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## LABOR-HHS-EDUCATION BILL – WHAT’S AT STAKE: The President's Funding Levels Would Weaken Education, Medical Research, and Other Critical Needs

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Congress is poised to send the President a bill that provides funding for a broad array of domestic discretionary programs — that is, non-entitlement programs whose funding is provided each year through the annual appropriations process. The Senate on November 7 approved a bill (H.R. 3043) that includes funding for programs overseen by the Departments of Labor, Health and Human Services, and Education. The House is expected to pass this bill and send it on to the President.

The President has threatened to veto domestic appropriations bills that do not contain the level of cuts he recommended in the budget he proposed to Congress in February. (For a more precise explanation of the President’s veto threat, see the box on page 2.) The President’s budget proposed cutting the Labor-HHS-Education part of the budget by \$6.7 billion, or 4.5 percent, below the 2007 level adjusted for inflation.<sup>1</sup> The bill that Congress is likely to send to the White House would increase the Labor-HHS-Education budget by \$5.2 billion, or 3.5 percent, over the 2007 level adjusted for inflation in order to make investments in a

### KEY FINDINGS

- Congress is preparing to send the President a Labor-HHS-Education-appropriation bill, which will provide a substantial share of the funding for domestic discretionary programs for fiscal year 2008.
- The President is insisting that Congress cut domestic programs. Specifically, he has threatened to veto domestic appropriations bills that, taken together, exceed the overall total in his budget. Yet his budget also includes large increases in military and security funding and substantial tax cuts. The appropriations battle is thus much more about priorities than about dollars or “fiscal responsibility.”
- The President’s budget would cut funding for Labor-HHS-Education programs by \$6.7 billion (or 4.5 percent) below the 2007 level, adjusted for inflation. In contrast, the bill Congress has prepared provides for an increase of \$5.2 billion (or 3.5 percent) for these programs.
- The President’s cuts would fall in a number of areas, including education, child care, health care, and services for the elderly.

States will lose millions of dollars used to fund basic services if the President succeeds in forcing these programs down to his requested levels. (See the *state-by-state tables at the end of this report for more detail.*)

<sup>1</sup> Comparisons between the aggregate level of funding in appropriations bills and the 2007 level adjusted for inflation are based on CBO’s March baseline. To facilitate longer-term historical comparisons, program-level comparisons use the Consumer Price Index. Using a different deflator would not affect the qualitative conclusions of this paper.

## Two Ways to Present Discretionary Funding Totals in the Labor-HHS-Education Bill

The Center on Budget and Policy Priorities concludes that the Labor-HHS-Appropriations bill would increase funding by \$5 billion over current levels while the President would cut \$7 billion; Congress and the President are thus \$12 billion apart. Others have said that Congress would increase funding by \$6 billion and the President would cut it by \$4 billion, making them \$10 billion apart. *Both sets of figures are accurate.* They differ because of two choices made in presenting the figures.

- First, we choose to compare the President’s request and the congressional bill to the current level of funding (funding for 2007) *as adjusted for inflation*, i.e., relative to the CBO baseline. (See Column A in the table.) The alternative approach, shown in column B, compares 2008 funding to 2007 funding *without* accounting for inflation.
- Second, we choose to display the congressional funding level for 2008 as \$2 billion higher than some others do — as \$152.8 billion (Column A) rather than \$150.8 billion (Column B). Our figures include a \$2 billion increase in funds that are technically provided as advance appropriations for 2009 but that go to programs such as education grants, whose 12-month “program year” spans the end of fiscal year 2008 and the beginning of fiscal year 2009. In such programs, advance funding for 2009 and regular funding for 2008 are effectively equivalent, because they both would be used in the same “program year.” Accordingly, we treat the increase in advance 2009 funding as though it were an increase in 2008 funding.

Labor-HHS-Education funding: two portrayals (in billions of dollars)		
	A	B
2007 level		144.8
2007 level adjusted for inflation (CBO baseline)	147.6	
Bush level for 2008 (CBO estimate)	140.9	140.9
Congressional level for 2008	152.8	150.8
Bush’s reduction from 2007 level	-6.7	-3.8
Congress’s increase to 2007 level	<u>+5.2</u>	<u>+6.0</u>
<b>Difference: Congress vs Bush</b>	<b>11.9</b>	<b>9.8</b>

Notes: excludes emergencies. May not add due to rounding.

number of key areas, such as education, health care, and services for children and the elderly. To cut the bill down to the President’s size, \$11.9 billion would have to be cut from the bill.

The President’s claim that his veto threats stem from concerns about fiscal responsibility is difficult to reconcile with the amounts the President would devote to his own budget priorities, especially defense-related increases that are in addition to — and unrelated to — operations in Iraq and Afghanistan and the “war on terror.” In addition to his request for \$196 billion in 2008 for the wars in Iraq and Afghanistan and activities related to terrorism, he has proposed to increase 2008 funding for the Departments of Defense and Veterans Affairs activities not directly related to those wars by *\$42 billion* over last year’s level, adjusted for inflation.

Furthermore, the tax cuts he has championed will reduce revenues by about \$250 billion in 2008 (assuming extension of alternative minimum tax relief) — including \$49 billion in tax-cut benefits just for people making more than \$1 million a year. The administration also has objected to offsetting the \$51 billion cost of extending AMT relief for one year, apparently preferring that those costs be covered by additional borrowing and debt.

Finally, although the Congress is expected to send the President a Military Construction-Veterans Affairs bill that contains about \$4 billion *more* than the President requested for those agencies (\$13.5 billion more than was provided for them last year, adjusted for inflation) the President has not threatened to veto that bill. The battle therefore is much more about priorities than about dollars or “fiscal responsibility.” What the President is effectively saying is that the programs whose funding Congress is seeking to restore or boost in this bill are not his priorities.

### What Exactly Has the President Threatened to Veto?

The President is insisting that Congress limit overall discretionary funding for 2008 to \$933 billion, while providing the increase in defense funding he requested for activities unrelated to operations in Iraq, Afghanistan, and the “war on terror.” (The \$196 billion in 2008 funding the President has requested for Iraq, Afghanistan, and anti-terrorism activities would not count against the \$933 billion limit.) Given the level of funding Congress is proposing for military, homeland security, and international appropriation bills,\* the overall 2008 funding provided in the eight domestic appropriation bills would have to be *cut \$16.4 billion* below the level provided in those bills for 2007, adjusted for inflation,\*\* to comply with the President’s demand that total discretionary funding be limited to \$933 billion.

The President is not insisting that *each* domestic appropriation bill be cut by the exact amount he proposed in his budget, but he is threatening to veto any bill that provides funding in excess of his budget proposal, unless Congress demonstrates that other domestic appropriation bills will offset the “excess” through even deeper cuts in these bills than the President has proposed. Since funding for the *other* domestic appropriation bills being approved by Congress also generally exceeds the levels the President proposed — that is, there are not net cuts in other bills to offset the increases included in the Labor-HHS-Education bill — this paper focuses on the cuts required to bring the funding proposed by Congress for programs in the Labor-HHS-Education bill down to the levels that the President has proposed for those programs.

\* The Defense, Homeland Security, State-Foreign Relations, and Military Construction-VA bills.

\*\* These are the appropriation bills for: Agriculture; Commerce-Justice-Science; Energy-Water; Financial Services; Interior-Environment; Labor-HHS-Education; Legislative Branch; and Transportation-HUD.

This analysis looks at the impact that cutting the Labor-HHS-Education part of the pending bill down to the President’s level would have on significant programs in the areas listed below:

- *K-12 education*, which would be cut by \$1.3 billion;
- *child care*, which would be cut by \$33 million;
- *Head Start*, which would be cut by \$254 million (the equivalent of slots for nearly 34,000 children);
- *medical research*, which would be cut by \$1.4 billion;
- *health centers*, which would be cut by \$225 million;
- *the Low-Income Home Energy Assistance Program (LIHEAP)*, which would be cut by \$630 million; and
- *the Home-Delivered Nutrition Services Program*, which would be cut by \$16 million;

In some cases, these cuts would come on top of reductions already imposed in 2007 and earlier years.

## What the Funding Dispute Means for Individual Programs

The potential effects on various key programs of moving to the lower funding levels the President has proposed are described below. Where possible, this analysis includes estimates of the state-by-state impact of the reduction. The analysis also places some of the proposed reductions in historical context to give a broader sense of the programs' funding trends.

TABLE 1			
Effects in Selected Program Areas of Reducing Funding to the Levels Proposed by the President			
Program Area	Increase (+) or Decrease (-)		Effects of Cutting Program Area Down to the President's Level
	v. Congressional Level	v. 2007 Level Adjusted for Inflation	
K-12 Education	- \$1.305 billion	- \$257 million	Reduces funds available to local school districts to comply with No Child Left Behind requirements.
Child Care	- \$33 million	- \$56 million	Eliminates funding sufficient to provide child care for 5,500 kids.
Head Start	- \$254 million	- \$288 million	Forces Head Start programs to eliminate 34,000 slots or make do with \$279 less per child.
Medical Research (NIH)	- \$1.378 billion	- \$1.265 billion	Reduces support for research into causes of and treatments for cancer, AIDS, diabetes, and other diseases.
Health Centers	- \$225 million	- \$54 million	Reduces support for community clinics that serve low-income Americans.
LIHEAP	- \$630 million	- \$438 million	Puts as many as 1.4 million households at risk of losing assistance with home heating and cooling bills.
Home-Delivered Nutrition Services Program	- \$16 million	- \$ 12 million	Reduces funding states have to support programs like "Meals on Wheels."

### Education and Services for Children

#### ***K-12 Education***

The Congressional bill provides \$36.5 billion in funding for K-12 education programs in 2008.<sup>2</sup>

The President has proposed total funding for K-12 education in 2008 of \$35.2 billion. This is \$1.305 billion (or 3.6 percent) below what Congress would provide, and \$257 million (or 0.7 percent) below the 2007 level, adjusted for inflation.

<sup>2</sup> K-12 education is defined here to include seven Education Department spending areas: education for the disadvantaged (Title I), special education, impact aid, school improvement, Indian education, safe schools and citizenship education, and office of English language education funding. All funding amounts in this section represent funding available for the 2008-2009 school year, including advance appropriations that are scored as fiscal year 2009 funds. This follows the approach used by the Department of Education.

*Historical context:* Funding for these programs increased significantly between 2001 and 2003 as part of the No Child Left Behind initiatives, but has fallen in inflation-adjusted terms since 2003 (even though the requirements imposed on schools by No Child Left Behind have not been reduced). The amount provided in the bill Congress has approved is \$1 billion (or 3 percent) above what was appropriated for 2007, adjusted for inflation. But it is 6.2 percent *below* the level provided in 2003, adjusted for inflation. The funding the President proposed for 2008 is almost *10 percent* below the level provided in 2003, adjusted for inflation.

### ***Child Care***

The bill provides \$2.095<sup>3</sup> billion in discretionary funding for the Child Care and Development Block Grant (CCDBG), \$24 million below what would be needed to maintain the 2007 level, adjusted for inflation.<sup>4</sup>

The President has proposed \$2.062 billion in discretionary funding for the CCDBG. This is \$33 million (or 1.6 percent) below what Congress would provide, and \$56 million (or 2.7 percent) below the 2007 level, adjusted for inflation. The additional \$33 million in funding provided by the Congress as compared to the level in the President's budget is enough to provide child care for about 5,500 children.

*Historical context:* The President's proposed cut would be on top of cuts already made in recent years. If the President's recommendation is accepted, discretionary funding for child care would be 16.7 percent lower in 2008 than in 2002, adjusted for inflation. The President's own budget documents show that, under his proposed funding levels (for this and other child care funding sources), the number of children receiving child care subsidies would fall to 2.1 million in 2008, down from 2.45 million in 2002, a reduction of 350,000 children. The additional funding provided by Congress over the President's proposed level would not be enough to erase these losses but would represent at least a small improvement.

Even before the funding cuts of recent years, funding limitations meant that child care assistance programs served only a minority of the low-income children eligible for assistance. Since adequate-quality child care is expensive, poor and near-poor families that do not receive subsidies often struggle to afford the cost. In 2002, the last year for which data are available, poor families that paid for child care spent an average of 25.7 percent of their income on care.<sup>5</sup>

According to data from the National Association of Child Care Resource and Referral Agencies, full-time infant care in a licensed care center cost an average of \$7,100 in the median state in the 2004-2005 school year, while full-time care for preschoolers in a licensed child care center averaged

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<sup>3</sup> The Labor-HHS conference report also includes an additional \$5 million to fund the Small Business Child Care Act, which authorizes grants to small businesses to work together or with local child care agencies to increase child care options in their communities.

<sup>4</sup> Child care activities are supported by both discretionary and mandatory funding. In addition to the discretionary funds described here, \$2.9 billion in mandatory funding is provided to states each year. The \$2.9 billion level is frozen in nominal terms. In inflation-adjusted terms, it stands below its level in 2002.

<sup>5</sup> See Table 6. Average Weekly Child Care Expenditures by Employed Mothers of Children Under 14, Children Under 5, and Children 5 to 14: Winter 2002, U.S. Bureau of the Census, <http://www.census.gov/population/socdemo/child/ppl-177/tab06.xls>

\$5,800.<sup>6</sup> A family with earnings at the poverty line (\$17,170 for a family of three in 2007) — or even twice that level — would be hard pressed to afford child care at these prices. Low-income working families that do not have access to subsidized child care assistance may be forced to use care that is less costly but may be less reliable and of lower quality, scale back their hours of employment, or leave their jobs.

### ***Head Start***

The bill provides \$7.042 billion for Head Start. This is about \$35 million (or 0.5 percent) *less* than the 2007 level, adjusted for inflation.

The President has proposed funding of \$6.789 billion for Head Start in 2008. That is *\$254 million (or 3.6 percent) less* than what Congress would provide — and \$288 million (or 4.1 percent) below the amount appropriated in 2007, adjusted for inflation.

*Historical context:* The President's proposed cut would come on top of the 8 percent reduction in funding for Head Start, adjusted for inflation, that has occurred since 2002.

As funding erodes, Head Start programs must either reduce the number of children they serve, try to raise additional funds elsewhere, or make cuts in the program — such as by cutting back on teacher salaries, classroom materials, educational activities, or specialized health and developmental activities — that can reduce the program's quality. For several years, Head Start programs have generally been required to serve the same number of children despite the erosion of federal funding. At some point, Head Start programs will find it impossible to continue to do so.

The difference between Congress's and the President's funding levels is equivalent to *losing nearly 34,000 Head Start slots*. If Head Start programs were able to absorb the additional cut proposed by the President without reducing the number of children served, they would have to make do with an average of *\$279 less per child* than under the funding Congress would provide.

## Health Care

### ***Medical Research***

The bill provides \$29.7 billion in 2008 for the 27 institutes and centers that comprise the National Institutes of Health, the primary federal agency that conducts and supports medical research.<sup>7</sup> This is \$114 million (or 0.4 percent) above the level provided in 2007, adjusted for inflation.

The President has proposed funding of \$28.3 billion for NIH in 2008, or \$1.378 billion (or 4.6 percent) less than Congress provides and \$1.265 billion (or 4.3 percent) below the 2007 level, adjusted for inflation. Cuts in the different areas of medical research are summarized in Table 2.

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<sup>6</sup> See <http://www.naccrra.org/randd/data/2004-2005PriceofCare.pdf>

<sup>7</sup> While the vast majority of NIH funding is provided by the Labor-HHS-Education appropriations bill, NIH also receives a small amount of funding, \$79 million in 2007, through the Interior and Environment appropriations bill. The \$29.7 billion figure and all other figures cited in this analysis exclude this small amount of additional funding.

Lower levels of funding for NIH will result in reductions in the number and/or size of grants made to researchers involved in basic and applied research about the causes and cure of cancer, diabetes, AIDS, and other diseases. The reductions are particularly likely to affect the ability of researchers to pursue new and promising but unproven lines of research and to attract, support, and train students who will carry out important research in coming decades.

*Historical context:* The funding provided in 2007 already was 5 percent below what was provided in 2004, adjusted for inflation.

***Community Health Centers and other Health Centers***

The bill provides \$2.213 billion in 2008 for the Health Center program (described below). This represents a \$171 million (or 8.4 percent) increase in funding above the level provided in 2007, adjusted for inflation.

The President has proposed funding of \$1.988 billion, which is \$225 million (or 10.1 percent) below what the bill provides, and \$54 million (2.6 percent) below the 2007 appropriated level, adjusted for inflation.

These funds are used to provide grants to states to help support health centers — community health centers, migrant health centers, health care for the homeless health centers, and primary care public housing health centers — which cover every state. More than 15 million people received care through these health centers in 2006.<sup>8</sup> According to the Department of Health and Human Services, more than 90 percent of those served have incomes below 200 percent of the poverty line.<sup>9</sup>

***Low-Income Home Energy Assistance Program (LIHEAP)***

The bill provides \$2.412 billion for the Low-Income Home Energy Assistance Program (LIHEAP) for 2008, \$192 million more than was provided in 2007, adjusted for inflation.

TABLE 2		
Cuts in selected NIH program areas that would be necessary to bring program funding down to the President's levels		
<i>Area of research</i>	<i>Dollar cut from Congressional bill</i>	<i>Percentage cut</i>
National Cancer Institute	\$144 million	2.9%
National Heart, Lung, and Blood Institute	\$76 million	2.5%
National Institute of Diabetes and Digestive and Kidney Diseases	\$45 million	2.6%
National Institute of Neurological Disorders	\$41 million	2.6%
National Institute of Mental Health	\$35 million	2.4%
National Institute on Drug Abuse	\$25 million	2.5%
National Center on Minority Health and Health Disparities	\$10 million	4.9%

Cuts represent the difference between the funding level provided for each program area in the bill that Congress has passed and the funding level proposed in the President's budget.

<sup>8</sup> U.S. Department of Health and Human Services, Uniform Data System (UDS), "2006 Aggregate (Rollup) UDS Data," Table 3a, available at <http://bphc.hrsa.gov/uds/2006data/National/NationalTable3AUniversal.htm>.

<sup>9</sup> U.S. Department of Health and Human Services, Bureau of Primary Health Care, <http://bphc.hrsa.gov/chc/charts/healthcenters.htm>

The President proposed \$1.782 billion for LIHEAP for 2008, *\$630 million (26.1 percent) less* than Congress would provide and \$438 million (19.7 percent) less than is needed to keep pace with inflation. Assuming states coped with reduced funding by serving fewer households, 1.4 million fewer low-income households would receive energy assistance under the President's funding level than under Congress'.

LIHEAP provides funding to states to help vulnerable households pay their home heating and air conditioning bills. Most households that receive LIHEAP include someone who is elderly or a person with a disability. Over the past several years, the prices of winter heating fuels have increased significantly. For instance, heating oil prices increased 72 percent, and natural gas prices 26 percent, between the winter of 2003-2004 and the winter of 2006-2007. The very large increases in energy prices over the past few years have made LIHEAP more important than ever, and the Department of Energy projects that energy costs will continue to outpace general inflation. According to DOE's latest forecast, heating oil prices will increase 23 percent, and natural gas prices 9 percent, relative to last winter.

### ***Home-Delivered Nutrition Services Program (including "Meals on Wheels")***

The bill provides \$197 million for the Home-Delivered Nutrition Services Program for 2008, \$4 million (2.0 percent) more than the 2007 level, adjusted for inflation.

The President has proposed \$181 million for the Home-Delivered Nutrition Services Program for 2008, *\$16 million (8.3 percent) less* than Congress would provide and \$12 million (6.4 percent) less than is needed to keep pace with inflation.

The Home-Delivered Nutrition Services Program is administered by the Administration on Aging (AoA) at the Department of Health and Human Services. The program provides grants to states to support services like "Meals on Wheels" that provide home-delivered meals to elderly individuals.

### ***Other Aging Services Programs***

The bill provides \$1.249 billion for the Aging Services Programs other than Home-Delivered Nutrition Services for 2008, \$22 million (1.8 percent) more than was provided in 2007, adjusted for inflation.

The President has proposed \$1.154 billion for these programs for 2008, which is *\$95 million (or 7.6 percent) less* than Congress would provide and \$73 million (or 6.0 percent) less than is needed to keep pace with inflation.

This appropriation funds programs that provide home and community-based support for older people and their families.

## **What the Funding Dispute Means for States**

As discussed above, some of the programs that the President has proposed to cut provide states with help in assisting vulnerable populations. In many cases, these cuts would force states to serve fewer people (or to increase their own spending to compensate for the loss of federal support,

which many states are likely to find difficult to do since they must balance their budgets every year regardless of whether the economy slows).

Following are a set of tables that quantify the loss in funding that each state would experience if the Labor-HHS-Education appropriations levels that Congress is approving were reduced to the President's level, in each of the following program areas:

- K-12 education;
- child care;
- Head Start;
- LIHEAP; and
- the Home-Delivered Nutrition Services Program.

The tables also include a description of the methodology used in estimating these state impacts.

## Table 1. Elementary and Secondary Education

**President's Proposed Funding Level is \$1.3 Billion Below Labor-HHS Conference Report Level**

(Millions of dollars)

	Difference in Funding, 2008
<b>U.S. Total</b>	<b>-\$1,305</b> <b>-3.6%</b>
Alabama	-\$23.9
Alaska	-\$9.2
Arizona	-\$24.6
Arkansas	-\$13.9
California	-\$146.4
Colorado	-\$15.6
Connecticut	-\$14.1
Delaware	-\$5.4
District of Columbia	-\$4.3
Florida	-\$68.7
Georgia	-\$43.1
Hawaii	-\$8.0
Idaho	-\$6.1
Illinois	-\$54.5
Indiana	-\$27.2
Iowa	-\$7.7
Kansas	-\$8.5
Kentucky	-\$22.7
Louisiana	-\$27.2
Maine	-\$7.6
Maryland	-\$23.8
Massachusetts	-\$29.3
Michigan	-\$46.3
Minnesota	-\$18.0
Mississippi	-\$19.6
Missouri	-\$21.1
Montana	-\$2.2
Nebraska	-\$5.1
Nevada	-\$7.9
New Hampshire	-\$6.1
New Jersey	-\$38.0
New Mexico	-\$14.1
New York	-\$101.8
North Carolina	-\$35.9
North Dakota	-\$5.0
Ohio	-\$48.8
Oklahoma	-\$14.6
Oregon	-\$13.4
Pennsylvania	-\$52.8
Rhode Island	-\$6.0
South Carolina	-\$21.3
South Dakota	-\$5.8
Tennessee	-\$25.3
Texas	-\$106.1
Utah	-\$10.9
Vermont	-\$4.6
Virginia	-\$31.6
Washington	-\$24.5
West Virginia	-\$12.0
Wisconsin	-\$20.7
Wyoming	-\$5.0

## **Technical Notes - Table 1 - Elementary and Secondary Education**

The figures in this table show the state-by-state distribution of the \$1.305 billion difference between the President's proposed 2008 funding level for K-12 formula grants to states — \$35.214 billion — and the funding level included in the Labor, Health and Human Services, and Education conference report — \$36.519 billion.

In this analysis, K-12 formula grants to states include all of the K-12 programs for which the Department of Education provides state-by-state allocation estimates. Most of these programs fall within the four major Department of Education spending accounts: Education for the Disadvantaged, Special Education, School Improvement, and Impact Aid.

Within the Education for the Disadvantaged account, the analysis includes funding levels 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, the Neglected and Delinquent State Agency Program, and school improvement grants. The President's budget requested funding for two new initiatives within this account — \$250 million for Promise Scholarships and \$300 million for new competitive grant programs. The analysis includes the Promise Scholarships, but does not include the competitive grants program because there is no way to know how those funds would be distributed by state.

Within the Special Education account, the analysis includes funding for special education grants (K-12), special education preschool grants, and grants for infants and families. Within the Impact Aid account, we analyzed basic support payments, construction, and payments for children with disabilities. Within the School Improvement account, the analysis includes funding for Teacher Quality State Grants, Educational Technology Grants, innovative programs grants, funding for school assessments, mathematics and science partnerships, education for homeless children and youth, 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).

In addition to programs within the four major Department of Education spending accounts, this analysis includes Indian education grants to local educational agencies, safe and drug-free schools and communities state grants, and language acquisition state grants.

The figures exclude the effects of two additional cuts proposed by the President that would chiefly affect Alaska and Hawaii. The President proposes to eliminate an education program for Natives Alaskans and a similar program for Native Hawaiians, while the conference report provides \$34 million for each of these programs. Both programs are in the School Improvement account.

To calculate the total difference in K-12 formula grants funding each state would receive under the President's budget as compared to the conference report, we determine the state-specific differences in funding for each of the programs included in the analysis. For each program, we assume that the difference in funding for a state would equal that state's projected share of funding for the program in 2008 (as calculated by the Department of Education) multiplied by the difference in funding between the President's budget and the conference report for that program. For example, if a state is projected to receive 3 percent of the national funding under Title I grants, this analysis assumes that the difference in Title I grant funding for that state would equal 3 percent of \$401 million — the national difference in funding under the two proposals for Title I grants. In the case of programs for which the President has stopped funding, the difference in funding for a state is calculated based on a state's estimated share of funding for the program in 2007, as calculated by the Department of Education.

Because each state currently receives a somewhat different share of funding for each of the programs included in this analysis, and the percentage difference in funding for each of these programs is not the same, each state's percentage difference between the President's proposed funding levels and the levels in the conference report for 2008 K-12 formula grant funding may differ somewhat from the national figure of 3.6 percent.

National total includes U.S. territories, tribes, and federal expenditures not shown separately.

**Table 2. Child Care and Development Block Grant****President's Proposed Funding Level is \$33 Million Below Labor-HHS Conference Report Level**

	<b>Difference in Funding, 2008</b>
<b>U.S. Total</b>	<b>-\$32,600,000</b>
	<b>-1.6%</b>
Alabama	-\$630,000
Alaska	-\$60,000
Arizona	-\$790,000
Arkansas	-\$400,000
California	-\$3,650,000
Colorado	-\$380,000
Connecticut	-\$230,000
Delaware	-\$70,000
District of Columbia	-\$50,000
Florida	-\$1,800,000
Georgia	-\$1,230,000
Hawaii	-\$120,000
Idaho	-\$180,000
Illinois	-\$1,210,000
Indiana	-\$660,000
Iowa	-\$280,000
Kansas	-\$290,000
Kentucky	-\$560,000
Louisiana	-\$730,000
Maine	-\$110,000
Maryland	-\$400,000
Massachusetts	-\$400,000
Michigan	-\$920,000
Minnesota	-\$400,000
Mississippi	-\$500,000
Missouri	-\$610,000
Montana	-\$90,000
Nebraska	-\$180,000
Nevada	-\$220,000
New Hampshire	-\$70,000
New Jersey	-\$580,000
New Mexico	-\$290,000
New York	-\$1,700,000
North Carolina	-\$1,050,000
North Dakota	-\$60,000
Ohio	-\$1,060,000
Oklahoma	-\$490,000
Oregon	-\$360,000
Pennsylvania	-\$990,000
Rhode Island	-\$90,000
South Carolina	-\$580,000
South Dakota	-\$90,000
Tennessee	-\$700,000
Texas	-\$3,420,000
Utah	-\$350,000
Vermont	-\$50,000
Virginia	-\$620,000
Washington	-\$520,000
West Virginia	-\$210,000
Wisconsin	-\$470,000
Wyoming	-\$40,000

**Technical Notes - Table 2 - Child Care Development Block Grant**

The figures in this table show the state-by-state distribution of the \$32.6 million difference between the President's proposed 2008 discretionary funding level for the Child Care and Development Block Grant (CCDBG) — \$2.062 billion — and the discretionary funding level included in the Labor, Health and Human Services, and Education conference report — \$2.095 billion. This analysis does not include the non-discretionary federal funding for CCDBG.

The difference in CCDBG funding each state would receive under the President's funding request as compared to the conference report level is calculated by multiplying the national funding difference by each state's projected share of discretionary CCDBG funding in 2008, as calculated by the Office of Management and Budget. For example, if a state is projected to receive 3 percent of total discretionary CCDBG funding in 2008, this analysis assumes the difference in funding the state would receive under the President's budget as compared to the level in the conference report would equal 3 percent of \$32.6 million (the national funding difference). National total includes U.S. territories, tribes, and federal expenditures not shown separately.

Center on Budget and Policy Priorities

11/8/2007

**Table 3. Head Start**

**President's Proposed Funding Level is \$254 Million Below Labor-HHS Conference Report Level**

(Millions of dollars)

	Difference in Funding, 2008	Potential Difference in Slots, 2008
<b>U.S. Total</b>	<b>-\$254</b> <b>-3.6%</b>	<b>-33,800</b>
Alabama	-\$3.9	-600
Alaska	-\$0.5	-50
Arizona	-\$3.8	-500
Arkansas	-\$2.4	-400
California	-\$30.7	-3,650
Colorado	-\$2.5	-350
Connecticut	-\$1.9	-250
Delaware	-\$0.5	-100
District of Columbia	-\$0.9	-150
Florida	-\$9.7	-1,300
Georgia	-\$6.2	-900
Hawaii	-\$0.8	-100
Idaho	-\$0.8	-100
Illinois	-\$10.0	-1,500
Indiana	-\$3.6	-550
Iowa	-\$1.9	-300
Kansas	-\$1.9	-300
Kentucky	-\$4.0	-600
Louisiana	-\$5.4	-800
Maine	-\$1.0	-150
Maryland	-\$2.9	-400
Massachusetts	-\$4.0	-500
Michigan	-\$8.7	-1,300
Minnesota	-\$2.7	-400
Mississippi	-\$6.0	-1,000
Missouri	-\$4.4	-650
Montana	-\$0.8	-100
Nebraska	-\$1.3	-200
Nevada	-\$0.9	-100
New Hampshire	-\$0.5	-50
New Jersey	-\$4.8	-550
New Mexico	-\$1.9	-300
New York	-\$16.0	-1,850
North Carolina	-\$5.2	-700
North Dakota	-\$0.6	-100
Ohio	-\$9.1	-1,400
Oklahoma	-\$3.0	-500
Oregon	-\$2.2	-350
Pennsylvania	-\$8.4	-1,200
Rhode Island	-\$0.8	-100
South Carolina	-\$3.0	-450
South Dakota	-\$0.7	-100
Tennessee	-\$4.4	-600
Texas	-\$17.7	-2,500
Utah	-\$1.4	-200
Vermont	-\$0.5	-50
Virginia	-\$3.7	-500
Washington	-\$3.7	-400
West Virginia	-\$1.9	-300
Wisconsin	-\$3.4	-500
Wyoming	-\$0.5	-50

### **Technical Notes - Table 3 - Head Start**

The figures in this table illustrate the state-by-state distribution of the \$254 million difference between the President's proposed 2008 funding level for Head Start — \$6.789 billion — and the funding level included in the Labor, Health and Human Services, and Education conference report — \$7.042 billion.

The difference in Head Start funding each state would receive under the President's proposal as compared to the conference report funding level is calculated by multiplying the national funding difference by each state's projected share of Head Start funding in 2008, as calculated by the Office of Management and Budget. For example, if a state is projected to receive 3 percent of total Head Start funding in 2008, this analysis assumes the difference in funding the state would receive under the President's budget as compared to the level in the conference report would equal 3 percent of \$254 million (the national funding difference). National totals include U.S. territories, tribes, and federal expenditures not shown separately.

The table also shows the difference in the number of children that could be served in Head Start programs under the President's proposed funding level and the level in the conference report as estimated by the National Head Start Association. These National Head Start Association estimates illustrate the difference in the number of children who could be served if Head Start programs cope with the lower level of funding provided by the President's budget by reducing the number of children served rather than making other kinds of adjustments in their programs such as reducing teacher salaries, funding for classroom materials, or developmental, health and nutrition services.

**Table 4. Low-Income Home Energy Assistance Program**

**President's Proposed Funding Level is \$630 Million Below Labor-HHS Conference Report Level**

(Millions of dollars)

	Difference In Funding, 2008	Potential Difference in Participants, 2008
<b>U.S. Total</b>	<b>-\$630</b> <b>-26.1%</b>	<b>-1,380,000</b>
Alabama	-\$5.1	-12,900
Alaska	-\$3.8	-2,700
Arizona	-\$2.3	-4,800
Arkansas	-\$3.9	-15,500
California	-\$27.6	-43,700
Colorado	-\$9.7	-26,400
Connecticut	-\$18.3	-22,400
Delaware	-\$1.7	-3,200
District of Columbia	-\$2.0	-6,100
Florida	-\$8.2	-12,200
Georgia	-\$6.5	-23,000
Hawaii	-\$0.7	-1,800
Idaho	-\$3.6	-8,400
Illinois	-\$34.9	-85,000
Indiana	-\$15.8	-35,900
Iowa	-\$11.2	-22,700
Kansas	-\$5.1	-11,500
Kentucky	-\$8.2	-28,700
Louisiana	-\$5.3	-9,800
Maine	-\$14.5	-18,900
Maryland	-\$9.7	-21,600
Massachusetts	-\$33.8	-45,700
Michigan	-\$33.0	-118,300
Minnesota	-\$23.9	-30,800
Mississippi	-\$4.4	-16,100
Missouri	-\$13.9	-30,200
Montana	-\$3.9	-4,900
Nebraska	-\$5.5	-8,700
Nevada	-\$1.2	-4,800
New Hampshire	-\$7.5	-11,500
New Jersey	-\$23.4	-39,900
New Mexico	-\$2.9	-14,100
New York	-\$76.4	-207,900
North Carolina	-\$11.2	-53,000
North Dakota	-\$4.0	-3,300
Ohio	-\$30.9	-82,800
Oklahoma	-\$4.4	-23,400
Oregon	-\$7.4	-15,600
Pennsylvania	-\$41.1	-85,100
Rhode Island	-\$5.6	-9,000
South Carolina	-\$4.1	-5,500
South Dakota	-\$3.3	-4,000
Tennessee	-\$8.3	-16,200
Texas	-\$13.6	-12,100
Utah	-\$4.4	-9,400
Vermont	-\$5.8	-7,500
Virginia	-\$11.8	-26,400
Washington	-\$11.9	-19,000
West Virginia	-\$5.4	-19,600
Wisconsin	-\$21.5	-36,200
Wyoming	-\$1.7	-2,500

#### **Technical Notes - Table 4 - Low Income Home Energy Assistance Program**

The Low Income Home Energy Assistance Program (LIHEAP) is a federal block grant that provides states, the District of Columbia, tribes and territories with formula grants to help low-income families pay their heating and cooling bills.

This table shows the state-by-state distribution of the \$630 million difference between the President's proposed 2008 funding level for LIHEAP — \$1.782 billion — and the funding level included in the Labor, Health and Human Services, and Education conference report — \$2.412 billion.

To calculate the difference in LIHEAP funding each state would receive under the President's budget request and the conference report level, two separate calculations are necessary. This is because the LIHEAP account consists of a main formula grant and a much smaller contingency fund. Funding is not distributed the same way under the two funding streams. The President's budget provides \$480 million less in funding for the formula grants and \$150 million less for the contingency fund as compared to the conference report levels, for a total difference in funding of \$630 million.

To calculate the total difference in funding each state would receive under the President's budget as compared to the conference report, we determine the state-specific differences in funding for each of the two components of LIHEAP. For each component, we assume that the difference in funding for a state would equal that state's share of funding for that component of LIHEAP multiplied by the national total difference in funding for that component. (For the formula grant funding, data on each state's share of funding is based on the formula used by the Department of Health and Human Services. For the contingency funds, each state's share of funding is based on its share of contingency funding in 2007.) For example, if a state would receive 3 percent of the funding under the LIHEAP formula grant, this analysis assumes that the difference in the state's formula grant funding would equal 3 percent of \$480 million (the national difference in funding for the formula grant). National funding total includes U.S. territories, tribes and federal expenditures not shown separately.

The table also shows the difference in the number of households that could be served under the President's proposed funding level and the level provided in the conference report. States have broad flexibility in their LIHEAP programs so that, for any given level of funding, the state can decide how many households to serve by changing the average benefit households receive. This analysis assumes that the difference in funding under the two proposals would result in no change in the average benefit states provide and, instead, would result in states serving a different number of low-income households. National participant total represents the sum of the 50 states and the District of Columbia.

To calculate the difference in the number of households served, we first estimate the number of households that would be served under both proposals. To do this, we divided the projected funding level in each state under the President's proposal and under the conference report by the 2005 average benefit per participant, adjusted for inflation. We then compared the two participant estimates. To compute the average LIHEAP benefit amount in 2005, we divide the total assistance provided in 2005 in each state by the largest single category of LIHEAP participants. (Unfortunately, there are no data showing the unduplicated number of LIHEAP participants by state — available data show the number receiving different types of assistance, such as the number receiving heating assistance and the number receiving cooling assistance. Since many participants receive both, adding these participant numbers together would significantly overstate the number of LIHEAP beneficiaries.)

The latest available LIHEAP participation estimates are for 2006; however, we use participant data for 2005 because of the large effects of Hurricane Katrina on the distribution of LIHEAP assistance in 2006.

**Table 5. Home-Delivered Nutrition Services Program****President's Proposed Funding Level is \$16 Million Below Labor-HHS Conference Report Level**

	<b>Difference in Funding, 2008</b>
<b>U.S. Total</b>	<b>-\$16,300,000</b> <b>-8.3%</b>
Alabama	-\$250,000
Alaska	-\$80,000
Arizona	-\$470,000
Arkansas	-\$150,000
California	-\$1,570,000
Colorado	-\$300,000
Connecticut	-\$130,000
Delaware	-\$80,000
District of Columbia	-\$80,000
Florida	-\$1,340,000
Georgia	-\$650,000
Hawaii	-\$80,000
Idaho	-\$80,000
Illinois	-\$490,000
Indiana	-\$290,000
Iowa	-\$130,000
Kansas	-\$120,000
Kentucky	-\$230,000
Louisiana	-\$110,000
Maine	-\$80,000
Maryland	-\$260,000
Massachusetts	-\$280,000
Michigan	-\$450,000
Minnesota	-\$240,000
Mississippi	-\$140,000
Missouri	-\$280,000
Montana	-\$80,000
Nebraska	-\$80,000
Nevada	-\$170,000
New Hampshire	-\$80,000
New Jersey	-\$350,000
New Mexico	-\$130,000
New York	-\$830,000
North Carolina	-\$600,000
North Dakota	-\$80,000
Ohio	-\$440,000
Oklahoma	-\$170,000
Oregon	-\$260,000
Pennsylvania	-\$470,000
Rhode Island	-\$80,000
South Carolina	-\$330,000
South Dakota	-\$80,000
Tennessee	-\$370,000
Texas	-\$1,280,000
Utah	-\$160,000
Vermont	-\$80,000
Virginia	-\$440,000
Washington	-\$420,000
West Virginia	-\$80,000
Wisconsin	-\$250,000
Wyoming	-\$80,000

**Technical Notes - Table 5 - Home-Delivered Nutrition Services Program**

The home-delivered nutrition services program is administered by the Administration on Aging (AoA) at the Department of Health and Human Services. The program provides grants to states to support services (like Meals on Wheels) that provide home-delivered meals to elderly individuals.

The figures in this table show the state-by-state distribution of the \$16.3 million difference between the President's proposed 2008 funding level for home-delivered nutrition services — \$181 million — and the funding level included in the Labor, Health and Human Services, and Education conference report — \$197 million.

The difference in home-delivered nutrition services funding each state would receive under the President's budget request and the conference report is calculated by multiplying the national funding difference by each state's projected share of home-delivered nutrition services funding in 2008 under the statutory allocation formula normally used to allocate these funds. For example, if under the formula a state would receive 3 percent of total home-delivered nutrition services funding in 2008, this analysis assumes the difference in funding the state would receive under the President's budget as compared to the conference report would equal 3 percent of \$16.3 million (the national funding difference). The statutory formula determines state allotments based on two factors: each state's share of the over-60 population and historical appropriations patterns.

National total includes U.S. territories, tribes and federal expenditures not shown separately.