative expenses, Capital Investment Grants, Research and University Research Centers, Energy Efficiency and Greenhouse Gas Reduction; and the National Infrastructure Investments program (previously called "TIGER" grants). This would move those programs outside the general control of the Appropriations committees.

***Administration Outlines Long-Term Reauthorization.*** The Administration's FY12 budget introduces a \$556 billion, six-year reauthorization (FY12-FY17) framework. According to the Administration's *Analytical Perspective* at 150, current spending must be increased to keep the Nation competitive, but the

framework's revenue estimates are "a placeholder and do not assume an increase in gas taxes or any specific proposal to offset surface transportation spending." If new revenues are not in place until after 2012, "transfers from the General Fund may still be necessary in 2012 and perhaps subsequent years."

- **"Upfront Investment"**. The Administration's reauthorization framework proposes an additional one-time \$50 billion "upfront" investment to boost FY12 direct spending for highways, rail, transit, and aviation: (i) highway infrastructure/apportioned to States (\$25 billion); land ports-of-entry (\$2.2 billion); TIFIA (\$450 million); bus/rail transit (\$7.5 billion); transit urban/rural formula (\$3 billion); New Starts (\$1 billion); high-speed rail (\$3 billion); Amtrak (\$2.5 billion); airport grants-in aid (\$3.1 billion); FAA facilities/equipment-NextGen (\$250 million); National Infrastructure Investments, or "TIGER" grants (\$2 billion). Proposed FY12 spending, which represents the first year of the six-year reauthorization, totals approximately \$112.5 billion, which is 20 percent of the \$556 billion total.
- **Highways**. The framework calls for consolidating 55 existing federal highway programs into five core categories: (i) Highway Safety Improvement (\$17 billion/6Y); (ii) National Highway Program (would consolidate existing programs including Interstate Maintenance, National highway System, Bridge, and Surface Transportation Program into two new subprograms: *Highway Infrastructure Performance* and *Flexible Investment*)(\$257 billion/6Y); (iii) Livable Communities (\$28 billion/6Y); (iv) Federal Allocation (\$10 billion/6Y); and, (v) Research, Technology and Education (\$4 billion/6Y). In addition, the FY12 budget recommends a Transportation Leadership Awards program, a new "race-to-the-top" version of TIGER grants (\$17 billion/6Y). The framework estimates spending \$336 billion, including \$3 billion in administrative expenses, over six years for highways and bridges.

The proposed FY12 request for highways and bridges is \$69.675 billion, which would represent the first year in the six-year reauthorization and the highway portion of the "upfront" investment. This figure includes approximately \$27 billion in "upfront" investments, \$2.5 billion for safety programs, \$4.1 billion for livable communities, \$661 million for research, technology and education, \$1.25 billion for the Federal Allocation program, and \$1.28 billion for Transportation Leadership awards. The proposed FY12 amount is about 70 percent greater than FY11 outlays for highways and bridges (\$41.1 billion).

- **Transit**. The framework would consolidate transit into these core programs: (i) Bus and Rail State of Good Repair (\$35 billion/6Y); (ii) Transit Formula (\$46 billion/6Y); (iii) Transit Expansion/Livable Communities (\$20 billion/6Y); (iv) Research and Technology (\$1.2 billion/6Y); (v) Operations and Safety (\$1.1 billion/6Y); and (vi) Transportation Leadership (\$14 billion/6Y). The framework estimates spending \$119 billion over six years for transit.

The proposed FY12 request for transit is \$22.2 billion, which would represent the first year in the six-year reauthorization together with the "upfront" investment towards high-speed rail development. The major components include: (i) Transit Formula (\$7.7 billion); (ii) Bus and Rail State of Good Repair (\$10.7 billion); and (iii) Transit Expansion/Livable Communities, which includes Capital Investment Grants (\$3.4 billion). The proposed FY12 amount is more than double FY11 outlays for transit (\$10.7 billion).

- **Rail**. The framework would establish two accounts for passenger rail: (i) Network Development (\$37.6 billion/6Y), and (ii) System Preservation (\$15 billion/6Y). The proposed FY12 request is \$8.3 billion in budget authority, which would represent the first year in the six-year reauthorization and go towards high-speed rail development. The proposed FY12 outlay amount that includes the "upfront" investment is \$4.4 billion, which is about 33 percent more than FY11 outlays for Amtrak

(\$1.6 billion) and high-speed rail grants (\$922 million). The proposed CR would recapture the unobligated portion of \$3.5 billion in high-speed rail funds from FY10 enacted and the current CR.

- **National Infrastructure Bank.** The framework calls for an Infrastructure Bank (I-Bank) within the Department of Transportation, which would be separate from the existing TIFIA lending program. The I-Bank would issue grants, loans, or a combination to help finance transportation and transportation-related projects of national significance. The proposed FY12 request is for \$5 billion in budget authority (\$30 billion over FY2012-2017). Congress rejected the Administration's FY11 request to authorize and appropriate funds for the I-Bank.

**Federal Aviation Administration.** The FY12 budget proposes \$9.8 billion for FAA Operations, of which \$5 billion would come from the Airport and Airway Trust Fund. The Administration requests \$2.4 billion in budget authority for airport grants (AIP), which is \$1.1 billion less than FY10 actual. This amount is separate from the proposed \$3.1 billion requested from the general fund as part of the Administration's \$50 billion "upfront" investment.

## **TREASURY**

**Build America Bonds.** The Administration proposes making permanent the Build America Bonds (BAB) program, which expired at the end of 2010. BABs, authorized by ARRA, are taxable bonds for capital infrastructure projects issued by state and local governments who then receive a federal subsidy on interest paid to investors. The Administration's FY12 proposes a mandatory outlay level of \$3.59 billion to cover the interest subsidy, would set the interest subsidy at 28 percent to make it revenue neutral, and expand the scope of eligible uses to include refunding, working capital, and allowing nonprofit hospitals and universities to issue debt. The FY12 proposed funding level is 27.5 percent higher than the FY11 estimate (\$2.8 billion).

## **VETERANS AFFAIRS**

The FY 2012 budget proposes 61.85 billion for FY 2010 Department of Veterans Affairs (VA), a 10.6 percent increase from the enacted FY 2010 level. This includes \$6 billion to provide specialized care for post-traumatic stress disorder (PTSD), traumatic brain injury (TBI) and other mental health conditions and nearly \$939 million to continue expansion of a joint VA and Department of Housing and Urban Development initiative to reduce veteran homelessness and assist other at-risk veterans.

Specific to states, the budget proposes \$85 million in grants for the construction of state extended care facilities, a decrease of \$15 million from FY 2010. The budget also includes \$46 million in grants to build, expand or improve state veterans cemeteries, which is equivalent to the FY 2010 enacted level.

## Appendix A: Major Discretionary and Mandatory Program Funding



**Major Discretionary and Mandatory  
Program Funding**  
(dollars in millions)

Major Discretionary 1/	FY 2010	FY 2011			President FY 2012	PB 2012 vs CR 2011	
		CR 39/	House 39/	Senate		Dollars	Percent
<b>Department of Agriculture</b>	<b>\$7,252</b>	<b>\$7,252</b>	<b>\$6,505</b>	<b>\$0</b>	<b>\$7,390</b>	<b>\$138</b>	<b>1.9%</b>
Women, Infants & Children (WIC)	7,252	7,252	6,505	0	7,390	138	1.9%
<b>Department of Commerce</b>	<b>309</b>	<b>255</b>	<b>175</b>	<b>0</b>	<b>284</b>	<b>29</b>	<b>11.4%</b>
Economic Development Assistance	309	255	175	0	284	29	11.4%
<b>Department of Education</b>	<b>37,663</b>	<b>37,663</b>	<b>34,913</b>	<b>0</b>	<b>39,020</b>	<b>1,357</b>	<b>3.6%</b>
Title I: Education for the Disadvantaged 4/ 7/	14,492	14,492	13,799	0	14,792	300	2.1%
Title I: School Improvement Grants 12/	546	546	546	0	600	54	9.9%
Striving Readers 38/	200	200	0	0	0	-200	-100.0%
Even Start	66	66	0	0	0	-66	-100.0%
Early Learning Challenge Fund	0	0	0	0	350	350	NA
Current School Improvement Programs 33/	97	97	0	0	0	-97	-100.0%
Effective Teaching - Literacy	0	0	0	0	383	383	NA
Mathematics and Science Partnerships 5/	180	180	0	0	206	26	14.4%
English Language Acquisition 4/ 31/	750	750	750	0	750	0	0.0%
Improving Teacher Quality 4/ 27/	2,948	2,948	2,948	0	2,500	-448	-15.2%
Teacher Incentive Fund 24/	400	400	400	0	500	100	25.0%
Educational Technology State Grants	100	100	0	0	0	-100	-100.0%
Impact Aid	1,276	1,276	1,276	0	1,276	0	0.0%
21st Century Community Learning Centers	1,166	1,166	1,066	0	1,266	100	8.6%
State Assessments 21/	411	411	411	0	420	9	2.2%
Special Education State Grants (Part B-611) 4/	11,505	11,505	10,948	0	11,705	200	1.7%
Career and Technical Education State Grants 4/	1,161	1,161	1,161	0	1,000	-161	-13.9%
Adult Basic and Literacy Education State Grants	628	628	628	0	635	7	1.1%
Federal Supplemental Ed. Opportunity Grants	757	757	0	0	757	0	0.0%
Work Study	980	980	980	0	980	0	0.0%
Race to the Top 35/	0	0	0	0	900	900	NA
<b>Health and Human Services 23/</b>	<b>27,176</b>	<b>27,151</b>	<b>23,896</b>	<b>0</b>	<b>26,035</b>	<b>-1,116</b>	<b>-4.1%</b>
Substance Abuse Block Grant 13/	1,799	1,799	1,799	0	1,494	-305	-17.0%
State, Tribal, and Community Prevention Grants	0	0	0	0	485	485	NA
Mental Health Block Grant 13/	421	421	421	0	435	14	3.3%
Maternal & Child Health Block Grant	662	662	612	0	654	-8	-1.2%
Community Health Centers	2,190	2,190	1,190	0	2,118	-72	-3.3%
Preventive Health Block Grant 13/	102	102	102	0	0	-102	-100.0%
Family Planning	317	317	0	0	327	10	3.2%
Immunization Grants 13/	497	497	497	0	433	-64	-12.8%
Ryan White AIDS Grants 26/	2,316	2,291	2,291	0	2,401	110	4.8%
Hospital Preparedness Formula Grants	420	420	420	0	375	-45	-10.7%
CDC-State & Local Capacity (Bioterrorism) 13/	761	761	761	0	651	-110	-14.5%
Head Start 4/	7,235	7,235	6,152	0	8,100	865	12.0%
Child Welfare Services	282	282	282	0	282	0	0.0%
Community Services Block Grant	700	700	395	0	350	-350	-50.0%
Child Care & Development Block Grant	2,127	2,127	2,088	0	2,927	800	37.6%
Low-Income Home Energy Assistance 8/	5,100	5,100	4,710	0	2,570	-2,530	-49.6%
Refugee Assistance 28/	731	731	731	0	825	94	12.9%
Administration On Aging 36/	1,516	1,516	1,445	0	1,608	92	6.1%
<b>HUD</b>	<b>42,815</b>	<b>42,815</b>	<b>38,359</b>	<b>0</b>	<b>43,685</b>	<b>870</b>	<b>2.0%</b>
Community Development Block Grant - Entitlement	2,793	2,793	1,050	0	2,584	-209	-7.5%
Community Development Block Grant - Nonentitlement	1,197	1,197	450	0	1,107	-90	-7.5%
Homeless Assistance Grants	1,865	1,865	1,865	0	2,372	507	27.2%
HOME Program	1,825	1,825	1,650	0	1,650	-175	-9.6%
Public Housing Operating Fund	4,775	4,775	4,626	0	3,962	-813	-17.0%
Public Housing Capital Fund	2,500	2,500	1,428	0	2,405	-95	-3.8%
Tenant-Based Rental Assistance (Section 8) 4/	18,184	18,184	18,080	0	19,223	1,039	5.7%
Project-Based Rental Assistance (Section 8) 4/	8,551	8,551	8,882	0	9,429	878	10.3%
Housing for the Elderly	825	825	238	0	757	-68	-8.2%
Housing for Persons with Disabilities	300	300	90	0	196	-104	-34.7%
<b>Departments of Energy and EPA</b>	<b>3,747</b>	<b>3,747</b>	<b>1,520</b>	<b>0</b>	<b>2,924</b>	<b>-823</b>	<b>-22.0%</b>
Weatherization Assistance Program	210	210	0	0	320	110	52.4%
State Energy Program	50	50	0	0	64	14	28.0%
EPA Clean Water State Revolving Fund	2,100	2,100	690	0	1,550	-550	-26.2%
EPA Drinking Water State Revolving Fund	1,387	1,387	830	0	990	-397	-28.6%
<b>Department of Justice</b>	<b>2,115</b>	<b>2,115</b>	<b>1,614</b>	<b>0</b>	<b>1,757</b>	<b>-358</b>	<b>-16.9%</b>
Violence Against Women	419	419	419	0	432	13	3.1%
COPS/21st Century Policing	792	792	291	0	670	-122	-15.4%
State Criminal Alien Assistance Program (SCAAP)	330	330	330	0	136	-194	-58.8%
Byrne Justice Assistance Grants (JAG)	519	519	519	0	519	0	0.0%
Juvenile Accountability Block Grant 30/	55	55	55	0	0	-55	-100.0%
<b>Department of Homeland Security</b>	<b>2,380</b>	<b>2,380</b>	<b>2,040</b>	<b>0</b>	<b>2,383</b>	<b>3</b>	<b>0.1%</b>
REAL ID 15/	50	50	50	0	0	-50	-100.0%
State Homeland Security Grant Program (SHSGP) 15/	890	890	780	0	1,000	110	12.4%
Citizen Corps 15/	13	13	10	0	13	0	0.0%
Urban Area Security Initiative	887	887	800	0	920	33	3.7%
Emergency Food and Shelter	200	200	100	0	100	-100	-50.0%
Emergency Management Performance Grants	340	340	300	0	350	10	2.9%
<b>Department of Labor</b>	<b>6,920</b>	<b>6,920</b>	<b>3,950</b>	<b>0</b>	<b>7,258</b>	<b>338</b>	<b>4.9%</b>
Dislocated Worker Assistance 4/ 10/ 37/	1,184	1,184	0	0	1,175	-9	-0.8%
Adult Training 4/ 10/ 37/	862	862	0	0	861	-2	-0.2%
Youth Training 10/	924	924	0	0	924	0	0.0%
Workforce Innovation Fund Programs	0	0	0	0	379	379	NA
Employment Service State Administration 10/	704	704	704	0	704	0	0.0%
Unemployment Insurance State Administration 9/	3,246	3,246	3,246	0	3,216	-30	-0.9%

(Continued)

Major Discretionary 1/	FY 2010	FY 2011			President FY 2012	PB 2012 vs CR 2011	
		CR 39/	House 39/	Senate		Dollars	Percent
Department of Transportation	58,824	58,824	55,893	0	88,550	29,726	50.5%
Airport Obligation Limitation	3,515	3,515	3,515		3,515	0	0.0%
Highway Obligation Limitation 22/	41,107	41,107	41,107		69,675	28,568	69.5%
Highway Funding Exempt from Ceiling	739	739	739		739	0	0.0%
Highway Traffic Safety Grants	620	620	620		556	-64	-10.3%
Capital Assistance for High Speed Rail Corridors 20/	2,500	2,500	0		3,137	637	25.5%
Mass Transit Formula Grants Obligation Limitation	8,343	8,343	8,343		7,692	-651	-7.8%
Mass Transit Capital Investment Grants 29/	2,000	2,000	1,569		3,236	1,236	61.8%
<b>Subtotal: Discretionary</b>	<b>\$189,201</b>	<b>\$189,122</b>	<b>\$168,865</b>	<b>\$0</b>	<b>\$219,286</b>	<b>\$30,164</b>	<b>15.9%</b>

Major Mandatory 1/	FY 2010	FY 2011			President FY 2012	PB 2012 vs CR 2011	
		CR 39/	House 39/	Senate		Dollars	Percent
Child Nutrition	16,856	17,543	17,543		19,016	1,473	8.4%
Commodity Assistance Program 17/	248	248	242		250	2	0.8%
Supplemental Nutrition Assistance - State Administration 25/	3,443	3,243	3,243		3,332	89	2.7%
Social Services Block Grant (SSBG)	1,700	1,700	1,700		1,700	0	0.0%
Child Care Entitlements to States 19/	2,917	2,917	2,917		3,417	500	17.1%
Temporary Assistance to Needy Families (TANF) 6/	16,909	16,802	16,802		16,909	107	0.6%
Child Support Enforcement Administrative Costs 3/ 4/	3,576	3,958	3,958		3,987	29	0.7%
Foster Care 2/ 18/	4,389	4,549	4,549		4,618	69	1.5%
Adoption Assistance 2/	2,300	2,409	2,409		2,495	86	3.6%
Independent Living 34/	185	185	185		185	0	0.0%
Promoting Safe and Stable Families 16/	443	443	443		443	0	0.0%
Child Health Insurance (CHIP) 11/	12,565	13,504	13,504		15,027	1,523	11.3%
Medicaid Vendor Payments 2/ 14/	238,708	235,268	235,268		252,335	17,067	7.3%
Medicaid Administration, Survey and Certification, Fraud Control	11,971	12,856	12,856		12,808	-48	-0.4%
Vaccines for Children	3,761	3,899	3,899		4,031	132	3.4%
Payments from States for Medicare prescription drugs 32/	-7,755	-7,892	-7,892		-8,315	-423	5.4%
Vocational Rehab. State Grants	3,085	3,085	3,085		3,122	37	1.2%
<b>Subtotal: Mandatory/Entitlement</b>	<b>\$315,301</b>	<b>\$314,717</b>	<b>\$314,711</b>	<b>\$0</b>	<b>\$335,360</b>	<b>\$20,643</b>	<b>6.6%</b>
<b>Total: Selected Grants-In-Aid</b>	<b>\$504,502</b>	<b>\$503,839</b>	<b>\$483,576</b>	<b>\$0</b>	<b>\$554,646</b>	<b>\$50,807</b>	<b>10.1%</b>

**Footnotes:**

- 1/ Figures do not reflect funding under ARRA.
- 2/ Amounts do not reflect the ARRA FMAPs or the two-quarter extension of the FMAPs through June 30, 2011, included in P.L. 111-226.
- 3/ Funding levels include administrative costs, incentive payments, and access and visitation grants. President's FY 2012 budget includes \$305 million for a temporary increase in incentive payments to states based on performance.
- 4/ Funding for these programs includes an advance appropriation.
- 5/ The FY 2012 president's budget proposes to replace this program with Effective Teaching and Learning: Science, Technology, Engineering, and Mathematics.
- 6/ Funding levels reflect state family assistance grants, supplemental population grants, and grants to tribes. Amounts do not include contingency funds. FY 2011 supplemental grants were reduced from \$319 million to \$212 million (see *Issue Brief 11-04*). The president's FY 2012 budget proposes \$108 million for FY 2011 supplemental grants (not reflected in table) and \$319 million for FY 2012 supplemental grants (reflected in table).
- 7/ The FY 2012 president's budget proposes to change the name of this program to Title I College-and-Career-Ready Students and includes an additional \$300 million for a proposed Title I rewards program.
- 8/ The FY 2012 president's budget includes \$1.98 billion for block grant funds and \$590 million for contingency funds. The House FY 2011 proposal provides \$4.5 billion for the block grant and \$200 million for contingency funds. In FY 2010, \$4.5 billion was appropriated for the block grant \$590 million for contingency funds.
- 9/ Totals include funding to conduct in-person reemployment and eligibility assessments, but exclude contingency funding (AWIU).
- 10/ Data reflect program years rather than fiscal years.
- 11/ Figures exclude performance bonuses because the bonuses are funded with unspent allotments. All years include \$45 million for child health quality improvement. Figures exclude child enrollment contingency fund.
- 12/ The president's FY 2012 budget proposes to change the name of this program to School Turnaround Grants.
- 13/ FY 2011 House figures are estimates. The House proposal does not provide specific details for cuts of \$850 million to CDC and \$200 million for substance abuse and mental health.
- 14/ The president's FY 2012 budget proposes a number of changes to Medicaid, resulting in a savings of \$190 million.
- 15/ The House proposal for FY 2011 would fund SHSGP at \$900 million, with set-asides for Operation Stonegarden (\$60 million), Citizen Corps (\$10 million), and REAL ID (\$50 million). The president's FY 2012 budget would fund SHSGP at \$1,050 million, with a \$50 million set-aside for Operation Stonegarden and the ability to spend funds for REAL ID, Interoperable Communications, and Metropolitan Medical Response.
- 16/ This program consists of discretionary and mandatory funds, and includes funds for State Court Improvement Program and Family Connection Grants.
- 17/ Includes the Commodity Supplemental Food Program, The Emergency Food Assistance Program (TEFAP), and the Farmers' Market Nutrition Program.
- 18/ The FY 2012 president's budget figures includes \$250 million to incentivize improvements in foster care.
- 19/ Includes both mandatory and matching funds. The president's FY 2012 budget proposes an additional \$480 million in matching funds, \$10 million for training and technical assistance, and \$10 million for tribal grants.
- 20/ The president's FY 2012 budget proposes to shift this funding into a new program called Network Development.
- 21/ The president's FY 2012 budget proposes to change the name of this program to Assessing Achievement.
- 22/ FY 2010 level excludes \$650 million for additional highway investments.
- 23/ Amounts exclude funds appropriated in the Affordable Care Act, either directly or through the \$750 million Prevention and Public Health Fund.
- 24/ The president's FY 2012 budget proposes to replace this program with the Teacher and Leader Innovation Fund.
- 25/ FY 2010 amount includes \$400 million in funding included in the FY 2010 Department of Defense Appropriations Act (P.L. 111-118).
- 26/ The FY 2010 amount reflects the reallocation of \$25 million for the AIDS Drug Assistance Program (ADAP). The president's FY 2012 budget includes \$880 million for ADAP plus \$60 million in ADAP supplemental funds.
- 27/ The FY 2012 budget proposes to replace this program with Effective Teachers and Leaders State Grants.
- 28/ The FY 2011 House proposal rescinds \$77 million in refugee and entrant assistance FY 2010 unobligated balances. The rescission is not reflected in the table.
- 29/ President's FY 2012 budget proposes to shift this funding into a new program called Transit Expansion and Livable Communities.
- 30/ The FY 2012 president's budget eliminates funding for this program but creates a new competitive "Juvenile Justice System Incentive Grant Program" funded at \$120 million.
- 31/ The president's FY 2012 budget proposes to change the name of this program to English Learner Education.
- 32/ Amounts do not reflect the savings from applying the ARRA FMAPs to monthly payments.
- 33/ Includes Literacy through School Libraries, National Writing Project, Reading is Fundamental, and Ready-to-Learn Television.
- 34/ Amount includes Independent Living training vouchers, which are counted as discretionary spending.
- 35/ Funding levels do not include the \$4.35 billion appropriated in ARRA. The president's FY 2012 budget proposes to make competitive grants available to individual school districts instead of states.
- 36/ The president's FY 2012 amount excludes the \$450 million transfer from the Department of Labor for the Community Service Employment for Older Americans program as well as funding for CLASS administration, the Senior Medicare Patrol Program, and the State Health Insurance Assistance Program.
- 37/ FY 2011 House levels do not reflect advance appropriations for FY 2011 included in the FY 2010 appropriations bill (\$860 million for Dislocated Worker Assistance and \$712 million for Adult Training). The House proposal also rescinds \$65 million in FY 2010 funds for the dislocated workers, which is not reflected on the table.
- 38/ The FY 2010 amount reflects the \$50 million rescission enacted in P.L. 111-226. The House FY 2011 proposal includes a \$189 million rescission from FY 2010 funds, which is not reflect on the table.
- 39/ Continuing Resolution (CR) column reflects annualized levels from the most recent CR (P.L. 111-322), which expires on March 4, 2011. Under the CR, discretionary programs are funded at FY 2010 levels. Mandatory programs are allowed to operate at the FY 2011 program level. The House figures reflect the most recent proposal from the House leadership, released on 2/11/11. At this point, funding for the remainder of FY 2011 is uncertain.

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