

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 \$234.2 billion in 1997 and are estimated to increase to \$250.9 billion in 1998 and \$271.3 billion in 1999.

Grant outlays for payments for individuals, such as Medicaid, are estimated to be 61 percent of total grants in 1999; for physical capital investment, 16 percent; and for all other purposes, largely education, training, and social services, 22 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 \$70.5 billion in 1998 and \$73.2 billion in 1999. 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	1997 actual	Estimate	
		1998	1999
Department of Agriculture	17.9	19.1	19.3
Department of Commerce	0.5	0.5	0.5
Department of Education	16.5	16.9	19.8
Department of Energy	0.2	0.2	0.2
Department of Health and Human Services	130.7	140.9	152.0
Department of Housing and Urban Development	22.3	24.2	24.5
Department of the Interior	2.0	2.2	2.0
Department of Justice	2.7	3.2	4.5
Department of Labor	7.0	8.0	8.8
Department of Transportation	26.8	27.7	28.4
Department of the Treasury	0.4	0.4	3.8
Department of Veterans Affairs	0.3	0.3	0.3
Environmental Protection Agency	2.9	2.7	3.1
Federal Emergency Management Agency	2.2	2.8	2.6
Other agencies	1.7	1.8	1.5
Total	234.2	250.9	271.3

Table 9-1 shows the distribution of grants by agency. Grant outlays for the Department of Health and Human Services are estimated to be \$152.0 billion in 1999, 56 percent of total grants, much more than any other agency.

HIGHLIGHTS OF THE FEDERAL AID PROGRAM

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

This budget continues the Administration's commitment to giving State and local governments increased flexibility. Through the use of grants, 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 successfully implement welfare reform, new initiatives to improve educational facilities, and set new standards for educational achievement. Additional in-

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.

formation 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 \$107.7 billion in 1999. To promote program integrity in Medicaid, the Administration is considering an incentive project that encourages States to measure errors and fraud in State Medicaid programs and develop performance measures. These projects would help States identify problem areas in their Medicaid programs, target program integrity resources more effectively, and measure the success of their efforts to reduce errors and combat fraud.

As part of the new Children's Health Insurance Program that was enacted in the Balanced Budget Act of 1997, the budget proposes to allow school and child care center staff to enroll children into Medicaid temporarily on the presumption that they are eligible. This proposal also would enable Medicaid to cover the costs related to providing this temporary coverage, rather than force States to cover the costs from their CHIP allotment. In addition, the budget proposes to expand the use of a special \$500 million Medicaid fund, now aimed at outreach for children losing welfare, to fund outreach to all children. Finally, the budget would also enable states to provide Medicaid and CHIP assistance to legal immigrant children who entered the United States after the President signed the 1996 welfare law.

Other Health.—The new Children's Health Insurance Program that was enacted in the Balanced Budget Act of 1997 will help extend health insurance coverage to as many as 5 million uninsured children. The budget includes \$1.8 billion in outlays for grants to States to provide health insurance coverage to eligible low-income children and \$34 million in increased funding for Puerto Rico and the other four territories. Because States have the option to expand children's health insurance coverage through the State grant program, through Medicaid or through a combination of the two, the Medicaid outlays described above include \$1.2 billion for CHIP expenditures.

The Budget also assumes that a portion of receipts from tobacco legislation would support the kind of activities recommended by States' Attorneys General and supported by the President, such as grants to states, cessation programs, assistance to farmers and other state public health programs. Funding for these activities is shown in the general government function.

Education.—This Budget includes \$7.9 billion in outlays for Title I of the Elementary and Secondary Education Act to help school provide educational services to over 10 million children in poor communities. Title I provides funds to raise the educational achievement of disadvantaged children. The Budget requests an additional \$3.8 billion over five years to fund Head Start. More than 26,000 regular Head Start slots and 10,000 Early Start slots would be added in 1999 to the roughly 830,000 low-income children who will be served by Head Start in 1998.

Training.—The Budget proposes \$1.5 billion to fund the dislocated worker assistance program to provide re-adjustment services, job search assistance, training, and other services to help an estimated 686,000 dislocated workers find new jobs as quickly as possible.

Welfare-to-work.—To help reach the Temporary Assistance for Needy Families (TANF) employment goal for welfare recipients, the Budget includes \$3.0 billion in additional targeted funds over 2 years (1998 and 1999) to provide formula and competitive grants to States and local communities in order to give long-term welfare recipients the job placement services, transitional employment, and job retention and support services they need to achieve economic self-sufficiency.

Transportation.—The Budget includes more than \$28.3 billion in outlays for transportation grants to States and local governments for 1999. Of this amount grants to maintain and improve surface transportation infrastructure include more than \$22.6 billion in outlays for highways and \$3.8 billion in outlays for mass transit. In addition \$1.6 billion in outlays are proposed for grants to improve the Nation's airports.

Housing.—The Budget proposes a second round of funding for Empowerment Zones and Enterprise Communities to stimulate the public-private partnerships needed for large scale job creation. The first round has 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.

Rural Development.—The Administration proposes to give States, localities, and Tribes more flexibility in how they use the Department of Agriculture's 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 \$2.9 billion in loans and grants for RCAP, 4 percent more than in 1998, and the full flexibility that the 1996 Farm Bill envisioned.

Environment.—The budget proposes \$775 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, \$1.1 billion in capitalization grants are proposed for Clean Water SRFs to help municipalities reduce beach closure and keep waterways safe and clean.

General Government.—Federal revenue generated from national forests and other public lands has been shared with States and local governments since the

early 1920's. In some parts of the country, declining or unstable revenue has resulted in varying levels of funds for needed local government programs such as roads and schools. The Budget includes proposals in the Department of Agriculture Forest Service and De-

partment of the Interior to provide stable, guaranteed payments to States and counties that are not directly tied to current revenue generated from public lands, such as from timber sales.

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, commerce and housing credit 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 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, income security, education and transportation with combined proposed estimated grant outlays of \$246.5 billion or 91 percent of estimated total grant outlays in 1999.

Section B of the table shows the distribution of grants divided into mandatory and discretionary spending, the major categories in the Budget Enforcement Act (BEA).

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. They are not subject to the annual appropriations process. Outlays for mandatory grant programs are esti-

mated to be \$164.2 billion in 1999. The three largest mandatory grant programs are Medicaid, with proposed outlays of \$107.7 billion in 1999, Temporary Assistance to Needy Families, \$15.9 billion in 1999, and grants for the Food Stamp and Child nutrition programs, with combined outlays of \$12.7 billion in 1999.

The funding level for discretionary grant programs is subject to approval by Congress annually through appropriations acts. Outlays for discretionary grant programs are estimated to be \$108.3 billion in 1999. The three largest discretionary grant programs are Federal-aid for highways (\$20.4 billion in 1999), education for the disadvantaged (\$7.9 billion in 1999), and Head Start and other children and family services programs (\$5.5 billion in 1999). Table 9-3. "Federal Grants To State And Local Governments" at the end of this chapter identifies discretionary and mandatory grant programs 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. They are projected to remain at a little more than 60 percent of the total for the next several years.

These grants are distributed through State or local governments to provide cash or in-kind benefits that constitute income transfers to individuals or families. The major grant in this category is Medicaid, which had outlays of \$95.6 billion in 1997, increasing to an estimated \$107.7 billion in 1999. 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

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

Table 9-2. TRENDS IN FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS
(Outlays; dollar amounts in billions)

	Actual										Estimate					
	1960	1965	1970	1975	1980	1985	1990	1995	1996	1997	1998	1999	2000	2001	2002	2003
A. Distribution of grants by function:																
Natural resources and environment	0.1	0.2	0.4	2.4	5.4	4.1	3.7	4.1	3.9	4.1	4.2	4.1	4.4	4.4	4.2	4.1
Agriculture	0.2	0.5	0.6	0.4	0.6	2.4	1.3	0.8	0.6	0.6	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	26.0	26.8	27.7	28.4	28.7	28.8	29.0	29.1
Community and regional development	0.1	0.6	1.8	2.8	6.5	5.2	5.0	7.2	7.9	8.2	9.2	9.0	8.5	7.6	6.7	5.9
Education, training, employment, and social services	0.5	1.1	6.4	12.1	21.9	17.8	23.4	34.1	34.0	34.7	36.2	40.0	42.7	43.1	43.7	44.3
Health	0.2	0.6	3.8	8.8	15.8	24.5	43.9	93.6	97.7	99.0	105.4	113.7	120.9	129.7	139.0	149.8
Income security	2.6	3.5	5.8	9.4	18.5	27.2	35.2	55.1	53.4	55.0	61.2	64.4	67.4	68.9	70.1	71.2
General government	0.2	0.2	0.5	7.1	8.6	6.8	2.3	2.2	2.1	2.2	2.3	5.4	5.8	6.4	6.7	7.1
Justice	0.0	0.0	0.0	0.7	0.5	0.1	0.6	1.2	1.5	2.8	3.3	4.8	4.5	4.5	4.1	3.6
Other	0.0	0.1	0.1	0.2	0.7	0.8	0.8	0.8	0.8	0.7	0.7	0.8	0.8	0.9	0.8	0.9
Total	7.0	10.9	24.1	49.8	91.4	105.9	135.3	225.0	227.8	234.2	250.9	271.3	284.3	295.1	304.9	316.6
B. Distribution of Grants by major BEA Category:																
Discretionary	NA	2.9	10.1	21.0	53.2	55.5	63.4	94.0	94.0	96.2	101.8	107.0	109.4	109.9	108.0	106.5
Mandatory	NA	8.0	13.9	28.8	38.1	50.4	72.0	131.0	133.9	138.0	149.1	164.2	174.8	185.2	196.9	210.1
Total	7.0	10.9	24.1	49.8	91.4	105.9	135.3	225.0	227.8	234.2	250.9	271.3	284.3	295.1	304.9	316.6
C. Composition:																
Current dollars:																
Payments for individuals ¹	2.5	3.7	8.7	16.8	32.6	49.3	75.7	141.2	142.8	144.2	156.8	166.0	176.1	188.1	198.9	211.2
Physical capital ¹	3.3	5.0	7.1	10.9	22.6	24.9	27.2	39.6	40.4	41.5	44.1	44.4	45.3	45.0	43.8	43.2
Other grants	1.2	2.2	8.3	22.2	36.2	31.6	32.5	44.2	44.7	48.5	50.1	60.9	62.9	62.0	62.2	62.2
Total	7.0	10.9	24.1	49.8	91.4	105.9	135.3	225.0	227.8	234.2	250.9	271.3	284.3	295.1	304.9	316.6
Percentage of total grants:																
Payments for individuals ¹	35%	34%	36%	34%	36%	47%	56%	63%	63%	62%	62%	61%	62%	64%	65%	67%
Physical capital ¹	47%	46%	29%	22%	25%	24%	20%	18%	18%	18%	18%	16%	16%	15%	14%	14%
Other grants	17%	20%	34%	45%	40%	30%	24%	20%	20%	21%	20%	22%	22%	21%	20%	20%
Total	100%	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	130.6	129.1	127.0	135.2	140.1	145.3	151.8	156.9	162.9
Physical capital ¹	15.0	21.3	23.8	22.3	33.6	29.5	28.0	36.7	36.5	36.6	38.1	37.4	37.3	36.2	34.3	33.0
Other grants	7.6	11.9	33.1	61.3	65.4	40.9	34.9	40.9	39.9	42.2	42.7	50.7	51.2	49.2	48.1	47.0
Total	33.4	48.2	86.9	126.6	155.7	135.6	144.7	208.2	205.5	205.8	215.9	228.3	233.8	237.1	239.4	242.9
D. Total grants as a percent of:																
Federal outlays:																
Total	8%	9%	12%	15%	15%	11%	11%	15%	15%	15%	15%	16%	16%	16%	16%	16%
Domestic programs ²	18%	18%	23%	22%	22%	18%	17%	22%	21%	21%	21%	22%	22%	22%	22%	22%
State and local expenditures	19%	20%	24%	27%	31%	25%	21%	25%	24%	24%	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%	3%
E. As a share of total State and local capital spending:																
Federal capital grants	25%	26%	26%	26%	36%	31%	23%	27%	26%	25%	N/A	N/A	N/A	N/A	N/A	N/A
State and local source financing	75%	74%	74%	74%	64%	69%	77%	73%	74%	75%	N/A	N/A	N/A	N/A	N/A	N/A
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	N/A	N/A	N/A	N/A	N/A	N/A

N/A = Not available.

¹0.5 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

for construction of the Interstate Highway System. The relative share of these outlays has declined, as payments for individuals have grown. In 1999, grants for physical capital are estimated to be 16 percent of total grants.

The other grants are primarily for education, training, employment, and social services. These grants in-

creased to 45 percent of total grants by 1975, and are projected to be 22 percent of total grants in 1999.

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 \$228.3 billion in 1999, an average annual increase of 5.2 percent. Grants for payments to individ-

uals increase from \$81.9 billion in 1990 to an estimated \$140.1 billion in 1999, an average annual increase of 6.1 percent; grants for physical capital increase from \$28.0 billion in 1990 to an estimated \$37.4 billion in 1999, an average annual increase of 3.3 percent, and other grants increased from \$34.9 billion in 1990 to an estimated \$50.7 billion in 1999, an average annual increase of 4.8 percent.

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 1999. Grants as a percentage of domestic spending are estimated to be 22 percent in 1999.

As a percentage of total State and local expenditures, grants have increased from 21 percent in 1990 to 24 percent in 1997.

Section E shows the relative contribution of physical capital grants in assisting States and localities with capital spending. Federal capital grants have increased slightly from 23 percent of State and local spending in 1990 to 25 percent in 1997.

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 18, "National Income and Product Accounts."

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

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)

Category, Function, Agency and Program	Budget Authority			Outlays		
	1997 Actual	1998 Estimate	1999 Estimate	1997 Actual	1998 Estimate	1999 Estimate
Discretionary						
Energy:						
Department of Energy:						
Energy Programs:						
Energy conservation	150	155	191	168	160	165
Total, energy	150	155	191	168	160	165
Natural resources and environment:						
Department of Agriculture:						
Natural Resources Conservation Service:						
Resource conservation and development				2	1	1
Watershed and flood prevention operations	265	47	49	174	279	68
Forest Service:						
State and private forestry	90	94	79	101	100	78
Department of Commerce:						
National Oceanic and Atmospheric Administration:						
Operations, research, and facilities	7	3	3	2	2	2
Coastal zone management fund	4	4		5	8	
Department of the Interior:						
Office of Surface Mining Reclamation and Enforcement:						
Regulation and technology	51	50	51	51	50	51
Abandoned mine reclamation fund	164	164	167	182	167	148
Bureau of Reclamation:						
Bureau of reclamation loan subsidy	13	12	12	10	20	11
United States Fish and Wildlife Service:						
Cooperative endangered species conservation fund	14	14	17	9	11	14
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			2	2	3	2
Land acquisition and State assistance				20	20	9
Historic preservation fund	37	41	101	40	45	62
Environmental Protection Agency:						
Environmental Protection Agency:						
State and Tribal Assistance Grants	2,910	3,213	2,903	2,719	2,553	2,781
Hazardous substance superfund	143	131	335	135	140	227
Leaking underground storage tank trust fund	51	56	61	53	55	59
Total, natural resources and environment	3,752	3,832	3,783	3,508	3,457	3,516
Agriculture:						
Department of Agriculture:						
Departmental Administration:						
Outreach for socially disadvantaged farmers	1	3	10	2	5	10
Cooperative State Research, Education, and Extension Service:						
Extension activities	426	423	419	420	420	420
Research and education activities	222	222	216	207	223	227
Integrated research, education, and extension competitive grants program			4			2
Agricultural Marketing Service:						
Payments to States and possessions	1	1	1	1	1	1
Farm Service Agency:						
State mediation grants	2	2	4	3	2	3
Total, agriculture	652	651	654	633	651	663
Commerce and housing credit:						
Department of Commerce:						
National Institute of Standards and Technology:						
Industrial technology services	6	6	7	4	4	4
Total, commerce and housing credit	6	6	7	4	4	4
Transportation:						
Department of Transportation:						
Coast Guard:						
Port safety development	5			5		

Table 9-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued
(in millions of dollars)

Category, Function, Agency and Program	Budget Authority			Outlays		
	1997 Actual	1998 Estimate	1999 Estimate	1997 Actual	1998 Estimate	1999 Estimate
Boat safety	35	35		26	30	18
Federal Aviation Administration:						
Grants-in-aid for airports (Airport and airway trust fund)	1,460	1,700	1,700	1,489	1,554	1,636
Federal Highway Administration:						
Orange County (CA) toll road demonstration project subsidy				1	1	1
State infrastructure banks	150			2	84	32
Appalachian development highway system		300			81	123
Highway-related safety grants				9	4	2
Motor carrier safety program	79	85	100	78	80	89
Transportation infrastructure credit enhancement program			100			75
Federal-aid highways	19,455	21,262	21,257	18,422	19,533	20,393
State infrastructure banks (Highway trust fund)			150			30
Miscellaneous appropriations				178	123	108
Miscellaneous highway trust funds				56	64	53
National Highway Traffic Safety Administration:						
Highway traffic safety grants	162	180	227	142	171	199
Federal Railroad Administration:						
Emergency railroad rehabilitation and repair	19				8	8
Direct loan financing program	59			21	21	18
Local rail freight assistance				7	4	4
Alaska railroad rehabilitation	10	10		8	6	6
Railroad research and development	1	3	1	1	1	1
Conrail commuter transition assistance				2	2	11
Federal Transit Administration:						
Research, training, and human resources				5	3	2
Interstate transfer grants-transit				18	19	5
Washington metropolitan area transit authority	200	200		214	202	152
Formula grants	2,149	2,500		2,199	2,054	1,710
Transit planning and research	55	61		53	50	63
Major capital investments (Highway trust fund, mass transit account)	1,898	2,000	876	2,002	1,738	1,698
Washington metropolitan area transit authority (Highway trust fund, mass transit account) ..			50			1
Formula programs (Highway trust fund, mass transit account)			3,709			185
Miscellaneous expired accounts				8	2	1
Research and Special Programs Administration:						
Pipeline safety	13	14	15	12	13	14
Total, Transportation	25,750	28,350	28,185	24,958	25,848	26,638
Community and regional development:						
Department of Agriculture:						
Rural Development:						
Rural community advancement program	654	644	706	627	645	640
Rural Utilities Service:						
Distance learning and medical link subsidy	9	13	15	3	22	25
Rural Housing Service:						
Rural community fire protection grants	1	2		2	2	1
Rural Business—Cooperative Service:						
Rural cooperative development grants	3	3	6	2	4	6
Forest Service:						
Southeast Alaska economic disaster fund				47	13	13
Department of Commerce:						
Economic Development Administration:						
Economic development assistance programs	404	340	368	400	417	401
Department of Housing and Urban Development:						
Community Planning and Development:						
Community development block grants	4,854	4,924	4,725	4,517	4,989	4,959
Urban development action grants	-4			30	50	30
Economic development initiative			400			8
Supplemental assistance for facilities to assist the homeless				2	2	
Community development loan guarantees subsidy	32	30	30	3	16	19
Brownfields redevelopment		25	50		1	10
Urban empowerment zones		5				2
Homeownership zones			25			1
Office of Lead Hazard Control:						
Lead hazard reduction			85			1

Table 9-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued
(in millions of dollars)

Category, Function, Agency and Program	Budget Authority			Outlays		
	1997 Actual	1998 Estimate	1999 Estimate	1997 Actual	1998 Estimate	1999 Estimate
Department of the Interior:						
Bureau of Indian Affairs:						
Operation of Indian programs	151	119	131	110	117	112
Indian guaranteed loan subsidy	37	5	5	33	5	5
Federal Emergency Management Agency:						
Federal Emergency Management Agency:						
Emergency management planning and assistance	133	159	119	108	144	138
Disaster relief	3,696	256	246	2,041	2,602	2,376
Pre-disaster mitigation			45			22
Appalachian Regional Commission:						
Appalachian Regional Commission:						
Appalachian regional commission	154	164	60	236	159	176
Delta region economic development program			24			2
Total, community and regional development	10,124	6,689	7,040	8,161	9,188	8,947
Education, training, employment, and social services:						
Department of Commerce:						
National Telecommunications and Information Administration:						
Public telecommunications facilities and digital broadcast applications program	13	19	14	17	21	21
Information infrastructure grants	21	20	22	28	27	25
Department of Education:						
Office of Elementary and Secondary Education:						
America Reads Challenge			260			14
Indian education	58	60	65	51	52	65
Impact aid	730	805	686	651	1,001	716
Chicago litigation settlement					5	2
Education Reform	677	1,100	1,090	427	648	1,095
Education for the disadvantaged	7,772	7,852	8,469	7,187	6,231	7,923
School improvement programs	1,323	1,427	1,345	1,187	1,282	1,362
Office of Bilingual Education and Minority Languages Affairs:						
Bilingual and immigrant education	254	324	332	171	268	318
Office of Special Education and Rehabilitative Services:						
Special education	3,784	4,560	4,590	3,067	3,584	4,075
American printing house for the blind	7	7	7	7	8	7
Office of Vocational and Adult Education:						
Vocational and adult education	1,458	1,478	1,501	1,375	1,306	1,467
Office of Postsecondary Education:						
Student financial assistance	50	25		43	50	20
Higher education	33	55	39	32	34	49
Office of Educational Research and Improvement:						
Title I—Education research, statistics, and improvement	204	45	205	44	159	67
Department of Health and Human Services:						
Administration for Children and Families:						
Children and families services programs	5,087	5,408	5,676	4,876	5,233	5,519
Administration on Aging:						
Aging services programs	832	865	871	828	851	860
Department of the Interior:						
Bureau of Indian Affairs:						
Operation of Indian programs	79	90	106	90	80	84
Department of Labor:						
Employment and Training Administration:						
Training and employment services	3,513	3,647	3,809	3,324	3,643	3,440
Community service employment for older Americans	102	97	97	88	100	97
State unemployment insurance and employment service operations	200	203	192	105	233	180
Unemployment trust fund	980	981	982	1,032	981	974
Corporation for National and Community Service:						
Corporation for National and Community Service:						
Domestic volunteer service programs, Operating expenses	135	162	175	143	152	168
National and community service programs, operating expenses	72	77	90	65	55	81
Corporation for Public Broadcasting:						
Corporation for Public Broadcasting:						
Corporation for public broadcasting	87	83	83	87	83	83
National Endowment for the Arts:						
National Endowment for the Arts:						
National endowment for the arts: Grants and administration	28	32	47	28	34	33

Table 9-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued
(in millions of dollars)

Category, Function, Agency and Program	Budget Authority			Outlays		
	1997 Actual	1998 Estimate	1999 Estimate	1997 Actual	1998 Estimate	1999 Estimate
Institute of Museum and Library Services:						
Institute of Museum and Library Services:						
Office of Museum Services: Grants and administration	6	5	6	6	8	5
Office of Library Services: Grants and administration	128	129	131	132	171	129
Total, education, training, employment, and social services	27,633	29,556	30,890	25,091	26,300	28,879
Health:						
Department of Agriculture:						
Food Safety and Inspection Service:						
Salaries and expenses	42	43	42	42	43	42
Department of Health and Human Services:						
Health Resources and Services Administration:						
Health Resources and Services	1,682	1,762	1,793	1,080	1,132	1,151
Centers for Disease Control and Prevention:						
Disease control, research, and training	678	666	674	596	643	666
Substance Abuse and Mental Health Services Administration:						
Substance abuse and mental health services	2,195	2,197	2,280	1,622	2,164	2,193
Department of Labor:						
Occupational Safety and Health Administration:						
Salaries and expenses	77	78	81	76	77	80
Mine Safety and Health Administration:						
Salaries and expenses	6	6	6	6	6	6
Total, health	4,680	4,752	4,876	3,422	4,065	4,138
Income security:						
Department of Agriculture:						
Food and Nutrition Service:						
Commodity assistance program	307	282	317	319	290	315
Special supplemental nutrition program for women, infants, and children (WIC)	3,803	3,921	4,078	3,863	3,946	4,049
Department of Health and Human Services:						
Administration for Children and Families:						
Low income home energy assistance	1,215	1,000	1,100	1,221	1,074	1,077
Refugee and entrant assistance	380	377	369	277	363	361
Payments to States for the child care and development block grant	19	1,003	1,183	909	980	1,068
Department of Housing and Urban Development:						
Public and Indian Housing Programs:						
Public housing operating fund		2,900	2,818	1,530	3,090	2,861
Annual contributions for assisted housing	-3,725			12,142	4,263	1,854
Drug elimination grants for low-income housing	290	310	310	291	288	273
Revitalization of severely distressed public housing (HOPE VI)	550	550	550	205	405	524
Public housing capital fund		2,500	2,550		3,810	3,511
Preserving existing housing investment	5,753			1,483		
Native American housing block grant		600	600		81	240
Section 8 reserve preservation account		-550			350	2,176
Housing certificate fund	2,768	6,191	4,874	51	3,550	4,428
Welfare-to-work housing vouchers			283			27
Community Planning and Development:						
Home loan guarantee subsidy			11			3
Emergency shelter grants program				4	2	
Supportive housing program		-6		159	146	112
Homeless assistance grants	823	823	1,150	319	609	798
Shelter plus care		-4		58	47	49
Home investment partnership program	1,400	1,500	1,883	1,211	1,559	1,525
Youthbuild program			45	32	8	5
Innovative homeless initiatives demonstration program				21	17	16
Housing opportunities for persons with AIDS	196	204	225	130	168	176
Housing Programs:						
Congregate services				7	7	7
Section 8 moderate rehabilitation, single room occupancy				25	58	56
Homeownership and opportunity for people everywhere grants (HOPE grants)				49	51	42
Housing for special populations		839			650	759
Department of Labor:						
Employment and Training Administration:						
Unemployment trust fund	2,345	2,485	2,590	2,293	2,421	2,638

Table 9-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued
(in millions of dollars)

Category, Function, Agency and Program	Budget Authority			Outlays		
	1997 Actual	1998 Estimate	1999 Estimate	1997 Actual	1998 Estimate	1999 Estimate
Federal Emergency Management Agency: Federal Emergency Management Agency: Emergency food and shelter program	100	100	100	100	100	100
Total, income security	16,194	25,025	25,036	26,699	28,333	29,050
Veterans benefits and services:						
Department of Veterans Affairs: Veterans Health Administration: Medical care	230	241	271	230	241	271
Construction: Grants for construction of State extended care facilities	47	80	37	41	47	52
Grants for the construction of State veterans cemeteries	1	10	10	6	2	5
Total, veterans benefits and services	278	331	318	277	290	328
Administration of justice:						
Department of Health and Human Services: Administration for Children and Families: Violent crime reduction programs	17	72	84	10	32	62
Department of Housing and Urban Development: Fair Housing and Equal Opportunity: Fair housing activities	30	30	52	28	22	29
Department of Justice: Office of Justice Programs: Justice assistance	66	104	82	217	82	85
State and local law enforcement assistance	331	504		257	242	497
Juvenile crime control and prevention programs	145	211	260	74	182	244
Violent crime reduction programs	2,036	2,382	2,409	1,172	1,164	1,909
Community oriented policing services	1,420	1,430	1,420	616	838	1,241
Violent Crime Reduction Trust Fund: Violent crime reduction trust fund						
District of Columbia Offender Supervision Defender and Courts Se: District of Columbia Offender Supervision Defender and Courts Se: Salaries and expenses			59			47
Equal Employment Opportunity Commission: Equal Employment Opportunity Commission: Salaries and expenses	28	28	29	25	25	14
Ounce of Prevention Council: Ounce of Prevention Council: Ounce of prevention council	1			1		
State Justice Institute: State Justice Institute: State Justice Institute: Salaries and expenses	6	7	6	6	7	8
Total, administration of justice	4,080	4,768	4,401	2,406	2,594	4,136
General government:						
Department of the Interior: Bureau of Land Management: Payments in lieu of taxes	114	120	120	114	120	120
Insular Affairs: Trust Territory of the Pacific Islands				6	10	10
District of Columbia: District of Columbia: Federal payment to the District of Columbia	719			719		
Federal payment for Management Reform		8			8	
Payment to the District of Columbia Corrections Trustee, Operations		169	185		169	185
Payment to the District of Columbia Corrections Trustee for correctional facilities, construction, and repair		302			302	
Federal support for economic development and management reforms in the District		190	100		190	100
Federal payment to the District of Columbia Criminal Justice System		151			151	
Federal payment for Medicare Coordinated Care Demonstration Project		3				
Federal Payment to the District of Columbia Courts			142			142
Total, general government	833	943	547	839	950	557

Table 9-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued
(in millions of dollars)

Category, Function, Agency and Program	Budget Authority			Outlays		
	1997 Actual	1998 Estimate	1999 Estimate	1997 Actual	1998 Estimate	1999 Estimate
Total, discretionary	94,132	105,058	105,928	96,166	101,840	107,021
Mandatory						
Energy:						
Tennessee Valley Authority:						
Tennessee Valley Authority:						
Tennessee Valley Authority fund	272	264	303	272	264	303
Total, energy	272	264	303	272	264	303
Natural resources and environment:						
Department of the Interior:						
Bureau of Land Management:						
Miscellaneous permanent payment accounts	123	76	74	123	77	74
Minerals Management Service:						
National forests fund, payment to States	4	3	3	4	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	203	189	199	220	227	211
Sport fish restoration	316	321	286	230	290	297
National Park Service:						
Miscellaneous permanent appropriations						
Departmental Management:						
Everglades watershed protection				35	165	
Everglades restoration account			1			1
Total, natural resources and environment	647	590	564	613	763	587
Agriculture:						
Department of Agriculture:						
Office of the Secretary:						
Fund for rural America	36		50		14	16
Farm Service Agency:						
Commodity credit corporation fund	1	37	50	1	37	50
Total, agriculture	37	37	100	1	51	66
Commerce and housing credit:						
Department of Commerce:						
National Oceanic and Atmospheric Administration:						
Promote and develop fishery products and research pertaining to American fisheries		4	3	5	7	3
Total, commerce and housing credit		4	3	5	7	3
Transportation:						
Department of Transportation:						
Federal Highway Administration:						
Federal-aid highways	1,847	890	774	1,882	1,890	1,707
Research and Special Programs Administration:						
Emergency preparedness grants	6	7	13	6	6	8
Total, Transportation	1,853	897	787	1,888	1,896	1,715
Community and regional development:						
Department of Agriculture:						
Rural Development:						
Rural empowerment zones/enterprise community grants			20			
Department of Housing and Urban Development:						
Community Planning and Development:						
Urban empowerment zones			150			3
Total, community and regional development			170			3
Education, training, employment, and social services:						
Department of Education:						
Office of Elementary and Secondary Education:						
Class size reduction and teacher financing			1,100			55

Table 9-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued
(in millions of dollars)

Category, Function, Agency and Program	Budget Authority			Outlays		
	1997 Actual	1998 Estimate	1999 Estimate	1997 Actual	1998 Estimate	1999 Estimate
Office of Special Education and Rehabilitative Services:						
Rehabilitation services and disability research	2,254	2,327	2,379	2,243	2,269	2,536
Office of Vocational and Adult Education:						
Vocational and adult education	7			7	6	2
Department of Health and Human Services:						
Administration for Children and Families:						
State legalization impact assistance grants				-5		
Job opportunities and basic skills training program	1,000			445	152	6
Family preservation and support	240	255	275	216	236	252
Social services block grant	2,500	2,299	1,909	2,571	2,443	2,049
Payments to states for foster care and adoption assistance	4,445	4,311	5,142	4,047	4,224	4,803
Department of Labor:						
Employment and Training Administration:						
Welfare to work jobs		1,488	1,488		466	1,299
Federal unemployment benefits and allowances	114	119	182	120	106	133
Total, education, training, employment, and social services	10,560	10,799	12,475	9,644	9,902	11,135
Health:						
Department of Health and Human Services:						
Health Care Financing Administration:						
Program management			20			20
Grants to States for Medicaid	101,212	99,591	102,184	95,552	100,960	107,707
State children's health insurance fund		4,235	4,249		379	1,868
Total, health	101,212	103,826	106,453	95,552	101,339	109,595
Income security:						
Department of Agriculture:						
Agricultural Marketing Service:						
Funds for strengthening markets, income, and supply (section 32)	407	496	450	534	463	417
Food and Nutrition Service:						
Food stamp program	3,318	3,553	3,698	3,122	3,673	3,659
Child nutrition programs	8,529	7,968	9,099	8,141	8,664	8,937
Department of Health and Human Services:						
Administration for Children and Families:						
Family support payments to states	6,958	607	2,641	5,345	4,376	3,168
Contingency fund		20	28		14	23
Child care entitlement to States	1,967	2,071	3,922	1,398	1,835	3,226
Temporary assistance for needy families	13,411	16,700	16,998	9,726	13,802	15,933
Children's research and technical assistance			8			1
Total, income security	34,590	31,415	36,844	28,266	32,827	35,364
Administration of justice:						
Department of Justice:						
Legal Activities and U.S. Marshals:						
Assets forfeiture fund	189	196	206	163	192	202
Office of Justice Programs:						
Crime victims fund	525	361	180	223	453	363
Department of the Treasury:						
Departmental Offices:						
Department of the Treasury forfeiture fund	60	60	60	53	54	54
Total, administration of justice	774	617	446	439	699	619
General government:						
Department of Agriculture:						
Forest Service:						
Payments to states northern spotted owl guarantee, Forest Service	135	130	270	135	130	270
Forest Service permanent appropriations	125	111	7	125	111	7
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	565	586	607	565	586	607

Table 9-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued
(in millions of dollars)

Category, Function, Agency and Program	Budget Authority			Outlays		
	1997 Actual	1998 Estimate	1999 Estimate	1997 Actual	1998 Estimate	1999 Estimate
United States Fish and Wildlife Service:						
National wildlife refuge fund	20	20	20	20	20	20
Insular Affairs:						
Assistance to territories	65	68	66	67	69	67
Payments to the United States territories, fiscal assistance	81	89	98	81	89	98
Department of the Treasury:						
Bureau of Alcohol, Tobacco and Firearms:						
Internal revenue collections for Puerto Rico	205	210	235	205	210	235
United States Customs Service:						
Miscellaneous permanent appropriations	107	110	111	107	110	111
Allowances:						
Miscellaneous activities to be authorized in tobacco legislation			3,425			3,425
Corps of Engineers:						
Corps of Engineers:						
Permanent appropriations	6	6	6	6	6	6
Total, general government	1,312	1,333	4,848	1,314	1,334	4,849
Total, mandatory	151,257	149,782	162,993	137,994	149,082	164,239
Total, grants	245,389	254,840	268,921	234,160	250,922	271,260

