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PROPOSED DISCRETIONARY CAPS WOULD HIT STATES HARD

By Arloc Sherman, James Horney, and Matt Fiedler

The Senate Budget Committee on June 20 approved legislation (S. 3521) crafted by Budget Committee Chairman Judd Gregg (R-NH) that would make a number of far-reaching changes in the federal budget process.[1] Included in the legislation, which the full Senate may consider this summer, are provisions that would establish statutory caps for each of the next three years on overall levels of funding for discretionary programs (i.e., programs that are non-entitlements). These caps, covering fiscal years 2007, 2008, and 2009, would be set at the overall level for discretionary programs proposed for each of those years in the budget that President Bush submitted to Congress in February.[2]

These caps likely would lead to substantial cuts in a range of domestic discretionary programs that would have far-reaching effects in every state. The Gregg bill would enforce these caps by triggering automatic across-the-board cuts in discretionary programs if the caps would otherwise be exceeded.

KEY FINDINGS

Discretionary caps proposed by the Senate Budget Committee would lock in overall discretionary funding levels for the next three years at the levels proposed in the President's budget. If implemented in accordance with the President's detailed blueprint for reaching these dollar goals, the caps would have the following effects (among others):

- In 2009, many domestic programs would face substantial cuts, including the Food Safety Inspection Service (9.5 percent), WIC (8.4 percent), Vocational and Adult Education (73.5 percent), EPA's clean water and drinking water revolving funds (19 percent), low income home energy assistance (48.6 percent), supportive housing for people with disabilities (54.4 percent), and discretionary funding for child care (8.8 percent);
- As many as 680,000 women infants, and children could lose WIC; up to 73,900 children could lose Head Start, and 420,000 seniors would lose food assistance under the Commodity Supplemental Food Program; and,
- The cumulative effects on individual states would be substantial. For example, in 2009, cuts in elementary and secondary education funding for Texas alone would total $103 million.

[1] For an analysis of the major proposals included in the legislation, see Robert Greenstein, James Horney, and Richard Kogan, "Gregg Bill Would Make Far-Reaching Changes in Budget Rules: Bill Would Aim Budget Knife at Domestic Programs While Shielding Tax Cuts from Fiscal Discipline," Center on Budget and Policy Priorities, revised June 26, 2006.

[2] For further discussion of the proposed discretionary caps and their implications for the budget process, see James Horney, Robert Greenstein, and Richard Kogan, "Discretionary Caps in Gregg Bill Would Lead to Overly Deep Cuts: Proposed Caps Could Actually Hinder Enactment of Large-scale Deficit Reduction." Center on Budget and Policy Priorities, June 19, 2006. Available at www.cbpp.org/6-19-06bud3.htm.

Chairman Gregg's proposal does not specify what program areas Congress would cut, but it is designed to lock in the overall discretionary funding and levels in the Bush budget over the next three years. Thus, the President's proposals for those years represent the only detailed blueprint available of funding levels that would comply with the proposed caps. The Bush budget contains cuts over the next three years in *every* domestic discretionary program area in the federal budget except for science, space, and technology. This analysis examines how the cuts proposed in the President's budget to stay within the cap levels would affect a selection of programs, nationwide and by state.

Overview of Proposed Cuts in Domestic Discretionary Programs

Under the President's plan, total funding for domestic discretionary programs (annually appropriated programs outside of defense and international affairs) for the next three years (fiscal years 2007 through 2009) would be reduced by nearly $66 billion below the Congressional Budget Office (CBO) baseline projections. The majority of the cuts would occur in years a*fter* 2007. By 2009, the cut would be $31.2 billion (7.6 percent) below the amount needed to keep pace with inflation. (Unless otherwise noted, all cuts discussed in this analysis are measured relative to the CBO baseline, which equals the 2006 funding levels adjusted only for inflation.[3])

The impact of the President's proposals can be seen by looking at the proposed levels of funding for individual programs. In Table A, we compare the funding levels that the budget proposes for a number of domestic discretionary programs for 2007 through 2009 with the amounts needed to maintain the 2006 level of funding for each program, adjusted for inflation. (This analysis uses the proposed funding levels for 2007 that were published in the President's budget and the funding levels for 2008 and 2009 that were provided in supplementary materials released by the administration in February.)

As the results in Table A indicate, the proposed cuts in domestic discretionary funding would have a significant effect on programs that provide services many Americans regard as important. For example, funding in 2009 for the National Institutes of Health, which describes itself as "the Federal focal point for medical research in the United States," would be cut by 8.3 percent (or $2.5 billion) below the 2006 level, adjusted for inflation.

Similarly, funding in 2009 for the Community Oriented Policing Services (COPS) program, which helps support state and local government efforts that the Director of the Department of Justice's Office of Community Policing Services says are "a critical component in responding to crime, gang activity, and homeland security,"[4] would be cut by 75.3 percent.

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[3] The "baseline" projection of funding for future years — the amount appropriated for the current year, adjusted for inflation — generally represents the amount of funding needed for programs to keep providing the same level of services as is currently provided; a cut below the baseline level represents a real cut in the services a program can provide.

[4] Statement by Carl R. Peed posted on the home page of the Office of Community Oriented Policing Services. www.cops.usdoj.gov/Default.asp?Item=34 .

Table: A Selected Discretionary Programs Facing Cuts If Congress Adopted the President's Budget Plans				
	Fiscal Year 2009			
AGENCY Program	Proposed funding level (millions)	Change relative to baseline (millions)	Percent change from baseline	Cut over 3 years (millions)
DEPARTMENT OF AGRICULTURE				
Commodity Supplemental Food Program	$0	-$113	-100.0%	-$333
Food Safety Inspection Service	$835	-$88	-9.5%	-$143
Special Supplemental Nutrition Program for Women Infants and Children	$4,998	-$459	-8.4%	-$860
Rural Development	$742	-$150	-16.8%	-$360
DEPARTMENT OF EDUCATION				
Impact Aid	$1,180	-$116	-9.0%	-$224
K-12 Education for the Disadvantaged*	$15,830	$553	3.6%	$3,193
Pell Grants	$12,481	-$965	-7.2%	-$1,610
School Improvement Programs*	$4,819	-$767	-13.7%	-$1,783
Special Education*	$11,269	-$1,024	-8.3%	-$1,931
Vocational and Adult Education*	$558	-$1,544	-73.5%	-$4,495
DEPARTMENT OF ENERGY				
Energy Conservation	$636	-$191	-23.1%	-$497
ENVIRONMENTAL PROTECTION AGENCY				
Clean Water and Drinking Water Funds	$1,470	-$354	-19.4%	-$898
State and Tribal Assistance Grants	$2,689	-$632	-19.0%	-$1,598
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Child Care and Dev. Block Grant	$1,982	-$193	-8.8%	-$373
Children and Families Services (including termination of Community Services Block Grant)	$7,919	-$1,401	-15.0%	-$3,338
Children and Families Services (excluding Community Services Block Grant)	$7,919	-$736	-8.5%	-$1,378
Health Resources and Services Administration	$6,254	-$657	-9.5%	-$1,677
Indian Health Facilities	$334	-$44	-11.6%	-$92
Indian Health Services	$2,716	-$168	-5.8%	-$191
Low Income Home Energy Assistance**	$1,713	-$1,622	-48.6%	-$3,611
National Institutes of Health	$27,606	-$2,504	-8.3%	-$4,936
Social Services Block Grant	$1,700	$0	0.0%	-$500
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Community Development Fund	$2,572	-$1,836	-41.7%	-$5,155
Housing for Persons with Disabilities	$114	-$136	-54.4%	-$389
Housing for the Elderly	$525	-$250	-32.3%	-$685
Public Housing Capital Fund	$2,093	-$480	-18.7%	-$1,208
DEPARTMENT OF JUSTICE				
Community Oriented Policing Services	$98	-$299	-75.3%	-$999
DEPARTMENT OF LABOR				
Employment & Training Services and Other Labor Services*	$7,380	-$1,421	-16.1%	-$3,469
PEACE CORPS				
Peace Corps	$324	-$24	-6.9%	-$28

Note: Unless otherwise noted, cuts are measured relative to the Congressional Budget Office baseline projection of the amount of funding needed in 2007 through 2009 to provide the same level of funding as in fiscal year 2006, adjusted for inflation.

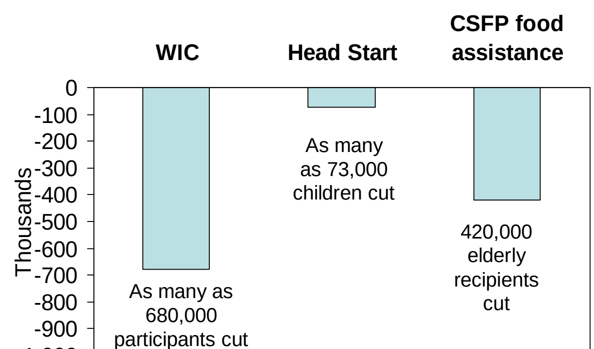
*Adjusted to reflect the method of funding some education and other programs by program year (with advance appropriations and with regular appropriations that first become available at the beginning of a school year, which occurs more than half way through the fiscal year).

**CBO's baseline projection of 2006 funding was adjusted to reflect $1 billion originally provided outside the appropriation process for fiscal year 2007 but subsequently made available in fiscal year 2006.

Even some programs that the President appears to believe are inadequately funded in 2006 — programs for which he proposes to *increase* funding in 2007 — would be cut below the 2006 level adjusted for inflation in subsequent years, in order to produce the overall level of domestic discretionary funding reductions that the President's budget calls for. For example, total federal funding for elementary and secondary education (comprised of K-12 Education for the Disadvantaged, Special Education, School Improvement Programs, and Impact Aid) would be increased in 2007 by $1.2 billion, relative to the CBO baseline. In each successive year, however, funding for these programs would be cut under the President's plan, with the cuts growing larger every year. In 2009, the programs would be cut $1.4 billion below the 2006 funding level adjusted for inflation.

The cuts proposed in the President's budget to stay within the overall levels of discretionary spending for 2007, 2008, and 2009 that the budget assumes, and that the Budget Committee legislation would lock in, would lead to substantial reductions in services provided and people served by various programs. For three programs — the Special Supplemental Nutrition Programs for Women, Infants, and Children (WIC), Head Start, and the Commodity Supplemental Food Program — the cuts are likely to be achieved through reductions in the number of beneficiaries served (rather than reductions in what is provided to each beneficiary).[5] As shown in the following chart, the cuts would result in a substantial reduction in the number of people these programs could serve.

Figure 1. Projected Reductions in Participation in 2009 Under Discretionary Caps Based on the President's Detailed Proposals



Under the proposal crafted by Senate Budget Chairman Gregg and approved by the Budget Committee, Congress need not adopt the President's detailed proposals; it could choose to make a different set of cuts. Any alternative set of cuts, however, would have to reach the same dollar total. Assuming that funding for defense and international activities are set at the President's levels, a lessening of any of the cuts discussed in this analysis would have to be offset by deeper reductions in other domestic discretionary programs.

Overview of Effect on States

A cap on funding for discretionary programs that followed the blueprint proposed by the President would have a substantial impact on state and local governments. Implementing these cuts

[5] See the discussion on page 13 of the reasons why this is the case.

would force states to reduce the services they provide or increase their own taxes (or cut other state programs) to make up for the federal costs being shifted to them.

Many of the programs that the President proposes to cut are administered by state and local governments, with funding provided through grants-in-aid to those governments. In 2007, some $7.5 billion of the $16 billion reduction in domestic discretionary funding proposed by the President (relative to the Office of Management and Budget's projection of the 2006 level of funding, adjusted for inflation) would come from grants-in-aid to state and local governments.[6] It is likely that cuts in those grants-in-aid would represent something close to the same share of the total cuts in domestic discretionary funding in 2008 through 2009 as they represent in 2007 — 47 percent — but information provided by the Administration does not allow a calculation of the share for years after 2007.

Cuts proposed by the President in these grant-in-aid and other programs would put additional pressure on state and local government budgets. Reductions in real (inflation-adjusted) funding from the federal government would force states to decide among reducing the important human and other services they are providing with these federal funds, raising their own taxes, and cutting other state and local programs to make up for the lost federal funding.

For example, the reduction in federal funding for elementary and secondary education grants to states that the President has proposed would cost Texas an estimated $103 million in 2009. If that cut were to occur, Texas would have to decide whether to reduce what it spends on education by $103 million or to increase state taxes or cut state funding for other purposes to offset the reduction in federal funding.

While state and local governments are in better fiscal health now than they were a few years ago, they generally continue to face problems providing the resources needed to meet growing state needs for education, transportation, and health care.

Detailed Analysis of Domestic Discretionary Cuts by Program

Under the President's budget, discretionary funding by 2009 would be below the current level, adjusted for inflation, for all but one of the 15 major federal budget categories (or budget "functions") that include domestic discretionary programs. Only the General Science, Space, and Technology category has a proposed increase in discretionary funding in 2009. Furthermore, in 2009, the President's budget calls for reductions below the inflation-adjusted 2006 level in funding for discretionary programs in 48 of the 57 budget *sub*categories (or "subfunctions") that include domestic programs.

Below we examine some of the programs included in Table 1 and the effects that the proposed cuts in these programs would have.

[6] Iris J. Lav, "Federal Grants to States and Localities Cut Deeply in Fiscal Year 2007 Federal Budget," Center on Budget and Policy Priorities, February 7, 2006.

Department Of Agriculture

Food Safety Inspection Service

According to the President's fiscal year 2007 Budget Appendix, the objective of the Food Safety Inspection Service is "to ensure that meat, poultry, shell egg, and egg products are wholesome, unadulterated, and properly labeled and packaged…. Providing adequate resources for Federal food safety agencies is a priority of the Administration, and the 2007 Budget proposes a $34 million increase for inspection of meat, poultry, shell egg and egg products." This "increase" however, would simply keep the program at the same size as in the current year, adjusted for inflation. What the budget document for 2007 does not explain is that beginning in fiscal year 2008, the administration plans cuts to the program below the 2006 level. If Congress followed the administration's multi-year budget blueprint to stay within the proposed discretionary caps, funds for food safety inspection would be cut by 9.5 percent (or $88 million) in 2009 compared with today's level, adjusted for inflation.

Special Supplemental Nutrition Program for Women, Infants, and Children

The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) provides nutritious foods, nutrition counseling, and health care referrals to about 8 million low-income pregnant and postpartum women, infants, and children under five. The President's budget proposes to cut funding for WIC by $860 million over three years, relative to the 2006 level of funding, adjusted for inflation. The funding level proposed for 2009 in the President's budget (which would be 8.4 percent below the 2006 level, adjusted for inflation) would be insufficient to meet the longstanding bipartisan goal of not turning away anyone who qualifies for the program.

If Congress were to fund WIC at the level proposed by the President for 2009 without making other changes in the way the program operates, an estimated 680,000 fewer women, infants, and young children would be able to participate in WIC that year than the administration anticipates will participate in fiscal year 2006. (The reduction in the number of WIC participants resulting from the reduced funding level would likely be somewhat smaller if Congress were to adopt the administration's controversial proposals to restructure the way that WIC's nutritional services and administration are funded in order to shift substantial costs to states, although enactment of those proposals would itself have serious adverse effects on the program.[7] If those restructuring proposals were in effect, the 8.4 percent WIC funding cut proposed for 2009 would result in an estimated 295,000 fewer low-income women, infants, and children being able to participate in WIC that year than the Administration estimates will participate in 2006.) See Table 3 for state-by-state figures.

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[7] The administration's WIC restructuring proposal was included in the President's fiscal year 2006 and 2007 budgets and the cost-shifting proposal was included in the President's budget for fiscal year 2007, but the Congress has so far declined to enact the proposals. For an analysis of the adverse effects of the restructuring proposal, see Zoe Neuberger and Robert Greenstein, "WIC Budget Proposal Would Discourage Cost Containment and Represent Unsound Policy," Center on Budget and Policy Priorities, revised April 26, 2006. As explained in the technical notes to Table 3, the proposal to implement a state matching requirement on WIC nutrition services and administration (NSA) funds would by itself be likely to lead to a substantial reduction in WIC participation or services since it is likely that some states would fail to provide sufficient funds to maintain current levels of service.

Commodity Supplemental Food Program (CSFP)

The Commodity Supplemental Food Program provides monthly nutritious food packages primarily to low-income seniors aged 60 and older in parts of 32 states, the District of Columbia, and two Indian reservations. The President's budget proposes to eliminate funding for CSFP. This would terminate CSFP food assistance for the 420,000 low-income seniors receiving CSFP in 2006. (CSFP also provides food packages to low-income pregnant and post-partum women, infants, and children up to age six. The President's budget assumes that some of these families will continue to receive food assistance from WIC.) The three-year cumulative cut from eliminating CSFP equals $333 million. (See Table 7 for state-by-state figures.)

Department of Education

A discretionary cap based on the President's three-year proposals would result in a large and growing cut to elementary and secondary education. In 2007, the President's overall budget for K-12 education programs (comprised of Education for the Disadvantaged, School Improvement programs, Special Education, and Impact Aid) is $1.2 billion *above* the CBO baseline (that is, the 2006 level adjusted for inflation). In 2008, however, overall K-12 funding would be $560 million *below* the CBO baseline, and the shortfall would grow to $1.4 billion in 2009.[8] (See Tables 1 and 2 for state-by-state figures on Department of Education programs.)

Education for the Disadvantaged and School Improvement Programs

The President's budget contains an increase in funding for Education for the Disadvantaged (primarily "Title I" funding) for schools serving low-income students grades kindergarten through 12. Over time, however, this increase dwindles. In 2007, funding for Education for the Disadvantaged would be $1.7 billion (12 percent) above the 2006 level adjusted for inflation. By 2009, the increase would shrink to $553 million. (Under the President's plans, this increase would continue to dwindle in later years and, by 2011, would become a cut relative to the CBO baseline, according to Office of Management and Budget documents.)

Other K-12 education funds would be cut right away, with the cuts growing over time. One example is School Improvement funding, which supports teacher training and recruitment, before- and after-school learning programs in high-poverty areas, and a range of other grants that support academic testing, homeless education, and other educational initiatives. School Improvement programs would be cut by 7 percent in 2007; the cut would grow to nearly 14 percent (or $767 million) in 2009, relative to the 2006 level adjusted for inflation. The cumulative three-year cut to School Improvement programs would total nearly $1.8 billion.

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[8] Three of these accounts are funded on an academic schedule that differs from the standard federal fiscal year. Figures for these three budget accounts are therefore shown for "program," or academic, years; this is the method of measurement used by the Department of Education, since most of the funding provided to these programs for a fiscal year does not actually become available until July 1 (nine months into the fiscal year), and much of that funding is not used until the following fiscal year. The programs are Education for the Disadvantaged, School Improvement, and Special Education. Over the three years from 2007 to 2009, the cumulative cuts for these three programs under the President's plan would be very similar under the two methods: $521 million using the program year and $529 million using the fiscal year.)

Special Education

This program provides formula grants to states to help them pay the additional costs of providing special education and related services to children with disabilities aged 3 through 21. The President's budget plans to cut funding for special education starting in 2007. Using the Education Department's program-year baseline, by 2009 the program would be cut 8.3 percent below the baseline. Over the 2007 through 2009 period, the President proposes to cut funding for this program by more than $1.9 billion. (Calculated using a standard fiscal year baseline, the total cut over three years would be even larger.)

Impact Aid

States and localities may not impose property taxes on certain properties with a federal connection, such as military bases. As a result, local educational agencies with tax-exempt lands in their jurisdictions are denied access to the primary source of revenue used to finance elementary and secondary education. The Impact Aid program is designed primarily to replace the lost local revenue that would otherwise be available to educate children. In 2007, the program is expected to make payments on behalf of approximately one million students enrolled in about 1,260 local education agencies to assist those agencies with their operation and maintenance costs. At the funding level requested by the President for 2007, which represents a freeze at the 2006 funding level, average payments would be approximately $1,103 per student. Beginning in 2008, the budget proposes to cut this program in both real (inflation-adjusted) and nominal terms. By 2009, the program would be 9 percent smaller than it is today, adjusted for inflation, with cumulative three-year cuts to states totaling over $224 million below the current level of funding, adjusted for inflation.

Vocational and Adult Education

Over the next two years, the President's budget proposes to eliminate grants to states for vocational education and seven other small programs within this budget account. Vocational Education would receive no new funding in 2007, but would continue in that year — at a sharply lower level — due to an advance appropriation in the fiscal year 2006 appropriation bill. It would be terminated after that.

Beginning in fiscal year 2008, funding in this account would be provided only for the Adult Basic Education program and that program would be cut sharply over the next three years. This program primarily provides formula grants to states to help eliminate functional illiteracy among adults, assist adults in obtaining a high school diploma, and promote family literacy. According to the Department of Education, the budget request for this program in 2007 will help states meet a "significant and ongoing need for adult education services. The continued high rate of high school dropouts and the growing numbers of adult immigrants generate high demand for adult education services." But starting in 2008, the program would be cut. In 2009, funding would be $54 million (or 8.8 percent) below the 2006 level adjusted for inflation.

Environmental Protection Agency

State and Tribal Assistance Grants

Environmental grants would be subject to immediate and sizable cuts under the President's budget blueprint. EPA provides grants to states and Indian tribes to support a range of environmental protection, land preservation, and clean-up activities. Under the President's proposal, overall funding for this budget account would be cut by 12.7 percent in 2007, with the size of the cut growing to 19 percent by 2009, relative to the 2006 funding level, adjusted for inflation. The cumulative three-year cut from 2007 through 2009 would be $1.6 billion below the 2006 level, adjusted for inflation. (The proposed cuts would come on top of an already large cut made to this account in 2006, when funding was reduced by $427 million below the 2005 *nominal* level of funding — that is, the 2005 level without any adjustment for inflation.)

Funding for clean and safe water projects — including loan funds that states use to pay for sewage treatment plants and direct grant funds for clean drinking water and wastewater infrastructure projects — comprises the majority of the funding for this account and would be cut in 2007 alone by $231 million below the 2006 funding level, adjusted for inflation. (The level of funding proposed for 2007 is $203 million below the 2006 level in *nominal* terms.) The overall cuts in this budget account would grow larger over time under the President's proposal, so the cut in funding for clean and safe water programs likely would grow larger as well. Assuming all programs within the State and Tribal Assistance Grants budget account are cut equally in percentage terms, clean and safe water projects would lose $898 million over three years, relative to the 2006 level adjusted for inflation. (See Table 10 for state-by-state figures.)

Department of Health and Human Services

Child Care and Development Block Grant

The Child Care and Development Block Grant (CCDBG) funds state child care assistance programs. These programs provide subsidies to low-income working families, including both families moving from welfare to work and low-income working families that are not on welfare, in order to help make child care more affordable. CCDBG is funded with both mandatory and discretionary funds, as well as state dollars. States also sometimes supplement CCDBG funding with TANF funds.

The President's 2007 budget proposes to cut discretionary CCDBG funding by $373 million over the next three years, relative to the 2006 funding level adjusted for inflation. In 2009, the cut would be 8.8 percent. (See Table 4 below for state-by-state figures.) The President's proposed discretionary child care funding level would, for each year from 2008 through 2011, be below the *nominal* 2006 level. (It should be noted that under the TANF reauthorization included in the reconciliation legislation enacted earlier this year, the level of federal funding for TANF and mandatory federal funding for child care are frozen for the next five years at the 2006 level, with no adjustment for inflation.)

The President's budget includes a table showing the projected loss in the number of children receiving child care subsidies from all of the major federal sources of child care funding — including mandatory child care block grant funding and TANF funding — as well as from state matching funds. This table shows that in 2009, the number of low-income children receiving child care assistance would stand at 1.9 million — 300,000 below the number served in 2005 and 550,000 below the number served in 2000.[9]

Children and Families Services (including Head Start)

The "Children and Families Services" budget account consists chiefly of funding for the Head Start program (which served 869,000 low-income children in 2005 and accounted for more than three-quarters of the overall funding provided in this account in 2006). The account also includes funding for the Community Services Block Grant (CSBG) and the Child Abuse Prevention Treatment Act, which helps states respond to reports of child abuse. All of these programs would suffer substantial losses under a discretionary cut that tracked the President's budget plans.

The Administration's budget proposes to fund the Head Start program in 2007 at the same level provided for 2006, with no adjustment for inflation. If the average cost of serving a Head Start child rises with inflation, this would be equivalent to a loss of 19,000 Head Start slots in 2007, according to the National Head Start Association. The loss in Head Start slots then could grow significantly larger after 2007, because the funding proposed for this budget account in 2008 through 2011 would be below the 2006 and 2007 levels in nominal terms, and even further below the 2006 level adjusted for inflation.

The Administration proposes to terminate the Community Services Block Grant in 2007. Even after accounting for that program termination, funding for the remaining programs in the budget account would decline in every year after 2007. In 2009, funding for the remaining programs would fall 8.5 percent below the 2006 funding level for those programs, adjusted for inflation. Since Head Start constitutes more than 80 percent of the funding for the remaining programs, it is likely that Head Start would absorb a significant share of that cut. The account also includes significant funding for services for abused and neglected children; the Bush budget includes significant cuts to these programs starting in 2007. (See Tables 5 and 6 for state-by-state figures.)

Low-income Home Energy Assistance Program

The LIHEAP program helps low-income households pay for their home energy needs. Funds are distributed by formula to states, with most going to cold-weather states in the winter so that low-income households will not lose their heat. About one-seventh of the eligible households apply for and receive assistance.

This year, the program received a total of $3.16 billion in funding, including $1 billion that was provided outside the appropriations process to help compensate for the price spike in natural gas, propane, and heating oil that occurred over the past year. The President's budget proposes to cut LIHEAP funding below the 2006 level in each of the next three years — to $2.8 billion in 2007 and $1.7 billion a year in 2008 and 2009 -- despite indications that energy prices are unlikely to decline to

[9] The administration's table understates the reduction in the number of children that would receive child care assistance under the President's budget proposals, because the estimates in the table assume that discretionary child care funding levels would remain frozen at 2006 levels through 2009, rather than fall below that level as the President's budget actually proposes.

previous lower levels. By 2009, funding for the program would drop $1.6 billion — or 48.6 percent — below the 2006 funding level, adjusted for inflation. (If the $1 billion in extra 2006 funding is excluded from the baseline projection, the cut in 2009 would be $567 million, or 24.9 percent, below the 2006 level adjusted for inflation.) The reduction in funding would mean either that fewer low-income households would receive adequate help covering their home heating and cooling costs or that the grant to each low-income household would shrink at that same time that energy prices remained high. (See Table 9 for state-by-state figures.)

Department of Housing and Urban Development

Supportive Housing for the Elderly (Section 202) and Persons with Disabilities (Section 811)

Following the President's budget blueprint for complying with the discretionary caps would substantially undercut efforts to increase the supply of affordable housing for low-income seniors and people with serious disabilities.

The Section 202 Supportive Housing for the Elderly Program provides capital grants and operating subsidies to non-profit institutions that develop and operate affordable housing for elderly people with low incomes. In December 2005, HUD released a report showing that 1.1 million very-low-income elderly renter households have "worst-case" housing needs — i.e., they either pay more than 50 percent of their income for housing costs or live in severely substandard housing — and receive no federal assistance.

The President's budget proposes large cuts in this program in every year. In 2009, funding would be cut 32 percent below the level of funding provided in 2006, adjusted for inflation. Although the President's plan calls for continuing to operate existing housing for the elderly, funds for building and operating new housing units would be cut deeply. The number of new housing units produced by the program would be reduced by 43 percent (by 2,000 units) in 2007 alone, with additional losses accumulating in the following years.

Similarly, the Section 811 Supportive Housing for Persons with Disabilities program provides rental assistance to people with disabilities to help them live in housing that offers supportive services they need to live independently. The program also provides capital advances and operating subsidies to non-profit organizations that develop and operate affordable supportive housing for people with disabilities. Most people who receive Section 811 assistance live on quite low incomes, such as income from the Supplemental Security Income program (which raises the incomes of poor elderly people and people with disabilities only to about 75 percent of the poverty line for single individuals and 90 percent of the poverty line for couples). According to a HUD report released in December 2005, some 510,000 low-income renter households that have members with disabilities have severe affordable housing needs but receive no federal housing assistance.

The President's budget proposes to cut funding for this program by more than half (relative to the 2006 level of funding, adjusted for inflation) in each of the next five years; in 2009, the program would be cut 54 percent below the 2006 level adjusted for inflation. The cumulative cut in housing for people with disabilities would total $389 million over three years. Within the program, the President's budget would take the deepest cuts from the production and operation of new supportive housing units (which represents 65 percent of the total funding for the account in 2006); these funds would drop from $154 million in 2006 to $13 million in 2007, a reduction of 92 percent.

The Community Development Block Grant (CDBG)

The Community Development Block Grant is the largest source of federal community development funding. It provides funds to state and local governments for a range of community and economic development activities (such as improvements to roads, sidewalks, and other infrastructure), as well as housing-related activities (such as rehabilitation of blighted buildings and assistance for the homeless). It comprises the bulk of the Community Development Fund account. The President's budget proposes to reduce funding for this budget account by $5.2 billion over three years — and by 42 percent in 2009 — below the 2006 level adjusted for inflation. (See Table 8 for state-by-state figures.)

Department of Labor

Employment and Training Services

The Administration proposes a major restructuring of the way that employment and training services for dislocated workers, youth, and other groups are provided, and would make significantly fewer resources available for the new approach. Under the President's proposal, total discretionary funding in the areas that include employment and training services would be below the 2006 level, adjusted for inflation, by about 10 percent in 2007. By 2009, funding in the employment and training area, which includes programs such as the Workforce Investment Act job training programs, dislocated worker training, the employment service, Job Corps, and training for former prisoners, would be cut by 16 percent.

Detailed Analysis of Cuts by State

The tables accompanying this report illustrate how a discretionary cap based on the President's budget plans would affect individual states. For this state-by-state analysis, we have selected the following previously-described programs: elementary and secondary education programs (including Education for the Disadvantaged; School Improvement Programs; Special Education for students with disabilities; and Impact Aid for areas serving children on federal property); Vocational and Adult Education; WIC; Children and Families Services, which includes Head Start and the Community Services Block Grant; the child care and development block grant (CCDBG); the Commodity Supplemental Food Program (CSFP); the Community Development Block Grant (CDBG); the Low Income Home Energy Assistance Program (LIHEAP); and EPA Clean Water and Drinking Water state revolving funds.

The estimates of funding cuts assume that, in each year and for each program, every state experiences the same percentage reduction in funding as every other state; that is, we assume that each state's share of the national funding for that program in each year is the same as its share of actual program funding in 2006 (or the most recent available year). Consistent with the preceding analysis, the nationwide funding reductions on which these state estimates are based are measured relative to the CBO baseline (that is, the 2006 level adjusted for inflation).

For three programs — WIC, Head Start, and the Commodity Supplemental Food Program (CSFP) — the tables show an estimated number of participants in each state who could lose services due to proposed funding cuts. We have provided these estimates for these three programs because it seems particularly likely that funding cuts in these programs would be achieved by reducing the number of beneficiaries rather than reducing the level of benefits provided to each participant (or by a combination of reductions in participation and per-person benefits). Because the President's budget proposes to terminate CSFP, it is clear that all elderly participants would lose food assistance under the program if the President's budget blueprint is followed.[10] The assumption that proposed funding cuts would be achieved by limiting participation also seems appropriate in the case of WIC and Head Start because both programs provide a basic package of goods and services, the content of which is fixed and not easily changed without fundamentally altering the nature of the program. In the case of WIC, however, the administration has proposed several dubious policy changes that would reduce federal funding for certain WIC services and impose substantial new costs on states, as explained in the footnote to Table 3. Although the Congress has rejected these proposals in the past and seems likely to continue to do so, we also have provided alternative, lower estimates of the participation cuts that would occur in WIC as a result of the proposed funding reductions *if* Congress were to adopt the policy changes proposed in the President's budget.

The footnotes to each table provide additional details on each program and how the funding reductions were projected.

[10] CSFP also provides food packages to low-income pregnant and post-partum women, infants, and children up to age 6. The President's budget assumes that some of these families will continue to receive food assistance, securing it through WIC instead of through CSFP.

Table 1. Projected Cuts Under the President's FY07 Budget Plan to Elementary and Secondary Education In 2009 (Millions of dollars)

	K-12 Total*	Education for the Disadvantaged	Special Education	School Improvement Programs	Impact Aid
U.S. Total	-$1,354	+$553	-$1,024	-$767	-$116
	-3.9%	+3.6%	-48.6%	-75.3%	-9.0%
Alabama	-$19.9	+$8.5	-$15.7	-$12.3	-$0.4
Alaska	-$16.1	+$1.7	-$3.2	-$3.8	-$10.8
Arizona	-$34.3	+$11.3	-$15.5	-$13.4	-$16.7
Arkansas	-$12.5	+$5.5	-$9.9	-$8.1	-$0.0
California	-$124.7	+$77.6	-$107.5	-$87.4	-$7.4
Colorado	-$17.8	+$5.7	-$13.1	-$8.6	-$1.8
Connecticut	-$14.8	+$4.3	-$11.6	-$6.9	-$0.7
Delaware	-$5.3	+$1.4	-$2.9	-$3.8	-$0.0
District of Columbia	-$3.5	+$2.0	-$1.5	-$3.7	-$0.3
Florida	-$62.0	+$28.1	-$54.6	-$34.3	-$1.2
Georgia	-$33.3	+$17.5	-$27.2	-$21.4	-$2.2
Hawaii	-$10.4	+$2.0	-$3.5	-$3.8	-$5.0
Idaho	-$7.6	+$2.0	-$4.8	-$4.0	-$0.8
Illinois	-$53.8	+$22.6	-$44.2	-$30.1	-$2.1
Indiana	-$26.1	+$7.9	-$22.3	-$11.8	-$0.0
Iowa	-$13.9	+$2.8	-$10.6	-$6.0	-$0.1
Kansas	-$14.1	+$3.9	-$9.4	-$6.2	-$2.4
Kentucky	-$18.1	+$8.1	-$14.2	-$11.9	-$0.1
Louisiana	-$22.1	+$12.0	-$16.5	-$16.6	-$1.1
Maine	-$7.6	+$1.9	-$4.8	-$4.4	-$0.2
Maryland	-$21.6	+$7.2	-$17.5	-$10.5	-$0.8
Massachusetts	-$28.8	+$8.7	-$24.6	-$12.9	-$0.1
Michigan	-$43.5	+$18.0	-$34.7	-$26.4	-$0.5
Minnesota	-$22.7	+$4.6	-$16.6	-$9.2	-$1.4
Mississippi	-$14.7	+$7.3	-$10.4	-$11.2	-$0.5
Missouri	-$27.0	+$8.1	-$19.6	-$13.2	-$2.2
Montana	-$10.6	+$1.8	-$3.3	-$4.7	-$4.4
Nebraska	-$11.5	+$2.3	-$6.5	-$5.2	-$2.1
Nevada	-$7.4	+$3.2	-$5.9	-$4.3	-$0.4
New Hampshire	-$7.0	+$1.3	-$4.2	-$4.1	-$0.0
New Jersey	-$38.2	+$11.1	-$31.3	-$16.3	-$1.6
New Mexico	-$18.8	+$4.8	-$7.9	-$6.5	-$9.2
New York	-$76.9	+$50.3	-$66.7	-$58.7	-$1.8
North Carolina	-$33.9	+$12.6	-$27.4	-$17.4	-$1.7
North Dakota	-$7.9	+$1.3	-$2.4	-$3.9	-$2.9
Ohio	-$46.0	+$17.2	-$37.8	-$25.0	-$0.4
Oklahoma	-$21.3	+$6.0	-$12.7	-$10.2	-$4.3
Oregon	-$13.2	+$6.0	-$11.2	-$7.7	-$0.3
Pennsylvania	-$44.4	+$20.4	-$37.1	-$27.6	-$0.1
Rhode Island	-$5.9	+$2.0	-$3.9	-$3.8	-$0.2
South Carolina	-$18.2	+$7.5	-$15.3	-$10.0	-$0.4
South Dakota	-$9.7	+$1.6	-$2.8	-$3.9	-$4.5
Tennessee	-$24.6	+$8.7	-$20.2	-$12.9	-$0.3
Texas	-$102.8	+$52.0	-$83.4	-$62.9	-$8.5
Utah	-$12.7	+$2.4	-$9.4	-$4.8	-$0.9
Vermont	-$4.8	+$1.2	-$2.3	-$3.8	-$0.0
Virginia	-$33.2	+$8.8	-$24.5	-$13.4	-$4.2
Washington	-$29.5	+$8.1	-$19.3	-$12.0	-$6.3
West Virginia	-$9.2	+$4.2	-$6.6	-$6.7	-$0.0
Wisconsin	-$24.4	+$6.5	-$18.3	-$11.3	-$1.3
Wyoming	-$6.1	+$1.3	-$2.4	-$3.7	-$1.2

Technical Notes

* This table shows projected cuts in four major Department of Education accounts: Education for the Disadvantaged (account 91 0900), Special Education (91 0300), School Improvement (91 1000), and Impact Aid (91 0102). Each of these accounts is in the Elementary, Secondary and Vocational Education category of the budget (known technically as budget subfunction 501).

The Education for the Disadvantaged account includes funding under Title I of the Elementary and Secondary Education Act for schools in low-income communities as well as several smaller funding streams: Reading First, Even Start, Title I Comprehensive School Reform, the Migrant State Agency Program, and the Neglected and Delinquint State Agency Program.

The Special Education account includes funding for special education grants (K-12), special education preschool grants, and grants for infants and families.

The School Improvement account includes several funding streams designed to help improve school quality, including Teacher Quality State Grants, Educational Technology Grants, funding for school assessments, funding directed to small and rural schools and 21st Century Learning Center funding (which provides funding for before and after-school enrichment programs in low-income communities).

The Impact Aid account helps school districts that lose property tax revenue because the children they serve live on federal property, which is exempt from local property taxes.

Nationwide cuts are measured relative to the Congressional Budget Office baseline for these accounts, which reflects the 2006 funding level adjusted only for inflation. This analysis assumes that the proposed cuts would be apportioned among states on the basis of each state's share of funding for that account in 2006. For example, if a given state received 3 percent of the total funding for an account in 2006, it would absorb 3 percent of the proposed funding cut for that account. A very small share of the national total represents funding reductions, not shown separately, that this analysis assumes would be borne by U.S. territories, tribes, or federal agencies in proportion to their current share of spending in the account.

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Table 2. Projected Cuts Under the President's FY07 Budget Plan to Vocational and Adult Education

(Millions of dollars)

	In 2009	3 Year Cut
U.S. Total	**-$1,544**	**-$4,495**
	-73.5%	
Alabama	-$25.9	-$75.5
Alaska	-$4.6	-$13.5
Arizona	-$29.4	-$85.6
Arkansas	-$16.0	-$46.5
California	-$180.8	-$526.4
Colorado	-$19.2	-$55.9
Connecticut	-$13.7	-$40.0
Delaware	-$5.6	-$16.4
District of Columbia	-$4.9	-$14.4
Florida	-$82.3	-$239.6
Georgia	-$45.9	-$133.6
Hawaii	-$7.2	-$21.0
Idaho	-$7.9	-$23.1
Illinois	-$58.8	-$171.2
Indiana	-$32.3	-$94.0
Iowa	-$15.0	-$43.8
Kansas	-$13.8	-$40.1
Kentucky	-$23.7	-$69.1
Louisiana	-$27.5	-$80.2
Maine	-$6.9	-$20.0
Maryland	-$22.5	-$65.5
Massachusetts	-$25.2	-$73.2
Michigan	-$48.9	-$142.2
Minnesota	-$22.4	-$65.1
Mississippi	-$18.0	-$52.5
Missouri	-$29.3	-$85.4
Montana	-$6.1	-$17.9
Nebraska	-$8.8	-$25.6
Nevada	-$10.5	-$30.5
New Hampshire	-$6.8	-$19.8
New Jersey	-$35.2	-$102.4
New Mexico	-$11.9	-$34.6
New York	-$86.2	-$251.1
North Carolina	-$44.3	-$128.8
North Dakota	-$4.9	-$14.1
Ohio	-$56.1	-$163.3
Oklahoma	-$19.8	-$57.6
Oregon	-$17.5	-$50.9
Pennsylvania	-$58.1	-$169.1
Rhode Island	-$7.3	-$21.1
South Carolina	-$23.5	-$68.3
South Dakota	-$5.1	-$14.8
Tennessee	-$31.1	-$90.4
Texas	-$122.2	-$355.7
Utah	-$15.1	-$43.9
Vermont	-$4.7	-$13.6
Virginia	-$33.9	-$98.6
Washington	-$27.7	-$80.5
West Virginia	-$11.1	-$32.3
Wisconsin	-$26.6	-$77.4
Wyoming	-$4.5	-$13.0

Technical Notes

Vocational and Adult Education is Department of Education account 91 0400 in the Elementary, Secondary, and Vocational Education category of the budget (known technically as budget subfunction 501). This account includes funding for four major funding streams: vocational education, adult education, English literacy and civics education, and Technical Preparation State Grants.

Nationwide cuts are measured relative to the Congressional Budget Office baseline for this account, which reflects the 2006 funding level adjusted only for inflation. This analysis assumes that the proposed cuts would be apportioned among states on the basis of each state's share of funding of the four major funding streams included in this acount. (In 2006, these funding streams represented 93 percent of all funding for this account.) For example, if a given state received 3 percent of the total funding for these funding streams in 2006, the analysis assumes it would absorb 3 percent of the proposed funding cut for the account. A very small share of the national total represents funding reductions, not shown separately, that this analysis assumes would be borne by U.S. territories, tribes, or federal agencies in proportion to their current share of spending in the account.

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Table 3. Projected Cuts Under the President's FY07 Budget Plan to WIC

The Special Supplemental Nutrition Program for Women, Infants, and Children

	Cut in 2009 ($millions)	Cut in 2009 (participants) Low Estimate	High Estimate	3 Year Cut ($millions)
U.S. Total	-$459 -8.4%	-295,000	-680,000	-$860
Alabama	-$7.49	-4,400	-10,200	-$14.0
Alaska	-$1.99	-1,000	-2,300	-$3.7
Arizona	-$10.69	-6,600	-15,200	-$20.0
Arkansas	-$5.05	-3,300	-7,600	-$9.5
California	-$77.69	-48,500	-112,200	-$145.6
Colorado	-$4.68	-3,100	-7,200	-$8.8
Connecticut	-$3.22	-1,900	-4,500	-$6.0
Delaware	-$1.02	-700	-1,700	-$1.9
District of Columbia	-$1.29	-600	-1,400	-$2.4
Florida	-$21.49	-13,800	-31,800	-$40.3
Georgia	-$14.18	-9,900	-22,900	-$26.6
Hawaii	-$2.66	-1,200	-2,800	-$5.0
Idaho	-$1.90	-1,400	-3,200	-$3.6
Illinois	-$16.44	-10,200	-23,600	-$30.8
Indiana	-$6.95	-5,000	-11,500	-$13.0
Iowa	-$3.67	-2,500	-5,800	-$6.9
Kansas	-$3.39	-2,500	-5,800	-$6.4
Kentucky	-$6.93	-4,500	-10,400	-$13.0
Louisiana	-$9.48	-5,300	-12,300	-$17.8
Maine	-$1.10	-900	-2,000	-$2.1
Maryland	-$5.46	-4,000	-9,300	-$10.2
Massachusetts	-$6.14	-4,200	-9,800	-$11.5
Michigan	-$12.07	-8,400	-19,400	-$22.6
Minnesota	-$6.47	-4,600	-10,600	-$12.1
Mississippi	-$5.95	-3,800	-8,700	-$11.2
Missouri	-$6.75	-4,900	-11,300	-$12.6
Montana	-$1.28	-800	-1,800	-$2.4
Nebraska	-$2.26	-1,500	-3,500	-$4.2
Nevada	-$2.64	-1,800	-4,200	-$4.9
New Hampshire	-$0.91	-600	-1,400	-$1.7
New Jersey	-$8.40	-5,400	-12,600	-$15.7
New Mexico	-$3.64	-2,400	-5,500	-$6.8
New York	-$30.94	-17,900	-41,400	-$58.0
North Carolina	-$12.88	-8,300	-19,300	-$24.1
North Dakota	-$1.03	-500	-1,200	-$1.9
Ohio	-$14.33	-10,100	-23,400	-$26.9
Oklahoma	-$6.29	-4,400	-10,300	-$11.8
Oregon	-$5.76	-3,800	-8,800	-$10.8
Pennsylvania	-$12.53	-8,900	-20,600	-$23.5
Rhode Island	-$1.30	-800	-2,000	-$2.4
South Carolina	-$6.00	-4,000	-9,300	-$11.2
South Dakota	-$1.30	-800	-1,800	-$2.4
Tennessee	-$9.29	-5,800	-13,300	-$17.4
Texas	-$44.02	-33,100	-76,500	-$82.5
Utah	-$3.13	-2,500	-5,800	-$5.9
Vermont	-$1.03	-600	-1,400	-$1.9
Virginia	-$7.25	-5,100	-11,800	-$13.6
Washington	-$9.95	-6,000	-13,800	-$18.6
West Virginia	-$2.94	-1,900	-4,300	-$5.5
Wisconsin	-$6.01	-4,200	-9,700	-$11.3
Wyoming	-$0.66	-500	-1,100	-$1.2

Technical Notes

This table shows projected cuts to the WIC program, which is Department of Agriculture account 12 3510 in the Food and Nutrition Assistance category of the budget (known technically as subfunction 605).

Nationwide funding cuts are measured relative to the Congressional Budget Office baseline for this account, which reflects the 2006 funding level adjusted only for inflation. This analysis assumes that the proposed cuts would be apportioned among states on the basis of each state's share of funding in 2005. For example, if a given state received 3 percent of the total program funding for 2005, the analysis assumes that state would absorb 3 percent of the proposed funding cut for the account.

The table also illustrates the loss in the number of women, infants, and children who could receive WIC benefits if the cut in 2009 were achieved by reducing the number of households receiving assistance. This analysis assumes that the participation cuts would be apportioned to each state in proportion to its share of the total number of WIC participants in 2005. The analysis shows two scenarios by which participation could be affected, a "low" estimate and a "high" estimate.

The low estimate assumes the adoption of controversial administration proposals to restructure the way federal WIC funds are provided and allocated to various WIC functions. (Congress has so far refused to enact these proposals.) Those proposals would cap federal funds for WIC nutrition services and administration (NSA) for a year and then impose a state matching requirement on NSA funds beginning in fiscal year 2008. (NSA funds are used to provide services for WIC participants, such as counseling in nutrition and breast feeding for new mothers and health-care referrals for young children, as well as paying for eligibility determinations and other administrative expenses for WIC clinics.) The proposals would likely lead to substantial reductions in participation or services in the WIC program because some states would be unlikely to provide the full match required to provide currently anticipated levels of services and would instead scale back those services. Under these policies, the funding cut proposed in the President's budget would result in an estimated reduction in participation of at least 3.6 percent, or 295,000 women and young children.

The high estimate assumes that those policy changes are not adopted and WIC participation is reduced by 8.4 percent to comply with the 8.4 percent funding cut proposed for WIC in the President's budget.

National totals include U.S. territories and tribes, not shown separately.

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Table 4. Projected Cuts Under the President's FY07 Budget Plan to the Child Care and Development Block Grant (discretionary funding)

(Millions of dollars)

	Cut in 2009	3 Year Cut
U.S. Total	-$193	-$373
	-8.8%	
Alabama	-$3.80	-$7.3
Alaska	-$0.38	-$0.7
Arizona	-$4.68	-$9.0
Arkansas	-$2.31	-$4.5
California	-$21.44	-$41.4
Colorado	-$2.22	-$4.3
Connecticut	-$1.34	-$2.6
Delaware	-$0.42	-$0.8
District of Columbia	-$0.29	-$0.6
Florida	-$10.75	-$20.8
Georgia	-$7.09	-$13.7
Hawaii	-$0.76	-$1.5
Idaho	-$1.08	-$2.1
Illinois	-$7.11	-$13.7
Indiana	-$3.88	-$7.5
Iowa	-$1.71	-$3.3
Kansas	-$1.76	-$3.4
Kentucky	-$3.32	-$6.4
Louisiana	-$4.40	-$8.5
Maine	-$0.64	-$1.2
Maryland	-$2.46	-$4.8
Massachusetts	-$2.40	-$4.6
Michigan	-$5.50	-$10.6
Minnesota	-$2.42	-$4.7
Mississippi	-$3.02	-$5.8
Missouri	-$3.64	-$7.0
Montana	-$0.53	-$1.0
Nebraska	-$1.11	-$2.2
Nevada	-$1.27	-$2.4
New Hampshire	-$0.44	-$0.9
New Jersey	-$3.45	-$6.7
New Mexico	-$1.73	-$3.4
New York	-$10.06	-$19.4
North Carolina	-$6.09	-$11.8
North Dakota	-$0.36	-$0.7
Ohio	-$6.33	-$12.2
Oklahoma	-$2.92	-$5.7
Oregon	-$2.09	-$4.0
Pennsylvania	-$5.87	-$11.4
Rhode Island	-$0.54	-$1.1
South Carolina	-$3.47	-$6.7
South Dakota	-$0.54	-$1.0
Tennessee	-$4.22	-$8.2
Texas	-$19.75	-$38.2
Utah	-$2.09	-$4.0
Vermont	-$0.28	-$0.5
Virginia	-$3.73	-$7.2
Washington	-$3.09	-$6.0
West Virginia	-$1.28	-$2.5
Wisconsin	-$2.79	-$5.4
Wyoming	-$0.26	-$0.5

Technical Notes

This table shows projected cuts in federal discretionary child care assistance grants under the Child Care and Development Block Grant, which is Department of Health and Human Services account 75 1515 in the "Other Income Security" category of the budget (known technically as subfunction 609). This account does not include two other major sources of federal child care funding, known as "Mandatory" and "Matching" funds.

Nationwide cuts are measured relative to the Congressional Budget Office baseline for this account, which reflects the 2006 funding level adjusted only for inflation. This analysis assumes that the proposed cuts would be apportioned among states on the basis of each state's share of funding in 2006. For example, if a given state received 3 percent of the total funding for these funding streams in 2006, the analysis assumes it would absorb 3 percent of the proposed funding cut for the account. National totals include U.S. territories and tribes, not shown separately.

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Table 5. Projected Cuts Under the President's FY07 Budget Plan to Children and Families Services

Includes the Community Services Block Grant (CSBG), Head Start, and Services for Abused and Neglected Children. (Millions of dollars)

	Total		CSBG Only	
	Cut in 2009	3 Year Cut	Cut in 2009	3 Year Cut
U.S. Total	-$1,401	-$3,338	-$665	-$1,960
	-15.0%		-100.0%	
Alabama	-$23.2	-$56.7	-$12.4	-$36.5
Alaska	-$3.6	-$9.4	-$2.4	-$7.1
Arizona	-$16.1	-$36.0	-$5.5	-$16.3
Arkansas	-$15.7	-$39.3	-$9.2	-$27.1
California	-$143.7	-$333.7	-$60.2	-$177.4
Colorado	-$12.8	-$30.4	-$5.9	-$17.3
Connecticut	-$13.3	-$33.7	-$8.1	-$24.0
Delaware	-$4.7	-$12.5	-$3.4	-$10.0
District of Columbia	-$13.5	-$37.3	-$11.1	-$32.7
Florida	-$46.5	-$108.2	-$19.6	-$57.8
Georgia	-$35.3	-$85.7	-$18.2	-$53.5
Hawaii	-$5.7	-$14.3	-$3.4	-$10.0
Idaho	-$5.7	-$14.2	-$3.3	-$9.8
Illinois	-$59.1	-$145.0	-$31.9	-$94.0
Indiana	-$19.8	-$47.6	-$9.8	-$29.0
Iowa	-$12.6	-$31.4	-$7.3	-$21.5
Kansas	-$10.7	-$26.0	-$5.5	-$16.2
Kentucky	-$22.2	-$53.9	-$11.4	-$33.5
Louisiana	-$30.5	-$74.1	-$15.8	-$46.7
Maine	-$6.3	-$15.7	-$3.5	-$10.4
Maryland	-$17.2	-$42.2	-$9.3	-$27.3
Massachusetts	-$27.7	-$69.9	-$16.8	-$49.6
Michigan	-$48.5	-$117.6	-$24.9	-$73.5
Minnesota	-$15.5	-$37.8	-$8.1	-$23.9
Mississippi	-$26.7	-$61.5	-$10.7	-$31.6
Missouri	-$30.7	-$77.6	-$18.7	-$55.1
Montana	-$5.1	-$12.9	-$3.0	-$9.0
Nebraska	-$8.4	-$20.7	-$4.7	-$13.9
Nevada	-$5.9	-$14.8	-$3.4	-$10.0
New Hampshire	-$4.8	-$12.6	-$3.4	-$10.0
New Jersey	-$31.5	-$78.9	-$18.5	-$54.4
New Mexico	-$9.1	-$21.1	-$3.8	-$11.3
New York	-$101.8	-$253.5	-$58.6	-$172.7
North Carolina	-$32.2	-$79.3	-$17.7	-$52.2
North Dakota	-$4.8	-$12.3	-$3.1	-$9.1
Ohio	-$51.2	-$124.2	-$26.3	-$77.6
Oklahoma	-$16.0	-$38.6	-$8.0	-$23.6
Oregon	-$11.5	-$27.2	-$5.4	-$15.9
Pennsylvania	-$51.7	-$127.5	-$28.6	-$84.2
Rhode Island	-$6.0	-$15.2	-$3.7	-$11.0
South Carolina	-$18.8	-$46.4	-$10.4	-$30.6
South Dakota	-$4.6	-$11.6	-$2.7	-$8.0
Tennessee	-$25.4	-$61.9	-$13.3	-$39.2
Texas	-$81.2	-$186.9	-$32.5	-$95.8
Utah	-$7.3	-$17.2	-$3.3	-$9.7
Vermont	-$4.8	-$12.5	-$3.4	-$10.0
Virginia	-$21.0	-$51.0	-$10.8	-$31.9
Washington	-$18.2	-$42.6	-$8.0	-$23.5
West Virginia	-$12.6	-$31.8	-$7.6	-$22.3
Wisconsin	-$17.5	-$41.6	-$8.2	-$24.2
Wyoming	-$4.6	-$12.3	-$3.4	-$10.0

Technical Notes

Children and Families Services is Department of Health and Human Services account 75 1536 in the Social Services category of the budget (known technically as subfunction 506). It includes funding for the Community Services Block Grant (CSBG) -- which the President's budget proposes to eliminate starting in 2007 -- as well as for Head Start, services for abused and neglected children or children at risk for abuse or neglect, and several smaller funding streams.

CSBG enables states (along with Community Action Agencies and other designated entities) to address needs related to employment (such as child care, job training, or transportation assistance), education, better use of available income, housing, nutrition, emergency serv ices, and health.

Nationwide cuts are measured relative to the Congressional Budget Office baseline for this account, which reflects the 2006 funding level adjusted only for inflation. This analysis assumes that the cuts would be apportioned among states on the basis of each state's share of funding in 2006 for the major funding streams included in this account. These funding streams -- namely, Head Start, the CSBG, and child welfare services -- represent about 88 percent of funding under this account. Each state's loss in funding from the elimination of CSBG is calculated separately from each state's share of cuts in the remainder of the account. CSBG cuts were distributed in proportion to each state's share of CSBG funding in 2006; cuts in the remainder of the account were distributed in proportion to each state's share of Head Start funds (in 2006) and child welfare funding under Title IV-B subpart I of the Social Security Act (in 2005).

National totals include U.S. territories and tribes, and an additional share (about 5 percent of the total) that this analysis assumes would not be borne by states. This five percent represents the share of federal spending in the account in 2006 that was not distributed in the form of grants to states, territories, or tribes.

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Table 6. Projected Cuts Under the President's FY07 Budget Plan to the Number of Children in Head Start

Number of Head Start Slots in 2009

	Low Estimate	High Estimate
U.S. Total	**-46,600**	**-73,900**
	-5.4%	**-8.5%**
Alabama	-900	-1,400
Alaska	-100	-100
Arizona	-700	-1,100
Arkansas	-600	-900
California	-5,300	-8,400
Colorado	-500	-800
Connecticut	-400	-600
Delaware	-100	-200
District of Columbia	-200	-300
Florida	-1,900	-3,000
Georgia	-1,300	-2,000
Hawaii	-200	-300
Idaho	-100	-200
Illinois	-2,100	-3,400
Indiana	-800	-1,200
Iowa	-400	-700
Kansas	-400	-700
Kentucky	-900	-1,400
Louisiana	-1,200	-1,900
Maine	-200	-300
Maryland	-600	-900
Massachusetts	-700	-1,100
Michigan	-1,900	-3,000
Minnesota	-600	-900
Mississippi	-1,400	-2,300
Missouri	-900	-1,500
Montana	-200	-300
Nebraska	-300	-400
Nevada	-100	-200
New Hampshire	-100	-100
New Jersey	-800	-1,300
New Mexico	-400	-600
New York	-2,600	-4,200
North Carolina	-1,000	-1,600
North Dakota	-100	-200
Ohio	-2,000	-3,200
Oklahoma	-700	-1,200
Oregon	-500	-700
Pennsylvania	-1,700	-2,700
Rhode Island	-200	-300
South Carolina	-700	-1,000
South Dakota	-200	-200
Tennessee	-900	-1,400
Texas	-3,600	-5,700
Utah	-300	-500
Vermont	-100	-100
Virginia	-700	-1,200
Washington	-600	-900
West Virginia	-400	-600
Wisconsin	-700	-1,200
Wyoming	-100	-200

Technical Notes

This table shows potential losses in the number of children served by Head Start. Head Start is part of the Department of Health and Human Services' Children and Families Services account, which is account number 75 1536 in the Social Services category of the budget (budget subfunction 506).

For each state, and for the nation as a whole, projected losses in the number of Head Start participants in 2009 are calculated by multiplying the number of children enrolled in Head Start in that state in 2005 (the most recent year available) by the percentage reduction in nationwide Head Start funding projected for 2009. Because the President's budget does not specify the exact cut in Head Start funds in 2009, but only shows funding cuts for the account as a whole, this analysis projects a "low estimate" and "high estimate." The low estimate assumes Head Start funding will continue to remain essentially frozen at about $6.8 billion, as it is in the President's budget for 2007, resulting in a steady erosion in value from inflation. (Inflation here is measured by the increase in the Congressional Budget Office baseline for Head Start.) The effect is to erode inflation-adjusted funding by about 5.4 percent from 2006 to 2009. This in turn is assumed to result in a 5.4 percent reduction in Head Start enrollment, a reduction of nearly 47,000 children served.

The high estimate assumes that, after 2007, Head Start funding will be reduced each year at the same rate as the Children and Families Services account overall (excluding the Community Services Block Grant, which the President's budget would eliminate). This is a particularly plausible scenario because Head Start accounted for 82 percent of proposed non-CSBG spending in this account. Under this scenario, Head Start funding would be cut 8.5 percent in program year 2009 relative to the inflation-adjusted baseline. This cut implies a reduction of nearly 74,000 children served.

National totals include U.S. territories and tribes.

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Table 7. Projected Cuts Under the President's FY07 Budget Plan to the Commodity Supplemental Food Program

	Elderly Recipients Losing CSFP Food Assistance in 2007
U.S. Total	-420,000
	-100%
Alabama	NA
Alaska	-1,900
Arizona	-13,400
Arkansas	NA
California	-44,100
Colorado	-10,300
Connecticut	NA
Delaware	NA
District of Columbi	-6,900
Florida	NA
Georgia	NA
Hawaii	NA
Idaho	NA
Illinois	-12,900
Indiana	-4,300
Iowa	-3,400
Kansas	-5,100
Kentucky	-14,800
Louisiana	-71,400
Maine	NA
Maryland	NA
Massachusetts	NA
Michigan	-65,700
Minnesota*	-11,900
Mississippi	-6,300
Missouri	-9,000
Montana	-6,100
Nebraska	-11,600
Nevada	-4,900
New Hampshire	-5,400
New Jersey	NA
New Mexico	-14,700
New York	-24,700
North Carolina	-1,200
North Dakota	-2,700
Ohio	-11,900
Oklahoma	NA
Oregon	-1,000
Pennsylvania	-13,500
Rhode Island	NA
South Carolina	-3,500
South Dakota*	-3,200
Tennessee	-12,400
Texas	-11,600
Utah	NA
Vermont	-4,000
Virginia	NA
Washington	-1,800
West Virginia	NA
Wisconsin	-4,400
Wyoming	NA

Note: NA indicates state has no CSFP program.

Technical Notes

This table shows projected cuts in the Commodity Supplemental Food Program (CSFP), which is Department of Agriculture account 12 3507 of the Food and Nutrition category of the federal budget (budget subfunction 605). CSFP provides monthly nutritious food packages primarily to low-income seniors aged 60 and older in parts of 32 states, the District of Columbia, and two Indian reservations.

The President's budget proposes to eliminate funding for CSFP. This step would terminate CSFP food assistance for the 420,000 low-income seniors whom USDA estimates receive CSFP in 2006. (CSFP also provides food packages to low-income pregnant and post-partum women, infants, and children up to age 6. The President's budget assumes that some of these families will continue to receive food assistance through WIC.)

To project the number of seniors receiving CSFP assistance by state -- and hence the number losing assistance if the program is eliminated -- this analysis assumed that each state contains the same percentage of participants as it had in 2005.

* Figures for two states (Minnesota and South Dakota) include cuts to programs on Indian reservations in those states.

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Table 8. Projected Cuts Under the President's FY07 Budget Plan to the Community Development Block Grant

Formula Grants Only (Millions of dollars)

	Cut in 2009	3 Year Cut
U.S. Total	**-$1,631**	**-$4,579**
	-41.7%	
Alabama	-$21.8	-$61.3
Alaska	-$2.1	-$5.9
Arizona	-$24.0	-$67.4
Arkansas	-$12.1	-$34.1
California	-$207.8	-$583.6
Colorado	-$16.9	-$47.6
Connecticut	-$18.5	-$51.8
Delaware	-$3.2	-$9.0
District of Columbia	-$8.5	-$23.8
Florida	-$71.3	-$200.2
Georgia	-$36.8	-$103.3
Hawaii	-$6.8	-$19.0
Idaho	-$5.4	-$15.0
Illinois	-$77.8	-$218.4
Indiana	-$31.1	-$87.2
Iowa	-$18.2	-$51.1
Kansas	-$12.3	-$34.6
Kentucky	-$20.2	-$56.6
Louisiana	-$27.5	-$77.2
Maine	-$8.8	-$24.7
Maryland	-$24.7	-$69.3
Massachusetts	-$48.8	-$137.1
Michigan	-$58.4	-$163.9
Minnesota	-$25.7	-$72.2
Mississippi	-$15.5	-$43.6
Missouri	-$29.9	-$84.1
Montana	-$4.1	-$11.4
Nebraska	-$8.6	-$24.1
Nevada	-$8.9	-$25.1
New Hampshire	-$5.8	-$16.4
New Jersey	-$44.7	-$125.5
New Mexico	-$9.3	-$26.1
New York	-$155.3	-$435.9
North Carolina	-$31.5	-$88.3
North Dakota	-$2.8	-$7.9
Ohio	-$71.8	-$201.5
Oklahoma	-$13.4	-$37.6
Oregon	-$16.2	-$45.5
Pennsylvania	-$98.4	-$276.3
Rhode Island	-$7.6	-$21.3
South Carolina	-$17.2	-$48.3
South Dakota	-$3.5	-$9.9
Tennessee	-$22.2	-$62.2
Texas	-$113.8	-$319.5
Utah	-$9.1	-$25.5
Vermont	-$3.7	-$10.3
Virginia	-$27.1	-$76.2
Washington	-$27.3	-$76.6
West Virginia	-$11.1	-$31.2
Wisconsin	-$29.5	-$82.9
Wyoming	-$1.9	-$5.2

Technical Notes

The Community Development Block Grant (CDBG) is part of the Community Development Fund, which is Department of Housing and Urban Development account 86 0162 in the Community Development category of the federal budget (known as subfunction 451). CDBG provides funds to state and local governments for a wide range of community and economic development activities, as well as housing-related activities such as rehabilitation of blighted buildings and assistance for the homeless.

The nationwide cut is measured relative to the Office of Management and Budget baseline, which reflects the 2006 funding level adjusted only for inflation. The table shows only the portion of the account (89 percent in 2006) used for CDBG formula grants. The analysis assumes that formula grants would experience the same percentage cuts as the account as a whole.

National totals include U.S. territories, tribes, and set-asides not shown separately.

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Table 9. Projected Cuts Under the President's FY07 Budget Plan to Low Income Home Energy Assistance

(Millions of dollars)

	Cut in 2009	3 Year Cut
U.S. Total	-$1,622	-$3,611
	-48.6%	
Alabama	-$13.9	-$30.9
Alaska	-$6.2	-$13.8
Arizona	-$6.2	-$13.8
Arkansas	-$10.6	-$23.7
California	-$74.3	-$165.4
Colorado	-$26.1	-$58.0
Connecticut	-$34.0	-$75.8
Delaware	-$4.5	-$10.1
District of Columbia	-$5.3	-$11.8
Florida	-$22.1	-$49.1
Georgia	-$17.5	-$38.9
Hawaii	-$1.8	-$3.9
Idaho	-$9.7	-$21.6
Illinois	-$94.2	-$209.8
Indiana	-$42.7	-$95.0
Iowa	-$30.2	-$67.3
Kansas	-$13.9	-$30.9
Kentucky	-$22.2	-$49.4
Louisiana	-$14.3	-$31.7
Maine	-$21.2	-$47.3
Maryland	-$26.1	-$58.0
Massachusetts	-$68.1	-$151.5
Michigan	-$88.8	-$197.8
Minnesota	-$64.4	-$143.5
Mississippi	-$11.9	-$26.6
Missouri	-$37.6	-$83.8
Montana	-$10.1	-$22.6
Nebraska	-$14.9	-$33.3
Nevada	-$3.2	-$7.1
New Hampshire	-$12.9	-$28.7
New Jersey	-$63.1	-$140.4
New Mexico	-$7.8	-$17.4
New York	-$206.3	-$459.2
North Carolina	-$30.2	-$67.3
North Dakota	-$10.1	-$22.5
Ohio	-$83.3	-$185.6
Oklahoma	-$11.7	-$25.9
Oregon	-$19.9	-$44.2
Pennsylvania	-$110.9	-$246.8
Rhode Island	-$11.2	-$24.9
South Carolina	-$11.1	-$24.7
South Dakota	-$8.7	-$19.3
Tennessee	-$22.5	-$50.1
Texas	-$36.7	-$81.8
Utah	-$11.9	-$26.5
Vermont	-$9.7	-$21.5
Virginia	-$31.7	-$70.7
Washington	-$31.9	-$71.1
West Virginia	-$14.7	-$32.7
Wisconsin	-$58.0	-$129.1
Wyoming	-$4.7	-$10.4

Technical Notes

This table shows projected cuts in the Low Income Home Energy Assistance Program (LIHEAP), which is Department of Health and Human Services account 75 1502 in the "Other Income Security" category of the federal budget (known technically as subfunction 609).

The nationwide cuts were measured relative to the Congressional Budget Office baseline for this account, adjusted to reflect the $1 billion that Congress provided as mandatory funding made available to LIHEAP in fiscal year 2006. The adjusted baseline reflects the 2006 funding level (including the $1 billion), adjusted only for inflation.

This analysis assumes that the proposed cuts would be apportioned among states on the basis of each state's share of formula-grant funding in 2006. For example, if a given state received 3 percent of the total funding for LIHEAP in 2006, the analysis assumes it would absorb 3 percent of the proposed funding cut for the account. National totals include U.S. territories, tribes, and set-asides not shown separately.

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Table 10. Projected Cuts Under the President's FY07 Budget Plan to
EPA Clean Water/Drinking Water Revolving Funds
(Millions of dollars)

	In 2009	3 Year Cut
U.S. Total	**-$354**	**-$898**
	-19.4%	
Alabama	-$4.1	-$10.3
Alaska	-$2.2	-$5.5
Arizona	-$2.5	-$6.2
Arkansas	-$2.4	-$6.0
California	-$26.0	-$66.1
Colorado	-$2.9	-$7.4
Connecticut	-$4.5	-$11.3
Delaware	-$1.8	-$4.5
District of Columbia	-$1.8	-$4.5
Florida	-$12.3	-$31.2
Georgia	-$6.2	-$15.6
Hawaii	-$2.8	-$7.2
Idaho	-$1.8	-$4.5
Illinois	-$16.5	-$41.8
Indiana	-$8.8	-$22.3
Iowa	-$4.9	-$12.5
Kansas	-$3.3	-$8.3
Kentucky	-$4.6	-$11.8
Louisiana	-$4.0	-$10.2
Maine	-$2.8	-$7.2
Maryland	-$8.8	-$22.4
Massachusetts	-$12.4	-$31.4
Michigan	-$15.7	-$39.7
Minnesota	-$6.7	-$17.0
Mississippi	-$3.3	-$8.3
Missouri	-$10.1	-$25.6
Montana	-$1.8	-$4.5
Nebraska	-$1.9	-$4.7
Nevada	-$1.8	-$4.5
New Hampshire	-$3.6	-$9.2
New Jersey	-$14.9	-$37.8
New Mexico	-$1.8	-$4.5
New York	-$40.2	-$102.0
North Carolina	-$6.6	-$16.7
North Dakota	-$1.8	-$4.5
Ohio	-$20.5	-$52.0
Oklahoma	-$2.9	-$7.5
Oregon	-$4.1	-$10.4
Pennsylvania	-$14.4	-$36.6
Rhode Island	-$2.4	-$6.2
South Carolina	-$3.7	-$9.5
South Dakota	-$1.8	-$4.5
Tennessee	-$5.3	-$13.4
Texas	-$16.6	-$42.2
Utah	-$1.9	-$4.9
Vermont	-$1.8	-$4.5
Virginia	-$7.5	-$18.9
Washington	-$6.3	-$16.1
West Virginia	-$5.7	-$14.4
Wisconsin	-$9.8	-$25.0
Wyoming	-$1.8	-$4.5

Technical Notes

The Environmental Protection Agency's clean water and drinking water state revolving funds are part of EPA's State and Tribal Assistance Grants (account 68 0103) in the Pollution Control and Abatement category of the budget (known technically as subfunction 304). The state revolving funds provide federal funding to states to construct wastewater treatment facilities, improve drinking water infrastructure, and enhance water quality.

Because the President's budget does not provide details on program-by-program cuts after 2007, this analysis assumes that these revolving funds will be cut by the same percentage in 2008 and 2009 as the account overall. (The revolving funds account for 55 percent of the total account in 2006.) Nationwide cuts are measured relative to the Congressional Budget Office baseline for this account, which reflects the 2006 funding level adjusted only for inflation.

This analysis assumes that the proposed cuts would be apportioned among states on the basis of each state's share of total funding for these revolving funds in 2001. (Each state's share of these funds is fixed by law and has not changed in several years.) For example, if a given state received 3 percent of the total funding for the revolving funds in 2006, the analysis assumes it would absorb 3 percent of the proposed funding cut for these funds.

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