



Don Nickles, Chairman
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FY2004 Conference Report: Investing in STATES

The FY 2004 Budget Resolution provides more funds for aid to states than for national defense. It assumes more spending on many state programs than the President's budget request.

A sampling of state assistance follows:

Education. The budget provides \$56.1 billion for the Department of Education, a 6-percent increase over 2003. This level accommodates funding increases provided in the Senate budget including: a \$1 billion increase over FY 2003 for Title I, a \$2.2 billion increase over FY 2003 for the Individuals with Disabilities Education Act, a \$1.3 billion increase for Pell Grants and a \$50 million increase for Impact Aid.

Community Development Block Grants (CDBG). The Budget funds the CDBG program at a level of \$4.7 billion for 2004, which matches the President's request for that year. Over the past 13 years the CDBG program has remained remarkably steady in terms of its funding level. It has always hovered between \$4.5 billion and \$5 billion. It has only broken that \$5 billion ceiling twice - once in 1994 by a mere \$50 million and again in 2002 where it climbed just below \$8 billion. The 2002 funding was obviously in response to the terrorist attacks and this account was directly responsible for most of the aid to the state of New York in the aftermath.

Medicaid. The Budget assumes a reserve fund for Medicaid reform to provide flexibility to the states for innovation and expansion of coverage. The fund is based on the Administration's proposal for a new Medicaid program option, under which states may take their Medicaid and SCHIP funding in a single federal payment. This initiative builds on a successful demonstration proposal developed by the Administration which will enhance state flexibility and promote innovation. The purpose of this proposal is to provide states with access to increased funds to create innovative programs to cover their uninsured population.

State Children's Health Insurance Program (SCHIP). The Budget includes a reserve fund for the Finance Committee to enact legislation to extend the availability of expiring SCHIP funds and restore availability to 1998 and 1999 previously expired funds. According to CBO estimates, approximately \$1.26 billion in SCHIP funds reverted to the Treasury on October 1, 2002 and \$1.35 billion will return to the Treasury at the end of 2003. This legislation would provide the states \$1.825 billion in BA and \$975 million on outlays over ten years to ease their financial strain as well as to cover more children under their SCHIP programs.

Tribal Assistance Grants. The Budget includes \$3.8 billion for EPA State and Tribal Assistance Grants. This is the same as last year and \$713 million more than the President's request. These funds provide low interest loans and grants to communities for clean drinking water and wastewater infrastructure.

Impact Aid. The Budget does not accept the President's requested decrease for Impact Aid. The President proposed decreasing Impact Aid to \$1 billion, but the budget resolution provides \$172 million above this request, holding Impact Aid steady at the 2003 level of \$1.2 billion.

Highways and Mass Transit: The conference agreement provides \$35.5 billion in 2004 for highways, a 21-percent increase over the President's request. It provides \$231.1 billion over the next six years - an annual average of \$38.5 billion. The budget also includes \$7.6 billion in 2004 for mass transit, a 5-percent increase over the President's request. It provides \$49.1 billion over the next six years, an annual average of \$8.2 billion

Public and Subsidized Housing. The budget resolution includes \$3.6 billion for distribution to state and local public housing agencies (PHAs) from HUD's public housing operating funds. This is \$64 million more than the level requested by the President for 2004. These operating funds assist PHAs with the operation and maintenance expenses of public housing. In addition, the budget resolution includes sufficient resources to renew all expiring Section 8 vouchers that are under contract through the PHAs.

SOURCE: Senate Budget Committee, Don Nickles, Chairman