



MEMORANDUM

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CC: DeAnn Baker, Director of Legislative Affairs, CSAC

DATE: April 16, 2013

SUBJECT: Analysis of President Obama's Fiscal Year 2014 Budget

On April 10, President Obama released his long-awaited \$3.77 trillion budget proposal for fiscal year (FY) 2014. Under the administration's plan, the nation's deficit would drop to \$744 billion beginning next fiscal year, or 4.4 percent of GDP, and continue a steady downward decline through the budget's 10-year timeframe. The debt, on the other hand, would rise \$8.1 trillion to \$25.3 trillion over the next decade.

With regard to sequestration, the budget proposes to replace the automatic, across-the-board spending cuts with other deficit-reduction measures, including spending cuts to entitlement programs and new tax increases. Among other things, the budget would reduce agriculture subsidies and shrink payments to certain Social Security beneficiaries by using a less generous measure of inflation to calculate cost-of-living increases. The budget also proposes billions in savings from Medicare and other health programs, in part by raising Medicare premiums for wealthy retirees and by negotiating for lower prescription drug prices. On the revenue side, the administration's plan would require those making \$1 million or more annually to pay at least 30 percent of their income in taxes, after gifts to charity.

Additionally, the president's budget includes a variety of new spending initiatives, including new investments in transportation projects and education programs. For example, the budget again proposes immediate stimulus-style infrastructure spending, to the tune of \$50 billion for roads, bridges, and transit systems.

All told, the budget would increase FY 2014 spending by nearly \$160 billion beyond what the Congressional Budget Office projected earlier this year. The increase is attributed to the budget's new spending, as well as the cancellation of the sequester.

Incidentally, the administration's budget is roughly two-months behind schedule due to sequestration and the recent fiscal cliff debate. As a result, the document has not been considered in the context of the

development of the House and Senate's FY 2014 budget resolutions (H Con Res 25/S Con Res 8), which have already been approved by their respective chambers. Nevertheless, a number of committees in both the House and Senate will hold hearings to scrutinize various aspects of the White House's budget.

Below is a summary of several key policy and spending initiatives included in the Obama administration's budget proposal.

Secure Rural Schools

The president's budget proposes a five-year reauthorization of the Secure Rural Schools (SRS) program with funding through mandatory appropriations, beginning with \$278 million in FY 2014.

State Criminal Alien Assistance Program

The president's budget does not include funding for the State Criminal Alien Assistance Program (SCAAP). Last year, the administration proposed \$70 million for the program. It should be noted that Congress appropriated over \$250 million for SCAAP in FY 2013, which does not account for the yet-to-be-applied five percent cut under sequestration.

Indian Affairs

The White House budget once again includes language that would overturn the Supreme Courts' *Carcieri v. Salazar* decision. In *Carcieri*, the Court ruled that the secretary of the Interior's trust land acquisition authority is limited to those tribes that were under federal jurisdiction at the time of the passage of the *Indian Reorganization Act* of 1934. The president's budget does not propose any reforms to the Bureau of Indian Affairs' (BIA) land-into-trust process.

The budget for the Department of Interior also indicates that BIA is taking a wholesale look at current regulations that address how Indian groups apply for and receive Federal recognition as an Indian Tribe. According to the budget, BIA expects to distribute a draft for review by Tribes, as well as non-federally recognized Indian groups, with the goal of publishing a proposed rule by the end of 2014. The revisions will address both the application process and the criteria for Federal recognition.

Affordable Care Act Implementation

The budget does not include cuts to the Medicaid program. Of interest to several California counties, pending cuts to the Disproportionate Share Hospital (DSH) program would be delayed for one year.

Tax Exempt Status of Municipal Bonds

The administration is proposing to cap the value of the tax exemption for interest paid by municipal bonds. Under the budget, the value of tax benefits would be limited for the top two percent of earners to 28 percent from the current 35 percent. This is the third time that the Obama administration has suggested capping the value of the tax exemption for high-income earners. The independent, bipartisan tax-reform group, known as Bowles-Simpson, also proposed limiting the tax break.

Transportation

The White House has proposed \$50 billion in immediate investment for transportation programs. Of this one-time funding, which also was proposed in the president's previous budget but not agreed to by Congress, \$40 billion would be reserved for "fix-it-first" projects intended to bring the nation's roads, bridges, and transit systems into a state of good repair. The remaining \$10 billion would be available to local governments and communities on a competitive basis through programs like the Department of Transportation's TIGER grants.

The administration also is proposing an expanded transportation trust fund. Under the budget, the White House is requesting that Congress transfer \$214 billion in general fund tax revenue over six years to the Highway Trust Fund (HTF) to support the administration's plans to develop a high-speed rail network.

Under the proposal, general fund dollars would supplement fuel taxes and other user fees in order to pay for the president's five-year, \$40 billion rail plan. The budget would fully fund last year's transportation bill (MAP-21), which will deplete existing HTF revenues by the time the law expires next year. According to the White House, the additional \$214 billion in general fund revenue would be offset by the declining costs of military operations overseas.

Below are key highlights of the Obama administration's budget proposal for a number of programmatic areas. For comparison purposes, the chart includes the administration's previous funding request (for FY 2013), the enacted FY 2013 funding level (approved by Congress as part of the *Consolidated and Further Continuing Appropriations Act, 2013* (PL 113-6), which does not account for sequestration), and the administration's FY 2014 budget request.

Criminal Justice/Law Enforcement

In total, the fiscal year 2014 budget requests \$2.3 billion for state, local, and tribal law enforcement assistance programs.

State Criminal Alien Assistance Program (SCAAP)

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$70 million	\$250 million	-

SCAAP provides partial reimbursement to counties for the costs incurred for incarcerating undocumented criminal aliens. The president's FY 2014 budget does not include funding for SCAAP.

Community Oriented Policing Services (COPS) Hiring Grants

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$257 million	\$190 million	\$257 million

Overall, the president is proposing \$439.5 million for the COPS program in fiscal year 2014, of which \$257 million would be set aside for COPS hiring grants. The president also is proposing a new \$150 million COPS comprehensive school safety program, comprised of grants and technical assistance to help develop school safety plans, improve equipment and systems needed to provide for enhanced school safety, and hire school safety personnel.

Byrne Justice Assistance Grants (JAG)

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$430 million	\$392 million	\$395 million

The JAG program provides states, local governments, and tribes with funding to support a wide range of program areas, including law enforcement, prosecution and courts, crime prevention and education, corrections, drug treatment and enforcement, and crime victim and witness initiatives.

Byrne Competitive Grants

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$25 million	\$19 million	\$15 million

Byrne Competitive Grants support the implementation of evidence-based and data-driven strategies on issues of national significance. The program also builds state, local, and tribal capacity for criminal justice planning and program development.

Byrne Incentive Grants

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
-	-	\$40 million

The president's budget proposes \$40 million for a new initiative called the Edward Byrne Memorial incentive grant program, which would provide supplementary grants to states and localities using JAG formula funds for evidence-based purposes (\$15 million) or for justice system realignment efforts (\$25 million).

Residential Substance Abuse Treatment (RSAT)

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$21 million	\$12.5 million	\$19 million

The RSAT program assists states and units of local government in developing and implementing substance abuse treatment programs in state and local correctional and detention facilities. The program also helps create and maintain community-based aftercare services for offenders.

Second Chance Act - Offender Reentry Programs and Research

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$80 million	\$69 million	\$119 million

The Second Chance Act is designed to help individuals transition from prison or jail to their communities. The Act authorizes grants to state and local governments for demonstration projects to promote safe and successful community reintegration. Of the \$119 million proposed for FY 2014, \$10 million would be for the Smart Probation Program to improve supervision efforts and strategies; \$5 million would be set aside for a new Children of Incarcerated Parents Demonstration grant program to enhance parental and family relationships for incarcerated parents; and, up to \$40 million would be for performance-based awards.

Juvenile Accountability Block Grant (JABG)

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$30 million	\$25 million	\$30 million

JABG is designed to reduce juvenile crime and recidivism through accountability-based programs focused on both the offender and the juvenile justice system.

Title V Local Delinquency Prevention Incentive Grants Program

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$40 million	\$20 million	\$56 million

The Title V program provides resources through state advisory groups to units of local government for a broad range of delinquency prevention programs and activities to benefit at-risk youth. Of the proposed \$56 million for FY 2014, \$20 million would be used for a new initiative - Juvenile Justice and Education Collaboration Assistance - aimed at reducing the use of arrest and juvenile justice courts as a response to non-serious youth activities in and around schools.

Homeland Security

The president's budget includes \$2.1 billion for state and local grants, consistent with the amount appropriated by Congress in FY 2012. This funding is intended to sustain resources for fire and emergency management programs.

National Preparedness Grant Program (NPGP)

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$1.54 billion	-	\$1.04 billion

For the second year in a row, the administration's budget includes a proposal to consolidate several current state and local preparedness grant programs (such as State Homeland Security Grants and the Urban Area Security Initiative) into a comprehensive NPGP.

Assistance to Firefighter Grants

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$670 million	\$675 million	\$670 million

Assistance to Firefighters Grants help address the staffing, equipment, training and health and safety needs of fire departments. Of the \$670 million proposed for FY 2014, \$335 million would be devoted to equipment, training, vehicles, and related materials, and the remaining \$335 would be devoted to Staffing for Adequate Fire and Emergency Response (SAFER) Grants. It should be noted that the administration has once again proposed \$1 billion for SAFER grants as part of the First Responder Stabilization Fund, which was originally proposed in the *American Jobs Act*.

Emergency Management Performance Grants (EMPG)

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$350 million	\$350 million	\$350 million

EMPGs are formula grants provided to state and local governments to sustain and enhance the effectiveness of their emergency management programs. FEMA provides states the flexibility to allocate funds according to risk and to address the most urgent state and local needs in disaster mitigation, preparedness, response, and recovery.

Training Partnership Grants

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$60 million	-	\$60 million

According to the president's budget, Training Partnership Grants would be awarded on a competitive basis to entities (e.g., state, local, tribal, and territorial governments; universities and higher education institutions; and nonprofits) that can develop and deliver training and education curricula that tie to the core capabilities in FEMA's National Preparedness Goal.

Transportation

Federal Highway Administration (FHWA)

Federal-aid Highways Obligation Limitation

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$41.8 billion	\$39.7 billion	\$40.9 billion

President Obama is requesting nearly \$41 billion in fiscal year 2014 funding for highways and bridges, which reflects the funding levels contained in last year's transportation reauthorization law (MAP-21). The proposed level of investment represents a roughly \$1 billion increase over the fiscal year 2013 enacted level.

Under MAP-21, there are four "core" highway programs that are funded from the aforementioned federal-aid highways obligation limitation. The administration's budget includes the following funding levels for those programs:

Surface Transportation Program (STP): The budget would provide \$10.1 billion for the STP, which can be used by States and local governments for projects to preserve or improve conditions on any federal-aid highway, bridge project on any public road, facilities for non-motorized transportation, transit capital projects, and public bus terminals and facilities. STP gives transportation agencies the ability to target funds toward State and local priorities.

Congestion Mitigation and Air Quality Improvement (CMAQ) Program: The budget requests \$2.3 billion to help States, local governments, and private sponsors reduce highway congestion and harmful emissions and assist areas in reaching attainment of the National Ambient Air Quality Standards. CMAQ provides a flexible funding source for States and local governments for transportation projects and programs that help meet the requirements of the Clean Air Act and help reduce regional congestion on transportation networks.

Highway Safety Improvement Program (HSIP): The budget requests \$2.4 billion for the HSIP, which allows States and localities to fund efforts to reduce traffic fatalities and serious injuries on public roads. The HSIP provides a data-and performance-driven approach to improving traffic safety that ties decisions to State-developed Strategic Highway Safety Plans.

National Highway Performance Program: The budget would provide \$21.9 billion to support the condition and performance of the National Highway System (NHS) for the construction of new facilities on the NHS and to ensure that investments of federal-aid funds are directed to support progress toward the achievement of performance targets established in State asset management plans.

Other Key FHWA Funding

Metropolitan Transportation Planning: The budget requests \$314 million to provide resources for the improvement of metropolitan and statewide transportation planning processes. Metropolitan planning activities include: transportation data collection and analysis; identification and prioritization of transportation system improvement needs; and, coordination of the planning and decision-making process with the public, elected officials, and stakeholder groups.

Transportation Infrastructure Finance and Innovation Act (TIFIA): The administration's budget requests \$1 billion to provide federal credit assistance funding to support nationally or regionally significant transportation projects. TIFIA offers flexible terms and attracts private capital to facilitate transportation projects that would otherwise go unfunded.

Transportation Alternatives Program: The budget requests \$820 million to help foster livable communities through policies and investments that increase transportation choices and access to transportation services. The program is intended to create safe, accessible, and environmentally-sensitive communities.

Immediate Transportation Investments: The budget calls upon Congress to provide a one-time infusion of \$50 billion in immediate transportation investments for highway, highway safety, transit, passenger rail, and aviation activities. Of this amount, \$27 billion would be designated for FHWA-related activities, including \$25 billion for critical highway infrastructure and \$2 billion for cross-border transportation/land-port-of-entry projects. The budget also requests \$4 billion for transportation infrastructure grants and financing (similar to DOT's TIGER Grant program).

Federal Transit Administration (FTA)

The president's budget requests a total of \$10.9 billion for various transit-related activities. The request emphasizes strengthening transit safety oversight, bringing bus and rail transit infrastructure into a state of good repair, and providing new and expanded transit systems in communities nationwide.

Transit Formula Program

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$4.8 billion	\$8.48 billion	\$8.6 billion

The budget requests nearly \$8.6 billion to provide grants that support capital investment, state of good repair, safety, planning, bus and railcar purchases and maintenance, facility repair and construction, and operating expenses. FTA's formula grant programs are funded from the Mass Transit Account of the Highway Trust Fund.

Capital Investment Grants

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$2.2 billion	2 billion	\$1.9 billion

The president's budget requests \$1.9 billion in new budget authority for Capital Investment Grants to support the construction of capital projects that provide new and expanded transit service. This funding, coupled with \$151 million in prior year unobligated balances, would provide approximately \$2.1 billion for transit projects in fiscal year 2014. It should be noted that MAP-21 creates a new category of Capital

Investment Grant projects called Core Capacity grants. These projects improve the capacity of existing fixed-guideway transit services.

Immediate Transportation Investments: Of the aforementioned \$50 billion in stimulus-style funding, the president's budget requests \$9 billion for critical transit infrastructure improvements, including \$6 billion for transit state-of-good-repair grants to help pay for capital asset renewal/vehicle equipment replacement at local bus and rail transit systems. The remaining funding (\$2.5 billion and \$500 million, respectively) would be used to support urban and rural transit programs with capital assistance - including routine maintenance and limited operating assistance for certain small urban and rural systems - and for Core Capacity improvements designed to increase the capacity of the nation's existing transit infrastructure.

Federal Aviation Administration (FAA)

Airport Improvement Program

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$2.4 billion	\$3.35 billion	\$2.9 billion

The administration's budget requests a \$2.9 billion obligation limitation for the Airport Improvement Program (AIP), a decrease of \$45 million from the fiscal year 2013 spending level. The budget also proposes \$3 billion for immediate aviation investments (one-time stimulus funding), including \$2 billion in AIP funding and \$1 billion for NextGen capabilities, which would support multiple infrastructure projects and other investments that are designed to reduce delays, expand air traffic system capacity, and ensure the highest levels of safety.

The FAA budget proposes to focus federal grants to support smaller commercial and general aviation airports that do not have access to additional revenue or other outside sources of capital. Additionally, the budget proposes to increase the Passenger Facility Charge (PFC) limit from \$4.50 to \$8.00 and would eliminate guaranteed funding for airports. The budget envisions giving airports greater flexibility to generate their own revenue while providing an increased PFC level for all other commercial service airports.

Immediate Transportation Investments: Of the administration's \$50 billion in stimulus-style funding, the president's budget requests \$3 billion for the FAA - \$2 billion for grants-in-aid for airports and \$1 billion to support NextGen modernization efforts.

Human Services

Temporary Assistance for Needy Families (TANF)

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$17.4 billion	\$17.4 billion	\$17.4 billion

The TANF program, which is due to be reauthorized this year, is a capped entitlement provided to the states by way of formula. The administration pledges to work with Congress to strengthen TANF and to provide additional flexibility to the states to implement the program.

Foster Care

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$4.2 billion	\$4.2 billion	\$4.2 billion

The Foster Care program provides payments to families caring for foster children under Title IV-E of the Social Security Act. Approximately 150,000 children per month receive federal foster care payments.

Social Services Block Grant (SSBG)

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$1.7 billion	\$1.7 billion	\$1.7 billion

SSBG is a mandatory program providing each state with a set amount of flexible funding that it may use to fund a wide variety of social services programs.

Low-Income Home Energy Assistance Program (LIHEAP)

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$3 billion	\$3.5 billion	\$3 billion

LIHEAP assists low-income families with their payments for heating their home. The requested appropriations vary each year, often due to energy prices.

Child Support Enforcement

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$4.1 billion	\$4 billion	\$4 billion

The federal child support program provides states with a 66 percent administrative match for child support administration.

Head Start

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$8 billion	\$8 billion	\$9.6 billion

Head Start is a discretionary program that funds pre-school, infant and toddler programs to nearly one million low-income children. The administration has proposed a \$1.6 billion increase in the program as part of its overall early childhood education initiative.

Child Care Development Fund

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$6 billion	\$5.19 billion	\$5.9 billion

Consisting of both an entitlement and discretionary program to states to support child care for needy families, the president is requesting a significant, \$700 million increase to serve nearly 1.4 million children.

Older Americans Act Programs

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$2 billion	\$2 billion	\$2 billion

The newly-named Administration for Community Living provides funding to support a number of caregiver, nutrition, and other services to support older Americans, primarily through a network of Area Agencies on Aging. Incidentally, the Older Americans Act reauthorization is long overdue. The administration did not submit any policy proposals in its budget.

Elder Justice Act (EJA)

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$8 million	-	\$8 million

Enacted as part of the *Affordable Care Act* (ACA), the EJA authorizes funds for state and local adult protective services programs. To date, Congress has not appropriated funding for this EJA initiative.

Community Services Block Grant (CSBG)

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$350 million	\$682 million	\$350 million

CSBG funds services provided by a network of community action agencies and other community based organizations to support low-income populations. Rejected last year by Congress, the administration is again proposing to cut the program in half. The remaining funds would be distributed on a competitive basis.

Health Programs

Medicaid

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$266.5 billion	\$266.5 billion	\$303.6 billion

Medicaid is funded by federal, state and local governments. As an entitlement, it is not subject to the appropriation process. The projected \$37 billion increase in Medicaid is due largely to the anticipated costs of serving newly-eligible individuals when coverage under the ACA is launched. Given its desire to encourage states to expand Medicaid under the ACA, the White House abandoned FY 2013 proposals to change the administration of the program, including blending the various Medicaid and CHIP matching rates into a single federal matching rate specific to each state. Also dropped was a proposal to limit States' ability to tax health providers. Revenues gained from that tax are used as state match to draw down federal matching funds.

On a related matter, and as noted earlier, the administration is proposing to delay by one year a \$360 million cut to the disproportionate share hospital payment (DSH) program. Slated to begin in FY 2014, the cuts would affect hospitals serving large numbers of uninsured and Medicaid patients. It should be noted that the DSH program was cut in the ACA due to policymakers' assumption that hospitals would serve more people with insurance once the ACA is launched. Nevertheless, the White House wants to ensure that states

and the public system will continue to have the full allotment of DSH funds available at the beginning of the health care law's implementation. Cuts after fiscal year 2014 would remain, however, with DSH reductions increasing each year through 2023.

Ryan White HIV/AIDS Program

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$2.5 billion	\$2.4 billion	\$2.4 billion

Serving over a half million people with HIV/AIDS, Ryan White supports a number of programs, including funding metropolitan areas with high numbers of people affected by the disease. The program also provides significant support for drugs to fight the virus via the AIDS Drug Assistance Program.

Maternal and Child Health Block Grant (MCH)

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$640 million	\$650 million	\$640 million

Each state receives an MCH grant based on a formula. Funding supports preventive and primary care services and services provided to children with special health care needs. Many counties receive this funding.

Preventive Health and Health Services Block Grant

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
-	\$80 million	-

The Preventive Health Block Grant is used by state and local health departments to perform public health activities. The administration is again proposing to terminate the program, arguing that it duplicates other federal programs.

Prevention and Public Health Fund (PPHF)

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$1.25 billion	\$809 million	\$755 million

Enacted as part of the ACA, the PPHF provides \$15 billion over ten years to support public health initiatives, including efforts made by state and local health departments. The administration is requesting \$755 million of the \$1 billion available this year. PPHF funding has been subject to cuts over the past few years, due to efforts to control the deficit and/or fund other priorities.

Housing and Urban Development

Community Development Block Grant (CDBG)

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$2.95 billion	\$2.95 billion*	\$2.8 billion

* Does not reflect \$16 billion in CDBG funding appropriated by the *Disaster Relief Appropriations Act, 2013* (PL 113-2). These funds were intended primarily to respond to the effects of Hurricane Sandy that impacted the Atlantic Coast in October 2012.

CDBG assists state and local governments in addressing local priorities and needs. The funding is used for a wide range of community and economic development activities, such as public infrastructure improvements (approximately 33 percent of all CDBG funds), housing rehabilitation and construction (approximately 25 percent of funds), job creation and retention, and public services. Generally, 70 percent of the CDBG formula grants are distributed to urban areas (entitlement communities), and 30 percent of grants are distributed to the States (non-entitlement communities).

It should be noted that the budget request includes several proposals to better target funds based on community need and ensure that communities receive CDBG grants large enough to be more effective in advancing the goals of the program. In addition, HUD will seek input from stakeholders over the coming months regarding further programmatic changes that would improve the targeting of funds.

HOME Investment Partnerships Program

FY 2013 President’s Budget	FY 2013 Enacted	FY 2014 President’s Budget
\$1 billion	\$ 1 billion	\$950 million

The HOME program provides flexible formula grant assistance to state and local governments to increase the supply of affordable housing and expand homeownership for low income households. Communities often use funds in partnership with local non-profit groups to support a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership, or provide direct rental assistance to low-income individuals. Generally, 60 percent of the formula grant funds are awarded to local governments with the remaining 40 percent awarded to States.

Choice Neighborhoods Initiative

FY 2013 President’s Budget	FY 2013 Enacted	FY 2014 President’s Budget
\$150 million	\$120 million	\$400 million

The Choice Neighborhoods program funds competitive grants to transform neighborhoods of extreme poverty into sustainable, mixed-income neighborhoods with well-functioning services, schools, public assets, transportation, and access to jobs. Choice Neighborhoods grants primarily fund the redevelopment and preservation of distressed public and/or assisted housing developments.

Homeless Assistance Grants

FY 2013 President’s Budget	FY 2013 Enacted	FY 2014 President’s Budget
\$2.23 billion	\$1.9 billion	\$2.38 billion

Homeless Assistance Grants provide housing and supportive services to homeless families and individuals across the country. The program awards funds through formula and competitive processes.

Water Resources

Bureau of Reclamation

WaterSMART Grants

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$21.5 million	\$12.2 million	\$12 million

The WaterSMART program focuses on expanding limited water supplies in the West to reduce conflict, facilitate solutions to complex water issues, and meet the growing needs of expanding municipalities, the environment, and agriculture.

Title XVI Water Reclamation and Reuse Projects

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$20.3 million	\$20.2 million	\$14 million

Through the Title XVI program, the Bureau of Reclamation identifies and investigates opportunities to reclaim and reuse wastewaters and naturally impaired ground and surface water in the 17 western states and Hawaii. Title XVI provides funding for planning studies and the construction of water recycling projects, on a project specific basis, in partnership with local governmental entities.

ESA Recovery Implementation

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$18.8 million	\$22.8 million	\$21.2 million

This program provides for the development and implementation of measures for the preservation, conservation, and recovery of endangered or threatened species that are resident in, or migratory to, habitats affected by the operation of Reclamation projects.

Environmental Protection Agency (EPA)

Clean Water State Revolving Fund

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$1.18 billion	\$1.47 billion	\$1.1 billion

The Clean Water State Revolving Fund (CWSRF) helps EPA provide low-interest loans for communities to upgrade their wastewater treatment systems. CWSRF projects include nonpoint source, estuary, stormwater, and sewer overflow projects.

Drinking Water State Revolving Fund

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$850 million	\$919 million	\$817 million

The Drinking Water State Revolving Fund (DWSRF) helps provide low-interest loans for drinking water infrastructure. Beginning in FY 2014, appropriated DWSRF funds will be allocated to states based on a new 2011 Needs Survey scheduled to be reported by EPA to Congress in 2013.

Agriculture

The president’s budget request for the Department of Agriculture includes a number of legislative proposals that the White House estimates would reduce the deficit by \$38 billion over the next decade. The savings would result from eliminating direct farm payments, decreasing crop insurance subsidies, and targeting conservation funding to high priority areas. These topics are expected to be central to the Farm Bill reauthorization discussions later this year.

USDA Rural Development Programs

FY 2013 President’s Budget	FY 2013 Enacted	FY 2014 President’s Budget
\$2.4 billion	\$2.08 billion	\$2.29 billion

USDA Rural Development Programs provide loans and grants to spur private sector growth in rural communities. These programs include funding for water/wastewater infrastructure, community facilities, broadband, electric, telephone, housing, renewable energy, and business development.

Rural Water and Waste Disposal Grants

FY 2013 President’s Budget	FY 2013 Enacted	FY 2014 President’s Budget
\$415 million	\$524 million	\$304 million

The Water and Waste Disposal Program provides financing for rural communities to establish, expand or modernize water treatment and waste disposal facilities. Projects are designed to improve the energy efficiency of the water and waste facilities and to improve water conservation efforts. Grants also are provided for solid waste disposal and technical assistance and training.

Rural Community Facilities Program Grants

FY 2013 President’s Budget	FY 2013 Enacted	FY 2014 President’s Budget
\$25 million	\$28.4 million	\$17 million

Rural Community Facilities Program grants provide funding for a wide range of essential Community Facilities in communities of up to 20,000 in population. Priority is given to health and public safety facilities.

Rural Broadband Grants

FY 2013 President’s Budget	FY 2013 Enacted	FY 2014 President’s Budget
\$13 million	\$10.4 million	\$10 million

The Broadband program provides financing to support new or improved broadband access across rural America.

Distance Learning and Telemedicine Grant Program

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$25 million	\$25 million	\$25 million

The Distance Learning and Telemedicine Grant Program is designed specifically to assist rural communities that would otherwise be without access to learning and medical services over the Internet.

Other Programs of Interest

Supplemental Nutrition Assistance Program (SNAP)

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$82 billion	\$78.6 billion	\$78.4 billion

SNAP is an entitlement program that provides support for low-income families to meet their food and nutrition needs. The administration projects that the number of participants will decrease slightly in 2013 due to a slowly improving economy. SNAP is expected to serve 44.7 million participants per month in FY 2014.

Workforce Investment Act (WIA) Programs

FY 2013 President's Budget	FY 2013 Enacted	FY 2014 President's Budget
\$3.19 billion	\$3.2 billion	\$3.39 billion

WIA funds a variety of employment and training programs for target populations. Funding supports adult employment and training, youth activities, and dislocated workers. It was due to be reauthorized in 2003.

Payments-in-Lieu-of-Taxes (PILT) program

The PILT program provides federal payments to local governments to help offset losses in property taxes due to nontaxable federal lands within their boundaries. The program is fully funded through fiscal year 2013.

The President's budget proposes a one-year extension of mandatory PILT payments at the full entitlement amount. Furthermore, the Department of the Interior will investigate commissioning an independent public evaluation of the program. The proposed evaluation would review PILT, in both concept and practice, with a goal of developing options to put the program on a sustainable long-term funding path.

County Geothermal Revenues

In the Energy Policy Act of 2005, Congress decided that because of the high burdens geothermal production places on the counties where geothermal development is located, these counties should share in the revenue of the federal receipts. The president's budget, however, again calls for the elimination of the 25 percent county share of geothermal revenues.