

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 \$225.0 billion in 1995 and are estimated to increase from \$236.7 billion in 1996 to \$249.3 billion in 1997.

Grant outlays for payments for individuals, such as Medicaid, are estimated to be 63 percent of total grants in 1997; for physical capital investment, 16 percent; and for all other purposes, largely education, training, and social services, 21 percent.

States and localities receive Federal loans and guarantees mostly for the purpose of rural development. Outlays for direct loan and loan guarantee subsidies to State and local governments are estimated to be \$0.2 billion in both 1996 and 1997. 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 most non-business State and local taxes, except sales and excise 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 \$75.2

billion in 1996 and \$78.3 billion in 1997. 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 5-4 in that chapter.

TABLE 9-1. FEDERAL GRANT OUTLAYS BY AGENCY

(in billions of dollars)

Agency	1995 Actual	Estimate	
		1996	1997
Department of Agriculture	16.4	17.6	17.8
Department of Commerce	0.4	0.6	0.6
Department of Education	16.0	17.8	17.5
Department of Energy	0.2	0.2	0.2
Department of Health and Human Services	126.1	132.3	145.4
Department of Housing and Urban Development	22.8	22.0	23.3
Department of Interior	1.8	1.8	1.9
Department of Justice	1.1	2.0	3.5
Department of Labor	7.3	7.4	7.4
Department of Transportation	25.8	26.6	25.5
Department of Treasury	0.4	0.4	0.5
Environmental Protection Agency	2.9	2.8	2.8
Federal Emergency Management Agency	2.0	3.4	3.0
Welfare allowance	0.0	-0.1	-2.1
Other agencies	1.8	1.8	1.9
Total	225.0	236.7	249.3

Federal Grants by Agency

Table 9-1 shows the distribution of grants by agency. Grant outlays for the Department of Health and Human Services are estimated to be \$145.4 billion in 1997, 58 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 smarter, 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.

State and local governments will enjoy an increased level of flexibility under the proposals in this Budget. The Administration supports a fundamental change in the way the Federal Government finances and administers more than six hundred intergovernmental service delivery programs—concentrating on the outcomes, rather than regulating the inputs. Proposed, bipartisan legislation, the Local Empowerment and Flexibility Act, provides State and local governments with the opportunity to coordinate better Federal, State, local, and

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.

nonprofit funds and services, and to request waivers from Federal laws and regulations that impede innovation. Nonetheless, greater responsibility accompanies greater flexibility. Performance-based partnerships will help ensure that State and local governments will be held accountable for not only the results they achieve, but also how these results are achieved.

Medicaid.—Medicaid is the largest grant program and has estimated outlays of \$105.6 billion in 1997. The President's budget proposes reforms to Medicaid that would reduce the rate of growth in Federal spending, while preserving the entitlement to health coverage for the most vulnerable Americans—children, people with disabilities, and the elderly. 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. Special payments to States and facilities to ease the transition into the new Medicaid system would be provided. Finally, the plan gives States unprecedented flexibility to administer their programs more efficiently. For example, the so-called “Boren Amendment” is repealed, eliminating Federal provider payment requirements for hospitals and nursing homes, and States are allowed to mandate enrollment in managed care without having to seek Federal waivers. This initiative is estimated to achieve savings of \$59.0 billion over seven years.

Health Insurance.—States would receive Federal funds to design and administer a program to assist people who lose health coverage if they lose their job. This program would help them purchase coverage for up to six months. The Administration is requesting \$1.5 billion in 1997 for this initiative.

To make insurance more affordable for small businesses, the Federal Government would provide grants to States for technical assistance in designing and implementing voluntary health insurance purchasing cooperatives. These grants would total \$25 million per year beginning in 1997 and continuing through 2001.

Welfare reform.—The budget seeks to move families from welfare to work and to reform a range of related programs. Aid to Families with Dependent Children would be replaced with a work-oriented, time-limited conditional entitlement for cash assistance. States would have broad flexibility in designing programs and could automatically receive increased funding during economic downturns. There would be added funding for child care and work programs. Child support enforcement would be strengthened with new tools for States, and targeting would be improved in a number of programs.

Education.—This budget includes funds to increase the technological literacy of children by proposing to help ensure that all students have access to technology-rich learning environments and to help charter schools meet the specific needs of a community's children. The Administration is requesting \$250 million in budget authority for 1997 and \$2.0 billion over five years for the Technology Literacy Challenge Fund designed to

help State and local communities leverage public and private sector resources necessary to integrate technology into schools. Charter schools would be allowed to customize their curriculum and obtain waivers from State and local rules and regulations in exchange for increasing student achievements. The Administration is requesting \$40 million in budget authority for this initiative for 1997.

Transportation.—Through the use of Federal-aid funds for revolving loans and other non-traditional forms of financial assistance, the State Infrastructure Banks (SIBs) program would provide States with greater flexibility in developing and financing transportation projects. The Administration is requesting \$250 million in funding to capitalize SIBs in 1997.

Training.—Opportunity Areas for Out-of-School Youth would provide grants to selected empowerment zones (EZ), empowerment communities (EC), and other communities meeting EZ/EC criteria in order to reduce significant unemployment among out-of-school youth through employment and training assistance, combined with other Federal assistance. Jobs for Residents will link unemployed youth and adults residing in empowerment zones and empowerment communities with jobs outside those areas. The Administration is requesting \$250 million and \$50 million, respectively, for these proposals.

Housing.—The Administration proposes to consolidate HUD programs into three flexible, performance-based funds. It will award most of the funding by formula in the form of a block grant, but focus on clearly stated national goals. The use of funds by communities will be judged against measures that are consistent with national goals but tailored to the situation of each community. To support this reinvention, HUD will be transformed into a “right-side-up, community-first” agency by creating single points of contact for all major localities. HUD will move much of its staff out of Washington and into the communities to operate as problem-solvers.

Agriculture.—The budget proposes a new, more flexible program for distributing the Department of Agriculture's rural development assistance. The Rural Performance Partnership Program would combine fourteen existing rural development programs into three funding streams: rural utilities, rural community facility infrastructure, and rural businesses. USDA's Rural Economic and Community Development State Directors would have authority to transfer funding among the three funding streams. Using performance measures and incentives, the State Directors would work with State and local governments, and other community-based organizations to direct funds to each State's highest rural economic development priorities. The budget requests \$879 million in budget authority for this initiative for State and local governments and other intermediaries in 1997.

Environment.—The Administration proposes two performance partnerships in the environmental area. One would allow States and tribes to combine several cat-

egorical grants (i.e., grants that specifically address air and water quality, or hazardous waste) and the other proposes to allow States to consolidate the clean water and drinking water State revolving funds. In addition, the budget requests funds for grants to expand and complement the Environmental Protection Agency's "brownfields" initiative to cleanup polluted urban and rural areas.

Additional information on these and other Federal aid proposals are in the 1997 Budget-Supplement vol-

ume. The consolidations noted above are discussed in Chapters 13 and 14, "Improving Government Performance" and "Building on Success." Chapter 6, "Strengthening Health Care," focuses on health issues. Chapter 7, "Making Work Pay," details welfare reforms. Chapter 8, "Investing in Education and Training," discusses increases in assistance to help State and local and community schools. Chapter 9, "Protecting the Environment," discusses environmental issues.

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. 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).

In the 1980s 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 grant outlays of \$166.9 billion or 67 percent of total grant outlays in 1997.

Section B of the Table shows the composition of grants divided into three major categories: payments for individuals, 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. In 1980, they were 36 percent of the total, and by 1995 they had grown to 63 percent of the total.

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 \$89.1 billion in 1995, increasing to an estimated \$105.6 billion in 1997. Family support payments to States (AFDC), 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 for construction of the Interstate Highway System. The relative share of these outlays has declined, as payments for individuals have grown. In 1995, grants for physical capital were 18 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, but declined to 20 percent of total grants in 1995.

Section B of Table 9-2 also shows these three categories in constant dollars. In constant 1987 dollars, total grants increased from \$127.5 billion in 1980 to \$172.7 billion in 1995, an average annual increase of 2.0 percent. From 1980 to 1995, payments for individuals grew from \$46.2 billion to \$106.8 billion, an average annual increase of 5.7 percent; grants for physical capital increased from \$27.7 billion to \$32.8 billion, an average annual increase of 1.1 percent, and other grants decreased from \$53.5 billion to \$33.1 billion, an average annual decrease of 3.2 percent.

Section C of this table shows grants as a percent of Federal outlays, State and local expenditures, and gross domestic product. Grants declined as a percent of total Federal outlays from 15 percent in 1980 to

²Certain 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	4.0	4.0	4.0	4.0	4.1	4.2	4.1
Agriculture	0.2	0.5	0.6	0.4	0.6	2.4	1.3	0.8	0.7	0.7	0.7	0.7	0.6	0.6	0.7
Transportation	3.0	4.1	4.6	5.9	13.0	17.0	19.2	25.8	26.6	24.5	25.0	23.5	21.8	20.6	21.5
Community and regional development	0.1	0.6	1.8	2.8	6.5	5.2	5.0	7.2	9.7	9.1	8.1	7.2	6.1	5.7	5.7
Education, training, employment, and social services	0.5	1.1	6.4	12.1	21.9	17.8	23.4	34.1	36.6	36.4	38.0	39.2	40.4	42.0	43.9
Health	0.2	0.6	3.8	8.8	15.8	24.5	43.9	93.6	99.2	111.2	117.5	122.9	128.4	131.9	136.7
Income security	2.6	3.5	5.8	9.4	18.5	27.2	35.2	55.1	54.9	55.7	56.7	57.8	58.4	59.8	61.0
General government	0.2	0.2	0.5	7.1	8.6	6.8	2.3	2.2	2.2	2.3	2.4	2.7	3.0	3.2	3.4
Other	*	0.1	0.1	0.9	1.2	0.9	1.4	2.0	2.9	5.4	5.6	5.9	6.4	6.4	5.3
Total	7.0	10.9	24.1	49.8	91.4	105.9	135.3	225.0	236.7	249.3	257.9	263.9	269.1	274.4	282.3
B. Composition:															
Current dollars:															
Payments for individuals ¹	2.5	3.7	8.7	16.8	32.6	49.3	75.7	141.2	146.0	156.3	163.0	169.2	175.1	182.9	189.1
Physical capital ¹	3.3	5.0	7.1	10.9	22.5	24.9	27.2	39.6	41.3	40.2	39.5	37.8	35.8	34.0	34.5
Other grants	1.2	2.2	8.3	22.2	36.2	31.6	32.5	44.2	49.3	52.8	55.4	56.8	58.2	57.5	58.7
Total	7.0	10.9	24.1	49.8	91.4	105.9	135.3	225.0	236.7	249.3	257.9	263.9	269.1	274.4	282.3
Percentage of total grants:															
Payments for individuals ¹	35%	34%	36%	34%	36%	47%	56%	63%	62%	63%	63%	64%	65%	67%	67%
Physical capital ¹	47	46	29	22	25	24	20	18	17	16	15	14	13	12	12
Other grants	17	20	34	45	40	30	24	20	21	21	21	22	22	21	21
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Constant (FY 1987) dollars:															
Payments for individuals ¹	9.0	12.5	24.7	35.1	46.2	52.9	66.1	106.8	107.6	111.8	113.3	114.4	115.1	116.9	117.6
Physical capital ¹	13.7	19.5	21.9	20.6	27.7	25.8	24.9	32.8	33.6	31.9	30.6	28.6	26.4	24.5	24.3
Other grants	6.3	9.8	26.9	49.6	53.5	34.1	28.5	33.1	36.1	37.8	38.7	38.8	38.8	37.4	37.3
Total	29.1	41.8	73.6	105.4	127.5	112.9	119.5	172.7	177.3	181.5	182.6	181.8	180.4	178.9	179.2
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%	22%	21%	21%	21%	21%	20%	20%
State and local expenditures	15%	16%	20%	24%	28%	23%	20%	23%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
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%	25%	25%	26%	37%	31%	23%	26%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State and local source financing ...	75	75	75	74	63	69	77	74	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

NA: Not available.

* \$50 million or less.

¹ 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.

11 percent in 1985 and 1990, and are estimated to increase to 15 percent in 1996 and 1997, the same as in 1980. Grants as a percentage of domestic spending are estimated to be 21 percent in 1997.

As a percent of total State and local expenditures, grants have declined from 28 percent in 1980 to 23 percent in 1995.

Section D shows the relative contribution of physical capital grants in assisting States and localities with capital spending. Federal capital grants declined as a percent of State and local capital spending from 37 percent in 1980 to 26 percent in 1995, reflecting restraint in Federal spending and increased capital spending by States and localities financed from their own sources, such as taxes or borrowing.

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."

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.

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.

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 for 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		
	1995 Actual	1996 Estimate	1997 Estimate	1995 Actual	1996 Estimate	1997 Estimate
National defense:						
Department of Defense—Military:						
Military Construction:						
Military construction, Army National Guard	70			4	15	9
Federal Emergency Management Agency:						
Emergency management planning and assistance				64	10	
Total, national defense	70			68	25	9
Energy:						
Department of Energy:						
Energy Programs:						
Energy conservation	268	149	168	240	228	173
Tennessee Valley Authority:						
Tennessee Valley Authority fund	252	254	265	252	254	265
Total, energy	520	403	433	492	482	438
Natural resources and environment:						
Department of Agriculture:						
Natural Resources Conservation Service:						
Resource conservation and development				5	3	2
Watershed and flood prevention operations	39	69	85	244	235	118
Forest Service:						
State and private forestry	103	82	88	103	83	86
Department of Commerce:						
National Oceanic and Atmospheric Administration:						
Operations, research, and facilities	5	3	3	3	1	1
Construction	56	40	32	11	51	56
Coastal zone management fund				-3	8	4
Department of the Interior:						
Bureau of Land Management:						
Miscellaneous permanent payment accounts	81	78	75	163	79	75
Minerals Management Service:						
National forests fund, payment to States	2	2	2	2	2	2
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	48	51	31	53	50
Abandoned mine reclamation fund	138	140	146	160	121	159
Bureau of Reclamation:						
Bureau of reclamation loan subsidy	9	12	13	6	18	13
United States Fish and Wildlife Service:						
Cooperative endangered species conservation fund	9	8	16	7	8	9
Wildlife conservation and appreciation fund	1	1	1	1	1	1
Sport fish restoration	243	266	300	237	228	237
Miscellaneous permanent appropriations	247	240	231	191	207	229
National Park Service:						
Urban park and recreation fund				4	5	3
Land acquisition and State assistance	25	2	2	23	28	20
Historic preservation fund	46	36	38	47	48	41
Everglades restoration fund			80			40
Miscellaneous permanent appropriations		1	1		1	1
Environmental Protection Agency:						
State and tribal assistance grants	1,885	2,863	2,852	2,455	2,500	2,579
Environmental programs and management	456			232	128	55
Abatement, control, and compliance loan subsidy				9	4	2
Hazardous substance superfund	120	120	145	153	153	125
Leaking underground storage tank trust fund	61	41	58	63	43	49

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		
	1995 Actual	1996 Estimate	1997 Estimate	1995 Actual	1996 Estimate	1997 Estimate
Total, natural resources and environment	3,579	4,053	4,220	4,148	4,009	3,958
Agriculture:						
Department of Agriculture:						
Cooperative State Research, Education, and Extension Service:						
Extension activities	439	428	423	435	429	425
Cooperative state research activities	226	222	222	225	231	222
Agricultural Marketing Service:						
Payments to States and possessions	1	1	1	1	1	1
Farm Service Agency:						
State mediation grants	3	2	3	3	2	3
Outreach for socially disadvantaged farmers	3	1	3	1	3	2
Commodity credit corporation fund	115	10	54	115	10	54
Total, agriculture	787	664	706	780	676	707
Commerce and housing credit:						
Department of Commerce:						
National Oceanic and Atmospheric Administration:						
Promote and develop fishery products and research pertaining to American fisheries	5	6	7	2	10	11
National Institute of Standards and Technology:						
Industrial technology services	4	6	6	3	4	4
Total, commerce and housing credit	9	12	13	5	14	15
Transportation:						
Department of Transportation:						
Federal Highway Administration:						
High priority corridors loan subsidy	6			6		
Alameda corridor project loan program			59			21
Orange County (CA) toll road demonstration project subsidy	8					2
Highway-related safety grants		2		9	12	8
Motor carrier safety grants	82	73	89	66	75	79
Federal-aid highways	20,719	17,671	21,720	18,945	19,842	19,090
State infrastructure banks			250			37
Miscellaneous appropriations	321			192	295	175
Miscellaneous highway trust funds	-11			102	97	70
National Highway Traffic Safety Administration:						
Highway traffic safety grants	190	169	185	155	146	165
Federal Railroad Administration:						
Office of the Administrator	3			3		
Local rail freight assistance	10			16	13	11
Alaska railroad rehabilitation		10			4	6
Railroad research and development		6	1	2	6	4
Conrail commuter transition assistance				1	2	13
Northeast corridor high-speed rail infrastructure program	5	1	10		1	5
Federal Transit Administration:						
Research, training, and human resources				2	5	5
Interstate transfer grants-transit	48			152	27	12
Washington metropolitan area transit authority	200	200	200	218	206	159
Formula grants	2,492	2,052	2,152	1,901	2,109	1,972
Transit planning and research	55	54	54	43	45	56
Discretionary grants (trust fund)	1,691	1,665	2,880	2,025	1,978	1,983
Miscellaneous expired accounts				12	14	10
Federal Aviation Administration:						
Grants-in-aid for airports (Airport and airway trust fund)	67	2,214	1,350	1,826	1,622	1,483
Research, engineering and development (Airport and airway trust fund)	41	60	60	33	57	63
Coast Guard:						
Research, development, test, and evaluation	1	1	1	1	1	1
Boat safety	50	60	45	62	43	42
Research and Special Programs Administration:						
Pipeline safety	12	12	14	10	11	14
Emergency preparedness grants	5	6	6	5	6	6
Total, transportation	25,995	24,256	29,076	25,787	26,617	25,492

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		
	1995 Actual	1996 Estimate	1997 Estimate	1995 Actual	1996 Estimate	1997 Estimate
Community and regional development:						
Department of Agriculture:						
Rural Utilities Service:						
Distance learning and medical link grants	8	8	20	6	26	17
Rural water and waste disposal loans subsidy		109	61		86	95
Emergency community water assistance grants	10			15	12	6
Rural water and waste disposal grants	415	331	490	295	379	357
Rural development insurance fund subsidy	212			150		
Rural Housing and Community Development Service:						
Rural community facility loans subsidy		42	13		27	20
Rural community fire protection grants	3	2	2	3	3	2
Rural Business and Cooperative Development Service:						
Rural technology and cooperative development grants	2	2	3		1	2
Rural business and industry loans subsidy		6	7		6	7
Rural business enterprise grants	34	32	32	23	29	31
Department of Commerce:						
Economic Development Administration:						
Economic development assistance programs	431	339	334	322	441	417
Department of Housing and Urban Development:						
Community Planning and Development:						
Community development grants fund	4,819	4,600	4,900	4,333	5,093	4,931
Urban development action grants	-18			20	37	30
Supplemental assistance for facilities to assist the homeless				8	6	3
Community development loan guarantees subsidy		33	47		17	40
Department of the Interior:						
Bureau of Indian Affairs:						
Operation of Indian programs	91	101	102	91	93	111
Indian direct loan subsidy	1			1		
Indian guaranteed loan subsidy	10	5	5	9	10	6
Appalachian Regional Commission:						
Appalachian regional development programs	266	164	164	182	170	192
Federal Emergency Management Agency:						
Emergency management planning and assistance	124	122	125	79	112	124
Disaster relief	2,874	2,798	256	1,693	3,142	2,735
Total, community and regional development	9,282	8,694	6,561	7,230	9,690	9,126
Education, training, employment, and social services:						
Department of Commerce:						
National Telecommunications and Information Administration:						
Public broadcasting facilities, planning and construction	19	8	8	15	28	21
Information infrastructure grants	37	50	56	9	31	44
Department of Education:						
Office of Elementary and Secondary Education:						
Indian education	78	59	79	69	75	66
Impact aid	728	660	614	803	808	687
Chicago litigation settlement				6	7	5
Education Reform	487	671	691	60	530	647
Education for the disadvantaged	7,173	7,302	7,662	6,785	7,098	7,423
School improvement programs	1,226	1,217	1,304	1,288	1,473	1,268
Office of Bilingual Education and Minority Languages Affairs:						
Bilingual and immigrant education	179	134	234	189	200	159
Office of Special Education and Rehabilitative Services:						
Special education	3,006	3,343	3,336	2,938	3,511	3,281
Rehabilitation services and disability research	2,171	2,227	2,296	2,113	2,359	2,381
American printing house for the blind	7	6	6	7	6	6
Office of Vocational and Adult Education:						
Vocational and adult education	1,364	1,368	1,393	1,449	1,481	1,413
Office of Postsecondary Education:						
Student financial assistance	63			82	76	3
Higher education	33	27	159	35	30	45
Office of Educational Research and Improvement:						
Libraries	133	108	110	109	155	117
Education research, statistics, and improvement	17	13	260	22	21	44
Department of Health and Human Services:						
Administration for Children and Families:						
State legalization impact assistance grants	195			358	3	1

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		
	1995 Actual	1996 Estimate	1997 Estimate	1995 Actual	1996 Estimate	1997 Estimate
Payments to States for the job opportunities and basic skills training program	1,300	1,000	1,000	953	959	988
Family preservation and support	150	225	240	38	132	201
Social services block grant	2,800	2,800	2,800	2,797	3,183	2,839
Children and families services programs	4,604	4,298	4,967	4,463	4,528	4,574
Payments to states for foster care and adoption assistance	3,597	4,322	4,445	3,244	3,740	4,144
Administration on Aging:						
Aging services programs	877	828	1,328	951	776	1,006
Department of the Interior:						
Bureau of Indian Affairs:						
Operation of Indian programs	88	84	89	88	80	83
Department of Labor:						
Employment and Training Administration:						
Training and employment services	2,764	3,251	3,880	3,620	3,618	3,513
Community service employment for older Americans	87	77	.....	77	82	78
State unemployment insurance and employment service operations	127	150	176	34	132	140
Federal unemployment benefits and allowances	101	101	114	103	95	121
Unemployment trust fund	1,103	1,004	1,029	1,080	1,065	1,012
Corporation for National and Community Service:						
Domestic volunteer service programs, operating expenses	136	116	176	140	121	166
National and community service programs, operating expenses	84	86	98	52	82	92
Corporation for Public Broadcasting:						
Corporation for public broadcasting	95	92	87	95	92	87
National Endowment for the Arts:						
National endowment for the arts: Grants and administration	44	35	37	45	38	36
Institute of Museum Services:						
Institute of Museum Services: Grants and administration	7	5	5	8	9	5
Allowances:						
Welfare reform .....	.....	-70	-280	.....	-63	-259
Total, education, training, employment, and social services	34,880	35,597	38,399	34,125	36,561	36,437
Health:						
Department of Agriculture:						
Food Safety and Inspection Service:						
Salaries and expenses	41	40	42	41	40	41
Department of Health and Human Services:						
Health Resources and Services Administration:						
Health Resources and Services	1,756	1,692	1,782	1,435	1,530	1,518
Centers for Disease Control and Prevention:						
Disease control, research, and training	602	621	1,127	521	594	767
Substance Abuse and Mental Health Services Administration:						
Substance abuse and mental health services	2,195	1,854	2,098	2,444	2,105	2,024
Health Care Financing Administration:						
Grants for cooperatives/health insurance for the temporarily unemployed .....	.....	.....	1,544	.....	.....	1,544
Grants to States for Medicaid	89,241	83,252	104,470	89,070	94,892	105,571
Department of Labor:						
Occupational Safety and Health Administration:						
Salaries and expenses	71	71	73	70	69	73
Mine Safety and Health Administration:						
Salaries and expenses	6	6	6	6	6	6
Allowances:						
Welfare reform .....	.....	-63	-327	.....	-63	-327
Total, health	93,912	87,473	110,815	93,587	99,173	111,217
Income security:						
Department of Agriculture:						
Agricultural Marketing Service:						
Funds for strengthening markets, income, and supply (section 32)	461	431	400	480	431	400
Rural Housing and Community Development Service:						
Rural housing for domestic farm labor grants	11	10	10	11	26	19
Supervisory and technical assistance grants .....	.....	.....	.....	.....	1	1
Rural housing preservation grants	7	4	4	7	8	5
Food and Consumer Service:						
Food donations programs for selected groups	183	215	65	209	217	91
Food stamp program	2,925	2,976	3,089	2,740	3,061	3,084
Commodity assistance program	190	166	172	194	166	186

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		
	1995 Actual	1996 Estimate	1997 Estimate	1995 Actual	1996 Estimate	1997 Estimate
Special supplemental nutrition program for women, infants, and children (WIC)	3,447	3,691	3,877	3,401	3,684	3,823
State child nutrition programs	7,365	7,846	8,559	7,387	8,111	8,445
Department of Health and Human Services:						
Administration for Children and Families:						
Family support payments to States	17,491	17,094	18,101	17,133	17,366	17,956
Low income home energy assistance	1,419	1,000	1,000	1,419	1,252	1,025
Refugee and entrant assistance	358	357	337	346	352	344
Payments to States for the child care and development block grant	935	935	1,049	933	935	946
Department of Housing and Urban Development:						
Public and Indian Housing Programs:						
Public housing operating fund	2,900	2,900	2,900	2,762	2,874	2,894
Drug elimination grants for low-income housing	290	290	290	178	180	308
Revitalization of severely distressed public housing projects	500	500	650	31	128	283
Housing certificate fund			290			29
Public housing capital fund			3,200			4,276
Community Planning and Development:						
Emergency shelter grants program				84	35	1
Supportive housing program				115	158	157
Homeless assistance fund	1,120	823	1,120	12	198	412
Shelter plus care				17	50	50
Home fund	1,400	1,400	1,550	1,179	1,240	1,401
Youthbuild program	40			20	21	18
Innovative homeless initiatives demonstration program				17	19	19
Housing opportunities for persons with AIDS			171			138
Housing Programs:						
Annual contributions for assisted housing	5,666	7,220	3,652	13,903	11,776	8,107
Congregate services	-12			6	9	9
Section 8 moderate rehabilitation, single room occupancy				17	41	51
Homeownership and opportunity for people everywhere grants (HOPE grants)	62			75	96	87
Department of Labor:						
Employment and Training Administration:						
Unemployment trust fund	2,317	2,376	2,565	2,317	2,308	2,497
Federal Emergency Management Agency:						
Emergency food and shelter program	130	100	100	130	100	100
Allowances:						
Welfare reform		68	-1,526		66	-1,472
Total, income security	49,205	50,402	51,625	55,123	54,909	55,690
Veterans benefits and services:						
Department of Veterans Affairs:						
Veterans Health Administration:						
Medical care	186	208	232	186	208	232
Construction:						
Grants for construction of State extended care facilities	47	47	40	64	41	44
Grants for the construction of State veterans cemeteries	5	1	1	3	5	3
Total, veterans benefits and services	238	256	273	253	254	279
Administration of justice:						
Department of Housing and Urban Development:						
Public and Indian Housing Programs:						
Violent crime reduction programs			3			3
Fair Housing and Equal Opportunity:						
Fair housing activities	33	30	33	27	21	29
Department of Justice:						
General Administration:						
Community oriented policing services	1,100	1,803	1,976	45	638	1,542
Legal Activities:						
Assets forfeiture fund	224	205	205	224	205	205
Office of Justice Programs:						
Justice assistance	58	58	62	571	43	101
State and local law enforcement assistance	289	388		19	144	250
Juvenile justice program	128	128	127	7	55	124
Crime victims fund	178	230	164	137	201	134
Violent crime reduction programs	742	1,405	1,924	74	743	1,158

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		
	1995 Actual	1996 Estimate	1997 Estimate	1995 Actual	1996 Estimate	1997 Estimate
Department of Transportation:						
Federal Transit Administration:						
Violent crime reduction programs			10			1
Department of the Treasury:						
Departmental Offices:						
Department of the Treasury forfeiture fund	81	86	86	77	54	71
Violent crime reduction programs:						
Violent crime reduction programs	9	7	7	3	7	7
Equal Employment Opportunity Commission:						
Salaries and expenses	26	26	28	26	26	28
Ounce of Prevention Council:						
Ounce of prevention council	2	2	8			2
State Justice Institute:						
State Justice Institute: Salaries and expenses	12	5	5	12	5	1
Total, administration of justice	2,882	4,373	4,638	1,222	2,142	3,656
General government:						
Department of Agriculture:						
Forest Service:						
Forest Service permanent appropriations	86	295	291	320	295	291
Department of Defense—Civil:						
Corps of Engineers—Civil:						
Permanent appropriations	5	6	6	5	6	6
Department of Energy:						
Energy Programs:						
Payments to States under Federal Power Act	2	2	2	3	2	2
Department of the Interior:						
Bureau of Land Management:						
Payments in lieu of taxes	101	100	102	101	100	102
Minerals Management Service:						
Mineral leasing and associated payments	474	508	515	474	508	515
United States Fish and Wildlife Service:						
National wildlife refuge fund	19	18	18	20	18	18
Insular Affairs:						
Assistance to territories	78	67	67	60	70	66
Trust Territory of the Pacific Islands	-12			23	2	2
Payments to the United States territories, fiscal assistance	83	84	86	83	84	86
Department of the Treasury:						
Bureau of Alcohol, Tobacco and Firearms:						
Internal revenue collections for Puerto Rico	206	232	297	206	232	297
United States Customs Service:						
Miscellaneous permanent appropriations	138	149	153	135	149	153
Commission on National and Community Service:						
Salaries and expenses				28		
District of Columbia:						
Federal payment to the District of Columbia	712	712	770	714	712	770
Total, general government	1,892	2,173	2,307	2,172	2,178	2,308
Total, grants	223,251	218,356	249,066	224,992	236,730	249,332