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SPECIAL REPORT: President's Budget Proposal for Fiscal Year 2008, California Implications - February 6, 2007

On Monday, February 5, 2007, President George W. Bush released the Administration's Budget Proposal for Fiscal Year 2008, which begins October 1, 2007. The Budget proposes \$2.9 trillion for fiscal year 2008, and reduces non-security spending for the third straight year. Discretionary spending would be set at \$929.8 billion, an increase of 6.5 percent or \$57 billion, not including the costs of the war in Iraq and Afghanistan. However, all but \$3.6 billion of the increase is slated for security-related spending. The remaining one percent increase allocated to other domestic spending will not keep up with inflation.

Throughout its more than 2500 pages, the budget documents outline the Administration's various recommendations for discretionary and mandatory spending, as well as its revenue proposals. Developing a reliable analysis of any budget is difficult. Prepared by the staff of the California Institute for Federal Policy Research, this report represents our effort to offer a California-oriented analysis of the budget proposal. It is available from the California Institute at <http://www.calinst.org/pubs/BudgetProposal2008.htm> or in pdf format at <http://www.calinst.org/pubs/BudgetProposal2008.pdf>.

DEPARTMENT OF HOMELAND SECURITY - Citizenship, Immigration and Customs

The FY2008 programmatic Budget request for the Department of Homeland Security is \$34.6 billion, a \$3 billion decrease from the \$37.6 billion in FY07 funding.

Immigration

The Budget documents state that the President's Budget proposes increasing non-defense homeland security spending by 9.5 percent Government-wide compared to 2007, excluding 2007 emergency funding and borrowing authority for interoperability grants.

The Budget includes \$13 billion for border security and immigration enforcement, including \$1 billion to construct fences and secure the Southwest border, building upon the \$1.5 billion appropriated for 2006 and 2007. It also funds 3,000 new Border Patrol agents and provides for 950 new detention beds.

Citizenship and Immigration Services

The Budget proposes total budget authority of \$2.6 billion for the operations of the Citizenship and Immigration Services (CIS).

The Budget also requests legislative authority beginning in fiscal year 2008 to charge fees for services related to the provision of immigration status verification under the Systematic Alien Verification for Entitlements (SAVE) Program. SAVE is an intergovernmental information-sharing

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initiative designed to aid organizations in determining an applicant's/ recipient's immigration status to ensure that only entitled applicants/recipients receive Federal, state, or local public benefits. The Program is an information service for benefit granting agencies.

Immigration and Customs Enforcement

For salaries and expenses of ICE the FY08 Budget proposes \$4,162,000,000, as opposed to the \$3,887,000,000 requested in FY07.

In addition, the 2008 Budget provides funding for increased interior enforcement activities, including six new Border Enforcement Security Task Forces and 22 new Criminal Alien Program teams. It funds \$31 million for new detention beds (for a total of 28,450), and \$10.8 million for enhanced removal operations. An increase of \$26.4 million is included to increase collaboration with State and local law enforcement agencies through an expansion of the 287(g) program and the Law Enforcement Support Center, including the training of an additional 250 State and local law enforcement officers, detention beds for apprehended illegal aliens, and personnel to assist State and local law enforcement when they encounter aliens. Additionally, the Budget also includes an increase of \$29 million to identify criminal aliens in Federal, State, and local prison facilities and remove those aliens from the United States.

The 2008 Budget also includes increases for investigating smuggling and border criminal activity (\$13 million) and for identifying, apprehending, prosecuting, and removing aliens involved in gang activities (\$5 million).

Finally, of the more than \$3.5 billion requested for the Border Patrol (an increase of 27 percent over the 2007 enacted level), funding for 3,000 new agents is included.

Basic Pilot Program

The Budget provides \$30 million to support the Basic Pilot Program, a voluntary web-based program allowing employers to verify the employment eligibility of prospective employees. An increase of \$5 million is also included to improve worksite enforcement through cooperative agreements with private employers through the ICE Mutual Agreement between Government and Employers (IMAGE) initiative.

United States Visitor and Immigrant Status Indicator

The 2008 Budget includes \$462 million for US-VISIT, including \$228 million to deploy 10 fingerprint collection at all of the Nation's land, air, and sea ports of entry and for interoperability with the FBI's fingerprint system, the Integrated Automated Fingerprint Identification System. The FY07 Budget proposed \$362.5 million for the US VISIT Program.

Federal Law Enforcement Training Center

For 2008 the Budget requests an initial capitalization of \$219,786,000 for a FLETC, which, in addition to providing law enforcement training to federal personnel, provides training to State and local law enforcement personnel on a space-available basis.

Customs and Border Protection

The Budget proposes \$6.6 billion for Customs and Border Protection, as opposed to the \$5.6 billion estimated for FY07.

To speed deployment of the fencing, technological, and other infrastructure components of the Secure Border Initiative, \$1 billion is requested, as opposed to \$1.19 billion in FY07.

DEPARTMENT OF HOMELAND SECURITY - FEMA and First Responder Grants

Federal Emergency Management Agency (FEMA)

The Budget proposes funding in FY08 of \$1.9 billion. Allocation of the funding is as follows:

- \$215,000,000 for formula-based grants, of which \$200,000,000 is for Emergency Management Performance Grants, and \$15,000,000 is for grants supporting Citizen Corps preparedness activities.

- \$1.5 billion for discretionary grants, of which

 - \$250,000,000 is for grants to states and territories for enhancing capabilities to prevent, deter, respond to, and recover from acts of terrorism, to be allocated by the Secretary based on risk and unmet target capabilities, of which \$62,500,000 shall be for law enforcement terrorism prevention grants

- \$800,000,000 is for grants to urban areas for enhancing capabilities to prevent, deter, respond to and recover from acts of terrorism, to be allocated by the Secretary based on risk and unmet target capabilities, of which \$200,000,000 shall be for law enforcement terrorism prevention grants
- \$210,000,000 shall be for infrastructure protection grants related to port security which shall be awarded based on risk
- \$9,000,000 shall be for infrastructure protection grants related to trucking industry security
- \$12,000,000 shall be for infrastructure protection grants related to intercity bus security
- \$175,000,000 shall be for infrastructure protection grants related to intercity rail passenger transportation
- \$50,000,000 shall be for infrastructure protection grants related to buffer zone protection.

State and Local First Responder Grants

For state and local programs, which would be moved to FEMA, the budget proposes \$2.2 billion, a significant reduction from the \$3.4 billion spent in 2006 and 2007. The budget would reduce state and local government grant funding from \$2.5 billion in 2007 to \$1.9 billion in 2008.

However, the changes the President proposes would likely improve the share of federal homeland security grant spending that comes to California.

The budget proposes to eliminate most of the \$1 billion spent in 2007 for homeland security state and local formula grants that has been distributed since 2003 using a widely-criticized formula that vastly favors small states over large states. California receives just 8% of funds from the formula, which provides seven times more per capita funding to Wyoming than to it does to California. The President would retain FEMA's Emergency Management Performance Grants (EMPG) program (\$200 million) and Citizen Corps (\$15 million), both of which still retain that small-state-biased formula, but the total distributed would be just 10% of what it was five years before.

On the other hand, the budget would increase spending, from \$1.22 billion in 2007 to \$1.51 billion in 2008, for discretionary grants from DHS. Whereas in past years, those funds have been used exclusively for high-threat, high-density urban areas (which receive grants under the Urban Area Security Initiative or UASI), the President proposes to spend the funds for various purposes. UASI grants, of which California has received between 17% and 20% in the past, would receive \$800 million.

Of the \$800 million for UASI, the budget proposes spending \$200 million for law enforcement terrorism prevention (LETP) grants. Significantly, since these LETP funds would change from formula-based to discretionary, the federal government presumably would no longer require that they be distributed according to the rurally-biased formula that governed allocations in past years.

The budget would retain funding for several other discretionary grants, but alter language to ensure all are deemed to be "infrastructure protection grants." These include \$210 million for port security, \$175 million for intercity passenger rail security, \$50 million for buffer zone protection, \$12 million for intercity bus security, and \$9 million for trucking industry security. The \$50 million Commercial Equipment Direct Assistance Program would be eliminated.

The budget does contain \$250 million for state and local first responder grants, but -- unlike past years' grants -- they would be distributed on a discretionary basis (with a relatively minor 0.25% small-state minimum) rather than by strict population formula. Importantly, the funds would be based on risk and threat information, unlike past spending.

For the Firefighter Assistance Grants account, the budget proposes \$300 million, less than half of the \$662 million provided in 2004. Again, the reduction is not likely to do California much harm, since the program is rurally-focused and the state received just 4% of funds in one recent year.

Transportation Security Administration

The budget proposes \$4.95 billion for the Transportation Security Administration (TSA), an increase from \$4.73 billion in 2007. The total includes \$4 billion (up from \$3.77 billion) for screening operations, such as procurement (\$176 million) and installation (\$259 million) of checked baggage explosive detection systems. The administration recommends doubling spending for the Office of Transportation Threat Assessment & Credentialing to \$77.5 million.

Research, Development, Acquisition and Operations

The budget would reduce funding for DHS Research, Development, Acquisition and Operations from \$838 million in 2007 to \$656 million in 2008. Funding for the overall science and technology directorate would decline from \$973 million to \$799 million.

DEPARTMENT OF EDUCATION - K-12 Education Programs

Total Budget authority for the Department of Education would remain nearly flat, increasing by \$10 million, from \$55.98 billion in FY 07 to \$55.99 billion in FY 08. The 2008 budget discusses the reauthorization of the No Child Left Behind Act, recommends a \$1.7 billion increase for schools in low-income communities and \$300 million more for school choice programs, and suggests an increase to the Pell Grant maximum award.

Elementary & Secondary Education Programs

Grants to local education agencies, better known as Title I grants, would receive \$13.9 billion, a \$1.2 billion increase from FY 07. The Budget would provide \$6.8 billion for Title I basic grants and funding of \$1.365 billion for Title I concentration grants, \$3.46 billion for targeted grants (\$1.19 billion more than FY 07), and an identical \$2.27 billion for education finance incentive grants (EFIG). (In past years, California has received its largest proportional share of Title I funding from targeted grants, followed by concentration grants, then basic grants, and lastly EFIG.)

Other Elementary & Secondary Programs

A number of other K-12 areas would see funding remain stable, except that the Budget would reduce funding by \$65 million for Reading First State Grants and add \$500 million in School improvement grants (that were not funded in 2007). Funding for State agency programs would be reduced by \$17 million to \$430 million in FY 08.

For Impact Aid, which helps to replace the lost local revenue that would otherwise be available to educate federally connected children, the budget proposes \$1.2 billion. And it would provide \$4.6 billion for an umbrella array School Improvement Programs, which includes merged Education Reform funds.

Career and Technical Education State Grants would be cut in half, from \$1.2 billion to \$600 million.

Math and science programs that were authorized by the No Child Left Behind Act law would receive an increase of \$365 million under the President's American Competitiveness Initiative, an increase of an order of magnitude from the FY 2007 level of \$32 million to an FY2008 level of \$397 million.

Innovation and Improvement

The budget also proposed \$897 million (\$56 million less than FY 07) for Innovation and Improvement covering a wide range of programs from teacher incentives to book distribution programs. The most notable changes to the Innovation and Improvement programs were: a \$101 increase to the Teacher incentive fund, \$70 decrease in Teaching American History, and \$90 million increase in Advanced Placement programs, while many other smaller programs were slated to be cut entirely including: School dropout prevention, Excellence in economic education, Mental health integration in schools, Arts in education, and Women's educational equity programs..

English Language Acquisition

The budget requests \$670.8 million for language acquisition state grants for limited English proficient and immigrant students.

Vocational Education

The President's Budget requests \$1.9 billion for vocational education programs and adult learning aid, which would represent a \$153 million reduction from the prior year's enacted level.

Special Education

For Special Education programs, funded under the Individuals with Disabilities Education Act (IDEA), the budget includes \$10.5 billion, nearly level funding from the year before.

DEPARTMENT OF EDUCATION - Student Aid and Higher Education

Higher Education

The Budget proposes \$95 million or approximately level funding for Hispanic Serving Institutions (HSIs).

Office of Federal Student Aid

The Budget recommends \$14.5 billion for student assistance programs, a \$4.7 billion cut from the prior year's enacted level.

Pell Grants

The Budget states that it calls for a sharp increase in the Pell Grant program, which is used to help lower-income individuals attend college. The maximum annual grant per student would rise from \$4,050 to \$4,600 under the President's stated plan, and then to \$5,400 over five years. However, the details of the plan to accomplish this goal are not laid out in the budget, but rather are to be transmitted as part of a separate legislative proposal to Congress (likely similar to proposals transmitted in the past.). In fact, the formal budget documents specify no change in the current \$4,050 maximum Pell Grant; discussion of Pell Grant increases are left without linkage to an explicit proposal.

The estimated future cost of the change would be substantial -- the budget documents estimates of future spending hint that the administration predicts a \$2.2 billion increase would be required to pay for growth, including of the maximum Pell Grant for FY 2008. Budget tables predict spending of \$15.1 billion in 2008 compared to \$12.9 billion in 2007 and 2006. Referencing separate legislative approaches, the Administration predicts that nearly \$20 billion will be needed between 2008 and 2017 for the Pell Grant expansion. Many of the costs would be underwritten by reductions in lender subsidies.

Importantly for California, the Administration would eliminate "tuition sensitivity" for the Pell Grant program. Tuition sensitivity elimination would have improved California's share of Pell Grants by \$12.5 million in 2001, according to the California Community Colleges. The provision, which limits the maximum grant to students at very low cost institutions, affects students at only one institution nationwide -- the California Community College system California received 11.9 percent of Pell grants to states in FY 2004.

Many of these Pell grant-related provisions were included in a House higher education reauthorization measure (HR 609) considered last year, that was not enacted by Congress. A new round of higher education act reauthorization measures are under development currently.

Campus Based Aid Programs

The three Campus-Based Aid (CBA) programs are Federal Supplemental and Educational Opportunity Grants (SEOG), Federal Work Study (FWS) grants and Federal Perkins Loans (PL). These programs provide student aid to campuses for distribution to low-income students and are apportioned to eligible recipients using a formula. California historically receives a low share of CBA apportionment programs because of a provision in the statute that guarantees most funding to schools that have participated in the program the longest, rather than those schools that demonstrate the highest need. New campuses have a decided disadvantage compared to newer campuses. California's share is historically no more than 10.4 percent of CBA grants.

Of the three CBA programs, the Budget proposes eliminating two.

The SEOG program, which received \$770 million in 2006, would be eliminated. SEOG provides grants -- via a different, campus-based mechanism -- to a similar set of targeted students as Pell Grants.

The Budget recommends eliminating the Perkins Loan program. The Administration notes its desire to phase out the PL program which it considers inefficient, duplicative, and poorly targeted. Perkins loans received \$1.1 billion in 2006.

The only CBA program that would remain, if the White House plan were accepted, would be the Work Study program. It would be level-funded at \$980 million for 2008

LEAP

The Budget again recommends eliminating the Leveraging Educational Assistance Partnership or LEAP grants. Funded at \$165 million in FY 2006 and 2007, California received 15.4 percent of these matching grants to needy students. States are awarded funding on the basis of their postsecondary education enrollment share.

GEAR UP (aka gaining early awareness and readiness for undergraduate programs) would be level-funded at \$303 million.

Adult Literacy for Immigrants

The President proposes that of \$1.1 billion in state adult education assistance grants, that \$67 million in language literacy assistance be distributed to states using a formula. That formula specifies that 65 percent of the

grant will be apportioned based on a state's 10-year average share of legal permanent resident immigrants admitted, and the remaining 35 percent will be based on legal permanent immigration growth rates over the past three years. Each state is granted a minimum apportionment of \$60,000, according to the proposal.

Pre-Disaster Mitigation Fund

Under the President's budget, \$100 million is proposed for Pre-Disaster Mitigation grants, about the same as the FY07 request. The Budget documents state that "funding requested through this account will be dedicated to competitive grants for pre-disaster mitigation operating independently of the Disaster Relief programs, assuring that funding remains stable from year to year and is not subject to spikes in disaster activity."

DEPARTMENT OF HEALTH AND HUMAN SERVICES

The President's Budget proposes \$67.6 billion in discretionary Budget authority for the Services, which is \$1.2 billion more than FY07 funding. The Budget funds the entire Department, including mandatory funding obligations, at \$700.9 billion, which is \$28.5 billion more than FY07 enacted levels. The president hopes to achieve \$78 billion in savings from changes in the Medicare and Medicaid programs over the next five years.

Food and Drug Administration

The President's FY 2008 Budget proposes \$1.65 billion for the FDA, \$16 million more than FY07 funding.

Health Resources and Services Administration

The President proposes \$5.7 billion for the Health Resources Administration, which is \$835 million less than FY07 funding. This number includes nearly \$1.2 billion the Nation's preparedness for an influenza pandemic. The Administration calls for focusing resources on medical technology, increased transparency of health care price and quality information, Strengthens Medicare's sustainability, and Medicaid program integrity efforts that promote sound financial practices, increase market efficiencies, and eliminate Medicaid waste, fraud, and abuse. The Administration proposes to reauthorize the State Children's Health Insurance Program, so States can continue to provide health insurance coverage to targeted low-income, uninsured children.

Indian Health Services

Under the Indian Health Services account, the President's Budget provides \$3.2 billion for Indian Health programs.

Centers for Disease Control and Prevention

Included in the Budget proposal is \$5.7 billion for the Centers for Disease Control to support activities related to countering potential biological, disease, nuclear, radiological, and chemical threats to civilian populations. In FY07, the Centers received \$5.8 billion in funding, \$50 million more than the proposed level in the Budget.

National Institutes of Health

The Budget proposal includes \$28.7 billion for the National Institutes of Health, which is \$25 million more than FY07 funding.

Substance Abuse and Mental Health Services

Substance Abuse and Mental Health Services are funded at \$3 billion in the President's Budget, which is \$159 million less than FY07 funding.

Centers for Medicare and Medicaid Services

The President's Budget request anticipates mandatory outlays of \$603.6 billion for the Center for Medicare and Medicaid Services in 2008, which would be a \$35.4 billion increase from 2007. (When observing mandatory programs, outlays are examined rather than Budget authority.)

Medicaid - The Budget predicts federal spending of approximately \$204 billion for Medicaid Grants to States in 2008. California generally receives slightly more than 10 percent of that amount, or about \$20 billion. (Because state and local Medicaid expenditures are reimbursed after they are made, a fiscal year's actual spending is not known until later.)

The 2008 Budget includes a package of proposals aimed at program integrity, including: 1) requiring States to report on performance measures and link State performance to Federal Medicaid grant awards; 2) requiring HHS to publish an annual actuarial report assessing the financial status of the Medicaid program, including spending trends and cost drivers; and 3) enhancing existing third party liability policy.

To pay for some changes, the budget proposes to halt indexing of incomes of Medicare beneficiaries. At present, Medicare recipients with incomes above \$80,000 must pay increased premiums, but that figure has risen with inflation. The budget would peg that income level indefinitely, regardless of inflation. Californian's incomes tend to exceed the national average, a statistics that holds true for persons over the age of 65. As such, the change would affect California somewhat more than average.

In addition, compared to the average state, California houses a relatively larger proportion of public hospitals, and thus may be more affected by some of the cost-reduction proposals. It is estimated that the cost would be \$200 million per year for Los Angeles County alone.

The Budget includes \$35 million in new user fees to finance survey and certification activities. Centers for Medicare and Medicaid Services (CMS) would charge revisit survey fees to health care facilities cited for deficiencies during initial certification, recertification, or substantiated complaint surveys.

Medicaid's formula determines each state's federal share of health care payments on a continuum between 50 and 83 percent, with a national average of 55 percent. California's 50 percent reimbursement percentage (or FMAP - federal medicaid assistance percentage) is artificially low because the formula incorrectly assumes that states with high per capita incomes will have low poverty -- an assumption that is valid for most states but not for California, with large populations of both poor and wealthy individuals. Of total federal Medicaid spending, California's share is typically between 10 and 11 percent. In addition to the state's low FMAP rate, California's share of federal Medicaid funding is also relatively low because the state has a relatively young population, with fewer long-term care patients that tend to raise program costs.

With some exceptions, the Deficit Reduction Act of 2005 does not permit individuals who have more than \$500,000 of home equity to be eligible for Medicaid long term care services. States have the option to increase the limit to \$750,000. The Budget proposes to remove this option and maintain the home equity limit at \$500,000.

Medicare - Under current law, Medicare provides billions of dollars in support of graduate medical education (GME) nationwide. The Administration plans to clarify that Medicaid will no longer be available as a source of funding for GME. The proposal aims to increase Medicare's sustainability through various cuts that will reduce the present value of the program's long-term budget shortfall by up to about \$8 trillion over 75 years; cutting medicare spending by \$66 billion in the next 5 years. Total proposed funding for Medicare in FY 2008 is \$386 billion, \$18.6 billion greater than the FY 2007 figure.

State Children's Health Insurance Program (SCHIP) - The 2008 Budget notes that the Administration proposes reauthorizing the SCHIP program for five years. The goal is to maintain current enrollment levels for targeted low-income children through increasing SCHIP allotments by approximately \$5 billion over five years. The Budget requests \$5.4 billion, \$223 million decrease from FY2007. California requires an additional \$2-3 billion to maintain the current level of coverage. The President's Budget proposes to "re-focus" SCHIP on low-income, uninsured children below 200 percent of the Federal poverty level as the program was originally intended. California currently covers children below 300 percent of the Federal poverty level. California received 16.8 percent of SCHIP funds in 2004, a total of \$534 million of the nation's \$3.1 billion total.

SCHIP would be maintained at \$5 billion for 2008. Total projected SCHIP expenditures in 2008 have been estimated at \$6.5 billion, however, owing to rising costs and the fact that many states have used "carryover" monies from prior years to sustain current year spending.

Reimbursement for Cost of Emergency Health Services for Undocumented Aliens - The President's Budget notes that HHS will spend \$250 million in previously appropriated funding to provide federal reimbursements to states to help cover the costs of emergency health care services to undocumented immigrants. A California Institute analysis estimates that California will receive \$72 million per year from this account from fiscal years 2005 through 2008, nearly 29 percent of the U.S. total. The provision was created by the 2003 Medicare prescription drug benefit bill, which mandated the appropriation of \$1 billion, to be spent over four fiscal years, and 2008 will be the final year. Based on statistics for immigrant residents and for illegal migrant apprehensions, California receives nearly 30% of funds spent for the program.

Medicare Prescription Drug Account - FY 2008 appropriations would reach \$60.8 billion under this Budget proposal.

Administration for Children and Families

For the Administration for Children and Families, the President's Budget proposal would provide \$12.3 billion in discretionary funds, \$1.4 billion less than FY07.

TANF - The mandatory federal welfare program now known as TANF (Temporary Assistance for Needy Families) would receive level funding of \$17.2 billion in 2008. Of this amount, California continues to receive \$3.7 billion, 22 percent of total program appropriations.

TANF was recently reauthorized through 2010 under the Deficit Reduction Act (DRA) at level funding. The new authorization law eliminates the out of wedlock bonus and high performance grant programs. The Budget proposes to allow States participating in the child welfare program the option to access the TANF contingency fund if they experience increases in their foster care caseload. The budget proposes \$91 million for the TANF contingency fund, a \$12 million decrease from FY 2007.

Headstart - The President's Budget flat funds the program at approximately \$6.8 billion in FY08.

Payments to the States for Child Support Enforcement and Family Support Programs - The Administration proposes funding of \$4 billion for Payments to the States for Child Support Enforcement and Family Support.

Low Income Home Energy Assistance (LIHEAP) - The President proposes to fund LIHEAP at \$2.82 billion, of which only \$1.5 billion would be available to states under the formula block grant system of allocation. The Budget provides no emergency LIHEAP funds. California receives a scarce 4.3 percent of the LIHEAP block grant, because of an outdated formula which disproportionately awards cold weather states in the north and east over warm weather states in the south and west. If block grant funds are improved to \$1.975 billion, the statute activates a more equitable formula, but even then, California can receive no more than 6.4 percent of total appropriations.

Refugee and Entrant Assistance - The Budget includes \$656 million for Refugee and Entrant Assistance, which is an increase of \$85 million from FY07 funding.

Child Care Entitlement to States - The proposed Budget recommends a \$2.8 billion expenditure for mandatory and matching child care grants to States.

Payments to the States for Child Care and Development Block Grant - Discretionary grants to states for child care expenses would be level funding of \$2 billion.

Social Services Block Grant - The proposed Budget requests a \$1.2 billion.

Children and Families Services Program - The President's Budget includes \$8.2 billion for Children and Families Services Program, which is \$358 million less than FY07 funding. The Budget also proposes the extension of \$50 million for the Title V abstinence education program.

Payments to the States for Foster Care and Adoption Assistance - The President's Budget proposal includes \$6.8 billion for Payments to the States for Foster Care and Adoption Assistance, which is \$301 million more than FY07 funding. Within these funds are \$4.5 billion for Foster Care, \$140 million for independent living activities, and \$2.1 billion for Adoption Assistance. In recent years, California has received more than 25 percent of federal foster care entitlement spending.

Administration on Aging - The Budget provides \$1.3 billion for aging services programs which provide nutrition, supportive services, and caregiver support services through the aging network, a \$6 million reduction from FY 2007 appropriations.

DEPARTMENT OF THE INTERIOR

The President requests \$10.6 billion in FY08 discretionary authority for the Department of Interior, a little bit more than the \$10.3 billion in the FY07 request.

Bureau of Land Management

\$1.846 billion is requested to fund BLM for FY 2008.

Oregon and California Grant Lands - \$110,242,000 is requested for the management of these lands, roughly the same as that requested in FY07. Under provisions of the Secure Rural Schools and Community Self-Determination Act of 2000, annual payments to the 18 Oregon & California (O&C) counties will be derived from any revenues, fees, penalties, or miscellaneous receipts received by the Federal Government from activities by BLM on O&C lands. These receipts are exclusive of deposits to any relevant trust fund, i.e., Timber Sale Pipeline Restoration and Forest Ecosystem Health and Recovery funds, or permanent operating funds.

Wildland Fire Management - \$802 million is proposed in FY 2008 to fund the preparedness segment of the budget, which funds non-emergency and predictable aspects of the Department's wildland fire program, as well as

fire suppression operations and operations designed to reduce the risk of damage resulting from catastrophic wildland fires.

Forest Ecosystem Health and Recovery Fund - Funds in this program are used for the purpose of planning, preparing, implementing and monitoring salvage timber sales and forest ecosystem health and recovery activities, such as release from competing vegetation and density control treatments. The Federal share of receipts, which are that portion of salvage timber receipts not paid to the counties, and derived from treatments funded by this account shall be deposited into the Forest Ecosystem Health and Recovery Fund. \$3 million in new authority is requested in FY08, as opposed to the \$6 million estimated for FY07.

Coastal Impact Assistance

The Energy Policy Act of 2005 (P.L. 109-58) amends section 31 of the Outer Continental Shelf (OCS) Lands Act (43 U.S.C. 1356 et seq.) to require that, for a four-year period, \$250,000,000 in OCS revenues be paid annually to coastal States and coastal political subdivisions that have submitted approved coastal impact assistance plans. The formula for distribution is based on the amount of qualified OCS revenues generated off the coastline of each producing State. In addition, 35 percent of each State's allocable share is to be distributed to coastal political subdivisions based on population, coastline, and distance to applicable OCS leases. The payments are to be made starting in 2007 with the last payment to be made in 2010.

Bureau of Reclamation

The Budget proposes \$1 billion in funding for BOR, as opposed to the \$923 million estimated for FY07. \$816 million is proposed for Water and Related Resources Funding. This account supports the development, management, and restoration of water and related natural resources in the 17 Western States.

Central Valley Project Restoration Fund - The Budget proposes \$59,122,000 in CVP funding for FY08, versus the \$41.5 million estimated for FY07.

San Gabriel Basin Restoration Fund - The Budget proposes no new funding for FY08. The fund is intended to design, construct, operate and maintain water quality projects to remediate contamination of groundwater in the San Gabriel and Central Basins of Southern California, contingent on receipt of local cost share. Administration of the fund was transferred from the Secretary of the Army to the Secretary of the Interior by Public Law 107-66.

San Joaquin Restoration Fund - The Budget proposes \$17 million in new budget authority contingent on legislative authority being enacted subject to PAYGO rules. The fund proposes to receive funding from the Friant Division long-term contractors and other Federal and non-Federal sources to implement the provisions described in the Stipulation of Settlement for the *NRDC et al. v. Rodgers* lawsuit. The Fund is based on delivered water only for the Friant Division long-term contractors as required per the Central Valley Project Improvement Act. The \$59,122,000 request for the Central Valley Project Restoration Fund includes \$7,500,000 derived from Friant Division surcharges that are proposed to be deposited into this fund.

Fish and Wildlife Service

The Budget proposes about \$1 billion in funding for FY08, of which \$79 million is to be derived from the Land and Water Conservation Fund for the U.S. Fish and Wildlife Service; this compares to the FY07 Budget request for about \$1.3 billion.

National Park Service

The FY07 request is for \$1,969,010,000 whereas last year's request for the National Park Service was about \$2.16 billion.

Payments in Lieu of Taxes (PILT)

The Budget proposes \$190 million, as opposed to the \$198 million in FY07. PILT funding is provided to counties and other units of local government for lands within their boundaries that are administered by the Bureau of Land Management, Forest Service, National Park Service, Fish and Wildlife Service, and certain other agencies

General Provisions

Funding is again prohibited for the conduct of offshore preleasing, leasing and related activities placed under restriction in the President's moratorium statement of June 12, 1998, in the areas of northern, central, and southern California, as well as other designated areas.

As in past years, funds are prohibited to be used to determine the final point of discharge for the interceptor drain for the San Luis Unit until development by the Secretary of the Interior and the State of California of a plan, which shall conform to the water quality standards of the State of California as approved by the Administrator of the Environmental Protection Agency, to minimize any detrimental effect of the San Luis drainage waters.

In addition, the same provision is included in the FY08 Budget request that was included in the FY07 request relating to the reimbursement or nonreimbursement of the costs of the Kesterson Reservoir Cleanup Program and the costs of the San Joaquin Valley Drainage Program.

CALFED

The CALFED Budget Crosscut for Federal fiscal years 1998 through FY 2008 reflects a collaborative effort between the Office of Management and Budget, and the Departments of the Interior, Agriculture, Commerce, the U.S. Army Corps of Engineers, and the Environmental Protection Agency.

The FY08 Bureau Of Reclamation Budget proposes CALFED funding of \$31,750,000 (including transfers of funds), with new authority of \$14.3 million. An additional \$3.8 million in new funding authority is requested by the Geological Survey, for total new authority across the federal agencies of \$18.1 million. The Administration projects that total across-the-board agency expenditures for CALFED-related activities will be about \$155 million in FY08, compared to an estimated \$199.5 million in FY07.

Of the new \$14.3 million in BOR funding authority requested, \$7 million is for the Environmental Water Account, \$.5 million is for Drinking Water Quality, \$4.8 million is for conveyance, and \$2 million is for Oversight & Coordination.

For more specific information on the CALFED Crosscut Budget and specific project funding, go to <http://www.gpoaccess.gov/usbudget/fy08/spec.html>

DEPARTMENT OF JUSTICE

The Budget requests \$20.2 billion in discretionary budget authority for the Department of Justice, as opposed to the \$19.4 billion estimated for FY07.

Office of Justice Programs

The Budget requests is requesting \$167.3 million for the Office of Justice Programs appropriation for FY2008. This OJP account includes programs that provide grants, contracts and cooperative agreements for research, development and evaluation; development and dissemination of quality statistical and scientific information; and promotion and expansion of law enforcement information sharing initiatives and systems.

State and Local Law Enforcement Assistance

The FY08 Budget again calls for reorganizing justice assistance programs. It proposes consolidating existing programs into two new programs: the Violent Crime Reduction Partnership Initiative to help communities suffering from high rates of violent crime; and the Byrne Public Safety and Protection (Byrne) Program, which would consolidate most OJP state and local law enforcement assistance programs into a single grant to state and local governments. The request for funding under these programs is significantly less than that for existing programs over the last several years. The President's Budget request for the Violent Crime Reduction Partnership Initiative is \$200,000,000; the funding request for the new Byrne Program is \$350,000,000. Estimated funding for all state and local law enforcement programs for FY07 is \$1.8 billion.

SCAAP - The President's Budget proposes eliminating the State Criminal Alien Assistance Program, as it has for the last few years. (Oddly, the budget shows \$661 million for FY07 for SCAAP, which may be a combination of 2006 and 2007 spending in the same year.) \$376 million is available for distribution in FY06 appropriations, although DOJ has not yet announced the awards. A similar sum should be available under the FY07 Continuing Resolution. California receives about 40 percent of SCAAP funding. Of the \$301 million appropriated in FY05, California's state and local governments received \$121 million.

California spends an estimated \$1 billion per year, including \$700 million per year at the state level and \$300 million at city and county facilities. Further, it is significant that DOJ still has not awarded SCAAP funding for 2006, as it reimburses costs incurred by state and local governments from mid-2004 through mid-2005.

Southwest Border Prosecutor Initiative - The Budget proposes zero funding the program; FY07 funding is estimated at \$48 million.

Community Oriented Policing Services (COPS)

The Budget requests \$32 million for the program, \$4,000,000 for training and technical assistance and not to exceed \$28,308,000 for program management and administration. The Budget states: "Of the unobligated

recoveries from prior year appropriations available under this heading for purposes other than program management and administration, \$87,500,000 shall be cancelled.” The Budget estimate for FY07 funding is \$500 million for the COPS program. In 2006, California received \$14.8 million in COPS funding.

Bureau of Alcohol, Tobacco, Firearms, and Explosives

The Budget proposes \$12 million to fund anti-gang efforts in the Bureau of Alcohol, Tobacco, Firearms, and Explosives and the United States Attorneys' offices.

Federal Prison System - The Budget requests \$115 million for completion of the planned medium security facility with work camp in Mendota, California. The Budget states: “The facility will add much needed medium security bed space for male inmates and upon activation will reduce projected crowding at this security level.”

DEPARTMENT OF DEFENSE

The President's budget proposes total Defense Department spending of \$624.6 billion for 2008, up from \$600.3 billion in 2007. Total defense-related spending - including some expenditures at other agencies, such as the Department of Energy - is proposed at a total of \$716.5 billion.

For core program spending at DOD, the president's budget requests \$481.4 billion for the Defense Department for fiscal 2008 -- an 11.3% increase above the FY 2007 allocation of \$435.4 billion.

California receives a smaller share of total federal defense spending than it had in past decades, as defense procurement has diversified around the nation. In addition, to the extent a larger portion of defense spending is focused on operations and personnel rather than on procurement contracts, California's share of the total also declines. Nevertheless, California is and will likely continue to be a significant recipient of federal defense contract spending, which comprises approximately two-thirds of all federal procurement expenditures.

The President's Budget includes no new funding for procurement of C-17 cargo airlifters, despite the fact that top Air Force leaders want to keep the program open. The C-17 is built in Long Beach and represents the last major aircraft production line in the state.

DEPARTMENT OF TRANSPORTATION

In FY 2008, the President proposes \$65.8 billion in discretionary funds and \$1.2 billion in mandatory funds, totaling \$67 billion for Transportation programs.

Transportation Planning Research and Development

The 2007 Budget recommends a \$9.1 million appropriation to finance research activities and studies concerned with planning, analysis, and information development needed to support national transportation policy formulation.

Federal Aviation Administration

The President's Budget requests \$14 billion in Federal Aviation Administration (FAA) Budget authority, sub-allocated in the following way: \$8.1 billion for operations; \$2.6 billion for Grants-in-aid for Airports expenses; \$2.4 billion for facilities and equipment programs; and \$131 million for research, engineering and development. \$8,709 million would be provided from the Airport and Airway Trust Fund for FAA activities. The proposed FAA level would be a \$721 million cut from the FY2007 enacted amount.

Federal Highway Administration

The 2007 Federal Highways Administration (FHWA) Budget includes \$40.8 billion in new Budget authority, and \$39.5 billion in obligation limitations for federal-aid highway programs. Going by prior year calculations, California is estimated to receive 9.5 percent of total highway planning and construction distributions in 2008.

In 2006, the Safe, Accountable, Flexible and Efficient Transportation Equity Act: A Legacy for Users or SAFETEA-LU (P.L 109-59) was approved as the new national surface transportation law. SAFETEA-LU authorized highways, bridge and safety spending programs administered by the (FHWA) through 2009. Because of the unique highway spending framework, Budget language remains consistent with SAFETEA-LU's funding structure, i.e. highway spending levels will correspond to Highway Trust Fund (HTF) receipts. SAFETEA-LU authorized a new Highway Safety Improvement (HSIP) program that supports innovative traffic fatality and injury reduction programs on public roads and established an Equity Bonus program that will bring California's HTF return rate to 92 percent by 2009.

Orange County (CA) Toll Road Demonstration Project Program Account

As required by the Federal Credit Reform Act of 1990, this account records for this program, the subsidy costs associated with the direct loans obligated in 1992 and later years as well as administrative expenses of this program. The Department provided these lines of credit for two toll road projects in Orange County, California. Each year, \$24 million of these lines of credit expire if not used.

Federal-Aid Highways (FAHP)

The budget presumes \$39,585,075,404 for Federal-aid highways and highway safety construction programs for FY 2008. \$429.8 million shall be available for the implementation or execution of programs for transportation research. The administration proposes to cut \$1.3 billion while \$38 billion may be derived from the Highway Trust Fund. Most FAHP fund distributions are set by the highway bill, SAFETEA-LU.

Federal Motor Carrier Safety Administration

The 2008 Budget requests \$528 million for Motor Carrier Safety Grants. Of this amount, \$300 million of this appropriation is dedicated to finance grants to help states implement highway safety programs. \$32 million is provided to support state safety enforcement activities at both northern and southern borders. An additional \$25 million is provided to support state efforts to improve commercial driver's license (CDL) oversight and a \$3 million allocation is proposed for Safety data improvement program to improve the accuracy, timeliness, and complete ness of commercial motor vehicle safety data; and \$8 million to modernize its Commercial Driver's License Information System (CDLIS). Furthermore, the 2008 Budget requests \$228 million for Motor Carrier Safety Operations and Programs. This account is used to support federal enforcement of safety regulations at the US/Mexico border to ensure Mexican carrier compliance with federal standards.

National Highway Traffic Safety Administration (NHTSA)

\$860 million is appropriated for this agency an increase of \$24 million from the 2007 estimated appropriation. These funds are split with \$234 million proposed for operations and research expenses, while \$599 million is set aside for grants to states to fund targeted highway safety projects and initiatives.

Federal Railroad Administration (FRA)

The President proposes \$1.1 billion to support FRA programs, this includes \$800 million for the National Railroad Passenger Corporation (Amtrak), although funds for Amtrak would be limited to efficiency incentive grants and debt servicing costs.

The '08 Budget recommends \$7 million to support Next Generation High Speed Rail activities and proposes to eliminate the Northeast corridor improvement program.

Federal Transit Administration (FTA)

Reauthorized under SAFETEA-LU, the Federal Transit Administration (FTA) provides funding to transit operators, State and local governments and other recipients for the construction of facilities; the purchase of vehicles and equipment; the improvement of technology, service techniques, and methods; the support of region-wide transportation planning; and transit operations. FTA also provides financial assistance to help implement other national goals relating to mobility for the elderly, people with disabilities, and economically disadvantaged individuals. Transit funds are split between formula/ bus and capital investment discretionary grant accounts.

The 2008 Budget proposes \$9.4 billion for the FTA, a decrease of \$541 million from the 2007 enacted level.

Research and University Research Centers

The Budget proposes a \$61 million allocation for transit research programs, a cut of \$4 million from prior appropriations.

Capital Investment Grants

New Starts and Small Starts project funds are sourced to the Capital Investment Grants account. Under the proposed budget, \$1.3 billion is provided to finance New Starts projects which are capital investments to establish or extend fixed guideway transit systems.

Transit Formula Grants and Research

Formula and Bus Grants are funded by contract authority provided in SAFETEA-LU. Formula Grant funds can be used for all transit purposes including planning, bus and railcar purchases, facility repair and construction, maintenance and where eligible, operating expenses. These funds help transit systems alleviate congestion, ensure basic mobility, promote economically vibrant communities and meet the requirements of the Americans with Disabilities Act (ADA) and the Clean Air Act (CAA). The Budget proposes \$5.2 billion for urbanized area programs, of which California typically receives 17 percent. Fixed guideway modernization is Budgeted \$1.7 billion, of which California generally receives 12 percent of total apportionments, Bus and Bus Facilities discretionary levels are set at \$1.2 billion, most of which are earmarked for distribution in SAFETEA-LU language (California's share of the 5 year total is 9.7 percent). The Clean Fuels discretionary grant program is Budgeted \$56 million to improve and accommodate buses powered by low or zero-emission technology. No earmarks are contained in this segment of the Budget.

DEPARTMENT OF AGRICULTURE

The President has requested \$89 billion for total outlays for the FY 08 fiscal year. The 2008 budget aims to build a strong farm economy, reduce trade barriers, design a high-level biosecurity laboratory for poultry diseases, monitor avian influenza, and support the Northwest Forest Plan.

U.S. Forest Service

The President had requested \$1.3 billion for the U.S. Forest Service. The Budget provides full funding for the Forest Service component of the Northwest Forest Plan. The Northwest Forest Plan is an integrated, comprehensive design for ecosystem management, intergovernmental and public collaboration, and rural community economic assistance involving nearly 25 million acres of Federal forests in western Oregon, Washington, and northern California. The Budget allows the Forest Service to offer the Plan's goal of 800 million board feet of timber in 2008. The Budget goes on to state that it "also reflects greater use of streamlined forest planning and authorities included in the President's Healthy Forests Initiative, while providing funding to monitor and protect the long-term health of forests, wildlife, and waterways in the Pacific Northwest."

Farm Bill

The Administration is proposing changes to the current farm bill that aim to build a strong economy and boost conservation programs. The 2008 Budget fully funds the Wetlands Reserve Program (for a total of about \$455 million) to achieve the program's full acreage enrollment goal of 2.275 million acres as authorized in the 2002 farm bill. The Commodity Credit Corporation Fund contains \$500 million in outlays for the Farm bill proposal. The Budget proposes to fund the Market Access Program (MAP), which was authorized in the Farm Bill for \$200 million. California agriculture interests have been heavy users of MAP, which seeks to develop and expand commercial export markets for U.S. agricultural products.

Research

For FY 08, the Budget proposes \$1 billion for the Agricultural Research Service, about \$47 million less than the FY07 funding. In 2008, the Service proposes increased emphases for critical research needs in agriculture, such as: support for homeland security efforts to protect the Nations food supply (emerging and exotic diseases of animals, food safety, and security for overseas biological control laboratories); renewable energy sources; equipment for the National Centers for Animal Health; obesity; genomics; genetic resources (specialty crops and plant introduction stations); organic production systems; and agricultural information services. In the past, programs from research accounts have been used to study Glassy-Winged Sharpshooter/Pierce's Disease, Sudden Oak Death, and other agricultural pests and diseases that negatively impact California's agriculture economy. The budget proposed \$167.6 million for the National Agricultural Statistics Service and \$20.1 million for the integrated research, education and extension grants programs.

Animal and Plant Health Inspection Service

The proposed Budget funds the Animal and Plant Health Inspection service at \$945 million. Of those funds, the Budget allocates \$4.1 million shall be available for the control of outbreaks of insects, plant diseases, animal diseases and for control of pest animals and birds to the extent necessary to meet emergency conditions, \$57 million for surveillance and preparedness program for avian influenza, and \$33 million for National Animal

Identification program. Funds from this account have been used in the past to help prevent Glassy-Winged Sharpshooter/Pierce's Disease and Sudden Oak Death in California and throughout the nation, although specific funding for these diseases is not included in the President's FY08 Budget. In fiscal year 2008, the agency is authorized to collect fees to cover the total costs of providing technical assistance, goods, or services requested by States, other political subdivisions, domestic and international organizations, foreign governments, or individuals.

Food Safety and Inspection Service

The budget requests \$839.1 million for the Food Safety Inspection service. This service is limited only to meat poultry and egg products.

Agricultural Marketing Service

Agricultural Marketing Service activities assist producers and handlers of agricultural commodities by providing a variety of marketing services. The budget requests \$74.9 million for the Agricultural Marketing Service, allotting \$8 million for inspection and standardization.

Conservation

A total of \$801.8 million is proposed for natural resource conservation service purposes in the Budget for 2008. Under this section, water conservation activities at the Klamath Basin, located in California and Oregon, is funded at \$50 million over a six year period, as authorized by the Food Security Act of 1985. The 2008 Budget specifically targets invasive species conservation priorities by including \$10 million for the Grazing Lands Conservation Initiative. This funding will help ranchers and range managers fight and control priority invasive species by funding a competitive grants program that funds cooperative and cost-effective strategies to address invasive species on private grazing lands. The Farm Security and Rural Investment Act of 2002 (P.L. 107-171) reauthorizes a number of USDA's conservation programs. NRCS is responsible for implementing many of these programs.

Although no money was allocated for the Tree Assistance Program (TAP) for 2005, 2006 or 2007, and no funding was requested in the 2008 Budget, producers in Southern California were paid \$550,302 during FY 2006 from FY 2004 obligations for losses due to wildfires. The 2008 Budget does not request funding for the watershed operations programs and instead redirects their resources to other priority programs within the Agency.

National Forest Land Acquisition

For acquisition of lands within the exterior boundaries of the Cache, Uinta, and Wasatch National Forests, Utah; the Toiyabe National Forest, Nevada; and the Angeles, San Bernardino, Sequoia, and Cleveland National Forests, California, as authorized by law, \$1,053,000, to be derived from forest receipts. The purpose of these land acquisitions is to provide soil stabilization and restoration of vegetation within these critical watersheds. In addition, the Administration plans to minimize erosion and flood damage to these areas through this acquisition program.

Wildland Fire Management

The President's Budget includes \$1.6 billion for Wildland Fire Management, about \$31 million less than the FY07 funding.

Food and Nutrition Service

The budget requests \$148.9 million for nutrition assistance programs. \$3 billion is requested by the Administration for the Food Stamp Program. Women, Infant, and Children (WIC) – a program that serves the nutritional needs of low-income pregnant and postpartum women, infants, and children up to age five – is provided \$5.3 billion in the 2008 Budget.

In step with the President's Ownership Society initiative – which seeks to enable low-income people to save for retirement even when they have an immediate need for food stamps – the Budget proposes to exclude all retirement savings in determining whether a household is eligible for food stamps.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

The President's Budget proposes discretionary Budget authority of \$35.2 billion for the Department of Housing and Urban Development, a slight increase from \$34.6 billion of discretionary spending in the FY07 Budget. The 2008 Budget seeks to provide housing for nearly five million low-income families, increase minority homeownership, and end chronic homelessness. The 2008 Budget for HUD includes major reform proposals for the Federal Housing Administration (FHA), the Housing Choice Voucher program, and the Community Development Block Grant (CDBG) program.

Community Development Block Grant programs (CDBG)

The Community Development Block Grant (CDBG) program provides flexible annual formula grants to State and local governments to benefit mainly low- to moderate-income persons. The Department of Housing and Urban Development (HUD) has proposed legislation to revise the CDBG allocation formula with the intent of better targeting needy communities, providing bonus funds tied to performance, and making further reforms to increase CDBG's effectiveness. Under the proposed Budget, the Community Development Fund will receive \$3 billion in funding, compared to the FY07 Budget of \$4.2 billion.

A few of the small Community Development Programs— the Self-Help Ownership Opportunity program (SHOP), Indian Community Development Block Grant program, and Native Hawaiian Block Grant program— will remain in HUD.

Public and Indian Housing

Continuing the new funding structure that replaces the Housing Certificate Fund, the President's Budget funds the majority of housing assistance programs through two main accounts:

Tenant- Based Rental Assistance and Project- Based Rental Assistance. The President's Budget funds the Tenant-Based Rental Assistance account at \$16 billion, \$19 million more than FY07 funding. The Tenant-Based Rental Assistance helps low-income individuals afford housing by subsidizing their rental payments. The Project-Based Rental Assistance account is funded under the President's Budget at \$5.8 billion, \$355 million more than FY07 funding. Project-Based Rental Assistance helps make housing more affordable by subsidizing the landlords who make a certain portion of their residences available to low-income individuals.

Public Housing funding- The Budget proposes \$6 billion for public housing, compared to FY07 funding for public housing at \$5.7 billion.

While federal spending for public housing would be slated to grow slightly, analysts estimate the growth will be insufficient to keep pace with increasing costs. With real estate and rental costs far above national norms, California feels housing scarcity more acutely than do most states.

Revitalization of Severely Distressed Public Housing (HOPE VI)

The President proposes to eliminate the HOPE VI program because it has proven to be excessively costly when compared to other programs proposed for funding that produce new affordable housing. \$99 million of HOPE VI funding is cancelled in the 2008 budget.

HOME Investment Partnership

The President's Budget proposes \$1.9 billion in funding for the HOME Investment Partnership program, which is \$162 million more than FY07 funding.

Homeless Assistance Grants

President Bush's Budget proposes a \$233 million increase for Homeless Assistance Grants, bumping the total funding for the program up to \$1.5 billion.

Housing Opportunities for People with AIDS (HOPWA)

The Budget proposal fund for HOPWA amounts to \$300.1 million, which is \$5 million more than in FY07.

Housing for the Elderly

The Budget proposal decreases total funding for Housing of the Elderly by \$172 million. FY08 amounts are estimated to be at \$575 million, compared to FY07 funding of \$747 million.

DEPARTMENT OF ENERGY

The Budget includes a total of \$24.2 billion in discretionary authority for the Department of Energy for fiscal year 2008, an increase over the \$22.8 billion estimated for FY07. Of that spending, \$9.4 billion (an increase of about \$230 million) would be provided to the National Nuclear Security Administration, which stewards the nation's nuclear stockpile and includes the federal energy laboratories.

Office of Science

For science programs at DOE, the budget proposes some increases, which would benefit California. High Energy Physics would grow from \$733 million to 782 million, nuclear physics from \$397 million to \$471 million, advanced scientific computing research would rise from \$236 million to \$340 million, and basic energy sciences from \$1.2 billion to \$1.5 billion.

One of the most significant increases would be for fusion energy sciences, of which California continues to receive the lion's share. The total fusion science spending would rise from \$306 million in 2007 to \$428 million in 2008. The fusion energy sciences (FES) program is the national research effort to advance plasma science, fusion science, and fusion technology that is the knowledge base needed for an economically and environmentally attractive energy source. The budget notes, "The program emphasizes the underlying basic research in plasma and fusion sciences, with the long-term goal of harnessing fusion as a viable energy source." Within FES is \$160 million for the U.S. contribution to ITER, the International Thermonuclear Experimental Reactor project. It also provides for continued funding for the DIII-D program, a fusion program under way at General Atomics in San Diego.

Language associated with the \$782 million request for the High Energy Physics (HEP) program notes that, "In addition to contributing to breakthrough discoveries such as the existence of the invisible 'dark energy' [which was discovered by scientists at Lawrence Berkeley Laboratory] that permeates empty space, state-of-the-art technology developed for accelerators and detectors contributes to progress in fields such as fast electronics, high-speed computing, superconducting magnet technology, and high-power radio frequency devices." It is also central, the budget notes, to "medical imaging and diagnostics, and materials, biology, and chemistry research using light sources."

Budget language specifically notes HEP funding is provided to "support the continued operation of the Department's major HEP facilities: the Fermilab Tevatron Collider and Neutrinos at the Main Injector (NuMI) and the Stanford Linear Accelerator Center B-Factor."

The \$1.5 billion basic energy sciences (BES) program funds basic research material sciences, chemistry, geosciences, and aspects of biosciences. The program supports a substantial basic research budget for materials sciences, chemical sciences, biosciences, and geosciences. Within these amounts, the request includes \$59.5 million for hydrogen and fuel cell research as part of the White House's Hydrogen Initiative. It also includes funding for BES funding for the multi-agency national nanotechnology program, which funds the operation of the Nanoscale Science Research Centers (NSRCs) at the Oak Ridge, Lawrence Berkeley, Brookhaven, and Argonne national laboratories.

Funding of \$79 million for science laboratories in the budget provides for the demolition of the Bevatron Complex at Lawrence Berkeley National Laboratory, among other priorities.

Elk Hills School Lands Fund

The budget includes \$17 million for continuing the settlement of the Naval Petroleum Reserve site sale funds owed to the California State Teachers Retirement System regarding the Elk Hills School Lands Fund. Although the agreement called for the payments to have been completed by now, these funds are still outstanding.

Energy Supply and Conservation

The purpose of Energy Supply and Conservation activities is to develop new energy technologies and improve productivity of existing energy technologies. Included are programs that fund basic and applied research, development, demonstration, and technical assistance to promote deployment of new technologies. The Budget proposes funding these programs at about \$2.2 billion, up from the \$1.8 billion in appropriations expected for FY07.

Funding for hydrogen technology will increase to \$213 million from \$157 million in FY07 estimated funding, and solar energy funding will jump to \$148 million from \$83 million

However, weatherization and intergovernmental activities would drop from \$318 million to \$205 million.

NASA

The Budget proposes spending \$17.3 billion for the National Aeronautics & Space Administration (NASA), up from the \$16.2 billion estimated in discretionary authority for FY07. California perennially receives a large portion of NASA expenditures.

The Administration continues to restructure NASA funding, moving funds from various science and research accounts into a new, consolidated account for science programs, which makes apples-to-apples comparisons difficult.

For the Science, Aeronautics, and Exploration account, the Budget proposes \$10.5 billion in new budget authority, up from the roughly \$1 billion estimated for FY07.

The Exploration Capabilities account would also increase from \$6.2 billion in estimated FY07 funding to \$6.8 billion in FY08. Activities in this account include the Space Shuttle, International Space Station, and Space and Flight Support programs. Included in this funding is \$951 million for design and development of a new human spaceflight vehicle, the Orion, which is expected to be safer and more reliable than the Space Shuttle. The Budget also includes \$1.2 billion for development of a new kind of rocket, Ares I, to launch Orion.

SMALL BUSINESS ADMINISTRATION

For 2008, the Budget requests \$464 million in new Budget authority for the Small Business Administration (SBA), a substantial increase in funding from FY07 of \$443 million. The SBA's continuing operations will provide more than \$28 billion in new loans to small businesses, funding for non-credit programs, and funding for the disaster loan program.

The President also proposes to eliminate the upfront borrower fee under Section 504 Certified Development Company program and proposes to make the Microloan program self-financing. Modest fee increases on very large loans to cover the administrative costs associated with providing Federal Government guarantees on these loans.

Disaster Loans Program

The Budget proposes \$15 million in new budget authority and \$0.5 million transferred from the Disaster Loans Program account for a total of \$15.5 million for the Office of Inspector General (OIG) for 2008. This appropriation provides funds for agency-wide audit, investigative, and related functions to promote economy and efficiency in SBA operations and to prevent and detect waste, fraud, and abuse. By 2008, SBA expects to offer an Internet-based electronic loan application process to assist businesses, homeowners, and renters applying for disaster loans. This complements the investment SBA made in the infrastructure of its disaster computer system.

NATIONAL SCIENCE FOUNDATION

Funding for NSF would increase by 6.8 percent over FY07 under the President's FY08 budget. Research spending, the primary account at the National Science Foundation (NSF), would be funded at \$5.13 billion, an increase from \$4.3 billion in estimated FY07 funding. Total NSF spending would increase to \$6.4 billion in FY08 from \$5.6 billion in FY2007.

Specific research account changes include biological sciences, increasing from \$577 million to \$633; computer and information science and engineering, increasing from \$497 million to \$574 million; engineering, increasing from \$582 million to \$683 million; geosciences, increasing from \$703 million to \$792 million, and mathematical and physical sciences, increasing from \$1.08 billion to \$1.25 billion.

The Budget also provides \$390 million in 2008 for NSF's nanotechnology research investments, an increase of 4.5 percent from the level proposed in 2007, including funding for a new NSF center to address environmental, health, and safety research needs for nano-materials.

In addition, \$17 million is requested to address near-term ocean research priorities, in addition to other ongoing ocean research activities.

The Budget also provides that NSF's Math and Science Partnerships program will have \$29 million of its \$46 million budget available for new awards.

ENVIRONMENTAL PROTECTION AGENCY

The President's Budget provides \$7.2 billion in discretionary Budget authority for the Environmental Protection agency, compared to \$7.7 billion estimated for FY07. In FY08, the Budget states that emphasis will be placed on the following programs: Clean Air and Global Climate Change; Clean and Safe Water; Land Preservation and Restoration; Healthy Communities and Ecosystems; Compliance and Environmental Stewardship; and Enabling and Support Programs

Clean Water State Revolving Fund - The Budget provides \$688 million in new capitalization for the Clean Water State Revolving Fund, a decrease of \$412 million from the FY07 funding level proposed in the recently House-passed Continuing Resolution. States use their capitalization grants, along with matching funds, to make loans to localities.

Science and Technology

The proposed Budget includes \$754,506,000 for the Science and Technology account, compared to the \$766 million estimated for FY07. This appropriation finances the activities that provide the scientific and technology basis for EPA's regulatory actions.

Environmental Programs and Management

The Budget proposes \$2.3 billion for Environmental Programs and Management, about \$116 million less than estimated FY07 funding.

State and Tribal Assistance Grants

The proposed Budget provides \$2.74 billion for State and Tribal Assistance Grants, compared to \$3 billion for FY07. Included in this funding is: \$687,554,000 for making capitalization grants for the Clean Water State Revolving Funds; \$842,167,000 for capitalization grants for the Drinking Water State Revolving Funds; and \$10,000,000 for architectural, engineering, planning, design, construction and related activities in connection with the construction of high priority water and wastewater facilities in the area of the United States-Mexico Border.

The Budget says EPA will provide \$162 million to the Brownfields program to assess 1,000 more properties and support cleanup in 63 more communities, bringing the cumulative number of sites assessed to over 9,000.

Superfund

The Budget funds the Hazardous Substance Superfund at \$1.24 billion.

DEPARTMENT OF COMMERCE

The President's FY2008 Budget requests \$3.8 billion for the Department of Commerce, as compared to the \$3.4 billion estimated for FY07 funding.

NOAA - The Budget includes \$100 million in funding aimed at research and management of ocean resources in support of the President's U.S. Ocean Action Plan.

Pacific Coastal Salmon Recovery

The proposed Budget fund for this program is \$66.8 million, about the same as requested in FY07, for grants to the States of Washington, Oregon, Idaho, California, and Alaska, and the Columbia River and Pacific Coastal Tribes. Funds disbursed to States shall be subject to a matching requirement of funds or documented in-kind contributions of at least thirty-three percent of the Federal funds. California received \$6 million in FY06 funding under this program.

Advanced Technology Program (ATP) - No new funds are requested and the Administration proposes terminating the program.

DEPARTMENT OF STATE

Pursuant to treaties between the United States and Mexico and U.S. law, the U.S. Section of the International Boundary and Water Commission is charged with the identification and solution of boundary and water problems arising along the 1,952-mile common border, including Southern borders of Texas, New Mexico, Arizona, and California. The Budget requests about \$35 million in FY08 funding.

DEPARTMENT OF LABOR

The President's Budget proposes \$10.5 billion in funding for the Department of Labor, a decrease from FY07 funding levels of \$11.6 billion. The 2008 Budget aims to expand training opportunities to more workers, safeguard workers' pensions, reduce improper Unemployment Insurance payments and Unemployment Insurance tax evasion.

Employment and Training Administration

Legislation will be proposed in 2007 to reform the Workforce Investment Act (WIA). The legislation would increase State flexibility to administer the programs, require that a greater percentage of resources are directed to training services for workers instead of to administrative overhead, increase individual choice by offering Career Advancement Accounts, and streamline the performance accountability system. The proposal would consolidate the Adult, Dislocated Worker, Youth Activities, Work Opportunity Tax Credit, Labor Market Information, and Employment Service State grants into a single State grant to facilitate coordination and eliminate duplication in the provision of services. The 2008 budget proposes to transfer Job Corps program and administrative funding back to ETA. The 2008 Budget merges the Prisoner Re-entry and Responsible Reintegration of Youthful Offenders programs into a single program that would provide mentoring and job training to promote the successful return of adult and juvenile ex-offenders into mainstream society. Under the new Budget proposal, funding for job training programs will decrease from FY06 funding of \$2.65 billion to \$2.45 billion. The unexpended balances provided to the State of California and Los Angeles County from funds made available under Public Law 103-211, which were transferred pursuant to law to the Training and Employment Services account, \$834,168 were cancelled by the 2008 Budget proposal.

Employee Benefits Security Administration

For the 2008 Budget, the Administration requests \$147.4 million for the Employee Benefits Security Administration.

Migrant and Seasonal Workers Program

For several years in a row, President Bush's Budget eliminates funding for the Migrant and Seasonal Workers Program. FY07 appropriations for the program remained at \$80 million. The Budget states that the One-Stop Career Centers (requested funding at \$56 million, also funded under the Department of Labor) provide many of the same services. California, with its large immigrant population and agriculture industry, typically receives a significant share of the Migrant and Seasonal Worker funds.

Occupational Safety and Health Administration

The Administration requests \$490.2 million for the Occupational Safety and Health Administration; \$91 million being the maximum amount available for grants to States under 23(g) of the Occupational Safety and Health Act. Training grants address safety and health education needs related to specific topics and industries identified by the agency. The 2008 Budget eliminates funding for these grants, and focuses on increased compliance assistance.

DEPARTMENT OF VETERANS AFFAIRS

Under President Bush's Budget, the Department of Veteran Affairs receives discretionary budget authority (with collections) of \$39.4 billion, representing an increase over FY07 funding of \$6.2 billion. The 2008 Budget attempts to meet the growing health care needs of veterans, expand the Department's ability to provide mental health care and prosthetics, and funds the construction of six new veterans' cemeteries. The 2008 budget estimates reflect the reorganization of Information Technology (IT) functions within VA to improve the management of the IT program.

Medical Services

The vast majority of VA funding is devoted to veteran health care expenses. For FY08, the budget requests total resources for the VA Medical Services appropriation of \$29.5 billion. This includes \$27.2 billion in appropriated budget authority and \$2.3 billion to be collected in the Medical Care Collections Fund. The department's funding for medical expenses is 80 percent of the total VA Budget. The \$27.2 billion figure is \$2.1 billion more than FY07 funding. In 2008, VA will realign 5,689 full-time equivalents and \$400 million for food service operations from the Medical Facilities appropriation to the Medical Services appropriation. The cost for food service operations will support hospital food service workers, provisions, and supplies which are related to the direct care of our patients rather than the operations of the VA medical facilities.

Medical Administration

For 2008, the budget requests total resources for the VA Medical Administration appropriation of \$3.4 billion. The Medical Administration appropriation finances the expenses of management, security, and administration of the VA health care system through the operation of VA medical centers, other facilities, Veterans Integrated Service Network offices and facility director offices, chief of staff operations, quality of care oversight, legal services, billing and coding activities, procurement, financial management, and human resource management.

Medical Facilities

For 2008, the budget requests total resources for the VA Medical Facilities appropriation of \$3.6 billion. Medical Facilities provides for the operations and maintenance of the capital infrastructure required to provide health care to the Nation's veterans. In 2008, VA will realign 5,689 full-time equivalents and \$400 million for food service operations from the Medical Facilities appropriation to the Medical Services appropriation.

National Cemetery Administration

Additionally, the Budget proposes building a new VA cemetery in California, under the authority of the National Cemetery Administration. The "Construction, major projects" appropriations, fund construction projects costing more than \$10 million, and support new cemeteries in the vicinity of Bakersfield, CA.

ARMY CORPS OF ENGINEERS

The Budget proposes \$4.871 billion in new federal funding for the Civil Works program of the Corps, with \$2.471 billion allocated for Operation and Maintenance and \$1.523 billion for Construction.

Included in the Corps' six national priority construction projects is a request for \$42 million for the Oakland Harbor deepening project.

California has a Budget of \$114 million for operations and maintenance in FY 2008. This amount consists of \$64.7 million for commercial navigation, \$31,647,000 for flood and coastal storm reduction, \$3,453,000 for environment, and \$14,800,000 for recreation. No new funding is provided for water supply projects.

Proposed FY 2008 funding for the Corps includes numerous California projects, including:

- American River Watershed - \$36.5 million is proposed, compared to \$46.8 million in FY07.
- California Coastal Sediment Master Plan - \$300,000 for surveys is proposed.
- Coyote and Berryessa Creeks - \$700,000 for surveys and \$250,000 for pre-construction engineering and design is proposed
- Estudillo Canal - \$425,000 for surveys is proposed.
- Napa River - \$7.5 million is proposed, compared to \$9 million in FY07
- Hamilton Airfield Wetlands Restoration - \$4.9 million for construction is proposed.
- Oakland Harbor 50 Foot Construction Project - \$42 million for construction is proposed.
- Sacramento Deepwater Ship Channel - \$900,000 is proposed for construction
- Sacramento River Bank Protection Project - \$21.5 million for construction is proposed, compared to \$10.96 million in FY07.
- Sacramento River, Glenn-Colusa Irrigation District - \$500,000 is proposed for construction
- Santa Ana River Mainstem - \$17 million for construction is proposed.
- South Sacramento County Streams - \$8 million is proposed, compared to \$7.3 million in FY07.
- Success Dam, Tule River (Dam Safety) - \$18 million for construction.
- Sutter County - \$339,000 for surveys is proposed.
- Upper Penitencia Creek - \$191,000 for surveys is proposed.

For a complete list of Corps of Engineers projects in California, go to the Corps website at:

<http://www.usace.army.mil/civilworks/cecwb/budget/budget.pdf> .

GENERAL SERVICES ADMINISTRATION

The Budget requests \$37,742,000 in construction funding for the San Ysidro, Land Port of Entry project.

PRESIDIO TRUST

The Presidio Trust is a Government corporation established to manage, improve, maintain and lease property in the Presidio of San Francisco. After this former military base was transferred to the National Park Service (NPS), the Trust was created to take over responsibility for managing the hundreds of houses, office buildings, and other facilities in an innovative manner that uses private-sector resources, but is consistent with surrounding NPS lands. The Budget requests \$18.45 million to fund the operation and capital improvements of the Trust.

TAX PROVISIONS

Research and Experimentation (R&D) Tax Credit - The Administration proposes to extend permanently the tax credits for research and experimentation expenditures, which are scheduled to expire with respect to expenditures incurred after December 31, 2007.

Alternative Minimum Tax - Effective for taxable years beginning after December 31, 2006, the AMT exemption amounts decline to \$33,750 for single taxpayers, \$45,000 for married taxpayers filing a joint return and surviving spouses, and \$22,500 for married taxpayers filing a separate return and estates and trusts. The Administration proposes to increase the AMT exemption amounts to \$43,900 for single taxpayers, \$65,350 for married taxpayers filing a joint return, and \$32,675 for married taxpayers filing a separate return and estates and trusts through taxable year 2007 to prevent the number of AMT taxpayers from increasing. Non-refundable personal tax credits also would be allowed to offset both the regular tax and the AMT through taxable year 2007. With incomes slightly above the national average and high home and property values and costs, Californians are becoming increasingly more likely to be subject to the provisions of the AMT. A larger than average percentage of the state's taxpayers fall under its provisions, and California shouldered approximately 22 percent of the nation's AMT bill in 2006.

Orphan Drug Credit - The proposal would expand the credit by treating expenses incurred before FDA designation as an orphan drug as eligible for the credit in the same way that expenses incurred after designation are eligible. The proposal would be effective for qualified expenses incurred after December 31, 2006.

Classroom Expenses - The Budget would permanently extend the above-the-line deduction for qualified out-of-pocket classroom expenses for teachers.

Work Opportunity Tax Credit - The work opportunity tax credit provides incentives for hiring individuals from certain targeted groups. The credit applies to wages paid to qualified individuals who begin work for the employer before January 1, 2008. The Administration proposes to extend the credit for one year, making it applicable to wages paid to qualified individuals who begin work after December 31, 2007 and before January 1, 2009.

Brownfields - The Budget proposes permanently extending the expensing of brownfields remediation costs. However, the special exclusion from unrelated business taxable income for gain or loss on the sale or exchange of certain brownfields would be eliminated.

BUDGET CROSS-CUT: RESEARCH AND DEVELOPMENT

According to the "Research and Development" chapter of the *Analytical Perspectives* component of the federal budget, overall Research and Development (R&D) spending in federal agencies increased by \$3.4 billion or 3% (after adjusting for inflation) from the 2007 budget estimate to the 2008 proposal. The differences in R&D spending from 2007 to 2008 are broken down by Federal Agency. Most remain little changed, but several agencies, according to the Budget documents, experienced some changes to their R&D budget authority:

- Energy R&D spending increased \$835 million or 10%
- National Science Foundation increased \$648 million or 15%
- Department of Agriculture decreased \$306 million or 13%
- Department of Commerce increased \$168 million or 18% .

For more information, please visit: <http://www.gpoaccess.gov/usbudget/fy08/pdf/spec.pdf> .

BUDGET CROSSCUT: STATE AND LOCAL FORMULA GRANT

The budget includes a breakout of estimated spending for a variety of federal formula grant programs on a state-by-state basis. Located again in the Analytical Perspectives supplement, the associated tables indicate that California receives 11.95 percent of total spending. For the 31 programs broken out, California is expected to

receive \$44.5 billion of the nation's total 2008 spending of \$373 billion for the programs. However, for every item, each state's 2008 percentage of the U.S. total remains constant for 2006 through 2008, meaning that no new calculations are made to better predict the latter years.

To view a California Institute breakout of California's share of funding from each grant program for FY 2006-2008, visit <http://www.calinst.org/pubs/FY08GrantAid.htm> , or for a pdf version, go instead to <http://www.calinst.org/pubs/FY08GrantAid.pdf> .

A supplementary document to the President's Budget outlines current, predicted, and proposed allocations under some of the largest federal formula grant programs, and lists expenditure totals for each state. In total, 31 programs were outlined at this level of detail. It is important to note that relatively little can be determined at this early stage regarding any of these programs; future demographic, economic, usage, and other factors will determine states' actual shares in most cases.

Total FY 2008 federal spending for these 29 programs was estimated at \$382.7 billion, which would represent more than 85 percent of federal spending for all federal grants, of all sizes, to state and local governments.

California was expected to receive \$44.6 billion from those 31 programs in 2008, nearly steady with the \$44.3 billion in actual 2006 allocations.

Medicaid is by far the largest federal grant, and any change in its funding would exert an enormous impact on federal grant expenditure totals. More than half of federal grant spending flows through that one grant program.

As a supplement to this Budget analysis, the California Institute has prepared a table that breaks out California's and the nation's actual (2006) and predicted (2007 and 2008) spending totals under these 31 programs, as reported by the Administration. This table is attached to this document or is available at <http://www.calinst.org> .

As shown in the table, California is expected to receive \$21.6 billion, or 10.42 percent of the nation's \$207 billion, from the Medicaid program in 2008. Federal payments reimburse outlays by state and local governments for providing health care services for low-income Californians and residents of other states.

For federal-aid highway program spending, the budget predicts \$3.15 billion for California, an increase from \$2.4 billion predicted for in 2007 and \$2.85 billion in 2006. These totals, controlled by the SAFETEA-LU transportation reauthorization bill enacted in August 2005, would represent a 9.6 percent share of the national total.

Other large predicted formula grant spending totals for California in the President's 2008 Budget Proposal included \$3.66 billion for TANF welfare grants (the state's longstanding strong share of 21.5% would be maintained), \$2.9 billion for Section 8 housing vouchers (of which California's receipts would constitute 18.25%), \$1.76 billion for Title I education grants (a slippage to 12.7% for California from a high-water mark several years ago in excess of 14%), and \$1.1 billion for special education grants to states (10.7% of the U.S. total) under the Individuals with Disabilities Education Act or IDEA.

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ATTACHMENT: Formula Grant Funding Table

State and Local Grant Funding Outlined in FY 2008 Budget - California Funds, California Percentage Share, and Total U.S. Funding							
	California Funding			Share	U.S. Total Funding		
	FY 2006	FY 2007	FY 2008	CA%	FY 2006	FY 2007	FY 2008
School Breakfast Program (10.553)	244,215	269,500	287,386	12.02	2,086,098	2,241,210	2,389,988
National School Lunch Program (10.555)	960,948	1,027,030	1,069,640	13.07	7,569,757	7,855,066	8,180,933
Special Supplemental Nutrition Program (WIC) (10.557)	891,953	908,649	914,380	16.78	5,362,827	5,463,134	5,477,497
Child and Adult Care Food Program (10.558)	241,873	252,641	266,176	11.63	2,141,088	2,172,460	2,288,838
State Admin. Matching Grants for Food Stamp Program (10.561)	435,360	432,909	451,744	16.97	2,454,896	2,551,000	2,662,000
Title I Grants to Local Educational Agencies (84.010)	1,723,483	1,614,040	1,767,658	12.71	12,713,125	12,713,233	13,909,900
Improving Teacher Quality State Grants (84.367)	335,451	335,457	322,115	11.61	2,887,439	2,887,488	2,787,488
Special Education—Grants to States (84.027)	1,130,940	1,120,726	1,120,726	10.68	10,582,961	10,491,941	10,491,941
Vocational Rehabilitation Grants to States (84.126)	260,883	271,453	271,762	9.58	2,720,192	2,837,160	2,837,160
State Children's Health Insurance Program (93.767)	646,682	790,789	790,789	15.69	4,365,400	5,040,000	5,040,000
Grants to States for Medicaid (93.778)	21,931,980	20,818,937	21,560,850	10.42	201,842,436	195,190,913	206,885,673
Temporary Assistance for Needy Families (TANF) (93.558)	3,669,879	3,665,160	3,665,160	21.49	17,139,710	17,058,625	17,058,625
Child Support Enforcement—Federal Share (93.563)	795,581	834,765	744,340	18.78	4,196,528	4,414,678	3,962,713
Low Income Home Energy Assistance Program (93.568)	152,030	89,199	67,269	4.48	2,479,725	1,980,000	1,500,000
Child Care and Development Block Grant (93.575)	228,983	230,818	230,818	11.19	2,060,664	2,062,081	2,062,081
Child Care and Development Fund—Mandatory (93.596a)	85,590	85,590	85,590	6.90	1,239,657	1,239,657	1,239,657
Child Care and Development Fund—Matching (93.596b)	221,412	221,032	221,032	13.18	1,679,968	1,677,343	1,677,343
Head Start (93.600)	822,591	822,591	822,591	12.12	6,850,783	6,788,571	6,788,571
Foster Care—Title IV-E (93.658)	1,183,911	1,224,363	1,253,059	27.28	4,325,363	4,475,000	4,593,000
Adoption Assistance (93.659)	313,126	354,296	377,372	17.48	1,791,460	2,027,000	2,159,000
Social Services Block Grant (93.667)	206,275	206,275	145,607	12.13	2,250,000	1,700,000	1,200,000
Homeland Security Grant Program (97.067)	271,002	54,027	17,029	6.42	2,032,541	787,530	265,100
FEMA Disaster Grants (Presidentially Declared Disasters) (97.036)	173,937	2.13	8,147,330
Public Housing Operating Fund (14.850)	102,907	102,945	115,499	2.89	3,563,898	3,565,223	4,000,000
Section 8 Housing Choice Vouchers (14.871)	2,494,118	2,837,691	2,920,407	18.25	13,796,790	15,804,830	16,000,000
Public Housing Capital Fund (14.872)	100,539	106,114	84,466	4.17	2,409,160	2,542,734	2,024,000
Community Development Block Grants (14.218)	480,027	564,218	352,475	14.57	3,823,000	4,355,000	2,618,580
Mineral Leasing and Associated Payments (1)	47,481	42,151	44,833	2.25	2,112,550	1,875,413	1,994,729
Airport Improvement Program (20.106)	317,795	300,728	231,902	8.78	3,709,241	3,514,500	2,750,000
Highway Planning and Construction (20.205)	2,850,603	2,408,038	3,156,772	9.61	33,128,373	35,672,019	39,585,079
Capital Investment Grants—Fixed Guideway Modernization (20.500)	135,963	154,745	232,484	13.67	1,406,611	1,233,122	1,700,923
Federal Transit Formula Grants and Research (20.507)	828,993	747,864	978,117	14.89	5,533,669	5,211,004	6,567,831
TOTAL -- ALL PROGRAMS:	44,286,511	42,894,741	44,570,048	11.95	378,403,240	367,427,935	382,698,650

SOURCE: California Institute Analysis of President's Budget Proposal for FY 2008, Analytical Perspectives, Released February 5, 2007.

California Institute for Federal Policy Research, www.calinst.org.