

9. AID TO STATE AND LOCAL GOVERNMENTS ¹

State and local governments have a vital constitutional responsibility to provide government services. They have the major role in providing domestic public services, such as public education, law enforcement, roads, water supply, and sewage treatment. The Federal Government contributes to that role both by promoting a healthy economy and by providing grants, loans, and tax subsidies to State and local governments.

Federal grants help State and local governments finance programs covering most areas of domestic public spending, including income support, infrastructure, education, and social services. Federal grant outlays were \$227.8 billion in 1996 and are estimated to increase to \$244.8 billion in 1997 and \$258.8 billion in 1998.

Grant outlays for payments for individuals, such as Medicaid, are estimated to be 62 percent of total grants in 1998; for physical capital investment, 15 percent; and for all other purposes, largely education, training, and social services, 23 percent.

States and localities receive direct loans and loan guarantees from the Federal Government, mostly for the purpose of rural development. Outlays for direct loan and loan guarantee subsidies to State and local governments are estimated to be \$214 million in 1997 and \$53 million in 1998. Information on Federal credit activities appears in Chapter 8, "Underwriting Federal Credit and Insurance."

Federal aid to State and local governments is also provided through tax expenditures. Tax expenditures are revenue losses due to preferential provisions of the Federal tax laws, such as special exclusions, exemptions, deductions, credits, deferrals, or tax rates.

The two major tax expenditures benefiting State and local governments are the deductibility of personal income and property taxes from gross income for Federal income tax purposes, and the exclusion of interest on

State and local securities from Federal taxation. These provisions, on an outlay equivalent basis, are estimated to be \$77.6 billion in 1997 and \$79.2 billion in 1998. A detailed discussion of the measurement and definition of tax expenditures and a complete list of the amount of specific tax expenditures are in Chapter 5, "Tax Expenditures." As discussed in that chapter, there are generally interactions among tax expenditure provisions, so that the estimates above only approximate the aggregate effect of these provisions.

Tax expenditures that especially aid State and local governments are displayed separately at the end of Table 5-5 in that chapter.

TABLE 9-1. FEDERAL GRANT OUTLAYS BY AGENCY

(in billions of dollars)

Agency	1996 Actual	Estimate	
		1997	1998
Agriculture	17.1	18.3	19.0
Department of Commerce	0.5	0.5	0.5
Department of Education	16.2	17.8	19.4
Department of Energy	0.2	0.2	0.2
Department of Health and Human Services	129.1	138.8	148.6
Department of Housing and Urban Development	21.4	23.2	23.4
Department of Interior	1.7	2.1	2.1
Department of Justice	1.4	2.5	4.6
Department of Labor	7.0	7.2	8.1
Department of Transportation	26.0	25.9	25.3
Department of Treasury	0.4	0.4	0.4
Environmental Protection Agency	2.8	2.7	2.8
Federal Emergency Management Agency	2.0	3.1	3.0
Other agencies	2.0	2.0	1.5
Total	227.8	244.8	258.8

Table 9-1 shows the distribution of grants by agency. Grant outlays for the Department of Health and Human Services are estimated to be \$148.6 billion in 1998, 57 percent of total grants, much more than any other agency.

HIGHLIGHTS OF THE FEDERAL AID PROGRAM

Major proposals in this budget affect Federal aid to State and local governments and the important relationships between the levels of government. Through the use of grants, the Federal government can share with State and local governments the cost and, ultimately, the benefits of a better educated, healthier, and safer citizenry. The Administration is committed to a Federal system that is more efficient and effective and to improving the design and administration of Federal grants.

This budget continues the Administration's commitment to giving State and local governments increased flexibility. Through the use of grants agencies can create partnerships with State and local governments that focus on joint goals and the progress made toward meeting them.

In addition, this budget proposes several initiatives to successfully implement welfare reform and new initiatives to improve educational facilities, and set new standards for educational achievement.

¹ Federal aid to State and local governments is defined as the provision of resources by the Federal Government to support a State or local program of governmental service

to the public. The three primary forms of aid are grants, loans, and tax expenditures.

Medicaid.—Under current law, outlays for Medicaid are projected to be \$104.4 billion in 1998. The Administration is proposing several reforms and initiatives that will combine to increase outlays to \$105.8 billion in 1998, and result in an outlay savings of \$9.3 billion over the next 5 years. The President's budget proposes reforms to Medicaid that would preserve the entitlement to health coverage for the most vulnerable Americans—children, people with disabilities, and the elderly, while reducing the rate of growth in Federal spending.

In order to preserve coverage for the most vulnerable Americans, the Administration proposes \$1.0 billion in additional outlays for children's health initiatives and welfare reform. This will ensure that low income people do not lose Medicaid as a result of the transition from Aid to Families with Dependent Children to the new program, Temporary Assistance for Needy Families. The transitional Medicaid program that provides health insurance coverage for those leaving welfare to work would also be extended.

The plan reduces the growth in Medicaid costs by imposing a "per capita cap" on Federal Medicaid spending and reducing and retargeting Disproportionate Share Hospital payments. Finally, the plan gives States more flexibility to administer their programs more efficiently. For example, the so-called "Boren Amendment" is modified for hospitals and nursing homes to allow States more flexibility to negotiate provider payment rates. States are also given the flexibility to adopt managed care, move populations needing long-term care from nursing homes to home- and community-based settings, and expand coverage to any person whose income is under 150 percent of the poverty line without Federal waivers.

Health Insurance.—The "Healthy Kids" initiative proposes to provide \$750 million in annual grants to States to build on recent State successes in partnering with insurers, providers, employers, schools, and others to develop innovative ways to provide coverage to children. States would be given the flexibility to design benefits and copayments for the program. The program would aid an estimated 1 million children.

The Budget also proposes \$25 million a year in grants that States can use for technical assistance in setting up voluntary purchasing cooperatives. These grants will help States empower small businesses to access and purchase more affordable health insurance through the use of voluntary cooperatives.

Education.—Funds for the "America Reads" challenge, \$2.75 billion over 5 years, are proposed to help States and communities ensure that all children are reading independently and well by the end of third grade. The budget requests \$4.3 billion to fund Head Start, an increase of \$324 million over 1997, allowing an estimated 36,000 additional children to participate in the program. With the proposed funding, the Head Start program would serve 836,000 children in 1998. The budget also proposes to leverage new school construction and renovation projects through a \$5 billion fund for school districts with substantial need.

Training.—The Administration is requesting \$250 million in budget authority for 1998 for grants to out-of-school youths in high poverty areas, including designated Empowerment Zones and Empowerment Communities. The grants would help to reduce significant unemployment among out-of-school youth through employment and training assistance, combined with other Federal assistance. The budget also proposes \$2.4 billion in budget authority for 1998 for Job Training Partnership Act programs that provide training, job search assistance, and related services to help laid-off workers find new jobs as quickly as possible and economically disadvantaged adults become economically self sufficient.

Welfare reform.—The budget seeks to capitalize on opportunities to move people from welfare to work granted by the enactment of the Personal Responsibility and Work Opportunities Reconciliation Act of 1996. Funds for the "Welfare to Jobs Challenges" would help States and cities move a million of the hardest-to-employ welfare recipients into lasting jobs by the year 2000.

Transportation.—The budget includes more than \$25 billion in outlays for transportation grants to State and local governments in 1998. Of this amount, grants to maintain and improve surface transportation infrastructure include almost \$20 billion in outlays for highway projects and \$4 billion in outlays for mass transit. The budget request for these surface transportation programs concentrates on capital re-investment, local decision making, and flexibility as hallmarks for reauthorization of the Intermodal Surface Transportation Efficiency Act of 1992.

Housing.—The budget proposes a second round of funding for Empowerment Zones and Enterprise Communities. The first round has already proven successful in leveraging private sector funds and promoting economic opportunity and community-wide revitalization. In addition, the Brownfield Redevelopment proposal would enable cities to clean up polluted sites, returning them to productive uses that create jobs and to address the economic development needs of communities in and around such sites.

Housing aid for State and local governments under the Community Development Block Grant program and the Department of Housing and Urban Development's (HUD) homeless funding would be continued at existing levels in 1998. The HOME block grants would be reduced slightly; however, more low-income households would be assisted through HUD's rental programs. The special housing assistance program for low-income persons suffering with AIDS would also be expanded.

Rural Development.—The 1998 Budget proposes to fund rural infrastructure and business development programs through a new "performance partnership," the Rural Community Advancement Program (RCAP), enacted as part of the 1996 Farm Bill. The RCAP proposal builds on the Administration's 1996 and 1997 budgets that proposed to modify the way funding for rural development programs was distributed in order to in-

crease the flexibility of United States Department of Agriculture (USDA) State Directors to target Federal assistance to the highest-priority needs of each State. The RCAP consolidates funding for 12 USDA rural development activities. The 1998 Budget proposes a total program level of \$2.4 billion, a \$127 million increase from the program level enacted in 1997. In addition to the flexible program plan originally proposed by the Administration, the RCAP includes authority for new rural development block grants to the States.

Environment.—The budget requests \$725 million in capitalization grants for the new Drinking Water State Revolving Funds. The President signed the Safe Drinking Water Act Amendments into law in 1996, fulfilling the goals the President outlined in 1993—to reinvent the Nation’s safe drinking water legislation to better protect public health, and to authorize the creation of new Drinking Water State Revolving Funds to help hundreds of communities protect their citizens from harmful contaminants. The State Revolving Funds pro-

vide low-interest loans to municipalities to help them meet the requirements of the new Safe Drinking Water Act Amendments.

Additional information on these and other Federal aid proposals are in the *1998 Budget* volume. Information on performance based partnerships and other management initiatives can be found in Section IV, “Improving Performance in a Balanced Budget World.” Information on the other grant programs discussed above can be found in Section V, “Creating Opportunity, Demanding Responsibility, and Strengthening Community.” Chapter 1 of Section V, “Strengthening Health Care,” focuses on health issues. Chapter 2, “Investing in Education and Training,” discusses education and training programs to help State and local communities and their schools. Chapter 3, “Protecting the Environment,” discusses environmental issues. Chapter 7, “Implementing Welfare Reform,” focuses on implementing and strengthening welfare reform.

HISTORICAL PERSPECTIVES

In recent decades, Federal aid to State and local governments has become a major factor in the financing of certain government functions. The rudiments of the present system date back to the Civil War. The Morrill Act, passed in 1862, established the land grant colleges and instituted certain federally-required standards for States that received the grants, as is characteristic of the present grant programs. Federal aid was later initiated for agriculture, highways, vocational education and rehabilitation, forestry, and public health. In the depression years, Federal aid was extended to meet income security and other social welfare needs. However, Federal grants did not become a significant factor in Federal Government expenditures until after World War II.

Table 9–2 displays trends in Federal grants to State and local governments since 1960. Section A shows Federal grants by function. Functions with a substantial amount of grants are shown separately. Grants for the national defense, energy, veterans benefits and services, and the administration of justice functions are combined in the “other functions” line in the table.

Federal grants for transportation increased to \$3.0 billion, or 43 percent of all Federal grants, in 1960 after initiation of aid to States to build the Interstate Highway System in the late 1950s.

By 1970 there had been significant increases in the relative amounts for education, training, employment, social services, and health (largely Medicaid).

In the early and mid-1970s, major new grants were created for natural resources and environment (construction of sewage treatment plants), community and regional development (community development block grants), and general government (general revenue sharing).

Since the late 1970s changes in the relative amounts among functions reflected steady growth of grants for

health (Medicaid) and income security and restraint in most other areas. The functions with the largest amount of grants are health and income security, with combined proposed estimated grant outlays of \$174.3 billion or 67 percent of estimated total grant outlays in 1998.

Section B of the Table shows the composition of grants divided into three major categories: payments for individuals, grants for physical capital, and other grants.² Grant outlays for payments for individuals, which are mainly entitlement programs in which the Federal Government and the States share the costs, have grown significantly as a percent of total grants. They increased from 36 percent of the total in 1980 to 63 percent of the total in 1995. They are projected to remain at a little more than 60 percent of the total for the next several years.

These grants are distributed through State or local governments to provide cash or in-kind benefits that constitute income transfers to individuals or families. The major grant in this category is Medicaid, which had outlays of \$92.0 billion in 1996, increasing to a proposed \$105.8 billion in 1998. Welfare payments to States (Aid to Families with Dependent Children (Pre 1997) and Temporary Assistance for Needy Families), child nutrition programs, and housing assistance are also large grants in this category.

Grants for physical capital assist States and localities with construction and other physical capital activities. The major capital grants are for highways, but there are also grants for airports, mass transit, sewage treatment plant construction, community development, and other facilities. Grants for physical capital were almost half of total grants in 1960, shortly after grants began

²Certain housing grants are classified in the budget as both payments for individuals and physical capital spending. In the text and tables in this section, these grants are included in the category for physical capital spending.

Table 9-2. TRENDS IN FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS

(Outlays; dollar amounts in billions)

	Actual									Estimate					
	1960	1965	1970	1975	1980	1985	1990	1995	1996	1997	1998	1998	2000	2001	2002
A. Distribution of grants by function:															
Natural resources and environment	0.1	0.2	0.4	2.4	5.4	4.1	3.7	4.1	3.9	4.1	4.0	3.8	4.0	4.1	4.0
Agriculture	0.2	0.5	0.6	0.4	0.6	2.4	1.3	0.8	0.6	0.7	0.7	0.6	0.6	0.6	0.6
Transportation	3.0	4.1	4.6	5.9	13.0	17.0	19.2	25.8	26.0	25.9	25.3	24.9	24.8	24.6	24.6
Community and regional development	0.1	0.6	1.8	2.8	6.5	5.2	5.0	7.2	7.9	9.3	8.9	9.0	7.2	6.0	5.7
Education, training, employment, and social services	0.5	1.1	6.4	12.1	21.9	17.8	23.4	34.1	34.0	35.9	38.6	41.8	42.8	43.1	42.6
Health	0.2	0.6	3.8	8.8	15.8	24.5	43.9	93.6	97.7	103.4	111.7	117.6	124.1	131.2	139.3
Income security	2.6	3.5	5.8	9.4	18.5	27.2	35.2	55.1	53.4	59.9	62.6	63.9	64.2	64.5	65.8
General government	0.2	0.2	0.5	7.1	8.6	6.8	2.3	2.2	2.1	2.2	1.6	1.5	1.6	1.8	1.9
Other	0.0	0.1	0.1	0.9	1.2	0.9	1.4	2.0	2.3	3.4	5.5	6.8	7.1	6.6	6.0
Total	7.0	10.9	24.1	49.8	91.4	105.9	135.3	225.0	227.8	244.8	258.8	270.0	276.4	282.6	290.5
B. Composition:															
Current dollars:															
Payments for individuals ¹	2.5	3.7	8.7	16.8	32.6	49.3	75.7	141.2	142.8	152.1	159.6	165.9	171.7	178.8	188.1
Physical capital ¹	3.3	5.0	7.1	10.9	22.5	24.9	27.2	39.6	40.4	41.1	39.9	39.5	38.9	38.1	37.5
Other grants	1.2	2.2	8.3	22.2	36.2	31.6	32.5	44.2	44.7	51.5	59.4	64.7	65.8	65.6	64.9
Total	7.0	10.9	24.1	49.8	91.4	105.9	135.3	225.0	227.8	244.8	258.8	270.0	276.4	282.6	290.5
Percentage of total grants:															
Payments for individuals ¹	35%	34%	36%	34%	36%	47%	56%	63%	63%	62%	62%	61%	62%	63%	65%
Physical capital ¹	47%	46%	29%	22%	26%	24%	20%	18%	18%	17%	15%	15%	14%	13%	13%
Other grants	17%	20%	34%	45%	40%	30%	24%	20%	20%	21%	23%	24%	24%	23%	22%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Constant (FY 1992) dollars:															
Payments for individuals ¹	10.7	15.1	30.0	43.0	56.7	65.2	81.9	131.0	129.7	134.5	137.5	139.2	140.3	142.3	145.7
Physical capital ¹	15.0	21.3	23.8	22.3	33.5	29.5	28.0	37.4	37.2	37.0	35.0	33.7	32.4	31.0	29.7
Other grants	7.6	11.9	33.1	61.3	65.5	40.9	34.9	41.4	40.5	45.6	51.2	54.4	53.9	52.3	50.5
Total	33.4	48.2	86.9	126.6	155.7	135.6	144.7	209.7	207.5	217.1	223.7	227.2	226.6	225.6	225.9
C. Total grants as a percent of:															
Federal outlays:															
Total	8%	9%	12%	15%	15%	11%	11%	15%	15%	15%	15%	15%	15%	15%	15%
Domestic programs ²	18%	18%	23%	22%	22%	18%	17%	22%	21%	21%	21%	21%	21%	21%	20%
State and local expenditures	19%	20%	24%	27%	31%	25%	21%	25%	24%	NA	NA	NA	NA	NA	NA
Gross domestic product	1%	2%	2%	3%	3%	3%	2%	3%	3%	3%	3%	3%	3%	3%	3%
D. As a share of total State and local capital spending:															
Federal capital grants	25%	26%	26%	26%	36%	31%	23%	25%	24%	NA	NA	NA	NA	NA	NA
State and local source financing	75%	74%	74%	74%	64%	69%	77%	75%	76%	NA	NA	NA	NA	NA	NA
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

NA = Not available.

¹ 0.5 percent or less.² Grants that are both payments for individuals and capital investment are shown under capital investment.² Excludes national defense, international affairs, net interest, and undistributed offsetting receipts.

for construction of the Interstate Highway System. The relative share of these outlays has declined, as payments for individuals have grown. In 1998, grants for physical capital are estimated to be 15 percent of total grants.

The other grants are primarily for education, training, employment, and social services. These grants increased to 45 percent of total grants by 1975, and are projected to be 23 percent of total grants in 1998.

Section B of Table 9-2 also shows these three categories in constant dollars. In constant 1992 dollars, total grants increase from \$144.7 billion in 1990 to an estimated \$223.7 billion in 1998, an average annual

increase of 5.6 percent. Grants for payments to individuals increase from \$81.9 billion in 1990 to an estimated \$137.5 billion in 1998, an average annual increase of 6.7 percent; grants for physical capital increase from \$28.0 billion in 1990 to an estimated \$35.0 billion in 1998, an average annual increase of 2.8 percent, and other grants increased from \$34.9 billion in 1990 to an estimated \$51.2 billion in 1998, an average annual increase of 4.9 percent.

Section C of this table shows grants as a percentage of Federal outlays, State and local expenditures, and gross domestic product. Grants have increased as a percentage of total Federal outlays from 11 percent in 1990

to an estimated 15 percent in 1998. Grants as a percentage of domestic spending are estimated to be 21 percent in 1998.

As a percentage of total State and local expenditures, grants have increased from 21 percent in 1990 to 24 percent in 1996.

Section D shows the relative contribution of physical capital grants in assisting States and localities with capital spending. Federal capital grants have increased slightly from 23 percent of State and local spending in 1990 to 24 percent in 1996.

OTHER INFORMATION ON FEDERAL AID TO STATE AND LOCAL GOVERNMENTS

Additional information regarding aid to State and local governments can be found elsewhere in this budget and in other documents.

Major public physical capital investment programs providing Federal grants to State and local governments are identified in Chapter 6, "Federal Investment Spending and Capital Budgeting."

Data for summary and detailed grants to State and local governments can be found in many sections of a separate document entitled *Historical Tables*. Section 12 of that document is devoted exclusively to grants to State and local governments. Additional information on grants can be found in Section 6 (Composition of Federal Government Outlays); Section 9 (Federal Government Outlays for Investment: Major Physical Capital, Research and Development, and Education and Training); Section 11 (Federal Government Payments for Individuals); and Section 15 (Total (Federal and State and Local) Government Finances).

In addition to these sources, a number of other sources of information are available that use slightly different concepts of grants, provide State-by-State information, or provide information on how to apply for Federal aid.

Government Finances, published annually by the Bureau of the Census in the Department of Commerce, provides data on public finances, including Federal aid to State and local governments.

The *Survey of Current Business*, published monthly by the Bureau of Economic Analysis in the Department of Commerce, provides data on the national income and product accounts (NIPA), a broad statistical concept encompassing the entire economy. These accounts include data on Federal grants to State and local governments. Data using the NIPA concepts appear in this volume

in Chapter 19, "National Income and Product Accounts."

The *Budget Information for States (BIS)* provides estimates of State-by-State funding allocations for the largest formula grant programs for the past, present, and budget year. These programs comprise approximately 85 percent of total Federal aid to State and local governments. The document is prepared by the Office of Management and Budget soon after the Budget is released.

The *Federal Expenditures by State*, a report prepared by the Bureau of the Census, shows Federal spending by State for grants and other spending for the most recently completed fiscal year.

The *Consolidated Federal Funds Report* is an annual document that shows the distribution of Federal spending by State and county areas and by local governmental jurisdictions. It is released by the Bureau of the Census in the spring.

The Federal Assistance Awards Data System (FAADS), provides computerized information about current grant funding. Data on all direct assistance awards are provided quarterly by the Bureau of the Census to the States and to the Congress.

The *Catalog of Federal Domestic Assistance* is a primary reference source for communities wishing to apply for grants and other domestic assistance. The Catalog is prepared by the General Services Administration with data collected by the Office of Management and Budget and is available from the Government Printing Office. The basic edition of the Catalog is usually published in June and an update is generally published in December. It contains a detailed listing of grant and other assistance programs; discussions of eligibility criteria, application procedures, and estimated obligations; and related information.

DETAILED FEDERAL AID TABLE

Table 9-3, "Federal Grants to State and Local Governments—Budget Authority and Outlays," provides detailed budget authority and outlay data for grants.

Table 9-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS

(in millions of dollars)

Function, Agency and Program	Budget Authority			Outlays		
	1996 Actual	1997 Estimate	1998 Estimate	1996 Actual	1997 Estimate	1998 Estimate
National defense:						
Department of Defense—Military:						
Military Construction:						
Military construction, Army National Guard				15	9	4
Federal Emergency Management Agency:						
Emergency management planning and assistance				23		
Total, national defense				38	9	4
Energy:						
Department of Energy:						
Energy Programs:						
Energy conservation	138	150	191	225	166	160
Tennessee Valley Authority:						
Tennessee Valley Authority fund	256	269	276	256	269	276
Total, energy	394	419	467	481	435	436
Natural resources and environment:						
Department of Agriculture:						
Natural Resources Conservation Service:						
Resource conservation and development				3	2	1
Watershed and flood prevention operations	150	133	40	228	252	70
Forest Service:						
State and private forestry	80	71	71	81	81	71
Department of Commerce:						
National Oceanic and Atmospheric Administration:						
Operations, research, and facilities	27	31	7	26	26	4
Coastal zone management fund	2	4	3	1	9	4
Department of the Interior:						
Bureau of Land Management:						
Miscellaneous permanent payment accounts	78	184	73	78	184	73
Minerals Management Service:						
National forests fund, payment to States	3	3	3	3	3	3
Leases of lands acquired for flood control, navigation, and allied purposes	1	1	1	1	1	1
Office of Surface Mining Reclamation and Enforcement:						
Regulation and technology	52	50	46	53	50	47
Abandoned mine reclamation fund	140	143	143	140	149	156
Bureau of Reclamation:						
Bureau of reclamation loan subsidy	12	15	10	13	21	11
United States Fish and Wildlife Service:						
Cooperative endangered species conservation fund	8	14	14	8	9	11
Wildlife conservation and appreciation fund	1	1	1	1	1	1
Sport fish restoration	236	326	305	219	259	288
Miscellaneous permanent appropriations	240	203	210	219	225	230
National Park Service:						
Urban park and recreation fund				4	4	2
Land acquisition and State assistance	2	2	1	2	22	18
Historic preservation fund	36	37	46	41	45	44
Everglades restoration fund			64			32
Miscellaneous permanent appropriations		1	1		1	1
Departmental Management:						
Everglades watershed protection	200				75	125
Everglades restoration account		10	10		10	10
Environmental Protection Agency:						
State and Tribal Assistance Grants	2,813	2,910	2,793	2,573	2,499	2,521
Abatement, control, and compliance loan subsidy				4	2	1
Hazardous substance superfund	120	130	335	140	135	189
Leaking underground storage tank trust fund	39	51	61	62	53	56
Total, natural resources and environment	4,240	4,320	4,238	3,900	4,118	3,970
Agriculture:						
Department of Agriculture:						
Cooperative State Research, Education, and Extension Service:						
Extension activities	428	426	418	403	419	420
Cooperative state research activities	222	222	222	223	233	222

Table 9-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(in millions of dollars)

Function, Agency and Program	Budget Authority			Outlays		
	1996 Actual	1997 Estimate	1998 Estimate	1996 Actual	1997 Estimate	1998 Estimate
Agricultural Marketing Service:						
Payments to States and possessions	1	1	1	1	1	1
Farm Service Agency:						
State mediation grants	2	2	4	2	2	3
Commodity credit corporation fund	9	2		9	2	
Natural Resources Conservation Service:						
Outreach for socially disadvantaged farmers	1	1	5	3	4	5
Total, agriculture	663	654	650	641	661	651
Commerce and housing credit:						
Department of Commerce:						
National Oceanic and Atmospheric Administration:						
Promote and develop fishery products and research pertaining to American fisheries	6		3	4	11	5
National Institute of Standards and Technology:						
Industrial technology services	6	6	6	4	4	4
Total, commerce and housing credit	12	6	9	8	15	9
Transportation:						
Department of Transportation:						
Coast Guard:						
Research, development, test, and evaluation	1	1	1	1	1	1
Port safety development	15	5		15	5	
Boat safety	40	35	50	40	26	37
Federal Aviation Administration:						
Grants-in-aid for airports (Airport and airway trust fund)	1,550	2,230	2,347	1,655	1,519	1,395
Federal Highway Administration:						
Orange County (CA) toll road demonstration project subsidy					1	1
State infrastructure banks		150			22	79
Highway-related safety grants	-7	-1		11	8	4
National motor carrier safety program	41	79	100	73	79	84
Transportation infrastructure credit program			100			50
Federal-aid highways	17,949	22,053	22,232	19,366	19,370	19,366
State infrastructure banks (Highway trust fund)			150			30
Miscellaneous appropriations				237	180	141
Miscellaneous highway trust funds				85	66	64
National Highway Traffic Safety Administration:						
Highway traffic safety grants	113	165	225	140	157	166
Federal Railroad Administration:						
Direct loan financing program		59			21	21
Local rail freight assistance				13	7	7
Railroad rehabilitation activities	10	10		9	4	6
Railroad research and development	1	1	1		1	1
Conrail commuter transition assistance				2	2	12
Northeast corridor high-speed rail infrastructure program	1	10	10	1	3	8
Federal Transit Administration:						
Research, training, and human resources				3	6	4
Interstate transfer grants-transit				1	27	11
Washington metropolitan area transit authority	200	200		195	208	156
Formula grants	2,052	2,148		1,799	2,209	1,675
Transit planning and research	58	68		57	47	67
Discretionary grants (Highway trust fund)	1,665	2,880	800	2,224	1,880	1,706
Washington metropolitan area transit authority (Highway trust fund)			200			4
Formula programs (Highway trust fund)			3,971			171
Miscellaneous expired accounts				12	7	5
Research and Special Programs Administration:						
Pipeline safety	12	13	13	11	14	13
Emergency preparedness grants	7	6	6	6	7	7
Washington Metropolitan Area Transit Authority:						
Interest payments				1		
Total, Transportation	23,708	30,112	30,206	25,957	25,877	25,292

Table 9-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(in millions of dollars)

Function, Agency and Program	Budget Authority			Outlays		
	1996 Actual	1997 Estimate	1998 Estimate	1996 Actual	1997 Estimate	1998 Estimate
Community and regional development:						
Department of Agriculture:						
Rural Development:						
Rural community advancement program			589			574
Rural Utilities Service:						
Distance learning and medical link subsidy	8	9	21	10	24	19
Rural water and waste disposal loans subsidy	207	60		175	104	
Emergency community water assistance grants	5			8	7	
Rural water and waste disposal grants	324	413		351	391	
Rural Housing Service:						
Rural community facility loans subsidy	51	11		33	20	
Rural housing assistance grants		6			1	
Rural community fire protection grants	2	1	2	3	2	2
Rural Business—Cooperative Service:						
Rural cooperative development grants	2	3	3	2	3	3
Local technical assistance and planning grants		1			1	
Rural business and industry loans subsidy	6	6		5	6	
Rural business enterprise grants	33	30		28	33	
Forest Service:						
Southeast alaska economic disaster fund	110			23	47	20
Department of Commerce:						
Economic Development Administration:						
Economic development assistance programs	346	355	320	394	443	387
Department of Housing and Urban Development:						
Community Planning and Development:						
Community development block grants	4,650	4,600	4,600	4,545	4,837	4,641
Urban development action grants				27	60	45
Supplemental assistance for facilities to assist the homeless				5	3	
Community development loan guarantees subsidy	33	33	29	1	23	35
Brownfields redevelopment			25			1
Empowerment zones and enterprise communities			100			2
Department of the Interior:						
Bureau of Indian Affairs:						
Operation of Indian programs	107	113	124	102	109	96
Indian guaranteed loan subsidy	5	37	5	11	37	5
Appalachian Regional Commission:						
Appalachian regional commission	164	154	159	230	191	181
Federal Emergency Management Agency:						
Emergency management planning and assistance	121	132	128	111	128	129
Disaster relief	2,714	1,056	2,487	1,786	2,874	2,759
Total, community and regional development	8,888	7,020	8,592	7,850	9,344	8,899
Education, training, employment, and social services:						
Department of Commerce:						
National Telecommunications and Information Administration:						
Public broadcasting facilities, planning and construction	14	13		23	23	19
Information infrastructure grants	22	21	36	24	31	28
Department of Education:						
Office of Elementary and Secondary Education:						
School construction			5,000			1,250
America Reads Challenge			200			24
Indian education	50	58	60	75	64	58
Impact aid	693	730	648	945	895	697
Chicago litigation settlement				1	4	4
Education Reform	516	677	1,245	265	676	716
Education for the disadvantaged	5,879	7,670	8,053	7,006	7,219	7,458
School improvement programs	1,145	1,363	1,194	1,140	1,414	1,318
Office of Bilingual Education and Minority Languages Affairs:						
Bilingual and immigrant education	176	262	324	160	212	271
Office of Special Education and Rehabilitative Services:						
Special education	3,007	3,790	3,983	2,991	3,191	3,510
Rehabilitation services and disability research	2,237	2,300	2,371	2,194	2,467	2,411
American printing house for the blind	7	7	7	5	9	7
Office of Vocational and Adult Education:						
Vocational and adult education	1,330	1,466	1,535	1,323	1,573	1,466

Table 9-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(in millions of dollars)

Function, Agency and Program	Budget Authority			Outlays		
	1996 Actual	1997 Estimate	1998 Estimate	1996 Actual	1997 Estimate	1998 Estimate
Office of Postsecondary Education:						
Student financial assistance	31	50		79	44	40
Higher education	32	33	39	29	33	34
Office of Educational Research and Improvement:						
Education research, statistics, and improvement	3	204	55	16	33	147
Department of Health and Human Services:						
Administration for Children and Families:						
State legalization impact assistance grants				-2	2	
Payments to States for the job opportunities and basic skills training program	1,000	1,000		931	324	89
Family preservation and support	225	240	255	126	186	227
Social services block grant	2,381	2,500	2,380	2,484	2,694	2,621
Children and families services programs	4,524	5,096	5,239	4,494	4,781	5,097
Payments to states for foster care and adoption assistance	4,322	4,445	4,311	3,691	3,789	4,071
Administration on Aging:						
Aging services programs	829	830	1,278	818	851	914
Department of the Interior:						
Bureau of Indian Affairs:						
Operation of Indian programs	78	88	93	96	86	74
Department of Labor:						
Employment and Training Administration:						
Training and employment services	2,998	3,513	3,750	3,231	3,459	3,519
Community service employment for older Americans	82	102		101	88	78
Welfare to work jobs			750			600
State unemployment insurance and employment service operations	135	173	192	96	117	165
Federal unemployment benefits and allowances	123	114	119	99	107	110
Unemployment trust fund	995	1,010	1,011	1,082	1,016	1,011
Corporation for National and Community Service:						
Domestic volunteer service programs, Operating expenses	128	136	163	115	132	152
National and community service programs, operating expenses	141	140	209	105	124	163
Corporation for Public Broadcasting:						
Corporation for public broadcasting	92	87	83	92	87	83
National Endowment for the Arts:						
National endowment for the arts: Grants and administration	27	28	35	38	26	28
Institute of Museum and Library Services:						
Office of Museum Services: Grants and administration	5	5	6	5	9	5
Office of Libraries: Grants and administration	126	129	132	156	160	135
Total, education, training, employment, and social services	33,353	38,280	44,756	34,034	35,926	38,600
Health:						
Department of Agriculture:						
Food Safety and Inspection Service:						
Salaries and expenses	41	42	43	41	42	43
Department of Health and Human Services:						
Health Resources and Services Administration:						
Health Resources and Services	1,846	2,147	2,131	2,762	2,007	2,083
Centers for Disease Control and Prevention:						
Disease control, research, and training	615	611	559	701	829	823
Substance Abuse and Mental Health Services Administration:						
Substance abuse and mental health services	1,885	2,184	2,206	2,083	1,905	2,089
Health Care Financing Administration:						
Program management			775			775
Grants to States for Medicaid	82,142	101,212	100,975	91,990	98,542	105,801
Department of Labor:						
Occupational Safety and Health Administration:						
Salaries and expenses	68	77	79	67	76	78
Mine Safety and Health Administration:						
Salaries and expenses	6	6	6	6	6	6
Total, health	86,603	106,279	106,774	97,650	103,407	111,698
Income security:						
Department of Agriculture:						
Agricultural Marketing Service:						
Funds for strengthening markets, income, and supply (section 32)	431	406	461	435	450	417
Rural Housing Service:						
Rural housing for domestic farm labor grants	10	6		18	18	

Table 9-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(in millions of dollars)

Function, Agency and Program	Budget Authority			Outlays		
	1996 Actual	1997 Estimate	1998 Estimate	1996 Actual	1997 Estimate	1998 Estimate
Supervisory and technical assistance grants				1	1	
Rural housing preservation grants	4			8		
Food and Consumer Service:						
Food stamp program	3,108	3,659	4,266	3,030	3,662	4,246
Commodity assistance program	317	307	272	301	342	278
Special supplemental nutrition program for women, infants, and children (WIC)	3,691	3,827	4,105	3,676	3,765	3,986
Child nutrition programs	7,846	8,535	7,672	7,757	8,140	8,372
Department of Health and Human Services:						
Administration for Children and Families:						
Family support payments to States	18,014	6,958	607	16,670	6,426	3,024
Temporary assistance for needy families	111	13,658	16,756		12,365	16,586
Low income home energy assistance	1,080	1,005	1,000	1,067	1,097	996
Refugee and entrant assistance	365	384	350	319	381	358
Payments to States for the child care and development block grant	935	19	1,000	933	959	998
Contingency fund		45	80		23	96
Child care entitlement to States		1,967	2,175		1,592	1,922
Children's research and technical assistance			21			1
Department of Housing and Urban Development:						
Public and Indian Housing Programs:						
Public housing operating fund	2,800		2,900	2,688	1,521	1,421
Annual contributions for assisted housing	6,749			11,939	11,603	8,637
Drug elimination grants for low-income housing	290	320	290	259	210	347
Revitalization of severely distressed public housing projects (HOPE VII)	480	550	524	110	283	409
Public housing capital fund			2,500			13
Housing certificate fund		2,768	7,153		811	3,443
Preserving existing housing investment		5,750			1,532	1,962
Community Planning and Development:						
Emergency shelter grants program				30	6	
Supportive housing program			-6	148	157	144
Homeless assistance grants	823	823	823	186	285	474
Shelter plus care			-4	43	50	50
Home investment partnership program	1,400	1,400	1,309	1,206	1,445	1,440
Youthbuild program			30	41	25	15
Innovative homeless initiatives demonstration program				20	19	17
Housing opportunities for persons with AIDS		196	204		133	165
Housing Programs:						
Congregate services				8	7	7
Section 8 moderate rehabilitation, single room occupancy				21	55	51
Homeownership and opportunity for people everywhere grants (HOPE grants)		-30		63	80	51
Department of Labor:						
Employment and Training Administration:						
Unemployment trust fund	2,311	2,345	2,634	2,298	2,345	2,554
Federal Emergency Management Agency:						
Emergency food and shelter program	100	100	100	100	100	100
Total, income security	50,865	54,998	57,222	53,375	59,888	62,580
Veterans benefits and services:						
Department of Veterans Affairs:						
Veterans Health Administration:						
Medical care	207	232	245	207	232	245
Construction:						
Grants for construction of State extended care facilities	47	47	41	57	44	47
Grants for the construction of State veterans cemeteries	1	1	10	2	3	2
Total, veterans benefits and services	255	280	296	266	279	294
Administration of justice:						
Department of Health and Human Services:						
Administration for Children and Families:						
Violent crime reduction programs	19	17	77	10	15	21
Department of Housing and Urban Development:						
Fair Housing and Equal Opportunity:						
Fair housing activities	30	30	39	32	24	27
Department of Justice:						
Legal Activities:						
Assets forfeiture fund	155	165	175	155	163	172

Table 9-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(in millions of dollars)

Function, Agency and Program	Budget Authority			Outlays		
	1996 Actual	1997 Estimate	1998 Estimate	1996 Actual	1997 Estimate	1998 Estimate
Office of Justice Programs:						
Justice assistance	57	67	96	222	39	137
State and local law enforcement assistance	366	333		137	240	431
Juvenile justice program	126	146	215	52	92	212
Crime victims fund	219	509	168	143	341	276
Violent crime reduction programs	1,808	2,036	2,153	391	852	1,715
Community oriented policing services	1,400	1,420	1,545	313	784	1,693
Department of the Treasury:						
Departmental Offices:						
Department of the Treasury forfeiture fund	60	60	60	54	53	54
Violent crime reduction programs:						
Violent crime reduction programs	8	8	8	7	8	8
Equal Employment Opportunity Commission:						
Salaries and expenses	26	28	27	23	28	27
Ounce of Prevention Council:						
Ounce of prevention council	2	2	9		1	4
State Justice Institute:						
State Justice Institute: Salaries and expenses	4	5	5	8	4	4
Total, administration of justice	4,280	4,826	4,577	1,547	2,644	4,781
General government:						
Department of Agriculture:						
Forest Service:						
Payments to states northern spotted owl guarantee, Forest Service		130	125		130	125
Forest Service permanent appropriations	284	127	127	277	127	127
Defense—Civil:						
Corps of Engineers—Civil:						
Permanent appropriations	6	6	6	6	6	6
Department of Energy:						
Energy Programs:						
Payments to States under Federal Power Act	3	3	3	2	3	3
Department of the Interior:						
Bureau of Land Management:						
Payments in lieu of taxes	114	114	102	113	114	102
Minerals Management Service:						
Mineral leasing and associated payments	454	546	581	454	546	581
United States Fish and Wildlife Service:						
National wildlife refuge fund	20	18	17	17	19	17
Insular Affairs:						
Assistance to territories	73	65	67	58	70	69
Trust Territory of the Pacific Islands				7	9	9
Payments to the United States territories, fiscal assistance	81	83	85	81	83	85
Department of the Treasury:						
Departmental Offices:						
Payment to DC financial responsibility and management assistance authority		12			12	
Bureau of Alcohol, Tobacco and Firearms:						
Internal revenue collections for Puerto Rico	221	230	230	221	230	230
United States Customs Service:						
Miscellaneous permanent appropriations	110	123	127	110	123	127
Commission on National and Community Service:						
Salaries and expenses				6		
District of Columbia:						
Federal payment to the District of Columbia	712	719	150	712	719	150
Total, general government	2,078	2,176	1,620	2,064	2,191	1,631
Total, grants	215,339	249,370	259,407	227,811	244,794	258,845