

RELIANCE ON FEDERAL FUNDS: ISSUES/IMPACTS

A Report Prepared for the
Legislative Finance Committee

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October 4, 2006

Legislative Fiscal Division



www.leg.mt.gov/css/fiscal

INTRODUCTION AND PURPOSE OF REPORT

The purpose of this report is to continue work on the HJR 26 study passed by the 2005 Legislature and approved by the Legislative Finance Committee. The resolution called for a study of the following:

- History and trends of state reliance on federal funds
- History, trends, and portents of federal budget deficits
- Options for dealing with federal budget deficits

The first report, presented at the December meeting, provided information on:

- History and trends in the spending of federal funds in Montana and the changing uses thereof
- History, trends, and projections (Congressional Budget Office) of federal budget deficits

The second report focused on recent and future trends in federal spending in Montana, and what it may mean for budget development in the 2007 Legislative Session. It did this through first identifying the following:

- The largest uses of federal funds
- The areas with the greatest risk to the state if federal funds change (“theoretical” risk)
- The areas with the greatest risk of change due to action already taken or proposed (“practical” risk)

The report concluded with a summary of federal action and risk in various budget areas.

This report focuses on potential strategies for dealing with the inconsistencies and lack of predictability of federal funds. Because action proposed by the President and/or discussed by the Congress changes continually during the yearly (and year long) budgeting cycle, with many false starts, dead-ends, and political maneuvering, attempting to provide potential impacts at a given point in time for the purposes of this study was determined to be of limited value. Consequently, work on gauging the impact of known and highly potential impacts on selected federal funding sources and/or areas has either been addressed on an as-needed basis (such as deficit reduction in human services), or will primarily be done in conjunction with the budget analysis as particular impacts on Montana agencies become clearer.

Staff determined that a major way to aid the legislature in the long-term was to construct a federal funds database to provide:

- Information on the largest and consequently the most critical funding sources if fund levels or requirements change
- An outlook and recent history to allow the legislature to proactively deal with changes when possible

The database will be discussed further later in the report.

ADDRESSING THE INCONSISTENCIES AND LACK OF PREDICTABILITY OF FEDERAL FUNDS

There are two primary types of changes that impact the availability of federal funds:

- 1) An overt reduction in federal funds through an elimination of or reduction in grant or other allocation amounts
- 2) What is essentially a covert reduction through:
 - Changes in federal requirements for receipt or for eligibility for the funds
 - Failure of the funding source to keep up with program costs and/or inflation
 - Delays or other impediments to receipt of the funds once they are appropriated/allocated

All types will be referred to under the term “reductions” in the paragraphs that follow.

WHAT OTHER STATES ARE DOING

A review of available literature and conversations with NCSL staff indicate no studies have been conducted to either gauge current action or provide strategies for use by states. An informal survey by this office of fiscal officers in other states reveals few states have any mechanisms for dealing with federal fund inconsistencies and/or lack of predictability, and none who responded indicated any systematic strategies in place.

Among the mechanisms cited by other states are:

- Explorations of ways to reduce overall costs in those programs that rely on federal funds (Medicaid is a prime example)
- Specific circumstance guidance for action if federal funds are reduced (i.e. specifying which services are to be reduced)
- Rainy day or other savings accounts that can be used for replacement of federal funds (although at least one state indicated its rainy day fund could not be used to replace reduced federal funds)
- Formal mechanisms for maximizing the receipt of federal funds

South Dakota indicated it at one time had an “Inflation Stabilization Account” and a fund specifically to deal with reductions due to changes in block grants, but that both funds were discontinued.

GENERAL STRATEGIES

In looking at strategies, the legislature could be either proactive, reactive, or a combination of the two. Proactive strategies provide before the fact guidance and/or funding, or attempt to either keep the state from accepting funds or expansions likely to create pressures on future state resources. Reactive strategies are, as the name implies, those that react to actions taken through specified reductions in service or replacement of funds (but can include inaction). The remainder of the report primarily addresses proactive strategies.

Proactive strategies include the following:

- 1) Information gathering for decision making
- 2) Prioritization, guidance, and replacement strategies based upon that and other information, including provision of contingency funds and rules of use

These strategies can apply to potential reductions in established funds or to new funds.

Information Gathering for Decision Making

If the legislature is to be proactive in an era of inconsistency of federal funds, it must have information that aids in determining the state’s risk with regard to acceptance of the funds and provision of services, and consequently:

- The likelihood of loss of service and/or increased costs, and who would be impacted
- Strategies for either dealing with the loss of service or provision of replacement resources and provision of mechanisms for ensuring that affected groups know those strategies (which may include inaction)
- The resulting acceptability of the risk

Federal Funds Database

The federal funds database created by LFD staff is a summary of the largest funding sources. As stated in the previous report, the database includes over 80 of the largest federal funding sources received by the state. The information in the database could be used as the starting point for answering a number of questions before making decisions on new or expanded services, and to gauge the risk to the state of reductions. The database contains answers to the following questions, among others. The first part details the specific information in the database, with the second part the implied question if the funding level is in question:

- 1) What are the funds used for – what services would be at risk if reductions are made?
- 2) Who is served, and what general overarching state policy does it support – who would lose services and what priority of state government would be impacted?

- 3) What does Montana have to do to receive the funds – what risk is Montana subject to if requirements change?
- 4) What is the history and outlook – are the funds stable, have they been keeping up with program costs, have they been targeted for elimination or reduction? What is our risk?

The legislature could use this database as the foundation for determining which federal funding sources are most at risk, and make funding decisions based upon this level of risk, including either strategies for loss of services or contingent replacement of funds. An example of the information included in the database is Attachment A. A listing of all of the funds in the database is Attachment B.

Other Information

In addition to the information contained in the federal fund database, the legislature could request other information when:

- 1) Examining major known sources of funds;
- 2) Considering expansions of funds; and/or
- 3) Determining whether to accept a new source of funding.

The requesting agency could be asked to provide one or more of the following:

- The Program Assessment Rating Tool (PART) evaluation by the federal government¹ for the previous three years for ongoing programs (while the tool has enjoyed mixed success and credence, programs proposed for elimination by President Bush have received a low PART score)
- Any action or proposals by the President/Congress that impact this funding source, including the general question of whether the funding source is part of “discretionary domestic” spending that has been targeted for reductions by Congress and the President
- Assessment of continued reliability based upon the above factors as well as on funding trends (included in the federal funds database)
- What impact on services a reduction in funding would have, and how the agency would address those changes
- Whether either federal or state statute or rule limits either the agencies’ or legislature’s actions should funds be reduced

When appropriate, this information could be melded into the current performance management pilot project using selected new proposals. For all others, a different reporting mechanism could be used.

During the Interim

As various approving authorities² are authorized to accept federal funds under certain circumstances during the interim, the legislature may wish to amend budget amendment statutes to require provision of answers to all or a portion of the questions above whenever a budget amendment meeting determined criteria (such as size, use, or source) is approved or considered, for review by the Legislative Finance Committee for feedback and advice.

¹ The PART rating is an initiative of the Bush Administration and is designed to measure a federal program’s effectiveness in four areas: 1) purpose and design; 2) strategic planning; 3) management; and 4) results and accountability. Ratings are done by the agencies themselves, and most programs with a rating fall into the Results Not Demonstrated/Ineffective category. A small portion of the listing of programs that fell into that category in the last budgeting cycle is included as Appendix C.

² The Governor for most executive agencies, the Board of Regents for the Montana University System, the Supreme Court for the Judiciary, and the Legislative Finance Committee, Audit Committee, and Legislative Council for the three legislative divisions.

Application

In examining both what information should be required and upon which funding sources, the question of what is practical is a vital one. It is not practical to require this depth of information for all federal funds, because of minimal amount and/or impact; and because funding is relatively safe, known upfront to be one-time, or impacts a lower priority service. Consequently, the legislature doesn't need to strategize on a situation that either won't happen or would have little impact if it did. Therefore, the legislature would need to determine:

What criteria would be used to determine the funding sources for which this information would be required?

Recall from the previous report that two types of risk were discussed:

- Theoretical risk was defined as the potential for either major disruption of services that impact a large number of Montanans, and/or significant pressure on the legislature to replace any lost federal funds to maintain services, regardless of what is actually happening at the federal level with funding; and
- Practical risk was defined as risk that reductions will be made to federal funds that impact Montana.

These types of risk, either separately or in combination, could be used as a basis for determining the requirement and content of additional information or decision criteria.

Using Theoretical Risk

Utah has a system for determining thresholds that require information on federal funds for potential legislative action. To use the vernacular of the previous report (although Utah does not), the funds are essentially ranked based upon theoretical risk. While Utah uses this system because federal funds are not routinely appropriated in that state and do not receive the scrutiny that federal funds in Montana can, its system could be adapted for use in Montana. For example, as in Utah funds could be classified as "high"³, "medium", or "low" impact based upon various theoretical risk criteria, including:

- 1) Amount of funds (e.g. any funds in excess of \$5.0 million as "high" impact)
- 2) Number of FTE added
- 3) State requirements for receipt of the funds
- 4) Persons impacted

The reporting requirements could then be fitted to each type of funds, with "high" impact funds requiring more information, and "low" impact potentially requiring no additional formal information.

Using Practical Risk

Montana could also use a criteria based upon practical risk. The following example uses a standard type of ranking system to identify three levels of practical risk.

- "Safe" for those funds where funding levels and state requirements are stable and keeping up with program costs, and for which no proposals for reductions or eliminations have been noted. As such, no additional reporting would be required, although the legislature may wish to incorporate performance management for any projects funded with the funds.
- "Watch" for those funds where funding levels are not keeping up with inflation, are unstable, are in any way part of individual or groups of funds that have been discussed for either lack of inflation increases or reductions, or have been slated for elimination by the President. Among the additional information that might be requested is:
 - Agency perspective on the future of the funds
 - What actions the agency is taking or would take to either maintain or reduce services given the funding risks

³ Utah, with a larger budget than Montana, classifies "high" impact funds as \$10 million per fiscal year, at least 11.00 new FTE, or a state match of at least \$1.0 million per fiscal year.

- “Danger” for those funds where there are indications that either the state requirements are unfavorably changing, or that federal funds are either not keeping up with program costs, are being overtly reduced, or seem slated for elimination (including an “ineffective” PART rating). Further information could be requested, including a more detailed plan for addressing any loss of funding, including but not limited to:
 - Services that would not be performed and which service recipients and others would be impacted
 - Other sources of revenue that would be utilized or requested
 - Impacts on staffing levels

Who Would Provide the Ranking

LFD staff plan to keep the federal funds database updated over time, although the database will be updated once at a set point during the interim (unless warranted with particular funds). LFD staff could provide a preliminary rating for those funds, in conjunction with agency and/or OBPP staff. For those funds not in the database and/or for new funds, the legislature could request this ranking, and the supporting documentation, from the agencies. For this session, either the subcommittees or LFD staff in conjunction with agency and OBPP staff could identify those funds for which a ranking was expected during the session.

Agency personnel could be expected to provide any additional information required at appropriate points based upon the ranking. While not practical due to time considerations for this session, a standard form that is part of both the budget submissions and information provided to the legislature could be devised and incorporated into the standard budgeting or interim oversight process. In the meantime, less formal provision of information could be required, first as a part of the Legislative Fiscal Division (LFD) budget analysis and then during the session. Given the current situation in Washington, agencies should have an idea of the status of the federal funds it receives and the potential impact of any changes, even if no formal process or reporting mechanism is in place.

Statutory Change Requirements

If this information were required during the interim, changes in statute would be required. If it were required as part of budget submission, the LFD budget analysis, and/or session deliberations, statute already allows either the LFD or Office of Budget and Program Planning (OBPP) to request this information, although changing statute would ensure compliance.

Prioritization/Guidance/Replacement Strategies

Because so many reductions are proposed, discussed, or threatened at the federal level but do not materialize, and many others seem to come out of the blue, no one is going to be able to entirely and accurately anticipate, particularly up to three years in advance (as Montana budgeting oftentimes requires) what is going to happen. As a result, there will always be surprises, sometimes major, that erupt when the legislature is not around to address them. In order to address some of these issues proactively, the legislature could establish prioritization, guidance, and/or replacement strategies either to guide the agencies during the interim or future legislatures.

On all of the following, a number of issues must be addressed:

- 1) Under what circumstances would any of the measures be used? What are the guidelines and/or criteria for determining what is worthwhile?
- 2) What guidelines would the legislature need to set for its philosophy and/or priorities for utilization of any measures?
- 3) Does an overriding legislative policy need to be defined, and what is the best mechanism for recording that policy?
- 4) What mechanism would be desirable for the process by which any policy or guidelines would be established? Is it a more permanent determination, or one that is made from biennium to biennium?

Prioritization/Guidance

Prioritization/guidance strategies would use the information discussed earlier. They could be either requirements (HB 2 or other) or non-binding statements of intent.

Requirements

The legislature could

- Instruct, either in HB 2 (if it conditions the appropriation) or a companion bill to HB 2, how services are to be prioritized during the interim (i.e. which services should be reduced and which maintained in the event of unanticipated changes)
- Require the provision specified information before decisions are made on new or expanded federal funds either during the interim or the legislative session (see above) (separate legislation from HB 2). During the legislative session, the legislature would make this determination through the budgeting process (companion bill). During the interim, the Governor or other approving authority would have the ultimate authority of acceptance or rejection, but statute could be written to require Legislative Finance Committee (LFC) review prior to acceptance

Statements of Intent/Guidance

The legislature could both require and/or make its wishes known both to approving authorities during the interim and to future legislatures. While the legislature cannot take away legitimate powers given to the executive either in statute or the constitution with these statements, and one legislature cannot tell another legislature what they can and cannot fund, in accepting federal funds the legislature could make its intentions known for any future action. This type of action may also be necessary if federal statutes or rule do not allow the legislature to require specific action.

Either in current statute, legislation establishing or expanding programs, or a companion bill to HB 2, the legislature could make statements of its intent concerning:

- How the state should prioritize if reductions are made
- Whether reduced federal funds should be replaced or funds used to replace federal funds in the interim included in the next base budget
- The circumstances under which new or expanded federal funds should be accepted

The following is an example, using SB 41 of from the 2005 Legislative Session, of how the legislature could make policy statements to guide executive action in the interim. While this example does not specifically address reductions in federal funds, the principal is the same.

“The department and the legislature shall consider the following funding principles when considering changes in Medicaid policy that either increase or reduce services:

- 1) *Protecting those persons who are most vulnerable and most in need, as defined by a combination of economic, social, and medical circumstances;*
- 2) *Giving preference to the elimination or restoration of an entire Medicaid program or service, rather than sacrifice or augment the quality of care for several programs or services through dilution of funding; and*
- 3) *Giving priority to services that employ the science of prevention to reduce disability and illness, services that treat life-threatening conditions, and services that support independent or assisted living, including pain management, to reduce the need for acute inpatient or residential care.”*

If the statement were to be enough to address future unknowns, it may need to be very general in content and tone, which might reduce its effectiveness and the degree of legislative control.

Replacement Strategies - Provision of Contingency Funds

There are a number of potential mechanisms for the provision of replacement funds: 1) contingency appropriations in HB 2 tied directly to certain functions or funding sources; 2) general contingency appropriations; and 3) rainy day funds.

Depending upon the degree of latitude the legislature wished to provide to the various approving authorities (Governor, Supreme Court, Board of Regents, and the Legislative Council and Legislative Fiscal and Audit Committees) during the interim, the legislature would need to assess the need for articulation of the following:

- Whether the reductions in federal funds that would be replaced could have been known or anticipated
- The degree and target of change/loss in services as a result of the change in federal funds
- Whether reductions must already have been made or whether projected reductions could also be replaced proactively by either the legislature in session or the approving authority in the interim
- How much of the actual/projected reduction could be replaced
- How any replacement of funds would be handled in the next budgeting cycle, i.e. would they be part of the base or present law
- What reporting would be required, or whether the appropriate legislative committees would need to be informed and offered the opportunity for feedback before any action was taken by the approving authorities
- The amount and source of funds in the account, as well as a mechanism for replacement

Direct Appropriations for Appropriations in HB 2

The legislature could target certain at risk appropriations and provide a contingency appropriation in case the funds were reduced. A companion bill would likely be the most appropriate vehicle in most instances.

- *Primary Advantage* - Affords the legislature with the most direct control over the circumstances and/or level of expenditure of the contingency funds
- *Primary Disadvantage* – The legislature would either need to only address those reductions known during the legislative session, or provide a number of contingencies that may never be needed while not addressing others that arise. This scenario may mean the amount of funds available for other purposes would be needlessly reduced, and makes estimation of the ending fund balance more difficult and its variability more extreme.
- *Minimum Required of the Legislature* – Articulation of circumstances and amounts of replacement, and whether the funds would be considered part of the base budget in the next budgeting cycle

General Contingency Appropriations

Rather than target specific at-risk appropriations, a general contingency appropriation could be provided to either the Governor or the relevant approving authorities for use where needed.

- *Primary Advantage* - Unknown reductions could be addressed during the interim and services maintained.
- *Primary Disadvantages* - Lack of direct legislative control and differences in timing of knowledge of changes in federal fund availability means priorities may be skewed. The amount of funds available for other purposes may be needlessly reduced, and estimation of the ending fund balance is more difficult and its variability more extreme.
- *Minimum Required* – Amount of the appropriation. Articulation of circumstances under which the funds could be used, including priorities for the use of the funds, and whether the funds would be considered part of the base budget in the next budgeting cycle

Rainy Day Funds

This concept could also be added to any rainy day fund by allowing as one of the uses of the fund replacement of federal funds in certain defined circumstances. If the fund were to be accessed during the interim without calling a special session, power would have to be given to the Governor and/or other approving authority to authorize expenditure.

- *Primary Advantage* – Unknown reductions could be addressed during the interim and services maintained.
- *Primary Disadvantages* – Lack of direct legislative control
- *Minimum Required* – Articulation of circumstances under which the funds could be used, including priorities for the use of the funds, and whether the funds would be considered part of the base budget in the next budgeting cycle

SPECIFIC ISSUE AREAS

In many areas the inconsistencies and lack of predictability in the levels of federal funding are due to what are, at core, political preferences and ideologies. These preferences and ideologies by definition can be very transitory, and if not swaying in the political winds at least bending to them. Proactive, general strategies lend themselves to this type of situation. However, the depth of the federal debt, coupled with the changing vocabulary of the tax debate to one where both parties are primarily arguing over who should get tax cuts rather than whether there should be any, mean that there are areas of the budget where potentially significant change can be expected regardless of where the transitory seat of power lies, even while the specifics of the actions on the federal level will in some measure be ideologically colored. When the potential reduction of federal funds is coupled with other factors such as Montana's current and future demographics, general strategies may not be sufficient in specific areas.

For example, as stated in the first report, "mandatory" (entitlement) programs, including social security, Medicare, and Medicaid, comprised almost 60 percent of the federal budget in federal FY 2004. Any systematic efforts to address federal spending will involve potentially major changes in entitlement programs. And, as also stated in the first report, the area of largest federal expenditure in Montana by a large margin is for human services programs, of which Medicaid is the largest component. However, Montana cannot ignore the potential impact of changes in other entitlement programs that do not go through the state budget, particularly Medicare and social security, as any changes there ripple to state programs and demand for state services.

In addition, potential reductions in federal funds, when coupled with other factors, can create a "double whammy" of significantly increased demands and lower federal participation. Two major factors are:

- 1) Medical costs continue to rise at a rate that greatly outstrips inflation and other general growth measures, impacting not only direct state expenditures such as Medicaid and the state health plan, but a wide range of other health related programs and expenditures
- 2) Montana will continue to experience growth in current and future state elderly that outpaces the national average, impacting the level and mix of services, the Montana workforce, and sources of revenue

While this discussion is included for informational purposes only and no options are included, the committee may wish to consider whether it wishes to have an expanded study in this or any specific area likely to experience greater or more widespread impact and consequently require more specific action.

POTENTIAL COMMITTEE ACTION

In addition to the federal funds database, the committee may wish to provide a mechanism for identifying funds that would require additional information to subcommittees prior to decision making:

- 1) Have LFD staff identify and communicate to agencies those federal funds requiring additional information
 - a. Recommend to Senate Finance and Claims and the House Appropriations Committee that they make this identification
 - b. Instruct LFD staff to present options at the November meeting to hone the type of information required
- 2) Instruct LFD staff to include refinement of ranking criteria, content of information, format for provision of information, and necessary statutory on the list of potential interim work plan study items presented to the LFC in June 2007.
- 3) Have staff prepare a guide to subcommittees on information to request, including factors to take into consideration when considering replacement funds

The committee may also wish to recommend to the Senate Finance and Claims and House Appropriations Committees that as those committees and their subcommittees take action on the budget, they request and utilize the above information to determine, based upon circumstance, when any of the following actions would be appropriate:

- 1) Include in HB 2 or other bill as appropriate requirements for action should federal funds be reduced
- 2) Make statements of intent in statute for expectations should federal funds be reduced
- 3) Consider replacement strategies, as appropriate

Attachment A

Grants in the Federal Funds Database FY 2005

State Function	Fed Match	Expenditures
Federal Medicaid Benefits Matching Funds	Match	\$473,219,640
Transportation Infrastructure and Operations	Match/MOE	277,065,468
Food Stamp Benefits	Performance	87,673,095
Title I Grants to Local Education Agencies	None	32,242,367
Special Education - Grants to States	None	31,738,554
TANF Benefits	MOE/Perf	23,965,939
Disaster & Emergency Services	None	20,585,628
Military Capital Construction	Match	18,796,027
Employment Training	None	17,793,622
National School Lunch Program	Match	16,385,943
Fish and Wildlife Restoration	Match	16,118,457
Women, Infants, and Children	None	14,212,955
Discretionary Child Care	Performance	13,857,642
Low-Income Energy Assistance Program	Performance	12,962,906
Children's Health Insurance Federal Matching Funds	Match	12,448,313
Forest Reserve Shared Revenue	None	12,431,155
UI Administrative Grants	None	12,033,749
National Guard	None	11,732,110
Chronic and Communicable Diseases	Match/MOE	11,492,505
Improving Teacher Quality Grants	None	11,397,232
Vocational Rehabilitation	Match/Moe/Perf	10,052,321
Economic Development	None	9,264,816
Child Nutrition	Performance	8,843,086
Guaranteed Student Loan	None	8,688,741
Foster Care	Match/Perf	8,017,017
Child Care Matching/Mandatory/MOE	Match/MOE/Perf	7,286,556
ADAD - Block Grant 100%	None	7,251,415
Housing	None	6,830,156
Child Support Enforcement	Match/Perf	6,308,132
EPA Performance Partnership Grant	Match/Perf	5,202,122
Disability Determination Adm 100	Performance	4,685,213
Social Services Block Grant	Performance	4,236,481
Fish and Wildlife Project Assistance	Match	4,169,964
School Breakfast Program	None	4,112,660
Twenty-first Century Community Learning Centers	None	4,094,700
Abandoned Mine Lands	Performance	3,871,665

Attachment A

Grants in the Federal Funds Database (continued)		
Federal Grants for Elderly Feeding Programs	Match/Perf	3,497,005
Vocational Education - Basic Grants to States	Match	3,403,589
Veterans' Homes Federal Reimbursement	Performance	3,295,588
Community Services Block Grant	Performance	3,227,093
Non Point Source	Match/MOE/Perf	3,130,140
Reading First State Grants	None	3,088,627
Grants for State Assessments and Related Activities	None	3,055,080
Protection of Forest Resources	Match/Perf	2,796,424
Education Technology State Grants	None	2,782,844
Bioterrorism/Hospital Preparedness	None	2,723,468
Weatherization Benefit Assistance	Performance	2,542,707
Elections Federal Grant	Match/MOE	2,365,353
Cooperative Fire Protection Grant	Match/MOE/Perf	2,361,440
Gear-Up Grant (Early Intervention and Scholarships)	Match	2,340,704
Federal Transit Assistance Grants	Match	2,267,831
Maternal & Child Health	None	2,256,307
Drug Enforcement Assistance	Match	2,245,043
Family Planning Title X	None	2,193,985
Early Intervention (IDEA - Part C)	Performance	1,897,769
Federal Grants for Aging Services	Match/MOE	1,742,499
Board of Crime Control Grants To Justice	None	1,733,627
Grants to Correctional System Programs	None	1,728,780
Food Commodity Distribution	Match	1,619,703
Crime Victim Assistance	None	1,507,508
State Grants for Innovative Programs	None	1,457,412
Safe and Drug-free Schools and Communities State Grants	None	1,425,567
Grants to Court System Programs	None	1,409,438
Law Enforcement Related Grants	Match	1,356,283
State Wildlife Grants	Match	1,356,148
Family Preservation	Match/Perf	1,243,418
Special Education - Preschool Grants	None	1,240,679
Homeless	Match/MOE	1,240,414
Aids	None	1,205,165
Drinking Water Infrastructure Funds	Match	1,168,360
Federal Reclamation Grant	Match/Perf	1,018,253
Migrant Education - State Grant Program	None	968,496
Even Start	Match	965,413
Superfund/Multi-Site	Match/Perf	909,046
Comprehensive School Reform Demonstration	None	902,548
Ryan White/Aids	None	850,537
National Endowment for the Arts	Match	644,127
Talent Search Education Outreach and Mentoring	Performance	638,216
Historic Sites Preservation	Match	608,768
Diabetes Control	Match	518,415
Tech-Prep Education Grants	None	491,554
Libby Asbestos	None	470,234
Wastewater Infrastructure Funds	Match/MOE	368,214
Homeland Security	None	359,392
Student Financial Aid	MOE	225,773
Expenditure Total		<u>\$1,313,913,334</u>

ATTACHMENT B

Fed Funds Project [View/Edit Fedfund Records]
Type a question for help

CFDA Number
66 460

Federal Funds Name
Nonpoint Source Implementation Grants

Granting Agency
Environmental Protection Agency

[CFDA Home Page](#)

Federal Purpose

EPA's funding priority is to award grants that promote the development and implementation of watershed-based plans, focusing on watersheds with water quality impairments caused by nonpoint sources, which result in improved water quality in impaired waters. These watershed plans are a mechanism to coordinate monitoring and planning on a watershed basis and will build a foundation for effective implementation actions using federal and other funding. Nonpoint Source implementation projects include best management practice (BMP) installation for animal wastes, sediment, pesticide and fertilizer control, a variety of other structural and non-structural practices, watershed planning, monitoring, watershed coordination, technology demonstration, and a variety of education/outreach.

STATE **FEDERAL** OUTLOOK

Function
Non Point Source

State Purpose
Provides support to the total maximum daily load program, which provides for analysis and management of MT water bodies to assure pollutant loads meet water quality standards. Commonly referred to as the 319 program

Overarching Policy Objective	Grant Type	Discretionary Type
Protection, Enhancement, Remediation of Natural Resourc	Formula	Optional

Allocation Method
Total congressional allocation less 1/3% multiplied by state factor of 1.33%.
CFDA 66.510 is for special TMDL studies and is a competitive process.

Required by Statute	Primary Beneficiary	Distribution Type	
None	General Public	Government provided service	

Other Beneficiary

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Form View NUM

CFDA Number	Federal Funds Name	Granting Agency
66 460	Nonpoint Source Implementation Grants	Environmental Protection Agency

[CFDA Home Page](#)

Federal Purpose

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STATE FEDERAL **OUTLOOK**

<input checked="" type="checkbox"/> Match	Fed %	60	Factors	
	State/Local %	40		
	Other %	0		
<input checked="" type="checkbox"/> MOE	\$ Amount	\$0	Factors	CFDA provides that states must maintain its aggregate annual level of state non point source pollution control at the level of such expenditures in FY 1985 & FY1986. DEQ reports that this is not occurring.
<input checked="" type="checkbox"/> Reporting Requirements			Factors	Annual fiscal report required
<input checked="" type="checkbox"/> Performance Requirements			Factors	Progress to goals required semi-annually

Go To... Extract Data Exit

Record: 32 of 85

Form View

NUM

CFDA Number	Federal Funds Name	Granting Agency	CFDA Home Page
66 460	Nonpoint Source Implementation Grants	Environmental Protection Agency	

Federal Purpose

EPA's funding priority is to award grants that promote the development and implementation of watershed-based plans, focusing on watersheds with water quality impairments caused by nonpoint sources, which result in improved water quality in impaired waters. These watershed plans are a mechanism to coordinate monitoring and planning on a watershed basis and will build a foundation for effective implementation actions using federal and other funding. Nonpoint Source implementation projects include best management practice (BMP) installation for animal wastes, sediment, pesticide and fertilizer control, a variety of other structural and non-structural practices, watershed planning, monitoring, watershed coordinators, technology demonstration, and a variety of education/training.

STATE FEDERAL **OUTLOOK**

Funding Level 1	Funding Level 2	Match Rate	MOE	Performance Requirements
All First	Not keeping up	Stable	Inc/Inc as %	Stable

Comments

10 percent reduction in the TMDL project portion of the grant. Anticipating approximately \$42,000 in FY07. As states have baseline data on classified water bodies, the implementation of improved water quality plans will begin and funding may not remain at the same level.

For competitive grants: Historically 50 grants are provided each year. The special studies program, is a discretionary program for the EPA and could be subject to budget reductions.

Go To... Extract Data Exit



EXPECT FEDERAL PROGRAMS TO PERFORM WELL, AND BETTER EVERY YEAR.

NOT PERFORMING PROGRAMS

ATTACHMENT C

WHAT DOES NOT PERFORMING MEAN?

The program rating indicates how well a program is performing, so the public can see how effectively tax dollars are being spent. ExpectMore.gov tells you whether or not a program is performing.

Programs categorized as NOT PERFORMING have ratings of Ineffective or Results Not Demonstrated.

Ineffective. Programs receiving this rating are not using your tax dollars effectively. Ineffective programs have been unable to achieve results due to a lack of clarity regarding the program's purpose or goals, poor management, or some other significant weakness.

Results Not Demonstrated. A rating of Results Not Demonstrated (RND) indicates that a program has not been able to develop acceptable performance goals or collect data to determine whether it is performing.

Based on our most recent assessments, 28% of Federal programs are Not Performing.

More information on how we assess and rate programs is [available here](#). [Funding information for each program](#) can be found with the President's Budget.

FEDERAL PROGRAMS THAT ARE NOT PERFORMING

Results page: [1](#) [2](#) [3](#) [4](#) [5](#) [Next »](#)

AGENCY	PROGRAM NAME	RATING
Department of Agriculture	Agriculture Marketing Service - Research and Promotion Programs	Results Not Demonstrated
Department of Agriculture	Commodity Purchase Services (Section 32)	Results Not Demonstrated
Department of Agriculture	Commodity Supplemental Food Program	Results Not Demonstrated
Department of Agriculture	Community Facilities Program	Results Not Demonstrated
Department of Agriculture	Conservation Technical Assistance	Results Not Demonstrated
Department of Agriculture	Dairy Payment Program	Results Not Demonstrated
Department of Agriculture	Dairy Price Support Program	Results Not Demonstrated
Department of Agriculture	Emergency Watershed Protection Program	Results Not Demonstrated
Department of Agriculture	Food and Nutrition Service - Child and Adult Care Food Program	Results Not Demonstrated
Department of Agriculture	Forest Service: Invasive Species Program	Results Not Demonstrated

Department of Agriculture	<u>National School Lunch</u>	Results Not Demonstrated
Department of Agriculture	<u>Natural Resources Conservation Service: National Resources Inventory</u>	Results Not Demonstrated
Department of Agriculture	<u>Resource Conservation and Development</u>	Results Not Demonstrated
Department of Agriculture	<u>Rural Business Enterprise Grant Program</u>	Results Not Demonstrated
Department of Agriculture	<u>Rural Business-Cooperative Service Value-Added Producer Grants</u>	Results Not Demonstrated
Department of Agriculture	<u>Rural Distance Learning and Telemedicine Loan and Grant Program</u>	Results Not Demonstrated
Department of Agriculture	<u>The Emergency Food Assistance Program (TEFAP)</u>	Results Not Demonstrated
Department of Agriculture	<u>USDA Wildland Fire Management</u>	Results Not Demonstrated
Department of Agriculture	<u>Wildlife Habitat Incentives Program</u>	Results Not Demonstrated
Department of Commerce	<u>Coastal Zone Management Act Programs</u>	Results Not Demonstrated
Department of Commerce	<u>Commerce Small Business Innovation Research Program</u>	Results Not Demonstrated
Department of Commerce	<u>International Trade Administration: Import Administration</u>	Results Not Demonstrated
Department of Commerce	<u>Minority Business Development Agency</u>	Results Not Demonstrated
Department of Commerce	<u>Pacific Coastal Salmon Recovery Fund</u>	Results Not Demonstrated
Dept of Defense-- Military	<u>Defense Communications Infrastructure</u>	Results Not Demonstrated
Dept of Defense-- Military	<u>Defense Small Business Innovation Research/Technology Transfer</u>	Results Not Demonstrated
Dept of Defense-- Military	<u>Department of Defense Training and Education Programs - Other Training and Education</u>	Results Not Demonstrated
Dept of Defense-- Military	<u>Marine Corps Expeditionary Warfare</u>	Results Not Demonstrated
Department of Education	<u>Adult Education State Grants</u>	Results Not Demonstrated
Department of Education	<u>American Printing House for the Blind</u>	Results Not Demonstrated
Department of Education	<u>Assistive Technology Alternative Financing Program</u>	Results Not Demonstrated
Department of Education	<u>B.J. Stupak Olympic scholarships</u>	Results Not Demonstrated
Department of Education	<u>Byrd Honors Scholarships</u>	Results Not Demonstrated
Department of Education	<u>Child Care Access Means Parents in School</u>	Results Not Demonstrated
Department of Education	<u>College Assistance Migrant Program</u>	Results Not Demonstrated
Department of Education	<u>Comprehensive Regional Assistance Centers</u>	Results Not Demonstrated
Department of Education	<u>Developing Hispanic-serving Institutions</u>	Results Not Demonstrated

Education		Demonstrated
Department of Education	<u>Education - Neglected and Delinquent State Agency Program</u>	Results Not Demonstrated
Department of Education	<u>Education State Grants for Innovative Programs</u>	Results Not Demonstrated
Department of Education	<u>Enhancing Education Through Technology</u>	Results Not Demonstrated
Department of Education	<u>Even Start</u>	Ineffective
Department of Education	<u>Federal Perkins Loans</u>	Ineffective
Department of Education	<u>Federal Support for Gallaudet University</u>	Ineffective
Department of Education	<u>Federal Work-Study</u>	Results Not Demonstrated
Department of Education	<u>Graduate Assistance in Areas of National Need</u>	Results Not Demonstrated
Department of Education	<u>High School Equivalency Program</u>	Results Not Demonstrated
Department of Education	<u>IDEA Special Education - Parent Information Centers</u>	Results Not Demonstrated
Department of Education	<u>IDEA Special Education - Research and Innovation</u>	Results Not Demonstrated
Department of Education	<u>IDEA Special Education - Technical Assistance and Dissemination</u>	Results Not Demonstrated
Department of Education	<u>IDEA Special Education Grants for Infants and Families</u>	Results Not Demonstrated