

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 \$246.1 billion in 1998 and are estimated to increase to \$262.2 billion in 1999 and \$283.5 billion in 2000.

Grant outlays for payments for individuals, such as Medicaid, are estimated to be 62 percent of total grants in 2000; for physical capital investment, 17 percent; and for all other purposes, largely education, training, and social services, 21 percent.

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 \$73.4 billion in 1999 and \$76.9 billion in 2000. 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 provi-

sions, 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	1998 actual	Estimate	
		1999	2000
Department of Agriculture	18.5	19.4	19.6
Department of Commerce	0.5	0.5	0.6
Department of Education	18.1	18.7	21.4
Department of Energy	0.2	0.2	0.2
Department of Health and Human Services	138.8	149.1	160.2
Department of Housing and Urban Development	24.3	23.5	24.6
Department of the Interior	1.9	2.3	2.2
Department of Justice	3.5	3.6	5.5
Department of Labor	7.2	8.5	9.3
Department of Transportation	26.1	29.1	31.6
Department of the Treasury	0.4	0.4	0.4
Department of Veterans Affairs	0.3	0.3	0.4
Environmental Protection Agency	2.7	3.0	3.4
Federal Emergency Management Agency	1.9	2.3	2.5
Other agencies	1.7	1.5	1.4
Total	246.1	262.2	283.5

Table 9-1 shows the distribution of grants by agency. Grant outlays for the Department of Health and Human Services are estimated to be \$160.2 billion in 2000, 57 percent of total grants, more than five times as much as 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, Federal 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 increase access to health care, to increase child care assistance for low-income families, to help States recruit new teachers and reduce class sizes, to encourage economic re-vitalization, and to protect the environment and encourage "smart-growth." Additional information

¹Federal 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.

on these and other proposals can be found in the main budget volume.

Medicaid.—Medicaid is the largest grant program. Outlays for Medicaid are projected to be \$114.7 billion in 2000. The Administration proposes to give States the option of expanding Medicaid eligibility for people who need nursing home care but choose to live in the community. Capital grants would be available for the conversion of elderly housing projects to assisted living facilities where States agree to provide new Medicaid home and community based services at those facilities. The budget also proposes to give States increased flexibility to set higher income and resource standards for people with disabilities, and to adopt more generous income and resource standards to cover individuals who no longer meet disability criteria because of medical improvement. The Administration would also restore Medicaid eligibility to three vulnerable groups of legal immigrants: children, pregnant women, and the disabled. The budget also would enable States to increase spending outreach to eligible children.

Other health.—The Children's Health Insurance Program, with projected grant budget authority of \$4.2 billion in 2000, extends health insurance coverage to as many as 5 million uninsured children. The budget seeks to expand coverage to qualified legal immigrant children who entered the United States after the enactment of welfare reform. In addition, \$144 million in increased funding for Puerto Rico and the other four territories is requested.

Energy.—The budget includes \$191 million in budget authority for energy conservation grants to States, the same as requested in 1999. Of this amount, \$154 million is for the Weatherization Assistance Program, which will help to weatherize about 77,000 low-income homes. The remaining \$37 million is for the State Energy Program, which assists States in supporting innovative energy conservation projects and energy efficient improvements to State and municipal buildings.

Education.—The budget includes \$7.9 billion in outlays for Title I grants to school districts to help them provide educational services to over 12 million children in poor communities. Title I provides funds to raise the educational achievement of disadvantaged children. The budget proposes \$5.3 billion for Head Start in 2000. The funding would add 35 thousand pre-school slots and 7,000 Early Head Start slots in 2000 to the 835,000 low income children who will be served by Head Start in 1999.

The budget would also provide \$1.4 billion to help schools recruit, hire and train 100,000 new teachers by 2005 and reduce class size to an average of 18 students in the early grades.

Training.—The budget proposes \$1.6 billion to fund the dislocated worker assistance program to provide re-adjustment services, job search assistance, training, and other services to help dislocated workers, including those displaced by trade and related causes, find new jobs as quickly as possible.

Welfare-to-work.—To help reach the Temporary Assistance for Needy Families program's employment goal for the most severely disadvantaged welfare recipients, the budget includes \$1.0 billion in budget authority for 2000 to continue the program, and to provide non-custodial parents of children on welfare the work and employment services they need to help them contribute to the support of their children.

Transportation.—The budget includes more than \$31.6 billion in outlays for transportation grants to States and local governments in 2000. Of this amount, grants to maintain and improve surface transportation infrastructure include \$25.8 billion in outlays for highways and \$4.0 billion in outlays for mass transit. In addition \$1.8 billion in outlays are proposed for grants to improve the Nation's airports.

Agriculture.—The budget includes \$30 million in mandatory grants to State universities and other agricultural research entities through the Fund for Rural America (an additional \$30 million from the Fund will be available for rural development programs). Research, extension and education grants are provided to improve international competitiveness and profitability of producers, reduce economic and health risks, develop new crops, and preserve plant and animal germ-plasm.

Community and regional development.—The budget proposes additional funding for the new Empowerment Zones and Enterprise Communities (EZ/ECs) announced in January 1999. The additional funding would be used to stimulate the public-private partnerships needed for large scale job creation. Funding for several mandatory initiatives is proposed for 2000: \$105 million for urban Empowerment Zones; \$45 million for Strategic Planning Communities; \$10 million for rural Empowerment Zones; and \$5 million for rural Enterprise Communities.

The budget also includes \$10 million for the Department of Housing and Urban Development's Planning/Implementation Grants and \$10 million for technical assistance to urban EZ/ECs. The original EZ/ECs have already proven successful in leveraging private sector funds and promoting economic opportunity and community-wide revitalization. In addition, the Brownfields Redevelopment Initiative would be extended to allow cities to clean up polluted sites, returning them to productive uses that create jobs and address the economic development needs of communities in and around those sites.

The budget includes a new Department of Agriculture program to provide \$5 million for partnership technical assistance grants to help rural communities develop comprehensive strategies for revitalization and better coordinate Federal assistance.

Rural development.—The Administration proposes to give States, localities, and tribes more flexibility in how they use the Department of Agriculture's (USDA) Rural Development grants and loans for businesses, water and wastewater facilities, and community facilities such as day care centers and health clinics. The 1996 Farm Bill authorized this approach through a new Rural

Community Assistance Program (RCAP), combining 12 separate USDA programs into a Performance Partnership that can tailor assistance to the unique economic development needs of each rural community. The budget proposes \$3.0 billion in loans and grants for RCAP, 9 percent more than in 1999, and the full flexibility that the 1996 Farm Bill envisioned.

Environment.—The budget proposes \$825 million in capitalization grants for Drinking Water State Revolving Funds (SRFs), which make low-interest loans to help municipalities meet the requirements of the Safe Drinking Water Act Amendments. These funds help ensure that Americans have safe, clean, drinking water. In addition, \$800 million in capitalization grants are proposed for Clean Water SRFs to help municipalities reduce beach closure and keep waterways safe and clean. The budget also includes \$200 million for the Clean Air Partnership Fund, which would finance demonstration projects that achieve early air pollution and greenhouse gas emission reductions.

In addition, the budget includes a new \$200 million program to provide grants to States, tribes, and local-

ities, to acquire lands and easements in support of the Lands Legacy Initiative, including open space, wildlife habitat, urban parks, outdoor recreation, greenways, and coastal wetlands. The Land and Water Conservation Fund (LWCF) State grants program, which has not been funded since 1995, would be re-engineered for the next century as a tool for smart growth and open space preservation. It would include a new State planning grants program and be designed to work with the Department of Housing and Urban Development's "Regional Connections" proposal. The program would be administered by the Interior Department, which would award competitive matching grants.

The budget also includes \$100 million in budget authority for the new Pacific Coastal Salmon Recovery fund to help share the costs of state, tribal and local initiatives to recover coastal salmon runs in Washington, Oregon, California and Alaska. The fund will be administered through Commerce's National Oceanic and Atmospheric Administration, and will make grants that match non-Federal contributions dollar for dollar.

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, and the veterans benefits and services 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 reflect 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; income security; education, training, employment, and social services; and transportation, with combined estimated grant outlays of \$260 billion or 92 percent of estimated total grant outlays in 2000.

An increase in funding for grants overall since 1990 has been driven by increases in grants for health, which increased by more than 175 percent from \$43.9 billion in 1990 to an estimated \$121.8 billion in 2000. The income security; education, training, employment, and social services; and transportation functions also increased substantially, but at a slower rate than the increase for health.

Section B of the Table shows the distribution of grants divided into mandatory and discretionary spending.

Funding for grant programs classified as mandatory occurs in authorizing legislation. Funding levels for mandatory programs can only be changed by changing eligibility criteria or benefit formulas established in law and are not subject to the annual appropriations process. Outlays for mandatory grant programs are estimated to be \$167.6 billion in 2000. The three largest mandatory grant programs are Medicaid, with estimated outlays of \$114.7 billion in 2000, Temporary Assistance to Needy Families, \$14.1 billion in 2000, and Food Stamp grants for State administration and Child nutrition programs, with combined outlays of \$12.7 billion in 2000.

The funding level for discretionary grant programs is subject to approval by Congress annually through

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	1998	1999	2000	2001	2002	2003	2004
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	3.8	4.3	4.8	5.2	4.9	4.9	4.9
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	0.7	0.7	0.7
Transportation	3.0	4.1	4.6	5.9	13.0	17.0	19.2	25.8	26.1	29.1	31.6	33.9	34.3	35.2	36.2
Community and regional development	0.1	0.6	1.8	2.8	6.5	5.2	5.0	7.2	7.7	8.7	8.8	8.5	8.0	7.8	7.6
Education, training, employment, and social services ..	0.5	1.1	6.4	12.1	21.9	17.8	23.4	34.1	36.5	38.9	43.8	45.9	46.0	46.3	47.0
Health	0.2	0.6	3.8	8.8	15.8	24.5	43.9	93.6	105.8	114.8	121.8	131.0	140.7	151.6	163.1
Income security	2.6	3.5	5.8	9.4	18.5	27.2	35.2	55.1	58.9	59.0	63.3	66.8	68.5	70.1	72.2
General government	0.2	0.2	0.5	7.1	8.6	6.8	2.3	2.2	2.2	2.0	1.9	1.9	1.9	1.9	2.0
Justice	0.0	0.0	0.0	0.7	0.5	0.1	0.6	1.2	3.7	3.8	5.8	6.0	4.3	4.2	4.2
Other	0.0	0.1	0.1	0.2	0.7	0.8	0.8	0.8	0.7	0.8	0.9	0.9	0.9	0.9	0.9
Total	7.0	10.9	24.1	49.8	91.4	105.9	135.3	225.0	246.1	262.2	283.5	300.7	310.3	323.6	338.8
B. Distribution of Grants by BEA Category:															
Discretionary	NA	2.9	10.2	21.0	53.3	55.5	63.3	94.0	101.2	105.3	115.9	122.0	119.7	119.9	120.3
Mandatory	NA	8.0	13.9	28.8	38.1	50.4	72.0	131.0	144.9	156.9	167.6	178.7	190.6	203.7	218.5
Total	7.0	10.9	24.1	49.8	91.4	105.9	135.3	225.0	246.1	262.2	283.5	300.7	310.3	323.6	338.8
C. Composition:															
Current dollars:															
Payments for individuals ¹	2.5	3.7	8.7	16.8	32.6	49.3	75.7	141.2	155.9	164.2	174.9	186.2	197.4	209.9	223.4
Physical capital ¹	3.3	5.0	7.1	10.9	22.6	24.9	27.2	39.6	41.1	44.9	48.4	51.6	52.2	53.1	54.1
Other grants	1.2	2.2	8.3	22.2	36.2	31.6	32.5	44.2	49.1	53.0	60.2	62.9	60.7	60.6	61.2
Total	7.0	10.9	24.1	49.8	91.4	105.9	135.3	225.0	246.1	262.2	283.5	300.7	310.3	323.6	338.8
Percentage of total grants:															
Payments for individuals ¹	35%	34%	36%	34%	36%	47%	56%	63%	63%	63%	62%	62%	64%	65%	66%
Physical capital ¹	47%	46%	29%	22%	25%	24%	20%	18%	17%	17%	17%	17%	17%	16%	16%
Other grants	17%	20%	34%	45%	40%	30%	24%	20%	20%	20%	21%	21%	20%	19%	18%
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	130.8	136.5	141.1	146.9	152.9	158.5	164.7	171.4
Physical capital ¹	15.0	21.3	23.8	22.3	33.6	29.5	28.0	36.7	36.0	38.7	40.8	42.4	41.9	41.7	41.4
Other grants	7.7	11.9	33.1	61.3	65.4	40.9	34.9	40.9	42.7	45.3	50.3	51.4	48.4	47.2	46.5
Total	33.4	48.2	86.9	126.6	155.7	135.6	144.7	208.5	215.2	225.2	238.0	246.7	248.8	253.6	259.4
D. Total grants as a percent of:															
Federal outlays:															
Total	8%	9%	12%	15%	15%	11%	11%	15%	15%	15%	16%	17%	17%	17%	17%
Domestic programs ²	18%	18%	23%	22%	22%	18%	17%	22%	21%	21%	22%	22%	23%	23%	23%
State and local expenditures	19%	20%	24%	27%	31%	25%	21%	25%	25%	NA	NA	NA	NA	NA	NA
Gross domestic product	1%	2%	2%	3%	3%	3%	2%	3%	3%	3%	3%	3%	3%	3%	3%
E. As a share of total State and local capital spending:															
Federal capital grants	25%	26%	26%	26%	36%	31%	23%	27%	23%	NA	NA	NA	NA	NA	NA
State and local source financing	75%	74%	74%	74%	64%	69%	77%	73%	77%	NA	NA	NA	NA	NA	NA
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	NA	NA	NA	NA	NA	NA

NA = Not available.

^{*}0.5 percent or less.

¹Grants that are both payments for individuals and capital investment are shown under capital investment.

²Excludes national defense, international affairs, net interest, and undistributed offsetting receipts

appropriations acts. Outlays for discretionary grant programs are estimated to be \$115.9 billion in 2000. The three largest discretionary grant programs are Federal-aid for highways (\$23.6 billion in 2000), education for the disadvantaged (\$7.9 billion in 2000), and Head Start and other children and family services programs (\$8.6 billion in 2000). Table 9-3. "Federal Grants To State And Local Governments" at the end of this chapter identifies discretionary and mandatory grant pro-

grams separately. For more information on the Budget Enforcement Act and these categories, see Chapter 23. "Budget System and Concepts and Glossary" in this volume.

Section C 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. While payments for individuals will comprise 62 percent of grants in 2000, they are estimated to continue to increase, making up an estimated 66 percent of the total by 2004.

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 \$101.2 billion in 1998, increasing to \$114.7 billion in 2000. 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 for construction of the Interstate Highway System. The relative share of these outlays has declined, as payments for individuals have grown. In 2000, grants for physical capital are estimated to be 17 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 21 percent of total grants in 2000.

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

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.

Section C 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 \$238.0 billion in 2000, an average annual increase of 5.1 percent. Grants for payments to individuals increase from \$81.9 billion in 1990 to an estimated \$146.9 billion in 2000, an average annual increase of 6.0 percent; grants for physical capital increase from \$28.0 billion in 1990 to an estimated \$40.8 billion in 2000, an average annual increase of 3.8 percent, and other grants increased from \$34.9 billion in 1990 to an estimated \$50.3 billion in 2000, an average annual increase of 3.7 percent.

The real growth in grants during the 1990s is in contrast to the 1980s. During the period between 1980 and 1990, outlays for grants in constant 1992 dollars actually decreased from \$155.7 billion in 1980 to \$144.7 billion in 1990.

Section D 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 16 percent in 2000. Grants as a percentage of domestic spending are estimated to be 22 percent in 2000.

As a percentage of total State and local expenditures, grants have increased from 21 percent in 1990 to 25 percent in 1998.

Section E shows the relative contribution of physical capital grants in assisting States and localities with capital spending. After a slight increase to 27 percent of State and local capital spending in 1995, Federal capital grants have declined to be 23 percent of State and local spending in 1998, the same percentage as in 1990.

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 16, "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 gov-

ernments. 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.

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. This table displays discretionary and mandatory grant programs separately.

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

(in millions of dollars)

Function, Category, Agency and Program	Budget Authority			Outlays		
	1998 Actual	1999 Estimate	2000 Estimate	1998 Actual	1999 Estimate	2000 Estimate
NATIONAL DEFENSE						
Discretionary:						
Department of Defense—Military:						
Military Construction:						
Military construction, Army National Guard				5	3	
Federal Emergency Management Agency:						
Emergency management planning and assistance				7		
Total, discretionary				12	3	
Total, national defense				12	3	
ENERGY						
Discretionary:						
Department of Energy:						
Energy Programs:						
Energy conservation	155	166	191	160	158	172
Total, discretionary	155	166	191	160	158	172
Mandatory:						
Tennessee Valley Authority:						
Tennessee Valley Authority fund	264	298	313	264	298	313
Total, mandatory	264	298	313	264	298	313
Total, energy	419	464	504	424	456	485
NATURAL RESOURCES AND ENVIRONMENT						
Discretionary:						
Department of Agriculture:						
Natural Resources Conservation Service:						
Resource conservation and development				1	1	1
Watershed and flood prevention operations	43	27	22	63	93	62
Forest Service:						
State and private forestry	103	79	172	96	78	159
Management of national forest lands for subsistence uses		3				3
Department of Commerce:						
National Oceanic and Atmospheric Administration:						
Operations, research, and facilities	88	103	127	70	81	102
Pacific coastal salmon recovery			100			62
Department of the Interior:						
Office of Surface Mining Reclamation and Enforcement:						
Regulation and technology	47	51	51	50	50	50
Abandoned mine reclamation fund	168	170	195	188	134	138
Bureau of Reclamation:						
Bureau of reclamation loan subsidy	10	11	12	19	13	10
United States Fish and Wildlife Service:						
Cooperative endangered species conservation fund	14	14	80	12	14	21
Wildlife conservation and appreciation fund	1	1	1	1	1	1
Miscellaneous permanent appropriations	2	2	2	2	2	2
National Park Service:						
Urban park and recreation fund			4	1	2	4
Historic preservation fund	41	72	81	40	54	67
Conservation grants and planning assistance			200			80

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

(in millions of dollars)

Function, Category, Agency and Program	Budget Authority			Outlays		
	1998 Actual	1999 Estimate	2000 Estimate	1998 Actual	1999 Estimate	2000 Estimate
Environmental Protection Agency:						
State and Tribal Assistance Grants	3,213	3,407	2,838	2,597	2,800	3,140
Hazardous substance superfund	206	195	335	95	113	230
Leaking underground storage tank trust fund	56	61	61	54	59	62
Total, discretionary	3,992	4,196	4,281	3,289	3,495	4,194
Mandatory:						
Department of the Interior:						
Bureau of Land Management:						
Miscellaneous permanent payment accounts	71	120	130	71	120	101
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
United States Fish and Wildlife Service:						
Federal aid in wildlife restoration	193	199	212	210	211	200
Sport fish restoration	310	261	324	251	285	298
National Park Service:						
Other permanent appropriations						
Departmental Management:						
Everglades watershed protection				4	160	
Everglades restoration account		1	1		1	1
Total, mandatory	578	585	671	540	781	604
Total, natural resources and environment	4,570	4,781	4,952	3,829	4,276	4,798
AGRICULTURE						
Discretionary:						
Department of Agriculture:						
Departmental Administration:						
Outreach for socially disadvantaged farmers	3	3	10	1	7	10
Cooperative State Research, Education, and Extension Service:						
Extension activities	423	438	402	413	430	424
Research and education activities	222	237	163	219	221	217
Integrated activities			17			2
Agricultural Marketing Service:						
Payments to States and possessions	1	1	1	1	1	1
Farm Service Agency:						
State mediation grants	2	4	4	3	2	3
Total, discretionary	651	683	597	637	661	657
Mandatory:						
Department of Agriculture:						
Office of the Secretary:						
Fund for rural America		30		6	12	9
Farm Service Agency:						
Commodity credit corporation fund	25	73	20	25	73	20
Total, mandatory	25	103	20	31	85	29
Total, agriculture	676	786	617	668	746	686
COMMERCE AND HOUSING CREDIT						
Mandatory:						
Department of Commerce:						
National Oceanic and Atmospheric Administration:						
Promote and develop fishery products and research pertaining to American fisheries ...	3	3	2	9	8	4
Total, mandatory	3	3	2	9	8	4
Total, commerce and housing credit	3	3	2	9	8	4

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

(in millions of dollars)

Function, Category, Agency and Program	Budget Authority			Outlays		
	1998 Actual	1999 Estimate	2000 Estimate	1998 Actual	1999 Estimate	2000 Estimate
TRANSPORTATION						
Discretionary:						
Department of Transportation:						
Coast Guard:						
Boat safety	35			32	15	6
Federal Aviation Administration:						
Grants-in-aid for airports (Airport and airway trust fund)	1,640	2,322	1,600	1,511	1,670	1,750
Federal Highway Administration:						
State infrastructure banks				64	37	17
Appalachian development highway system	300	132		73	150	113
Highway-related safety grants				3	2	
National motor carrier safety grants program	84	100	105	73	95	101
Federal-aid highways	23,724	28,249	29,834	18,265	21,151	23,647
Miscellaneous appropriations				111	134	156
Miscellaneous highway trust funds				46	60	43
National Highway Traffic Safety Administration:						
Highway traffic safety grants	178	190	197	146	187	199
Federal Railroad Administration:						
Emergency railroad rehabilitation and repair	10			14	14	
Alameda Corridor direct loan financing program				21	18	
Local rail freight assistance				4	6	
Alaska railroad rehabilitation	15	38		9	24	23
Railroad research and development	1	1		1	1	
Conrail commuter transition assistance				5	9	2
Federal Transit Administration:						
Research, training, and human resources				1	3	2
Job Access and Reverse Commute Grants		75	150		4	23
Interstate transfer grants-transit				3	14	6
Washington metropolitan area transit authority	200	50		184	207	142
Formula grants	2,500	2,799	3,310	2,079	2,069	2,027
Capital Investment Grants		2,307	2,451		115	630
Transit planning and research	68	80	88	76	75	82
Discretionary grants (Highway trust fund, Mass transit account)	2,000	-392		1,875	1,459	1,144
Miscellaneous expired accounts				3		
Research and Special Programs Administration:						
Research and special programs	1				1	
Pipeline safety	13	15	16	13	14	15
Total, discretionary	30,769	35,966	37,751	24,612	27,534	30,128
Mandatory:						
Department of Transportation:						
Federal Highway Administration:						
Federal-aid highways	754	739	739	1,526	1,597	1,497
Research and Special Programs Administration:						
Emergency preparedness grants	7	7	13	6	6	7
Total, mandatory	761	746	752	1,532	1,603	1,504
Total, transportation	31,530	36,712	38,503	26,144	29,137	31,632
COMMUNITY AND REGIONAL DEVELOPMENT						
Discretionary:						
Department of Agriculture:						
Rural Development:						
Rural community advancement program	581	732	599	569	748	676
Rural Utilities Service:						
Distance learning and telemedicine program	11	11	21	8	14	22
Rural Housing Service:						
Rural community fire protection grants	2			3	2	
Rural Business—Cooperative Service:						
Rural cooperative development grants	3	3	9	2	4	4
Forest Service:						
Southeast Alaska economic disaster fund				20	20	13
Department of Commerce:						
Economic Development Administration:						
Economic development assistance programs	342	387	365	364	411	411

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

(in millions of dollars)

Function, Category, Agency and Program	Budget Authority			Outlays		
	1998 Actual	1999 Estimate	2000 Estimate	1998 Actual	1999 Estimate	2000 Estimate
Department of Housing and Urban Development:						
Community Planning and Development:						
Community development block grants	4,925	4,873	4,775	4,621	4,965	4,856
Urban development action grants				6	9	10
Supplemental assistance for facilities to assist the homeless					2	
Community development loan guarantees subsidy	30	30	30	6	16	23
National cities in schools community development program		5			1	4
Brownfields redevelopment	25	25	50		10	20
Urban empowerment zones	5	45	150	1	4	20
Regional connections			50			1
Redevelopment of abandoned buildings			50			1
Regional empowerment zone initiative			50			1
Office of Lead Hazard Control:						
Lead hazard reduction		80	80		1	27
Department of the Interior:						
Bureau of Indian Affairs:						
Operation of Indian programs	121	139	143	121	139	143
Indian guaranteed loan subsidy	5	5	5	3	5	5
Departmental Management:						
King Cove road and airstrip		35			35	
Department of the Treasury:						
Departmental Offices:						
United States community adjustment and investment program		5	9		5	5
Federal Emergency Management Agency:						
Emergency management planning and assistance	135	159	160	147	170	158
Disaster relief	1,440	231	222	1,598	1,968	2,228
National flood mitigation fund	27	20	32	4	21	29
Appalachian Regional Commission:						
Appalachian regional commission	164	59	60	180	145	123
Denali Commission:						
Denali commission		20			2	4
Total, discretionary	7,816	6,864	6,860	7,653	8,697	8,784
Total, community and regional development	7,816	6,864	6,860	7,653	8,697	8,784
EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES						
Discretionary:						
Department of Commerce:						
National Telecommunications and Information Administration:						
Public telecommunications facilities, planning and construction	10	19	34	19	21	24
Information infrastructure grants	20	18	20	20	27	24
Department of Education:						
Office of Elementary and Secondary Education:						
Reading excellence		260	286		13	105
Indian education	60	65	75	50	63	68
Impact aid	805	859	731	689	968	843
Chicago litigation settlement				2	4	3
Education Reform	1,100	1,030	990	731	1,133	1,025
Education for the disadvantaged	7,852	3,647	8,711	7,800	6,666	7,939
School improvement programs	1,428	2,624	2,520	1,260	1,373	1,968
Office of Bilingual Education and Minority Languages Affairs:						
Bilingual and immigrant education	323	324	334	204	351	359
Office of Special Education and Rehabilitative Services:						
Special education	4,567	5,090	3,227	3,425	4,032	4,881
Rehabilitation services and disability research	118	113	125	113	125	121
American printing house for the blind	7	8	8	7	9	8
Office of Vocational and Adult Education:						
Vocational and adult education	1,479	1,504	1,624	1,419	1,290	1,448
Office of Postsecondary Education:						
Student financial assistance	25	25	25	51	25	25
Higher education	55	135	172	39	40	97
Office of Educational Research and Improvement:						
Education research, statistics, and improvement	70	230	30	141	109	176
Department of Health and Human Services:						
Administration for Children and Families:						
Children and families services programs	5,381	5,735	6,289	5,052	5,553	5,904

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

(in millions of dollars)

Function, Category, Agency and Program	Budget Authority			Outlays		
	1998 Actual	1999 Estimate	2000 Estimate	1998 Actual	1999 Estimate	2000 Estimate
Administration on Aging: Aging services programs	865	882	1,048	828	865	971
Department of the Interior: Bureau of Indian Affairs: Operation of Indian programs	93	93	105	93	93	105
Department of Labor: Employment and Training Administration: Training and employment services	3,634	3,634	3,749	3,399	3,728	3,692
Community service employment for older Americans	97	97	97	101	97	97
State unemployment insurance and employment service operations	172	162	232	219	132	239
Unemployment trust fund	958	964	952	958	956	912
Corporation for National and Community Service: Domestic volunteer service programs, Operating expenses	162	172	186	134	154	165
National and community service programs, operating expenses	77	90	112	55	55	64
Corporation for Public Broadcasting: Corporation for public broadcasting	83	98	120	83	85	106
National Endowment for the Arts: National endowment for the arts: Grants and administration	34	32	53	27	20	34
Institute of Museum and Library Services: Office of Museum Services: Grants and administration	6	5	7	5	9	6
Office of Library Services: Grants and administration	133	151	137	121	166	156
Total, discretionary	29,614	28,066	31,999	27,045	28,162	31,565
Mandatory:						
Department of Education: Office of Special Education and Rehabilitative Services: Rehabilitation services and disability research	2,247	2,304	2,339	2,155	2,499	2,327
Office of Vocational and Adult Education: Vocational and adult education				6	2	
Department of Health and Human Services: Administration for Children and Families: State legalization impact assistance grants				-4		
Job opportunities and basic skills training program				48	39	15
Preserving Safe and Stable Families	255	275	295	214	224	258
Social services block grant	2,299	1,909	2,380	2,441	2,050	2,445
Payments to states for foster care and adoption assistance	4,311	4,922	5,667	4,451	4,939	5,491
Department of Labor: Employment and Training Administration: Welfare to work jobs	1,488	1,409	1,000	16	872	1,597
Federal unemployment benefits and allowances	127	131	176	95	124	139
Total, mandatory	10,727	10,950	11,857	9,422	10,749	12,272
Total, education, training, employment, and social services	40,341	39,016	43,856	36,467	38,911	43,837
HEALTH						
Discretionary:						
Department of Agriculture: Food Safety and Inspection Service: Salaries and expenses	41	46	47	41	46	47
Department of Health and Human Services: Health Resources and Services Administration: Health Resources and Services	1,763	1,895	1,948	1,591	1,735	1,892
Centers for Disease Control and Prevention: Disease control, research, and training	624	653	672	643	666	654
Substance Abuse and Mental Health Services Administration: Substance abuse and mental health services	2,197	2,488	2,627	2,236	2,331	2,519
Departmental Management: Public health services for the uninsured			25			4
Department of Labor: Occupational Safety and Health Administration: Salaries and expenses	78	80	83	77	79	82
Mine Safety and Health Administration: Salaries and expenses	6	6	6	6	6	6

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

(in millions of dollars)

Function, Category, Agency and Program	Budget Authority			Outlays		
	1998 Actual	1999 Estimate	2000 Estimate	1998 Actual	1999 Estimate	2000 Estimate
Total, discretionary	4,709	5,168	5,408	4,594	4,863	5,204
Mandatory:						
Department of Health and Human Services:						
Health Care Financing Administration:						
Grants to States for Medicaid	99,591	102,521	114,660	101,234	108,534	114,660
State children's health insurance fund	4,235	4,247	4,249	5	1,437	1,936
Total, mandatory	103,826	106,768	118,909	101,239	109,971	116,596
Total, health	108,535	111,936	124,317	105,833	114,834	121,800
INCOME SECURITY						
Discretionary:						
Department of Agriculture:						
Food and Nutrition Service:						
Food donations programs	141	141	151	141	142	149
Food stamp program			2			2
Commodity assistance program	141	131	155	123	142	151
Special supplemental nutrition program for women, infants, and children (WIC)	3,924	3,924	4,102	3,901	3,951	4,094
Child nutrition programs	6	4	4	6	4	4
Department of Health and Human Services:						
Administration for Children and Families:						
Low income home energy assistance	1,160	1,100	1,100	1,132	1,134	1,135
Refugee and entrant assistance	382	393	401	294	379	385
Payments to States for the child care and development block grant	999	997	1,180	1,092	1,001	1,114
Contingency fund			-1,644			
Department of Housing and Urban Development:						
Public and Indian Housing Programs:						
Public housing operating fund	2,900	2,818	3,003	3,116	2,806	2,908
Annual contributions for assisted housing				3,874	2,433	1,524
Drug elimination grants for low-income housing	310	310	310	281	274	326
Revitalization of severely distressed public housing (HOPE VI)	550	625	625	237	517	588
Public housing capital fund	2,500	3,000	2,555	3,321	2,703	3,151
Preserving existing housing investment						
Native American housing block grant	600	620	620	453	701	665
Section 8 reserve preservation account	-2,897				350	
Housing certificate fund	6,191	7,487	6,081	5,315	5,212	6,649
Community Planning and Development:						
Emergency shelter grants program				1	1	
Supportive housing program	-6			133	121	
Homeless assistance grants	823	975	1,020	463	688	961
Shelter plus care				71	50	
Home investment partnership program	1,500	1,600	1,610	1,286	1,500	1,656
Youthbuild program				9	4	
Innovative homeless initiatives demonstration program				19	14	
Housing opportunities for persons with AIDS	204	225	240	200	164	191
Rural housing and economic development		32	20		1	10
Homeless assistance demonstration program			5			
Housing Programs:						
Congregate services				7	7	2
Section 8 moderate rehabilitation, single room occupancy				29	46	
Homeownership and opportunity for people everywhere grants (HOPE grants)				29	30	30
Housing for special populations	839	854	854	824	809	946
Department of Labor:						
Employment and Training Administration:						
Unemployment trust fund	2,484	2,324	2,464	2,327	2,469	2,480
Federal Emergency Management Agency:						
Emergency food and shelter program	100	100	125	100	100	125
Total, discretionary	22,851	27,660	24,983	28,784	27,753	29,246
Mandatory:						
Department of Agriculture:						
Agricultural Marketing Service:						
Funds for strengthening markets, income, and supply (section 32)	497	587	669	497	552	536

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

(in millions of dollars)

Function, Category, Agency and Program	Budget Authority			Outlays		
	1998 Actual	1999 Estimate	2000 Estimate	1998 Actual	1999 Estimate	2000 Estimate
Food and Nutrition Service:						
Food stamp program	3,553	3,374	3,232	3,673	3,642	3,362
Child nutrition programs	7,880	9,042	9,365	8,430	8,932	9,373
Department of Health and Human Services:						
Administration for Children and Families:						
Payments to states for child support enforcement and family support programs	607	2,649	741	2,171	2,738	2,941
Contingency fund	1,960			2		3
Child care entitlement to States	2,070	2,167	4,122	2,028	2,302	3,660
Temporary assistance for needy families	16,672	17,053	17,004	13,284	13,071	14,087
Children's research and technical assistance	1	1	9	1	1	3
Department of Housing and Urban Development:						
Housing Programs:						
Elderly vouchers			87			8
Department of Labor:						
Employment and Training Administration:						
Unemployment trust fund			90			90
Total, mandatory	33,240	34,873	35,319	30,086	31,238	34,063
Total, income security	56,091	62,533	60,302	58,870	58,991	63,309
VETERANS BENEFITS AND SERVICES						
Discretionary:						
Department of Veterans Affairs:						
Veterans Health Administration:						
Medical care	235	273	321	235	273	321
Construction:						
Grants for construction of State extended care facilities	80	90	40	50	52	64
Grants for the construction of State veterans cemeteries	10	10	11	3	5	8
Total, discretionary	325	373	372	288	330	393
Total, veterans benefits and services	325	373	372	288	330	393
ADMINISTRATION OF JUSTICE						
Discretionary:						
Department of Health and Human Services:						
Administration for Children and Families:						
Violent crime reduction programs	85	96	110	34	73	98
Department of Housing and Urban Development:						
Fair Housing and Equal Opportunity:						
Fair housing activities	30	40	47	24	27	34
Department of Justice:						
Office of Justice Programs:						
Justice assistance	96	88	235	68	32	96
State and local law enforcement assistance	505	548		414	268	571
Juvenile crime control and prevention programs	214	259	268	135	141	294
Violent crime reduction programs, State and local law enforcement assistance	2,383	2,370	1,612	1,477	1,218	2,351
Community oriented policing services	1,430	1,430	1,275	968	1,209	1,528
Court Services and Offender Supervision Agency for the District:						
Federal payment to the Court Services and Offender Supervision Agency for the District of Columbia		59	80		59	64
Equal Employment Opportunity Commission:						
Salaries and expenses	28	29	29	16	16	19
State Justice Institute:						
State Justice Institute: Salaries and expenses	7	7	5	6	17	6
Total, discretionary	4,778	4,926	3,661	3,142	3,060	5,061
Mandatory:						
Department of Justice:						
Legal Activities and U.S. Marshals:						
Assets forfeiture fund	196	203	209	179	194	208
Office of Justice Programs:						
Crime victims fund	350	316	366	252	495	482

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

(in millions of dollars)

Function, Category, Agency and Program	Budget Authority			Outlays		
	1998 Actual	1999 Estimate	2000 Estimate	1998 Actual	1999 Estimate	2000 Estimate
Department of the Treasury:						
Departmental Offices:						
Department of the Treasury forfeiture fund	94	71	60	85	67	58
Total, mandatory	640	590	635	516	756	748
Total, administration of justice	5,418	5,516	4,296	3,658	3,816	5,809
GENERAL GOVERNMENT						
Discretionary:						
Department of the Interior:						
Bureau of Land Management:						
Payments in lieu of taxes	120	125	125	120	125	125
Insular Affairs:						
Trust Territory of the Pacific Islands				3	9	7
Department of the Treasury:						
Departmental Offices:						
Department-wide systems and Capital Investments Programs			3			3
District of Columbia:						
District of Columbia Courts:						
Federal payment to the District of Columbia Criminal Justice System	151			151		
Federal payment to the District of Columbia Courts		130	137		130	137
District of Columbia Corrections:						
Payment to the District of Columbia Corrections Trustee, Operations	169	185	176	169	185	176
Payment to the District of Columbia Corrections Trustee for correctional facilities, construction, and repair	302			302		
District of Columbia General and Special Payments:						
Federal payment for Management Reform	8	25		8	25	
Federal support for economic development and management reforms in the District	190	86		190	86	
Federal payment for Medicare Coordinated Care Demonstration Project	3	3				
Total, discretionary	943	554	441	943	560	448
Mandatory:						
Department of Agriculture:						
Forest Service:						
Payments to States, northern spotted owl guarantee, Forest Service	130	125	147	130	125	147
Forest Service permanent appropriations	100	126	119	100	126	119
Department of Energy:						
Energy Programs:						
Payments to States under Federal Power Act	3	3	3	3	3	3
Department of the Interior:						
Minerals Management Service:						
Mineral leasing and associated payments	546	586	607	546	586	607
United States Fish and Wildlife Service:						
National wildlife refuge fund	19	19	20	20	19	20
Insular Affairs:						
Assistance to territories	68	66	68	69	123	127
Payments to the United States territories, fiscal assistance	80	77	89	80	77	89
Department of the Treasury:						
Bureau of Alcohol, Tobacco and Firearms:						
Internal revenue collections for Puerto Rico	230	217	253	230	217	253
United States Customs Service:						
Refunds, transfers, and expenses of operation, Puerto Rico	112	111	112	110	111	112
Corps of Engineers:						
Permanent appropriations	7	12	12	7	12	12
Total, mandatory	1,295	1,342	1,430	1,295	1,399	1,489
Total, general government	2,238	1,896	1,871	2,238	1,959	1,937
Total, Grants	257,962	270,880	286,452	246,093	262,164	283,474
Discretionary	106,603	114,622	116,544	101,159	105,276	115,852
Mandatory	151,359	156,258	169,908	144,934	156,888	167,622