

## 9. AID TO STATE AND LOCAL GOVERNMENTS<sup>1</sup>

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 \$267.1 billion in 1999 and are estimated to increase to \$284.1 billion in 2000 and \$305.6 billion in 2001.

Grant outlays for payments for individuals, such as Medicaid, are estimated to be 62 percent of total grants in 2001; 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 benefitting 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 public purpose bonds from Federal taxation. These provisions, on an outlay equivalent basis, are estimated to be \$95.4 billion in 2000 and \$98.7 billion in 2001. 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 ex-

penditure provisions, so that the estimates above only approximate the aggregate effect of these provisions.

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

Table 9-1. FEDERAL GRANT OUTLAYS BY AGENCY  
(In billions of dollars)

Agency	1999 actual	Estimate	
		2000	2001
Department of Agriculture .....	18.8	19.7	20.4
Department of Commerce .....	0.5	0.6	0.7
Department of Education .....	19.4	22.8	23.5
Department of Energy .....	0.2	0.1	0.2
Department of Health and Human Services .....	148.8	160.7	174.7
Department of Housing and Urban Development .....	27.7	24.9	26.2
Department of the Interior .....	2.0	2.2	2.2
Department of Justice .....	4.5	3.8	6.4
Department of Labor .....	7.6	8.3	8.7
Department of Transportation .....	28.9	32.3	34.3
Department of the Treasury .....	0.5	0.5	0.5
Department of Veterans Affairs .....	0.3	0.4	0.4
Environmental Protection Agency .....	3.0	3.3	3.6
Federal Emergency Management Agency .....	3.4	2.7	2.1
Other agencies .....	1.8	1.8	1.6
Total .....	267.1	284.1	305.6

Table 9-1 shows the distribution of grants by agency. Grant outlays for the Department of Health and Human Services are estimated to be \$174.7 billion in 2001, 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 working with State and local governments to make our Federal system more efficient and effective and to improving the design and administration of Federal grant programs. One way the Administration will do this is

by leading a governmentwide effort to use electronic processing in the administration of grant programs.

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. The Administration's efforts to improve the grant administration process will include efforts to identify statutory impediments to grants simplification and encourage flexible legislation, such as

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

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

the Workforce Investment Act of 1998, which allows Federal agencies to streamline the delivery of grants.

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 investment in distressed communities, and to protect the environment and encourage "smart-growth."

Highlights of grants to State and local governments follow. For additional information on grants, see the detailed Table 9-3 in this Chapter, or information in the Budget volume.

### Education

This budget requests \$23.5 billion in budget authority for 2001 for grants to State and local governments for education, an increase of \$7.5 billion above the 2000 amount of \$16.0 billion. The education proposals in this budget will help States improve accountability for school and student performance, enhance teacher quality, acquire better technology, and support innovative programs.

The budget includes \$8.4 billion for Title I grants to local educational agencies, providing \$250 million for an Accountability Fund to help accelerate States' implementation of accountability provisions in the Title I program, nearly doubling the amount available in 2000. The Accountability Fund will help States identify their lowest performing schools, intervene with effective strategies to improve student outcomes, and report on their results.

The budget proposes \$1,750 million, an increase of \$450 million over 2000, as the third installment of the President's plan to help schools recruit, hire, and train 100,000 new teachers by 2005 and reduce class size in the early grades. The budget provides \$1.0 billion to help States and districts provide sustained, content-rich professional development, and support State efforts to align curricula and assessments with content standards.

The Administration's education technology programs serve to make modern computers and technologies accessible to all students; connect classrooms to the Internet; make high-quality educational software an integral part of the curriculum; and enable teachers to effectively integrate technology into their instruction. The budget provides \$903 million for education technology.

A variety of innovative programs to improve the educational development of the Nation's students are proposed, or expanded from previous funding levels. As part of a comprehensive approach to fix failing schools the budget more than doubles the funding of the 21st Century Community Learning Centers/After School Programs to \$1.0 billion. In 2001 more than 10,000 schools will receive 21st Century Community Learning Center grants. The budget requests \$247 million in competitive grants under the interagency Safe Schools/Healthy Students program, which includes contributions from the Departments of Health and Human Services, Justice, and Labor; \$50 million for the newly es-

tablished Coordinator initiative to ensure that more than 1,300 middle schools have a director of drug and violence prevention programs to monitor local programs and link school-based programs to community-based programs; and \$10 million for Project SERV, a resource for responding to school violence incidents. The Administration proposes \$175 million in funding for charter schools, enough to support 2,400 schools in 2001 and continue progress toward the President's goal of 3,000 charter schools by 2002. In addition, in 2001, \$1.3 billion is requested to repair the Nation's schools.

For higher education, this budget proposes to increase funds for GEAR-UP by \$125 million in 2001. This program provides funds for States and for local partnerships to help students in high-poverty schools prepare for and attend college.

### Training and Employment

Several initiatives in the budget continue the Administration's efforts to reform the Nation's workforce development system and increase job training opportunities to help workers succeed in the economy of the 21st Century.

The Workforce Investment Act of 1998 (WIA) takes full effect on July 1, 2000, as the Job Training Partnership Act is repealed and all States fully implement the WIA requirements. The budget includes funding for initiatives to ensure that: (1) all displaced workers would receive the training they want and need; (2) individuals who lose their job due to no fault of their own could get re-employment services; and (3) every American would have access to One-Stop Career Centers. The budget proposes \$1.8 billion for dislocated workers, an increase of \$181 million over 2000. The Employment Service provides a free labor exchange for all workers and job seekers, and is growing more effective through implementation of One-Stop Career Centers. The budget proposes \$1.0 billion for these activities.

In order to enhance the prospects of employment for individuals with disabilities, the budget includes \$20 million for competitive grants to partnerships or consortia in each State to provide new services and information for individuals with disabilities who want to return to work. To boost the skills and productivity of the U.S. workforce, the budget includes \$30 million for competitive grants to States for training and upgrading the skills of currently employed workers. Applicants would be required to provide non-Federal matching resources, and employers that received grant assistance would be expected to demonstrate that training increased participant earnings.

The Youth Opportunity Grants initiative addresses the special problems of out-of-school youth, especially in inner-cities and other areas where unemployment rates are high. The budget provides a total of \$375 million for this program, including \$250 million for the third year of 5-year competitive grants to 25-30 communities and \$125 million for this first year of competitive grants to 12-15 additional communities serving a total of about 85,000 disadvantaged youth.

To build on the investments and partnerships begun under the Welfare-to-Work program and the Workforce Investment Act, this budget includes an additional \$255 million for FathersWork/Families Win. This initiative would help low income noncustodial parents work and pay child support and help custodial parents stay in their jobs, move up the career ladder and remain off cash assistance. This program includes a \$10 million set aside to provide grants to Native Americans.

In 2001, the Responsible Reintegration of Young Offenders initiative will provide competitive grants to serve almost 19,000 young ex-offenders. The budget includes \$75 million for this new initiative to establish partnerships between the criminal justice system and local one-stop delivery systems created under the Workforce Investment Act.

## Social Services

Head Start, America's premiere early childhood development program, supports working families by helping parents get involved in their children's educational lives and providing services to the entire family. In proposing the expansion of Head Start funding by \$1.0 billion and adding 61,000 Head Start pre-school slots and 9,000 Early Head Start slots, the Administration intends to increase participation in these programs by under-represented groups in specifically targeted areas.

This budget proposes to fund the social services block grant at \$1,775 million, \$75 million more than the authorized level to maintain funding at the 2000 level. Of this amount, \$25 million will be available to support second-chance homes for unmarried teen parents and their children. This block grant provides funding to States to support a wide range of programs including child protection and child welfare, child care, and services for the elderly and disabled.

## Income Support

**Welfare-to-work.**—In addition to the \$16.5 billion per year provided through the Temporary Assistance for Needy Children Program, the Administration sought, and Congress provided, a total of \$3 billion in 1998 and 1999. This budget provides for a two-year extension of the time period grantees have to spend for their funds to continue their efforts and provide long-term recipients and non-custodial parents of children on welfare the work and employment services they need to help support their children.

**Housing assistance.**—The budget continues to reduce poverty concentrations by providing \$625 million in HOPE VI grants to local housing authorities to demolish 28,000 dilapidated non-viable public housing units over the next three years, and replace them with portable subsidies or newly constructed mixed income housing.

**Food and nutrition assistance.**—This budget requests \$9.4 billion for grants for the National School Lunch and School Breakfast Programs and other child

nutrition programs. These programs provide free or low-cost nutritious meals to children in participating schools. In 2001, the programs will serve an estimated 27.8 million lunches daily. The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) provides vouchers for nutritious supplemental food packages, nutrition education and counseling, and health and immunization referrals. This budget request \$4.1 billion for WIC for 2001 to serve by year-end 7.5 million low-income women, infants, and children who are at nutritional risk.

**Other income security.**—The Child Care and Development Fund provides grants to States to improve the availability, affordability, and quality of child care. This budget proposes an increase of \$817 million for child care subsidies for low-income families, which is sufficient to provide subsidies for nearly 150,000 additional children. The budget also proposes to create an Early Learning Fund, which would provide community grants for activities to improve school readiness of children under five.

## Health

This budget proposes \$133.4 billion in outlays for 2001 in grants to State and local governments for health, \$10.1 billion more than for 2000.

**Medicaid.**—Medicaid is the largest grant program, and outlays for Medicaid are projected to be \$124.8 billion in 2001. This Federal-State health care program served about 33 million low-income Americans in 1999. The Federal Government spent \$108 billion, 57 percent of the total, on the program in 1999 while States spent \$81 billion, or 43 percent. Medicaid covers a fourth of the Nation's children and is the largest single purchaser of maternity care as well as of nursing home services and other long-term care services; the program covers almost two-thirds of nursing home residents.

This budget proposes several new initiatives in Medicaid, including eligibility expansions to parents of Medicaid and SCHIP children (see below), people with long-term care needs in community settings, and legal immigrants. This budget steps up efforts to enroll eligible individuals in the program by extending and improving the transitional Medicaid program, allowing new sites to determine presumptive eligibility, and aligning Medicaid with SCHIP enrollment processes. This budget seeks to provide States with efficiencies in the Medicaid prescription drug program and includes other Medicaid-related proposals as well.

**State Children's Health Insurance Program.**—More than 11 million American children lack health insurance. To increase the number of children with insurance, the State Children's Health Insurance Program (SCHIP) was established in 1997 to provide \$24 billion over five years for States to expand health insurance coverage to low-income, uninsured children. SCHIP provides States with broad flexibility in pro-

gram design while protecting beneficiaries through basic Federal standards.

This budget requests \$4.5 billion in budget authority for 2001 for this program and proposes to allow States to provide health insurance coverage to parents of children eligible for Medicaid and SCHIP.

**Other health.**—This budget requests increased Federal spending for certain public health programs that assist State and local governments in addressing substance abuse, mental health, and HIV/AIDS for 2001. These increases include an additional \$31 million for the substance abuse block grant and \$60 million for the mental health block grant for State governments. Increased funds for State and local governments are also included in the \$125 million overall increase for Ryan White AIDS treatment grants.

### Natural Resources and Environment

Federal water infrastructure funds in the State and Tribal Assistance grants account provide capitalization grants to State revolving funds, which make low-interest loans to help municipalities pay for wastewater and drinking water treatment systems required by Federal law. The proposed \$1.6 billion in budget authority in 2001 for the State Revolving Fund capitalization grants in this account is consistent with the Administration's plans to capitalize these funds to the point where the Clean Water State Revolving Funds and the Drinking Water State Revolving Funds provide a total of \$2.5 billion in average annual assistance.

### Administration of Justice

The budget requests \$4.5 billion in budget authority in 2001 to help State and local governments fight crime, including \$542 million to assist crime victims. The 2001 budget builds on the success of the Community Oriented Policing Services (COPS) program and includes \$1.3 billion for the second year of the 21st Century Policing Initiative. This program expands the concept of community policing to include community prosecution, law enforcement technology assistance, and prevention. To combat the significant problem of violence against women, the budget proposes \$462 million to enhance the States' abilities to respond, and to further expand access to previously under-served rural, Indian, and other minority populations.

### Transportation

This budget requests \$42.2 billion in budget authority in 2001 for grants to State and local governments to assist with transportation infrastructure and related programs.

**Highways.**—The budget requests \$34.0 billion in budget authority in 2001 for grants to States and local governments for highways. Most of this, or \$33.5 billion, is in the Federal-aid highways program to maintain and improve surface transportation infrastructure. In addition, States will be provided dedicated funding to heighten enforcement of traffic laws regarding com-

mercial drivers (e.g., truck and bus drivers). Grants to States to enforce Federal and compatible State standards for commercial motor vehicle safety inspections, traffic enforcement, and compliance reviews are proposed to increase 78 percent over 2000 to \$187 million in 2001.

**Other transportation.**—This budget requests \$6.2 billion in budget authority for 2001 to assist State and local governments with mass transit and \$2.0 billion to assist with the construction of airports.

### Community and Regional Development

**Community development.**—This budget proposes \$1.4 billion in mandatory grant funding for the remaining nine years for the 15 Round II Urban Zones; and \$120 million in mandatory grant funding for the remaining eight years for the 5 Rural Zones and 20 Rural Enterprise Communities as the Administration proposed in 1999 and 2000. These grants would allow communities to implement comprehensive long term strategies to address their local needs.

This budget also proposes a series of tax measures to extend and improve economic growth in the 31 existing Round I and Round II Empowerment Zones and also proposes to create a Third Round of 10 new Empowerment Zones. The total cost of the President's tax expenditure proposals is approximately \$4 billion over 10 years. To encourage employment and growth, the Budget proposes to extend until 2009 the wage credit currently available only for Round I Zones through 2004, and to make the wage credit also available in Round II and Round III Zones through 2009. To lower the cost of investment for small businesses in Empowerment Zones, the Budget proposes to allow them to deduct an additional \$35,000 in investments above the normal small business investment deductions. The proposal also will allow local governments to issue tax-exempt bonds on behalf of Empowerment Zone businesses. Finally, the President's proposal would permanently extend the Brownfields Tax Incentive in Empowerment Zones.

**Area and regional 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 Advancement Program (RCAP), combining 12 separate programs into a performance partnership that can tailor assistance to the unique economic development needs of each rural community. The budget proposes \$3.4 billion in loans and grants for RCAP, 29 percent more than in 2000 and the full flexibility that the 1996 Farm Bill envisioned. It also re-proposes partnership technical assistance grants and grants for early-warning weather systems in areas prone to tornadoes.

As part of the Administration's multi-agency initiative for the Mississippi Delta Region (MDR), \$2 million of the partnership technical assistance grants are targeted to MDR counties (the 219 counties of the region as defined by P.L. 100-460). In addition, there is a set-aside of \$8 million in Intermediary Re-lending Program Loans for the MDR as well. The Administration is doubling the Appalachian Regional Commission's Entrepreneurship Initiative, which funds innovative eco-

nomic development projects in the region, from \$5 million to \$10 million in 2001.

#### Other Functions

Discussions of these and other Federal aid programs can be found in the main budget volume in Part IV, Part V, and elsewhere. As noted earlier, a detailed listing of budget authority and outlays for all grants to State and local governments is in Table 9-3 in this chapter.

### 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 \$281.8 billion or 92 percent of total grant outlays in 2001.

The increase in total outlays for grants overall since 1990 has been driven by increases in grants for health, which more than tripled from \$43.9 billion in 1990 to

an estimated \$133.4 billion in 2001. 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 usually not limited by the annual appropriations process. Outlays for mandatory grant programs are estimated to be \$179.9 billion in 2001. The three largest mandatory grant programs are Medicaid, with estimated outlays of \$124.8 billion in 2001, Temporary Assistance to Needy Families, \$15.8 billion in 2001, and Food Stamp grants for State administration and Child nutrition programs, with combined outlays of \$13.6 billion in 2001.

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 \$125.7 billion in 2001. Table 9-3 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 24, "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.<sup>2</sup> 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 56 percent of the total in 1990 to 63 percent of the total in 1999. While payments for individuals will comprise 62 percent of grants in 2001, they are estimated to increase to an estimated 67 percent of the total by 2005.

These grants are distributed through State or local governments to provide cash or in-kind benefits that

<sup>2</sup>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	1999	2000	2001	2002	2003	2004	2005
A. Distribution of grants by function:															
Natural resources and environment .....	0.1	0.2	0.4	2.4	5.4	4.1	3.7	4.1	4.1	4.5	5.0	5.0	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	0.8	0.8	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	28.9	32.3	34.3	35.9	35.9	36.4	36.8
Community and regional development .....	0.1	0.6	1.8	2.8	6.5	5.2	5.0	7.2	9.3	9.0	8.2	8.2	7.6	7.6	7.2
Education, training, employment, and social services .....	0.5	1.1	6.4	12.1	21.9	17.8	23.4	34.1	38.2	43.7	46.8	47.9	50.3	51.1	52.2
Health .....	0.2	0.6	3.8	8.8	15.8	24.5	43.9	93.6	114.0	123.3	133.4	145.5	160.0	174.8	189.8
Income security .....	2.6	3.5	5.8	9.4	18.5	27.2	35.2	55.1	64.2	63.2	67.2	70.3	73.3	75.9	77.7
Justice .....	.....	*	0.7	0.5	0.1	0.6	1.2	4.8	4.2	6.7	5.2	4.7	4.5	4.5	4.5
General government .....	0.2	0.2	0.5	7.1	8.6	6.8	2.3	2.2	2.1	2.3	2.2	2.2	2.2	2.2	2.2
Other .....	0.2	0.3	0.6	7.2	9.3	7.6	3.1	3.0	0.8	0.8	0.9	0.9	0.9	1.1	1.1
Total .....	7.0	10.9	24.1	49.8	91.4	105.9	135.3	225.0	267.1	284.1	305.6	321.8	340.4	359.1	377.2
B. Distribution of Grants by BEA Category:															
Discretionary .....	NA	2.9	10.2	21.0	53.3	55.5	63.3	94.0	112.0	116.8	125.7	128.3	130.2	132.3	133.7
Mandatory .....	NA	8.0	13.9	28.8	38.1	50.4	72.0	131.0	155.1	167.3	179.9	193.5	210.2	226.8	243.5
Total .....	7.0	10.9	24.1	49.8	91.4	105.9	135.3	225.0	267.1	284.1	305.6	321.8	340.4	359.1	377.2
C. Composition:															
Current dollars:															
Payments for individuals <sup>1</sup> .....	2.5	3.7	8.7	16.8	32.6	49.3	75.7	141.2	167.7	175.6	189.0	203.7	220.4	237.1	253.6
Physical capital <sup>1</sup> .....	3.3	5.0	7.1	10.9	22.6	24.9	27.2	39.6	43.9	48.7	51.7	53.2	53.6	54.9	55.5
Other grants .....	1.2	2.2	8.3	22.2	36.2	31.6	32.5	44.2	55.5	59.8	65.0	64.9	66.5	67.1	68.1
Total .....	7.0	10.9	24.1	49.8	91.4	105.9	135.3	225.0	267.1	284.1	305.6	321.8	340.4	359.1	377.2
Percentage of total grants:															
Payments for individuals <sup>1</sup> .....	35%	34%	36%	34%	36%	47%	56%	63%	63%	62%	62%	63%	65%	66%	67%
Physical capital <sup>1</sup> .....	47%	46%	29%	22%	25%	24%	20%	18%	16%	17%	17%	17%	16%	15%	15%
Other grants .....	17%	20%	34%	45%	40%	30%	24%	20%	21%	21%	21%	20%	20%	19%	18%
Total .....	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Constant (FY 1996) dollars:															
Payments for individuals <sup>1</sup> .....	11.2	15.7	31.3	44.9	59.8	69.3	88.6	144.0	159.9	163.0	171.3	180.1	190.0	199.2	207.7
Physical capital <sup>1</sup> .....	16.9	23.9	26.6	24.7	37.2	32.2	30.4	40.4	42.1	45.4	46.9	47.0	46.2	46.2	45.5
Other grants .....	8.3	12.8	36.1	67.0	72.0	45.4	38.6	45.3	51.8	54.4	57.6	56.1	55.9	55.1	54.4
Total .....	36.4	52.5	94.0	136.6	169.0	146.9	157.6	229.7	253.8	262.7	275.8	283.2	292.2	300.4	307.6
D. Total grants as a percent of:															
Federal outlays:															
Total .....	8%	9%	12%	15%	15%	11%	11%	15%	16%	16%	17%	17%	17%	18%	18%
Domestic programs <sup>2</sup> .....	18%	18%	23%	22%	22%	18%	17%	22%	22%	22%	22%	23%	23%	23%	23%
State and local expenditures .....	19%	20%	24%	27%	30%	24%	21%	25%	25%	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%
E. As a share of total State and local capital spending:															
Federal capital grants .....	24%	25%	25%	26%	35%	30%	22%	26%	22%	N/A	N/A	N/A	N/A	N/A	N/A
State and local source financing .....	76%	75%	75%	74%	65%	70%	78%	74%	78%	N/A	N/A	N/A	N/A	N/A	N/A
Total .....	100%	100%	100%	100%	100%	100%	100%	100%	100%	N/A	N/A	N/A	N/A	N/A	N/A

AN/A: Not available.

A\* \$50 million or less.

<sup>1</sup> Grants that are both payments for individuals and capital investment are shown under capital investment.

<sup>2</sup> Excludes national defense, international affairs, net interest, and undistributed offsetting receipts.

constitute income transfers to individuals or families. The major grant in this category is Medicaid, which had outlays of \$108.0 billion in 1999, increasing to \$124.8 billion in 2001. 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 2001, 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 2001.

Section C of Table 9-2 also shows these three categories in constant dollars. In constant 1996 dollars, total grants increase from \$157.6 billion in 1990 to an estimated \$275.8 billion in 2001, an average increase of 5.2 percent per year. During this same period, grants for payments to individuals are estimated to increase an average of 6.2 percent per year; grants for physical capital an average of 4.0 percent per year, and other grants an average of 3.7 percent per year.

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 1996 dollars

decreased from \$169.0 billion in 1980 to \$157.6 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 17 percent in 2001. Grants as a percentage of domestic spending are estimated to be 22 percent in 2001.

As a percentage of total State and local expenditures, grants have increased from 21 percent in 1990 to 25 percent in 1999.

Section E shows the relative contribution of physical capital grants in assisting States and localities with capital spending. After a slight increase to 26 percent of State and local capital spending in 1995, Federal capital grants have declined to be 22 percent of State and local spending in 1999, the same share as in 1990.

## 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, provide information on how to apply for Federal aid, or display information about audits.

*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)* report 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 Aid to States*, a report prepared by the Bureau of the Census, shows Federal spending by State for grants 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.

The *Federal Audit Clearinghouse* maintains an online database (<http://harvester.census.gov/sac>) that provides access to summary information about audits conducted under OMB Circular A-133, "Audits to States, Local Governments, and Non-Profit Organizations." Information is available for each audited entity, including the amount of Federal money expended by program and whether there were audit findings.

### 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		
	1999 Actual	2000 Estimate	2001 Estimate	1999 Actual	2000 Estimate	2001 Estimate
<b>NATIONAL DEFENSE</b>						
<b>Discretionary:</b>						
Federal Emergency Management Agency:						
Emergency management planning and assistance .....				1		
<b>Total, discretionary</b> .....				1		
<b>Total, national defense</b> .....				1		
<b>ENERGY</b>						
<b>Discretionary:</b>						
Department of Energy:						
Energy Programs:						
Energy conservation .....	176	145	219	158	124	151
<b>Total, discretionary</b> .....	176	145	219	158	124	151
<b>Mandatory:</b>						
Tennessee Valley Authority:						
Tennessee Valley Authority fund .....	304	306	314	304	306	314
<b>Total, mandatory</b> .....	304	306	314	304	306	314
<b>Total, energy</b> .....	480	451	533	462	430	465
<b>NATURAL RESOURCES AND ENVIRONMENT</b>						
<b>Discretionary:</b>						
Department of Agriculture:						
Natural Resources Conservation Service:						
Resource conservation and development .....	52	41	17	1	1	1
Watershed and flood prevention operations .....				52	66	58
Forest Service:						
State, private and international forestry .....	84	102	123	90	98	117
Management of national forest lands for subsistence uses .....	3		6		3	6
Department of Commerce:						
National Oceanic and Atmospheric Administration:						
Operations, research, and facilities .....	103	120	135	91	91	101
Pacific coastal salmon recovery .....		58	160		58	160
Department of the Interior:						
Office of Surface Mining Reclamation and Enforcement:						
Regulation and technology .....	51	51	45	50	50	54
Abandoned mine reclamation fund .....	170	181	196	154	152	192
Bureau of Reclamation:						
Bureau of reclamation loan subsidy .....	11	12	9	9	14	10
United States Geological Survey:						
Surveys, investigations and research .....				8		8
Surveys, investigations and research .....				17		16
United States Fish and Wildlife Service:						
Commercial salmon fishery capacity reduction .....			5		5	
Non-game wildlife state grants .....				100		25
Cooperative endangered species conservation fund .....	14	23	65	9	15	23
Wildlife conservation and appreciation fund .....	1	1	1	1	1	1
Miscellaneous permanent appropriations .....	2	2	2	2	2	2
National Park Service:						
National recreation and preservation .....			2	20		1
Land acquisition and State assistance .....			20	145	7	51

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		
	1999 Actual	2000 Estimate	2001 Estimate	1999 Actual	2000 Estimate	2001 Estimate
Historic preservation fund .....	72	75	72	37	73	80
Departmental Management:						
Priority Federal land acquisitions and exchanges .....		20	.....		10	4
Environmental Protection Agency:						
State and Tribal Assistance Grants .....	3,408	3,446	2,907	2,745	3,064	3,400
Hazardous substance superfund .....	179	166	171	156	134	141
Leaking underground storage tank trust fund .....	62	60	62	59	62	61
<b>Total, discretionary</b> .....	<b>4,212</b>	<b>4,385</b>	<b>4,261</b>	<b>3,456</b>	<b>3,907</b>	<b>4,524</b>
<b>Mandatory:</b>						
Department of the Interior:						
Bureau of Land Management:						
Miscellaneous permanent payment accounts .....	50	5	8	50	5	8
Minerals Management Service:						
National forests fund, payment to States .....	3	5	3	3	5	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 .....	199	228	237	212	202	209
Sport fish restoration .....	279	306	292	257	292	293
Departmental Management:						
Everglades watershed protection .....	4	1	1	119	42	.....
Everglades restoration account .....					4	1
Department of the Treasury:						
Financial Management Service:						
Payment to terrestrial wildlife habitat restoration trust fund .....	5	5	5	5	5	5
<b>Total, mandatory</b> .....	<b>541</b>	<b>551</b>	<b>547</b>	<b>647</b>	<b>556</b>	<b>520</b>
<b>Total, natural resources and environment</b> .....	<b>4,753</b>	<b>4,936</b>	<b>4,808</b>	<b>4,103</b>	<b>4,463</b>	<b>5,044</b>
<b>AGRICULTURE</b>						
<b>Discretionary:</b>						
Department of Agriculture:						
Departmental Administration:						
Outreach for socially disadvantaged farmers .....	3	3	10	4	3	10
Cooperative State Research, Education, and Extension Service:						
Extension activities .....	437	424	428	407	452	421
Research and education activities .....	237	237	238	206	228	238
Integrated activities .....		9	18	.....	1	4
Agricultural Marketing Service:						
Payments to States and possessions .....	1	1	2	1	1	2
Farm Service Agency:						
State mediation grants .....	2	3	4	2	3	5
<b>Total, discretionary</b> .....	<b>680</b>	<b>677</b>	<b>700</b>	<b>620</b>	<b>688</b>	<b>680</b>
<b>Mandatory:</b>						
Department of Agriculture:						
Office of the Secretary:						
Fund for rural America .....	1	20	30	12	11	22
Farm Service Agency:						
Commodity credit corporation fund .....	27	132	93	27	132	93
<b>Total, mandatory</b> .....	<b>28</b>	<b>152</b>	<b>123</b>	<b>39</b>	<b>143</b>	<b>115</b>
<b>Total, agriculture</b> .....	<b>708</b>	<b>829</b>	<b>823</b>	<b>659</b>	<b>831</b>	<b>795</b>
<b>COMMERCE AND HOUSING CREDIT</b>						
<b>Mandatory:</b>						
Department of Commerce:						
National Oceanic and Atmospheric Administration:						
Promote and develop fishery products and research pertaining to American fisheries ..	3	1	2	5	6	3
<b>Total, mandatory</b> .....	<b>3</b>	<b>1</b>	<b>2</b>	<b>5</b>	<b>6</b>	<b>3</b>

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		
	1999 Actual	2000 Estimate	2001 Estimate	1999 Actual	2000 Estimate	2001 Estimate
<b>Total, commerce and housing credit</b> .....	<b>3</b>	<b>1</b>	<b>2</b>	<b>5</b>	<b>6</b>	<b>3</b>
<b>TRANSPORTATION</b>						
<b>Discretionary:</b>						
Department of Transportation:						
Coast Guard:						
Boat safety .....				21	9	1
Federal Aviation Administration:						
Grants-in-aid for airports (Airport and airway trust fund) .....	2,322	1,896	1,950	1,565	1,896	1,899
Federal Highway Administration:						
State infrastructure banks .....	-7			29	15	12
Appalachian development highway system .....	132			73	118	76
Highway-related safety grants .....				1	1	
Federal-aid highways <sup>1</sup> .....	28,244	30,530	32,764	21,118	23,739	25,829
Miscellaneous appropriations .....				65	132	99
Miscellaneous highway trust funds .....				40	52	34
Federal Motor Carrier Safety Administration:						
National motor carrier safety program .....	99	105	187	87	109	128
National Highway Traffic Safety Administration:						
Highway traffic safety grants .....	190	197	204	180	200	207
Federal Railroad Administration:						
Emergency railroad rehabilitation and repair .....				6	8	
Alameda Corridor direct loan financing program .....				18		
Local rail freight assistance .....				3	3	
Alaska railroad rehabilitation .....	38	15		11	42	9
Railroad research and development .....	2	3		1	2	-1
Conrail commuter transition assistance .....				5	6	
Federal Transit Administration:						
Research, training, and human resources .....				1	2	1
Job Access and Reverse Commute Grants <sup>1</sup> .....	75	75	150		20	46
Interstate transfer grants-transit .....				11	6	3
Washington metropolitan area transit authority .....	50			162	134	94
Formula grants <sup>1</sup> .....	2,799	3,049	3,345	2,174	2,356	2,248
Capital Investment Grants <sup>1</sup> .....	2,307	2,489	2,646	251	579	1,147
Transit planning and research .....	74	89	91	65	64	64
Discretionary grants (Highway trust fund, Mass transit account) .....	-392			1,524	1,315	933
Research and Special Programs Administration:						
Research and special programs .....			3	1		2
Pipeline safety .....	15	16	24	14	15	16
<b>Total, discretionary<sup>1</sup></b> .....	<b>35,948</b>	<b>38,464</b>	<b>41,364</b>	<b>27,426</b>	<b>30,823</b>	<b>32,847</b>
<b>Mandatory:</b>						
Department of Transportation:						
Federal Highway Administration:						
Federal-aid highways .....	739	739	739	1,472	1,446	1,338
Federal Motor Carrier Safety Administration:						
Motor carrier safety .....			92		68	91
Research and Special Programs Administration:						
Emergency preparedness grants .....	7	13	13	6	7	10
<b>Total, mandatory<sup>1</sup></b> .....	<b>746</b>	<b>828</b>	<b>844</b>	<b>1,478</b>	<b>1,521</b>	<b>1,439</b>
<b>Total, transportation</b> .....	<b>36,694</b>	<b>39,292</b>	<b>42,208</b>	<b>28,904</b>	<b>32,344</b>	<b>34,286</b>
<b>COMMUNITY AND REGIONAL DEVELOPMENT</b>						
<b>Discretionary:</b>						
Department of Agriculture:						
Rural Development:						
Rural community advancement program .....	617	590	580	529	599	513
Rural Utilities Service:						
Distance learning and telemedicine program .....	13	21	27	9	15	18
Rural Housing Service:						
Rural community fire protection grants .....				2		
Rural Business—Cooperative Service:						
Rural cooperative development grants .....	3	6	10	3	6	7

**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		
	1999 Actual	2000 Estimate	2001 Estimate	1999 Actual	2000 Estimate	2001 Estimate
Forest Service:						
Southeast Alaska economic disaster assistance fund .....	.....	22	.....	20	10	7
Department of Commerce:						
Economic Development Administration:						
Economic development assistance programs .....	387	386	419	355	408	412
Department of Housing and Urban Development:						
Public and Indian Housing Programs:						
Moving to work .....	.....	5	.....	.....	3	2
Community Planning and Development:						
Community development block grants .....	4,893	4,781	4,900	4,804	4,856	4,826
Urban development action grants .....	.....	.....	.....	18	10	10
Community development loan guarantees subsidy .....	30	30	30	9	16	21
National cities in schools community development program .....	5	5	5	4	4	5
Brownfields redevelopment .....	25	25	50	.....	10	28
Urban empowerment zones .....	45	55	150	3	17	40
Regional connections .....	.....	.....	25	.....	.....	1
America's private investment companies subsidy .....	.....	20	37	.....	15	28
Office of Lead Hazard Control:						
Lead hazard reduction .....	80	80	120	2	80	81
Department of the Interior:						
Bureau of Indian Affairs:						
Operation of Indian programs .....	139	135	137	132	133	131
Indian guaranteed loan subsidy .....	5	5	6	4	5	7
Departmental Management:						
King Cove road and airstrip .....	35	.....	.....	35	.....	.....
Department of the Treasury:						
Departmental Offices:						
United States community adjustment and investment program .....	9	10	10	1	14	10
Federal Emergency Management Agency:						
Emergency management planning and assistance .....	165	173	180	73	168	176
Disaster relief .....	1,797	1,797	2,564	3,184	2,339	1,654
Disaster assistance for unmet needs .....	230	.....	.....	.....	74	97
National flood mitigation fund .....	20	20	20	8	18	25
Appalachian Regional Commission:						
Appalachian regional commission .....	58	59	64	136	144	109
Commission of Fine Arts:						
D.C. arts education grants .....	.....	.....	1	.....	.....	.....
Denali Commission:						
Denali commission .....	20	20	20	1	19	19
<b>Total, discretionary .....</b>	<b>8,576</b>	<b>8,245</b>	<b>9,355</b>	<b>9,332</b>	<b>8,963</b>	<b>8,227</b>
<b>Total, community and regional development .....</b>	<b>8,576</b>	<b>8,245</b>	<b>9,355</b>	<b>9,332</b>	<b>8,963</b>	<b>8,227</b>
<b>EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES</b>						
Discretionary:						
Department of Commerce:						
National Telecommunications and Information Administration:						
Public telecommunications facilities, planning and construction .....	10	13	104	14	23	32
Technology Opportunity Grants .....	7	6	21	7	13	9
Department of Education:						
Office of Elementary and Secondary Education:						
Reading excellence .....	251	56	277	.....	128	201
Indian education .....	65	75	113	56	79	78
Impact aid .....	859	901	765	1,076	1,021	783
Chicago litigation settlement .....	.....	.....	.....	2	3	3
Education Reform .....	1,028	963	448	792	900	953
Education for the disadvantaged .....	3,647	8,667	9,120	7,534	8,354	8,533
School improvement programs .....	2,687	1,357	3,674	1,255	2,385	2,668
Office of Bilingual Education and Minority Languages Affairs:						
Bilingual and immigrant education .....	325	329	356	284	433	330
Office of Special Education and Rehabilitative Services:						
Special education .....	5,080	2,035	6,082	4,251	5,121	5,554
Rehabilitation services and disability research .....	117	120	128	87	160	125
American printing house for the blind .....	9	10	10	8	13	10
Office of Vocational and Adult Education:						
Vocational and adult education .....	1,506	851	1,636	1,336	1,512	1,600

**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		
	1999 Actual	2000 Estimate	2001 Estimate	1999 Actual	2000 Estimate	2001 Estimate
Office of Postsecondary Education:						
Higher education .....	132	150	193	42	127	150
Office of Student Financial Assistance:						
Student financial assistance .....	25	40	40	23	30	40
Office of Educational Research and Improvement:						
Education research, statistics, and improvement .....	230	55	56	74	216	87
Department of Health and Human Services:						
Administration for Children and Families:						
Promoting safe and stable families .....	4	3	3	4	3	3
Children and families services programs .....	5,730	5,003	7,323	5,421	5,906	6,663
Administration on Aging:						
Aging services programs .....	882	933	1,084	879	886	1,020
Department of the Interior:						
Bureau of Indian Affairs:						
Operation of Indian programs .....	91	95	101	92	93	97
Department of Labor:						
Employment and Training Administration:						
Training and employment services .....	3,622	1,961	3,882	3,436	3,690	4,028
Community service employment for older Americans .....	97	97	97	97	97	97
State unemployment insurance and employment service operations .....	162	163	196	45	185	164
Unemployment trust fund .....	963	962	974	1,026	990	939
Corporation for National and Community Service:						
Domestic volunteer service programs, Operating expenses .....	173	182	185	152	164	177
National and community service programs, operating expenses .....	90	112	112	55	64	56
Corporation for Public Broadcasting:						
Corporation for public broadcasting .....	150	190	224	150	181	209
District of Columbia:						
District of Columbia General and Special Payments:						
Federal payment for resident tuition support .....	.....	17	17	.....	17	17
National Endowment for the Arts:						
National endowment for the arts: Grants and administration .....	35	34	54	30	31	40
Institute of Museum and Library Services:						
Office of Museum Services: Grants and administration .....	6	6	8	5	6	6
Office of Library Services: Grants and administration .....	151	151	157	129	157	157
<b>Total, discretionary .....</b>	<b>28,134</b>	<b>25,537</b>	<b>37,440</b>	<b>28,362</b>	<b>32,988</b>	<b>34,829</b>
<b>Mandatory:</b>						
Department of Education:						
Office of Special Education and Rehabilitative Services:						
Rehabilitation services and disability research .....	2,304	2,339	2,400	2,536	2,279	2,381
Office of Vocational and Adult Education:						
Vocational and adult education .....	.....	.....	2	.....	.....	.....
Department of Health and Human Services:						
Administration for Children and Families:						
State legalization impact assistance grants .....	.....	.....	-1	.....	.....	.....
Job opportunities and basic skills training program .....	.....	.....	9	8	5	5
Promoting safe and stable families .....	269	289	299	242	280	282
Social services block grant .....	1,909	1,775	1,775	1,993	1,623	1,998
Payments to states for foster care and adoption assistance .....	4,922	5,697	6,406	4,707	5,495	6,294
Department of Labor:						
Employment and Training Administration:						
Welfare to work jobs .....	1,488	-187	.....	267	860	905
Federal unemployment benefits and allowances .....	131	132	155	100	130	138
<b>Total, mandatory .....</b>	<b>11,023</b>	<b>10,045</b>	<b>11,035</b>	<b>9,855</b>	<b>10,675</b>	<b>12,003</b>
<b>Total, education, training, employment, and social services .....</b>	<b>39,157</b>	<b>35,582</b>	<b>48,475</b>	<b>38,217</b>	<b>43,663</b>	<b>46,832</b>
<b>HEALTH</b>						
<b>Discretionary:</b>						
Department of Agriculture:						
Food Safety and Inspection Service:						
Salaries and expenses .....	45	45	46	44	45	46
Department of Health and Human Services:						
Health Resources and Services Administration:						
Health Resources and Services .....	1,498	1,595	1,843	1,448	1,595	1,837

**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		
	1999 Actual	2000 Estimate	2001 Estimate	1999 Actual	2000 Estimate	2001 Estimate
Centers for Disease Control and Prevention:						
Disease control, research, and training .....	1,773	1,957	2,041	1,571	1,745	1,846
Substance Abuse and Mental Health Services Administration:						
Substance abuse and mental health services .....	2,487	2,652	2,823	2,214	2,451	2,648
Department of Labor:						
Occupational Safety and Health Administration:						
Salaries and expenses .....	80	82	88	79	81	87
Mine Safety and Health Administration:						
Salaries and expenses .....	6	6	8	6	6	8
<b>Total, discretionary</b> .....	<b>5,889</b>	<b>6,337</b>	<b>6,849</b>	<b>5,362</b>	<b>5,923</b>	<b>6,472</b>
<b>Mandatory:</b>						
Department of Health and Human Services:						
Health Care Financing Administration:						
Grants to States for Medicaid .....	102,394	115,000	124,838	108,042	116,117	124,838
State children's health insurance fund .....	4,247	4,259	4,461	565	1,300	2,117
State grants and demonstrations .....			62			16
<b>Total, mandatory</b> .....	<b>106,641</b>	<b>119,259</b>	<b>129,361</b>	<b>108,607</b>	<b>117,417</b>	<b>126,971</b>
<b>Total, health</b> .....	<b>112,530</b>	<b>125,596</b>	<b>136,210</b>	<b>113,969</b>	<b>123,340</b>	<b>133,443</b>
<b>INCOME SECURITY</b>						
<b>Discretionary:</b>						
Department of Agriculture:						
Rural Housing Service:						
Farm labor subsidy .....			36			7
Food and Nutrition Service:						
Food donations programs .....	141	141	151	144	143	151
Commodity assistance program .....	131	133	158	136	132	168
Special supplemental nutrition program for women, infants, and children (WIC) .....	3,924	4,032	4,145	3,942	4,059	4,146
Child nutrition programs .....	5	13	18	5	13	18
Department of Health and Human Services:						
Administration for Children and Families:						
Low income home energy assistance .....	1,277	1,400	1,400	1,176	1,242	1,105
Refugee and entrant assistance .....	340	333	309	236	325	318
Payments to States for the child care and development block grant .....	997	1,178	1,993	1,029	1,142	1,713
Department of Housing and Urban Development:						
Public and Indian Housing Programs:						
Public housing operating fund .....	2,818	3,138	3,192	2,876	2,972	3,160
Annual contributions for assisted housing .....				7,364		
Drug elimination grants for low-income housing .....	310	310	345	283	325	315
Revitalization of severely distressed public housing (HOPE VI) .....	625	575	625	321	588	597
Public housing capital fund .....	3,000	2,869	2,955	3,080	3,159	3,346
Native American housing block grant .....	620	620	650	597	665	699
Section 8 reserve preservation account .....				429		
Housing certificate fund .....	5,630	458	9,044	4,715	8,450	8,886
Community Planning and Development:						
Supportive housing program .....				63		
Homeless assistance grants .....	975	1,020	1,200	643	961	1,112
Shelter plus care .....				75		
Home investment partnership program .....	1,600	1,600	1,650	1,347	1,657	1,734
Youthbuild program .....				2	2	
Innovative homeless initiatives demonstration program .....				9		
Housing opportunities for persons with AIDS .....	225	232	260	211	212	213
Rural housing and economic development .....	32	25	27		11	22
Housing Programs:						
Congregate services .....				5	2	
Section 8 moderate rehabilitation, single room occupancy .....				31		
Homeownership and opportunity for people everywhere grants (HOPE grants) .....		-11		18	18	18
Housing for special populations .....	854	911	989	761	784	1,014
Department of Labor:						
Employment and Training Administration:						
Unemployment trust fund .....	2,334	2,266	2,359	2,496	2,282	2,359

**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		
	1999 Actual	2000 Estimate	2001 Estimate	1999 Actual	2000 Estimate	2001 Estimate
Federal Emergency Management Agency:						
Emergency food and shelter program .....	100	110	140	100	110	140
Total, discretionary .....	25,938	21,353	31,646	32,094	29,254	31,241
<b>Mandatory:</b>						
Department of Agriculture:						
Agricultural Marketing Service:						
Funds for strengthening markets, income, and supply (section 32) .....	707	730	538	816	536	538
Food and Nutrition Service:						
Food stamp program .....	3,465	3,797	3,860	3,362	3,717	3,850
Child nutrition programs .....	9,041	9,403	9,389	8,735	9,198	9,728
Department of Health and Human Services:						
Administration for Children and Families:						
Payments to states for child support enforcement and family support programs .....	2,649	1,033	3,124	2,756	3,053	3,091
Child care entitlement to States .....	2,167	2,367	3,161	2,254	2,420	2,952
Temporary assistance for needy families .....	17,693	16,689	16,439	14,161	14,996	15,828
Children's research and technical assistance .....		9				9
Total, mandatory .....	35,722	34,019	36,520	32,084	33,920	35,996
Total, income security .....	61,660	55,372	68,166	64,178	63,174	67,237
<b>VETERANS BENEFITS AND SERVICES</b>						
<b>Discretionary:</b>						
Department of Veterans Affairs:						
Veterans Health Administration:						
Medical care .....	273	325	347	273	325	347
Construction:						
Grants for construction of State extended care facilities .....	90	90	60	40	64	85
Grants for the construction of State veterans cemeteries .....	10	25	25	4	8	16
Total, discretionary .....	373	440	432	317	397	448
Total, veterans benefits and services .....	373	440	432	317	397	448
<b>ADMINISTRATION OF JUSTICE</b>						
<b>Discretionary:</b>						
Department of Health and Human Services:						
Administration for Children and Families:						
Violent crime reduction programs .....	96	92	124	64	97	106
Department of Housing and Urban Development:						
Fair Housing and Equal Opportunity:						
Fair housing activities .....	40	44	50	31	36	31
Department of Justice:						
Office of Justice Programs:						
Justice assistance .....	72	214	238	28	188	185
State and local law enforcement assistance .....	547	1,520	1,577	310	496	3,236
Juvenile justice programs .....	231	242	251	127	147	308
Violent crime reduction programs, State and local law enforcement assistance .....	2,370	1,182		2,266	1,086	
Community oriented policing services .....	1,430	595	1,335	1,161	831	1,748
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	94		57	77	
Equal Employment Opportunity Commission:						
Salaries and expenses .....	29	29	29	28	28	28
State Justice Institute:						
State Justice Institute: Salaries and expenses .....	7	7	7	8	14	8
Total, discretionary .....	4,881	4,019	3,611	4,080	3,000	5,650
<b>Mandatory:</b>						
Department of Justice:						
Legal Activities and U.S. Marshals:						
Assets forfeiture fund .....	288	326	266	240	316	245

**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		
	1999 Actual	2000 Estimate	2001 Estimate	1999 Actual	2000 Estimate	2001 Estimate
Office of Justice Programs:						
Crime victims fund .....	313	495	542	341	742	690
Department of the Treasury:						
Departmental Offices:						
Department of the Treasury forfeiture fund .....	153	97	97	132	108	97
Total, mandatory .....	754	918	905	713	1,166	1,032
Total, administration of justice .....	5,635	4,937	4,516	4,793	4,166	6,682
<b>GENERAL GOVERNMENT</b>						
<b>Discretionary:</b>						
Department of the Interior:						
Bureau of Land Management:						
Payments in lieu of taxes .....	125	134	135	125	135	135
Insular Affairs:						
Trust Territory of the Pacific Islands .....	.....	.....	.....	3	6	6
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 .....	4	.....	.....	4	.....	.....
Federal payment to the District of Columbia Courts .....	131	100	103	128	90	103
Defender services in District of Columbia courts .....	.....	33	38	.....	30	37
District of Columbia Corrections:						
Payment to the District of Columbia Corrections Trustee, Operations .....	185	175	134	152	209	134
District of Columbia General and Special Payments:						
Federal payment for Management Reform .....	25	.....	.....	25	.....	.....
Federal support for economic development and management reforms in the District .....	297	32	49	244	81	49
Federal payment for Medicare Coordinated Care Demonstration Project .....	3	.....	.....	.....	.....	.....
Federal Drug Control Programs:						
High intensity drug trafficking areas program .....	150	154	192	130	152	166
Total, discretionary .....	920	631	651	811	706	630
<b>Mandatory:</b>						
Department of Agriculture:						
Forest Service:						
Payments to states stabilization .....	.....	.....	270	.....	.....	270
Payments to States, northern spotted owl guarantee, Forest Service .....	125	120	.....	125	120	.....
Forest Service permanent appropriations .....	109	121	.....	109	120	.....
Department of Energy:						
Energy Programs:						
Payments to States under Federal Power Act .....	3	3	3	3	3	3
Department of the Interior:						
Bureau of Land Management:						
Miscellaneous permanent payment accounts .....	69	69	76	68	67	76
Minerals Management Service:						
Mineral leasing and associated payments .....	478	678	583	478	678	583
United States Fish and Wildlife Service:						
National wildlife refuge fund .....	19	19	19	19	19	19
Insular Affairs:						
Assistance to territories .....	66	70	74	75	67	90
Payments to the United States territories, fiscal assistance .....	109	109	106	109	109	106
Department of the Treasury:						
Bureau of Alcohol, Tobacco and Firearms:						
Internal revenue collections for Puerto Rico .....	235	285	283	235	285	283
United States Customs Service:						
Refunds, transfers, and expenses of operation, Puerto Rico .....	101	112	114	97	112	114
Corps of Engineers:						
Permanent appropriations .....	11	9	9	12	9	9
Total, mandatory .....	1,325	1,595	1,537	1,330	1,589	1,553
Total, general government .....	2,245	2,226	2,188	2,141	2,295	2,183

**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		
	1999 Actual	2000 Estimate	2001 Estimate	1999 Actual	2000 Estimate	2001 Estimate
<b>Total, Grants</b> .....	<b>272,814</b>	<b>277,907</b>	<b>317,716</b>	<b>267,081</b>	<b>284,072</b>	<b>305,645</b>
Discretionary <sup>1</sup> .....	115,727	110,233	136,528	112,019	116,773	125,699
Mandatory .....	157,087	167,674	181,188	155,062	167,299	179,946

<sup>1</sup> Budget authority for certain highway and mass transit programs is classified as mandatory in other budget presentations.